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CERTIFIED PUBLIC ACCOUNTANTS

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August 1, 2007

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**Independent Accountant's Report  
on Applying Agreed-Upon Procedures**

Recreation and Park Commission  
For the Parish of East Baton Rouge  
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by BREC's management, solely to assist you in demonstrating compliance with your policies for the Independence Park Theater (IPT) and employee payroll. The Recreation and Park Commission for the Parish of East Baton Rouge's management is responsible for the Organization's financial statements and accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures that were performed and the related findings are as follows:

We performed the following procedures to verify that the purchasing card policy for the BREC Independence Park Theater is being properly followed:

- Examined purchasing card statements for Independence Park Theater purchasing card from May 2006 to October 2006;
- Examined 100% of invoices for all purchasing card statements;
- Scanned all purchasing card statements to verify that purchases did not exceed the \$500 daily limit for card purchases; and
- Agreed amounts charged on purchasing card statements to the corresponding invoices.
- Examined transaction log to determine that:
  - An itemized receipt or invoice was attached for each purchase:
    1. July 3, 2006: one (1) instance of noncompliance in which a purchase was made that was not tax exempt: Home Depot for \$33.93.
    2. August 10, 2006: one (1) instance of noncompliance in which a purchase was made that was not tax exempt: WalMart for \$293.98.

3. August 15, 2006: one (1) instance of noncompliance in which there was no receipt attached for the purchase made at WalMart for \$265.00.
  4. September 7, 2006: one (1) instance of noncompliance in which there was no receipt attached for the purchase made at Barnes and Noble for \$43.90.
- Dollar amount on the statement agreed with the log and the corresponding receipt; and
  - Both the employee and the supervisor approved the transaction log by signing it.

We selected these additional items to test for credit card purchases:

- Transactions were for official use only:
  1. July 21, 2006: two (2) instances of noncompliance in which purchases were made that were not for official use: WalMart for \$200.00 and WalMart for \$50.00.
  2. July 29, 2006: one (1) instance of noncompliance in which a purchase was made that was not for official use: Rite Aid for \$37.98.
  3. August 17, 2006: one (1) instance of noncompliance in which a purchase was made that was not for official use: Walgreen's for \$28.32.
  4. August 18, 2006: one (1) instance of noncompliance in which a purchase was made that was not for official use: Rite Aid for \$15.01.
- The card was used by the approved employee only:
  1. September 7, 2006: two (2) instances of noncompliance in which purchases were made by an unauthorized individual: Albertson's for \$3.57 and Winn-Dixie for \$19.97.
  2. September 8, 2006: three (3) instances of noncompliance in which purchases were made by an unauthorized individual: Whole Foods for \$49.21, Winn-Dixie for \$218.35 and Circle K for \$20.00.
  3. September 10, 2006: one (1) instances of noncompliance in which purchases were made by an unauthorized individual: WalMart for \$146.91.
  4. September 11, 2006: one (1) instances of noncompliance in which purchases were made by an unauthorized individual: CVS for \$423.80.
  5. September 12, 2006: two (2) instances of noncompliance in which purchases were made by an unauthorized individual: Shoe Carnival for \$74.45.
  6. September 13, 2006: two (2) instances of noncompliance in which purchases were made by an unauthorized individual: WalMart for \$20.00 and Super Fresh for \$211.90.
  7. September 15, 2006: one (1) instances of noncompliance in which purchases were made by an unauthorized individual: CVS for \$317.85.
  8. September 16, 2006: two (2) instances of noncompliance in which purchases were made by an unauthorized individual: Super Fresh for \$317.85 and WalMart for \$102.79.
  9. September 17, 2006: two (2) instances of noncompliance in which purchases were made by an unauthorized individual: Super Fresh for \$423.80 and WalMart for \$68.33.
- No cash advances;  
No exceptions.
- Transactions were tax exempt:
  1. June 28, 2006: one (1) instance of noncompliance in which a purchase was made that was not tax exempt: Lowe's for \$191.62.
  2. July 24, 2006: two (2) instances of noncompliance in which a purchase was made that was not tax exempt: Walgreen's for \$1.41 and Walgreen's for \$3.03.
  3. July 29, 2006: one (1) instance of noncompliance in which a purchase was made that was not tax exempt: Rite Aid for \$37.98.
  4. August 1, 2006: one (1) instance of noncompliance in which a purchase was made that was not tax exempt: American Thrift Store for \$27.16.

5. August 3, 2006: one (1) instance of noncompliance in which a purchase was made that was not tax exempt: American Thrift Store for \$27.16.
6. August 13, 2006: one (1) instance of noncompliance in which a purchase was made that was not tax exempt: WalMart for \$87.28.
7. August 17, 2006: one (1) instance of noncompliance in which a purchase was made that was not tax exempt: Walgreen's for \$28.32.

We performed the following procedures to verify that policies and procedures regarding renting of facilities at the BREC Independence Park Theater were being properly followed:

- Obtained the event calendar from January 2006 to December 2006;
- Obtained the fee schedule containing commission approved rental rates for the use of IPT facilities;
- Selected 100% of rental files for all events between January 2006 and December 2006;
- Examined each file for the following items:
  1. Signed rental request form: nineteen (19) instances of noncompliance in which rental file did not contain a signed rental request form;
  2. Completed rental addendum: three (3) instances of noncompliance in which the rental file did not contain a completed rental addendum;
  3. Signed rental contract:
    - a. Eight (8) instances of noncompliance in which the rental file did not contain a rental contract;
    - b. Thirteen (13) instances of noncompliance in which the contract was not signed by the theater manager;
    - c. One (1) instance of noncompliance in which contract was not signed by the customer.
  4. Proof of required \$1,000,000 general liability insurance policy:
    - a. Eighteen (18) instances of noncompliance in which rental file did not contain proof of insurance policy;
    - b. One (1) instance of noncompliance in which insurance policy was not effective as of date of the event.
  5. Final settlement of charges for any extra fees incurred by the user after signing the rental contract.  
No discrepancies.
  6. Confirm that rental rates charged agreed with rates on the fee schedule:
    - a. Twenty-two (22) instances of noncompliance in which rates charged to customers did not agree with rates on the fee schedule.
  7. Agreed rental fees on the rental addendum to those of the rental contract
    - a. One (1) instance of noncompliance in which the total of the rental addendum did not match the total of the rental contract.
  8. Confirmed that each event is listed on the event calendar:  
No discrepancies.
  9. Obtained all 2006 Financial Activity Report for the IPT:  
No discrepancies.

10. Scanned payments on Financial Activity Report to determine if any payments have been received for rentals without documentation for the event:
  - a. Eleven (11) instances of noncompliance in which there was no documentation for events for which the IPT received payments.
11. Agreed payments received for each event to the amounts owed according to contracts and final settlements;
12. Verified that payments have been received for amounts due to the IPT:
  - a. One (1) instance of noncompliance in which there was no evidence of payment received from Woman's Hospital for the amount of \$810 due to the IPT for rental fees;
  - b. One (1) instance of noncompliance in which there was no evidence of payment received from the American Cancer Society for the amount of \$280 due to the IPT for rental fees;
  - c. One (1) instance of noncompliance in which there was no evidence of payment received from Melody House for the amount of \$1,478 due to the IPT for rental fees;
  - d. One (1) instance of noncompliance in which there was no evidence of payment received from Alvin Rowe for the amount of \$1,356 due to the IPT for rental fees. Per Jason Breaux, customer did not pay in advance and has not paid to date;
  - e. One (1) instance of noncompliance in which there was no evidence of payment received from Danse Difference. Per Jason Breaux, customer has not paid although there is no rental file to show what is owed.

We performed the following procedures to verify that policies and procedures regarding payroll are being followed at these facilities:

- |                                |                                 |
|--------------------------------|---------------------------------|
| 1. Hooper Road Park            | 6. North Street Park            |
| 2. Lovett Road Park            | 7. Antioch Boulevard Park       |
| 3. Expressway Park             | 8. Highland Road Community Park |
| 4. Independence Community Park | 9. Naim Park                    |
| 5. North Sherwood Forest Park  | 10. Alsen Park                  |

- Selected three (3) dates to test procedures regarding employee time entry for each of the above facilities.

Procedures performed as follows:

1. Obtained copies of employees time sheets for the facility:
  - a. Four (4) instances of noncompliance in which employee time sheets were picked up by the area supervisor before the end of the pay period:
    - Hooper Road Park - Two (2) instances;
    - North Street Park - One (1) instance;
    - Alsen Park - One (1) instance.
  - b. One (1) instance of noncompliance in which facility did not have any blank time sheets on which to enter employee's time:
    - Naim Park - One (1) instance.
2. Determined which BREC employees were working and confirmed those employees identities through either a BREC Identification Badge or some other form of identification.

3. Determined that employees were properly signing in and out on their time sheet:
  - a. Seventeen (17) instances of noncompliance in which employees filled out time sheets in advance:
    - Expressway Park - Three (3) instances;
    - North Sherwood Forest Park - Four (4) instances;
    - Independence Community Park - Four (4) instances;
    - Highland Road Community Park - Two (2) instances;
    - Nairn Park - One (1) instance;
    - Lovett Road Park - Three (3) instances.
  - b. Four (4) instances of noncompliance in which employees failed to sign out on time sheet upon leaving at facility:
    - North Sherwood Forest Park - Two (2) instances;
    - Alsen Park - Two (2) instances.
  - c. Four (4) instances on noncompliance in which employees failed to sign in on time sheet upon arriving facility:
    - North Sherwood Forest Park - Two (2) instances;
    - Hooper Road Park - One (1) instance;
    - Alsen Park - One (1) instance.
  
4. Reviewed payroll time sheets turned in to payroll to verify that only employees which we verified as being at work were paid for the time periods we reviewed:
  - a. The (10) instances of noncompliance in which employees were not present at the time of the observation, but entered time on time sheet as if they had been:
    - Independence Community Park - Two (2) instances;
    - Expressway Park - Two (2) instances;
    - Lovett Road Park - Two (2) instances;
    - Antioch Boulevard Park - Three (3) instances;
    - North Street Park - One (1) instance.
  
5. Recalculated payroll expense for three (3) employees to verify that employees are being properly paid. No discrepancies.
  
6. Obtained payroll history report to verify payroll expense.
  
- Haphazardly selected two days to conduct unscheduled payroll check/stub distribution for five (5) of the above facilities. These procedures were as follows:
  1. Obtained employee payroll checks or direct deposit pay stubs for each location;
  2. On payday, obtained both identification, in the form of a BREC Identification badge or some other form of identification, and a signature from the employee in order to verify that the individual is a BREC employee before giving them their check or stub.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the Recreation and Park Commission for the Parish of East Baton Rouge's financial statements or accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Recreation and Park Commission for the Parish of East Baton Rouge, the management of BREC, the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,  
*Hawthorne, Waymouth & Carroll, L.L.P.*

# B R E C

Recreation and Park Commission  
for the Parish of East Baton Rouge  
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October 9, 2007

Re: Management Reply to Specified Procedures  
**Independence Park Theater**  
**Recreation Centers**

Mr. Charles Pevey  
Hawthorn, Waymouth & Carroll, LLP  
8555 United Plaza Blvd, Suite 200  
Baton Rouge, LA 70809

Dear Mr. Pevey:

We are submitting this management response to finding arising from specified procedures performed at Independence Park Theater and various BREC recreation centers.

Findings are addressed in each respective section below for the theater procedures, then the recreation center procedures.

**Replies to Findings at Independence Park Theater**

Many of the findings resulted from lack of proper management at the theater. It was also considered that many of the procedural violations by the Theater Manager were not detected in a timely manner, and changes to operating procedures at the theater have been implemented to remedy this internal control weakness. We believe that internal controls over Commission property at Independence Park Theater are improved as a result of the changes described below. Also, implementation of RecTRAC<sup>®</sup> recreation programming software at Independence Theater in April, 2007 has improved internal controls over cash receipts.

1. Purchasing Cards: The Theater Manager was negligent in accepting charges that included sales tax on purchasing card transactions. Some of these transactions were made by another person or persons using her card. The Theater Manager was also negligent in allowing other persons to use her purchasing card. Both of these actions are in violation of BREC procedures. In ordinary circumstances, employees are required to return to the vendor to correct the transaction or reimburse BREC for the sales tax. The Theater Manager was subsequently terminated for these and other reasons.
2. Event Contracts: There were several comments indicating incomplete and missing documentation from theater event contract files, including "did not contain a signed rental request form", "did not contain a completed rental addendum", "did not contain a rental contract", "contract was not signed by the customer", "did not contain proof of insurance policy", "insurance policy was not

*effective as of date of the event*". There were also instances cited of cash receipts from customers for which there was no contract evidence of any kind. The Special Facilities Department Manager has implemented changes in the event contract procedures at Independence Theater that provide for complete documentation of event files, a complete event calendar, written explanations for cancellations, a separate file for each event, and copies of correspondence to and from customers regarding those events, and others. Exceptions to the procedures must be approved in writing by the Special Facilities Manager and recorded in the event file.

3. Fees: There were several comments that incorrect fees were applied, including "*rates charged to customers did not agree with rates on the fee schedules*", and "*rental addendum did not match the total of the rental contract*". The auditor also commented that on several occasions that there was no evidence of payment from customers for events that were held at the theater. The Theater Manager, who was responsible for applying fees and collecting fees from customers lacked organizational skills, and, it appears, failed to document occasions where customers were being granted discounts off the regular fees. Additionally, the poor state of the contract files contributed greatly to our ability to manage and account for revenue collections for theater events. Improvements to the quality of contract files, as described in #2, above, will enable management to oversee theater operations and ascertain that the proper fees are collected from customers. Another contributing cause was on the part of the Theater Manager to document fee waivers. All discounts and fee waivers, and any deviations from the approved fee schedule must now be approved in writing by the Special Facilities Manager and recorded in the event file.

### Replies to Findings at Recreation Centers

These are divided into three groups, numbered 1,3 and 4 to correlate with the auditor's report. Many of the findings at recreation centers indicate that our payroll procedures are incomplete or in need of major revision. All payroll and time keeping procedures are being reviewed, and major changes and improvements are anticipated to replace antiquated procedures with modern methods. We are hopeful that time and attendance software solutions integrated with existing payroll software will improve time reporting management and internal control over payroll.

1. Time sheets picked up before the end of the pay period: It was found on multiple occasions that supervisors were taking completed timesheets before the end of the pay period. The Rec Center staff was acting on instructions from the Finance Department to collect timesheets early. This is an exception to our procedures occasioned when holidays cause insufficient time to process payroll. To expedite payroll processing during a holiday week supervisors are required to estimate hours for the final day of the pay period, and make adjustments if necessary by the next payroll.
3. Employees filling out timesheets in advance, failing to sign in/out properly: The auditor found on multiple occasions that employees were completing time sheets in advance, or failing to sign in or out from work. Both are procedural violations. Employees and supervisors have been given additional training on time keeping procedures, and given reprimands in some instances.

Included were two instances of timesheets filled out in advance (at Highland Road Park). These were caused by the same holiday exceptions to our policy described in Sec. 1, above.

4. Employees not present at work: There were multiple occasions that employees signed in for work, but were not present at work. Of the ten instances cited, there were three employees who were in violation of our procedures. Those employees had either left work early or arrived at work later than stated on their timesheet. Those employees have been given reprimands, and the instances recorded in their file with the Human Resources office.

There were seven other instances cited of employees who were not present at the work site. These involved employees that are required to travel to other parks during work hours; or because they were attending to children at a school near the park. These employees were not in violation of any time keeping procedures.

Thank you for your work on this project. As always, we appreciate the effort and the expertise that you and your staff provide to our organization.

Respectfully,

A handwritten signature in cursive script that reads "Mike Proctor".

John M. (Mike) Proctor, Director  
BREC Finance Department