

Department of Education, Office of Management and Finance

Scholarships for Educational Excellence
Program Agreed-Upon Procedures Report for
the Year Ended June 30, 2013



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DEPARTMENT OF EDUCATION
OFFICE OF MANAGEMENT AND FINANCE

AGREED-UPON PROCEDURES REPORT

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**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES
EXECUTIVE SUMMARY**

The primary purpose of this engagement was to assist the Louisiana Department of Education (LDE) in monitoring each of the specific schools listed in the accompanying report for compliance with the Scholarships for Educational Excellence Program (Scholarship Program) limits and requirements for the academic school year 2012-2013. Procedures performed were agreed to by the LDE and are included in Schedule A of the agreed-upon procedures report. Fifty-two (52) schools were subject to these procedures. Of the fifty-two (52) schools, one (1) was a public school and only procedures III and IV applied.

The following provides a high level summary of the findings resulting from procedures performed:

I. Use of Funds

Procedures I.A and I.B:

Procedures I.A and I.B could not be completed for forty-nine (49) of the fifty-one (51) private schools reviewed. The predominant reason for this was that the procedures were limited to only scholarship program expenditures, yet school accounting records did not distinguish Scholarship Program expenditures from general school-wide expenditures. P&N could not isolate the Scholarship Program expenditure population for sampling and therefore did not perform the procedures for those schools.

Two (2) schools did maintain separate accounting records for the Scholarship Program expenditures. For those schools, P&N selected samples and performed testing in accordance with the procedures. The following findings and observations are reported among the two schools subjected to the procedures:

New Living Word School (Site Code 664001)

Of the total Scholarship Program expenditures as of February 28, 2013 of \$345,662.58, P&N selected \$98,146.40 or 28% for testing. The sample for testing was selected from among the direct scholarship costs, which includes bus driver salaries, transportation expenses, accounting costs, and facility rental and maintenance. Allocated or indirect costs which includes legal and professional, supplies, insurance, non-bus driver salaries, and others, and were not subjected to our procedures. Of the \$98,146.40 of direct scholarship costs tested; expenditures totaling \$40,235 lacked sufficient supporting documentation. These expenditures were for facilities costs and bus rentals paid to the School's sponsoring church.

Procedure I.C.2

Using a questionnaire developed by LDE, each school provided answers to the questions pertaining to accounting and financial policies, procedures and internal controls. The responses indicate these predominant characteristics:

- No separate checking account
- No separate accounting or recordation of scholarship transactions
- Lack of current written policies and procedure
- Lack of segregation of incompatible duties
- Budgeting practices that do not include procedures for submitting the scholarship budget to the LDE

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES
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Procedure I.C.2

Of thirty-four (34) schools that provided us with budget and actual expenditure schedules as of the required cut-off date of February 15, 2013, fifteen (15) schools reported less than 70% of budget expended. P&N notes that the expenditures reported for each school were based on varying allocation methods, which should be considered when analyzing percent expended information.

Seventeen (17) schools provided us with either a budget to actual expenditure schedule that applied an incorrect cut-off date or no schedule at all. For these schools, the procedure as defined could not be performed.

Procedure I.C.3

This procedure called for comparison of the rate of change in scholarship enrollment from prior year to the current year to the rate of change in key employee salaries. For forty-three (43) out of fifty-one (51) private schools reviewed, this was the first year of participation in the Scholarship Program and therefore a change in scholarship enrollment could not have occurred. Procedure I.C.3 was not applicable for those forty-three (43) schools. No findings were reported for the eight (8) schools reviewed.

II. Tuition and Fees for Scholarship Students

P&N noted that for thirteen (13) out of fifty-one (51) private schools tested, tuition and fees received for certain students through the Scholarship Program exceeded tuition and fees charged to students not participating in the Scholarship Program. A summary of our testing, including the tuition overpayments resulting from the exceptions identified, is as follows:

School Site Code	School Name	Scholarship Population - 3rd Quarter (Number of Students)	Scholarship Sample - 3rd Quarter (Number of Students)	Number of Students with Exceptions (Tuition & Fees)	Total Overpayments (PMT#1, #2, #3) Based Upon Test Samples*
P26001	Faith Christian Academy	54	5	4	\$300.00
572001	Ridgewood Preparatory School	3	3	3	\$168.75
500010	St. Frederick High School	8	5	5	\$93.75
503003	Holy Rosary School	11	5	5	\$907.50
503004	Holy Savior School	4	4	4	\$2,541.78
503013	St. Mary's Nativity	21	5	1	\$3.75
500020	St. Joseph School	7	5	5	\$112.50
579001	Family Community Christian School	46	5	5	\$1,260.00
886001	Claiborne Christian School	22	5	4	\$75.03
874001	Northeast Baptist School	14	5	1	\$12.56
706001	Prevailing Faith Christian Academy	5	5	5	\$1,113.75
502033	Catholic Elementary School of Pointe Coupee	26	5	2	\$112.50
571001	Lighthouse Christian Preparatory School	7	5	5	\$525.00
TOTAL OVERPAYMENT					\$7,226.86

* Overpayments may be duplicated if the scholarship payment for a student is disallowed in more than one procedure. These duplicated overpayments are quantified and eliminated under the caption **Duplicate Overpayments** on the last page of this executive summary.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES
EXECUTIVE SUMMARY**

The above table summarizes and quantifies those exceptions noted from the performance of the procedure as written. However, in the performance of the procedures for the New Living Word School, P&N made observations regarding scholarship and non-scholarship tuition revenues that should be considered by the LDE. These observations, more fully described within our findings in Schedule B for that school, revealed that scholarship payments received by the school exceeded non-scholarship tuition revenue by approximately **\$395,250** through the **third** installment.

III. Payment Verification

P&N noted that three (3) out of a total of fifty-two (52) schools (including 1 public school) reviewed received scholarship tuition and fee payments for students that were identified as ineligible during residency and attendance verification procedures. A summary of the testing, the exceptions noted, and the tuition overpayment resulting from those exceptions is set forth in the table below. The predominant reason for the exceptions was a lack of documentation to support the residency of the scholarship student tested.

School Site Code	School	Scholarship Population - 3rd Quarter (Number of Students)	Scholarship Sample - 3rd Quarter (Number of Students)	Number of Students with Exceptions (Residency)	Total Overpayments Based Upon Test Samples*
P26001	Faith Christian Academy	54	5	1	\$3,007.50
506041	Our Lady of Perpetual Help	72	7	1	\$3,348.75
506059	St. Anthony School	84	8	2	\$6,112.50
TOTAL OVERPAYMENT					\$12,468.75

** Overpayments may be duplicated if the scholarship payment for a student is disallowed in more than one procedure. These duplicated overpayments are quantified and eliminated under the caption **Duplicate Overpayments** on the last page of this executive summary.*

IV. Income Eligibility

P&N noted that two (2) out of fifty-two (52) schools (including 1 public school) reviewed received scholarship tuition and fee payments for students that were identified as ineligible during income eligibility testing procedures. A summary of the testing performed, identified exceptions, and tuition overpayment resulting from those exceptions is set forth in the table below. The predominant reason for the exceptions was a lack of qualifying documentation to support a level of household income at or below 250% of the national poverty level.

School Site Code	School	Scholarship Population - 2nd Quarter (Number of Students)	Scholarship Sample - 2nd Quarter (Number of Students)	Number of Students with Exceptions (Income Eligibility)	Total Overpayments Based Upon Test Samples*
667001	John Paul the Great Academy	32	5	2	\$9,362.50
501016	St. Frances Cabrini School	48	5	1	\$3,336.00
TOTAL OVERPAYMENTS					\$12,698.50

** Overpayments may be duplicated if the scholarship payment for a student is disallowed in more than one procedure. These duplicated overpayments are quantified and eliminated under the caption **Duplicate Overpayments** on the last page of this executive summary.*

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES
EXECUTIVE SUMMARY**

V. Special Education Tuition

Of the fifty-two (52) schools reviewed, St. Agnes School was the only school that received additional Scholarship Program tuition for providing special education services to students. No exceptions were reported.

Duplicate Overpayments

P&N notes that overpayments for a given student cannot exceed the amount of tuition paid on behalf of that student. The chart below reflects adjustments for duplicate overpayments identified in procedures II through IV:

School Site Code	School	Total Overpayments Procedure II - IV	Total Overpayments Less Duplicates Procedure II - IV
P26001	Faith Christian Academy	\$ 3,307.50	\$3,232.50

REPORT ON APPLYING AGREED-UPON PROCEDURES

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Office of Management and Finance
Department of Education
Baton Rouge, Louisiana

We have performed the procedures listed in the attached Schedule A, which were agreed to by the Louisiana Department of Education (LDE), solely to assist you in monitoring each of the specific schools listed, in the attached Schedule A, for compliance with the Scholarship for Educational Excellence Program (Scholarship Program) limits and requirements for the year ended June 30, 2013. LDE is responsible for establishing and enforcing these limits and requirements as specifically required by *Title 28, Education, Part CLIII, Bulletin 133-Scholarship Programs* (BESE Policy). LDE is also responsible for providing guidance in complying with these limits and requirements to the participating schools. This engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The scope and sufficiency of our procedures is solely the responsibility of LDE. Our procedures were limited to those that you have determined will best meet your informational and regulatory needs and may not necessarily disclose all significant errors, frauds, noncompliance and other illegal acts that may exist. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached Schedule A, either for the purpose for which this report has been requested or for any other purpose.

The results of our procedures, by school, are described in the attached Schedule B.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the information provided. 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 use of the Department of Education, and the Louisiana legislature, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Postlethwaite + Netterville

Baton Rouge, Louisiana
June 19, 2013

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

OBJECTIVE:

The primary purpose of this engagement was to assist the LDE in determining whether the specific schools identified by the LDE are operating in accordance with various Scholarships for Educational Excellence Program guidelines. The schools included in the scope of this engagement are as follows:

Site Code	School
502018	St. Elizabeth School
522001	Conquering Word Christian Academy
P26001	Faith Christian Academy
616001	Lutheran High School
889001	Community Day School
506036	Our Lady of Divine Providence School
506041	Our Lady of Perpetual Help
506043	Our Lady of Prompt Succor School
572001	Ridgewood Preparatory School
506054	St. Agnes School
506057	St. Angela Merici School
506059	St. Anthony School
506094	St. Mary Magdalen School
760001	Victory Christian Academy
503003	Holy Rosary School
503004	Holy Savior School
503009	St. Genevieve School
503012	St. Joseph Elementary School
503013	St. Mary's Nativity
506044	Our Lady of Prompt Succor School
727001	Boutte Christian Academy
503001	Central Catholic School
503005	Maria Immaculate School
503007	St. Bernadette School
506049	Sacred Heart of Jesus School *
718001	Dreamkeepers Academy

Site Code	School
719001	Evangel Christian Academy
500020	St. Joseph School
656001	Old Bethel Christian Academy
579001	Family Community Christian School
664001	New Living Word School
886001	Claiborne Christian School
874001	Northeast Baptist School
706001	Prevailing Faith Christian Academy
500008	Our Lady of Fatima School *
905001	Quest School *
500010	St. Frederick High School *
505006	Our Lady's School
505011	St. Theodore's Holy Family Catholic School
582001	Gethsemane Christian Academy
504007	Holy Family Catholic School
504009	Immaculate Heart of Mary School
667001	John Paul the Great Academy
986001	Lafayette Christian Academy
502033	Catholic Elementary School of Pointe Coupee
502003	Catholic High of Pointe Coupee
619001	Cenla Christian Academy
501003	Holy Savior Menard Central High School
501016	St. Frances Cabrini School
538001	Family Worship Christian Academy
49035	Park Vista Elementary School
571001	Lighthouse Christian Preparatory School

* Please note that these four schools were not initially included in the scope of the engagement. Agreed Upon-Procedures were performed at the LDE's request.

SCOPE/PROCEDURES:**I. Use of Funds (Ch. 13, Sec. 1303-Financial Practice)**

A. *Verify that scholarship program funds were managed using adequate accounting controls.*

- Review supporting documentation for a sample of actual expenditures of scholarship funds to verify that funds were managed using adequate accounting controls.

P&N Note: When attempting to perform this procedure, P&N observed supporting documentation for a sample of actual expenditures of scholarship funds to verify that expenditures were supported by accounting records, and were properly recorded in the accounting records.

- After the third payment and from the schedule of scholarship expenditures, select a sample of at least 25% of the total scholarship expenditures to verify that the transaction occurred, that there is supporting documentation on file to substantiate the expenditure, and that the expenditure ties back to the support. Document variances and observations.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

B. Verify that expenditures are for educational purposes.

Specific Procedures to Perform Include:

1. Using the same sample as in procedure I(A), determine if each expenditure was for an educational purposes. Document any observations.
2. Obtain the schedule of expenditures to date for scholarship funds (report generated from accounting system, check register, etc.)
3. If there were any scholarship payments for salaries or benefits, obtain a complete list of employees, their title, salary and benefits paid (W2s), and job description for the current school year.
4. If any expenditures or job descriptions that are not for educational purposes, as defined in the most recently approved MFP formula (Booster Employee Salaries and Benefits, etc.), come to the attention of the contractor while performing the procedures in this engagement, document these non-educational expenditures.

The MFP formula defines educational purposes as the expenditures related to the operational and instructional activities to include: Instructional Programs, Pupil Support Programs, Instructional Staff Programs, School Administration, General Administration, Business Services, Operations and Maintenance of Plant Services, Transportation, Food Services Operations, Enterprise Operations, Community Services Operations, Facility Acquisition and Construction Services, and Debt Services.

C. Verify that expenditures do not constitute gross irresponsibility and are not individually enriching.

Specific Procedures to Perform Include:

Gross Irresponsibility

1. Complete the internal control questionnaire and note any control deficiencies.

P&N Note: In the execution of this procedure, the internal control questionnaire was completed by the School's management (Yes/No Answers). P&N makes no representation as to the appropriateness of those answers. P&N performed limited procedures, consisting of inquiries and observation of internal control documentation to gain limited evidence of the existence of management's assertion without attesting to the effectiveness of that assertion.

- 2a. After the third payment, obtain the budget and actual expenditures to date (scholarship only).
- 2b. Review the budget and note if expenditures to date are less than 70%. Note any variances.
- 2c. Review the Reserved budget category and note the percent of reserved in comparison to the total scholarship budget. Note any explanations for the reserved balance.

Individual Enrichment

3. If test I(B)(3) is applicable, review if salaries for key personnel have increased at a rate greater than double the rate of scholarship student growth. If so, document that percentage of growth and explanations for salary growth.

P&N Note: This procedure was only performed for those schools that participated in the Scholarship Program during the 2011-2012 school year.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

II. Tuition and Fees for Scholarship Students (Ch. 13, Sec. 1303-Financial Practice)

Verify that tuition and fees received through the scholarship program do not exceed tuition and fees charged to enrolled students not participating in the program.

- Obtain a copy of the tuition and fee schedule provided to all parents of students enrolled in the school.
- After the third payment, compare the tuition and fees charged to the program for each participating student to the tuition and fees charged to enrolled students not participating in the program and verify the scholarship tuition and fees do not exceed the tuition and fees charged to enrolled students not participating in the program.

P&N Note: This comparison was made using the School's published tuition and fee rate sheet. The maximum tuition and fees were utilized as a basis for testing, without regard to limits or reductions applied for multiple family members' application deadlines, parent participation in fundraising activities or fund raising fees, or other.

- If the number of scholarship eligible students in a participating school, as identified on the 3rd Quarter roster, is 10 or less, examine 5 students or all students if less than 5; if there are more than ten, select a random sample of 10% of the students or a minimum of 5 students, whichever is greater. Document any differences.

Note: In the event that non-participating students enrolled in a school are not directly paying, the school must still maintain a schedule of tuition and fees.

III. Payment Verification (Act 2, Section 4017(B))

Verify that the payments the school has received are accurate.

- Using the same sample as in procedure II, verify that each student was enrolled in (including residence verification to enrollment documents and parish code) and actively attending the school on or before each of the first three count dates for which tuition and fees are claimed. Count dates are September 5, 2012, December 3, 2012, and February 1, 2013, with the final count date on May 3, 2013. Document any variances or observations.

P&N Note: Enrollment was verified through observation of class roll books and/or attendance records.

IV. Income Eligibility (Act 2, Section 4013(2))

Verify that the school did examine and maintain income eligibility documentation to support a student's qualification for the program and therefore may receive payments for tuition and fees on behalf of a student.

After the second payment, verify that each student met the income eligibility requirements. Review the income eligibility supporting documentation to ensure that the family income is not greater than 250% of the current federal poverty guidelines

P&N Note: The following table, as published by the LDE, was used to test income eligibility.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

» THE STUDENT SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM »

Income Guidelines for Student Eligibility

The student's family household income must not exceed 250% of the current federal poverty guidelines as established by the Federal Office of Management and Budget. The table below will be used to determine income eligibility.

Household Size	Federal Poverty Guidelines	Scholarship Eligibility - 250% of Current Federal Poverty Guidelines			
	Annual Amount	Annual Amount	Monthly Amount	Bi-Weekly Amount	Weekly Amount
2	15,130	37,825	3,152	1,455	727
3	19,090	47,725	3,977	1,836	918
4	23,050	57,625	4,802	2,216	1,108
5	27,010	67,525	5,627	2,597	1,299
6	30,970	77,425	6,452	2,978	1,489
7	34,930	87,325	7,277	3,359	1,679
8	38,890	97,225	8,102	3,739	1,870
For each add'l. family member, add	3,960	9,900	825	381	190

*The income amounts above represent the total family household income (for all employed individuals) before any deductions such as income taxes, Social Security taxes, insurance premiums, charitable contributions, and bonds.

- If the number of scholarship eligible students in a participating school, as identified on the 2nd Quarter roster, is 10 or less, examine 5 students or all if less than 5; if there are more than ten, select a random sample of 10% of the students or a minimum of 5 students, whichever is greater. Document variances or observations.
- If student participates in any one of these federal assistance programs, income requirement for the scholarship program is met, and the following documentation is required: Louisiana Purchase Card, SNAP Benefits, Social Security Benefits.
- If a student does not participate in a federal assistance program, any of the following documentation is required:
 - Federal Tax Return for the 2011 Calendar Year
 - W-2s From All Employers for the Tax Period Ending December 31, 2011
 - Unemployment Compensation Statement for the Period Ending on December 31, 2011
 - 1099s and/or Statements From Banks or Other Institutions Showing Interest Earnings for the Period Ending on December 31, 2011
 - Alimony as Shown in Court Decree or Agreement
 - Social Security Benefits Statement for the Period Ending on December 31, 2011
 - Pension Statement for the Period Ending on December 31, 2011

P&N Note: Per LDE, the following documentation was also deemed appropriate for income eligibility testing: Medicaid card, SNAP renewal application, and Case Summary Snapshot from Office of Family Services (OFS).

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

V. Special Education Tuition (Ch. 13, Sec. 1303-Financial Practice, Use of Funds)

Verify the school is actually providing the services for which tuition was charged.

- Obtain the list of students for which special education tuition is being paid.
- After the third payment, verify that the participating school is providing special education services to each eligible student for which special education tuition is paid. This is verified by reviewing the log of services that identifies the student receiving the services, the date services are rendered, the services rendered, and the name of the provider.
- If the number of scholarship-eligible students identified as receiving special education services from the participating school in which they are enrolled is only 1, select that one student as a sample item. Otherwise, test a minimum of 2 students or 10% of the special education population receiving scholarship funding, whichever is greater. Document any variances or observations.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. ELIZABETH SCHOOL

Based on our review of St. Elizabeth School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted Scholarship tuition for the year	\$ 40,545
Budgeted scholarship expenditures for the year	40,544
Actual expenditures as of February 15, 2013	27,165
Percent of budget expended	67%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. ELIZABETH SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of nine (9) students participating in the scholarship program, and verified that the scholarship tuition and fees received for each of the sampled students, through the third payment, did not exceed the tuition and fees charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of nine (9) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

St. Elizabeth School
2012-2013
Postlethwaite & Netterville
3/11/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures	
GENERAL/ADMINISTRATIVE				
<i>Integrity and Ethical Values</i>				
1	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	Yes and No	3/11/2013	P&N observed the Diocesan Administrative Handbook noting that it addressed the budget process, processing and approval of expenditures, payables, payroll, and approval and authorization of compensation levels and wage rates and record retention. Continuing education for accounting staff was not addressed. Upon inquiry about the continuing education for accounting staff, the bookkeeper stated that the Catholic Diocese of Baton Rouge holds training for all accounting and human resources staff. P&N observed copies of the PowerPoint presentations retained by the bookkeeper dated January 25, 2011.
<i>Human Resource Policies and Practices</i>				
2	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	Yes	3/11/2013	P&N observed a copy of a PowerPoint presentation dated January 25, 2011 that was used in a class to train accounting personnel. The class was sponsored by the Diocese.
BUDGET PROCESS & FINANCIAL REPORTING				
<i>Budget Process</i>				
3	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	Yes and No	3/11/2013	The finance committee prepares the school budget in December or January and submits it to the board for approval prior by February 1st. The budget is submitted to the Diocese by February 1. P&N observed a copy of the 2013/2014 budget and transmittal to the Catholic School Office of the Diocese for approval. This budget process does not address budgeted scholarship expenditures. The scholarship budgeted expenditures that were submitted to the DOE were based on the school wide budget prorated for the ratio of scholarship students to total students. There is no established procedure for preparing and transmitting the scholarship budget to the DOE.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

St. Elizabeth School
2012-2013
Postlethwaite & Netterville
3/11/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
<i>Financial Reporting Process</i>			
4	No	3/11/2013	The School codes revenue and expenditures by category, but the Scholarship revenues and expenditures are not specifically identified in the accounting system. The scholarship expenditures that are reported on the budget report submitted to the DOE are based on prorated budget amounts. For example the budgeted amount in the salaries caption is \$25,948. The bookkeeper estimated the expenditures to date by applying the ratio of time lapsed in the school year to the total time in the school year (24 weeks lapsed and 36 weeks total or 67%). The expenditures reported for the salaries caption is \$17,385 (\$25,948 X 67%).
5	No	3/11/2013	No separate checking account for scholarship funds.
CASH			
6	Yes and No	3/11/2013	Two signatures are required for all checks greater than \$5,000. P&N observed the February 2013 bank statement and noted that there were no checks greater than \$5,000. The bookkeeper indicated that checks that large are very rare.
7	Yes	3/11/2013	P&N observed an invoice package that included the check voucher for check number 2901 dated 03/05/2013 in the amount of \$189.16, and an invoice from Segona's Hardware. There was no indication of the principal's review. However, P&N was informed that the principal reviews the invoice packages prior to signing the checks. The disbursement agreed with the original invoice.
8	No	3/11/2013	The bookkeeper prepares and records the checks, but she is not an authorized signer.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

St. Elizabeth School
 2012-2013
 Postlethwaite & Netterville
 3/11/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
9	Yes	3/11/2013	P&N was informed that the principal, who is an authorized signer, signs the affidavit with the bank revoking or adding check signing authority. P&N was informed that this had not happened in two or more years and the documentation was not readily accessible.
10	Yes	3/11/2013	Bank reconciliations are prepared by the bookkeeper. The secretary obtains all receipts and deposits daily. The bookkeeper records the deposits when the deposit slip is returned from the bank. Further, the principal receives the bank statement prior to the bookkeeper having access to it. The bank reconciliation and bank statement are sent to their local CPA for review.
11	Yes	3/11/2013	While there is no evidence of any review of the bank reconciliations, P&N was informed that their local CPA reviews the reconciliation and will investigate any unusual reconciling items.
REVENUES AND RECEIVABLES			
12	No	3/11/2013	The accounting system does not specifically identify scholarship transactions. P&N was informed all receipts are deposited and recorded daily.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

St. Elizabeth School
 2012-2013
 Postlethwaite & Netterville
 3/11/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/11/2013	The bookkeeper prepares the disbursements and records and enters cash disbursements. The principal receives bank statements before the bookkeeper has access to them and their CPA reviews transaction detail, reconciliations and payroll reports.
14	Yes	3/11/2013	The bookkeeper prepares the disbursements and vouchers and the principal approves the expenditure and signs the check.
15	Yes and No	3/11/2013	The school uses an informal purchase order process whereby, teachers and other staff complete a purchase order form to request items that they need. The purchase order form is not used on all expenditures. The expenditure reviewed in question 7 did not utilize a purchase order form. However, P&N observed a blank purchase order form and was informed that it is approved by the principal prior to incurring the requested expenditures.
16	Yes	3/11/2013	See item 7.
17	Yes	3/11/2013	See item 7.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

St. Elizabeth School
 2012-2013
 Postlethwaite & Netterville
 3/11/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
<i>Employee Compensation</i>			
18	Yes	3/11/2013	The school utilizes a sign in sheet. P&N observed the sign in sheet dated 3/11/2013.
19	No	3/11/2013	The bookkeeper processes payroll by reviewing the attendance records and maintains the general ledger. The bookkeeper also has access to all other HR documentation. The Finance Committee approves salary levels.
20	No	3/11/2013	The bookkeeper makes the changes to the master payroll file.
21	Yes	3/11/2013	The employee list and salary schedule is approved and authorized by the finance committee.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: CONQUERING WORD CHRISTIAN ACADEMY

Based on our review of Conquering Word Christian Academy (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of December 15, 2012, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the department of education as of December 15, 2012 is as follows:

Budgeted Scholarship tuition for the year	\$ 147,600
Budgeted scholarship expenditures for the year	147,600
Actual expenditures as of December 15, 2012,	69,311
Percent of budget expended	47%

There were no budgeted reserves reported.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

**FINDINGS RESULTING FROM PROCEDURES PERFORMED: CONQUERING WORD CHRISTIAN
ACADEMY**

Procedure I.C.3

P&N was informed by the School that the following is a list of key personnel who received a salary from the School:

<u>Title</u>	<u>% Change</u>
Office Manager	11%

Scholarship enrollment decreased by 32% from 2011-2012 year end to the 2012-2013 year end. Salaries for key personnel did not increase by greater than double the rate of growth of scholarship enrollment. No exceptions noted.

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of twelve (12) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided to up by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, we used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of twelve (12) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: Conquering Word Christian Academy
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/18/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	Yes	3/18/2013	P&N observed that the school does have documented policies and procedures for the following: Budget process, processing and approval of expenditures and payables, record retention, processing and approval of payroll, and approval and authorization of compensation levels. However, there were no documented policies noted pertaining to continuing education for accounting staff.
<i>Human Resource Policies and Practices</i>			
2	Yes	3/18/2013	P&N was informed that training opportunities are not provided for accounting staff by the school. The school's outside CPA attends CPEs as necessary.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	No	3/18/2013	P&N was informed that the outside CPA performed the budget submitted to the Louisiana Department of Education. No review was done on the budget the CPA submitted.

School Name: Conquering Word Christian Academy
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/18/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
Financial Reporting Process			
4	Yes	3/18/2013	P&N was informed that the school codes revenue and expenditures by category. The scholarship revenues are specifically identified in the accounting system. The scholarship funds are allocated to a general school account with a separate line item to distinguish scholarship funds. Scholarship tuition is used to pay the salaries of teachers that have scholarship students in their classroom. For teachers with a mixture of scholarship and non - scholarship students the school allocates salaries based on a percentage of scholarship students in their classroom.
5	No	3/18/2013	P&N was informed that there is no separate checking account for scholarship funds.
CASH			
6	Yes and No	3/18/2013	One signature is required on checks under \$1,000. Two signatures are required on checks over \$1,000. P&N observed cancelled check #2441 dated 2/25/13 signed by the principal and the attached invoice. P&N noted that the check was less than \$1,000 dollars and only contained one signature.
7	Yes	3/18/2013	P&N observed cancelled check #2441 signed by the principal dated 2/25/13 and the attached invoice that was signed and approved by the office manager.

School Name:	Conquering Word Christian Academy
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/18/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
8	No	3/18/2013	P&N was informed that the accountant records transaction into QuickBooks. The office manager prepares checks and the CPA records the check. Neither the office manager or the CPA have check signing authority.
9	Yes	3/18/2013	P&N was informed that the secretary of the board, who is an authorized signer, signs the affidavit with the bank revoking or adding check signing authority. P&N was informed that this had not happened in two or more years and the documentation was not readily accessible.
10	No	3/18/2013	P&N was informed that the CPA records transactions and performs the bank reconciliations on a monthly basis . The reconciliations are reviewed at board meetings and the approval is documented in the board minutes.
11	Yes	3/18/2013	P&N was informed that investigations of unusual reconciling items are done during the board meetings.

School Name:	Conquering Word Christian Academy
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/18/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
REVENUES AND RECEIVABLES			
12	No	3/18/2013	P&N was informed that scholarship revenue is recognized on a cash basis when the scholarship funds are received.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/18/2013	The office manager prepares requisition request forms when an employee wishes to request an item. The principal approves the form. The office manager cuts the check. P&N observed a requisition request form that was properly approved by the principal and requested by the office manager. See item #7.
14	Yes	3/18/2013	See item 14.
15	Yes	3/18/2013	See item 14.
16	Yes	3/18/2013	See item 7.
17	Yes	3/18/2013	See item 7.

School Name:	Conquering Word Christian Academy
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/18/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
Employee Compensation			
18	Yes	3/18/2013	The school utilizes a sign in sheet. P&N observed the sign in sheet for the period 2/15/2013 - 2/28/2013.
19	No	3/18/2013	P&N was informed that the principal processes payroll using the sign in sheet and salary amounts on employee contracts to write pay checks to the employees every pay period. The principal also signs the payroll checks. The school does not use an outside payroll system.
20	No	3/18/2013	P&N was informed that the principal and the office manager have access to the payroll files, which are kept in a locked file cabinet. The principal and the office manager have access to the locked file cabinet.
21	Yes	3/18/2013	P&N was informed that the employee list and salary schedule is approved and authorized by the principal and board of directors.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and does not necessarily corroborate management's "yes", "no", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: FAITH CHRISTIAN ACADEMY

Based on our review of Faith Christian Academy (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School’s management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management’s “yes”, “no”, or “NA” answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

The School did not provide the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. Therefore, procedure I(C)(2) could not be completed.

Procedure I.C.3

P&N was informed by the School that the following is a list of key personnel who received a salary from the School:

<u>Title</u>	<u>Percent change in salary from 2011-2012</u>
Principal	2%
Administrator	0%
Co - Administrator	0%

No exceptions noted.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: FAITH CHRISTIAN ACADEMY

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of fifty-four (54) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, we used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. Of the five (5) students sampled, four (4) exceptions were noted. Scholarship payments exceeded the allowable amount by \$25.00 per student per quarter. The total disallowed amount for all students for the three (3) quarters tested amounted to \$300.00.

Exceptions resulting in disallowed tuition: \$300.00

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. One (1) exception was noted, as the residency documentation for a student was not provided. The ineligible amount for the first three (3) quarters totaled \$3,007.50.

Exceptions resulting in disallowed tuition: \$3,007.50

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of fifty-four (54) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

Duplicate Overpayment

It should be noted that the ineligible amounts cannot exceed the actual scholarship payments. As such, the ineligible amount for all five (5) students totaled \$3,232.50.

Total disallowed tuition: \$3,232.50

School Name:	Faith Christian Academy
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/27/2013

Louisiana Department of Education

	Question as drafted by LDOE	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE				
<i>Integrity and Ethical Values</i>				
1	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	No	3/6/2013	P&N observed the school policies Noting that the school policies did Not contain policies and procedures on continuing education for accounting staff, the budget process, processing and approval of expenditures and payables, record retention, processing and approval of payroll, and compensation information. The policies provided to P&N during the site visit contained information regarding tuition fees, disciplinary actions and business services.
<i>Human Resource Policies and Practices</i>				
2	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	Yes	3/6/2013	P&N was informed that the administrator and co-administrator attend training workshops as necessary.
BUDGET PROCESS & FINANCIAL REPORTING				
<i>Budget Process</i>				
3	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	No	3/6/2013	P&N was informed that the administrator did not receive a budget template from the state. Therefore the school did not submit a budget to the LDOE.
<i>Financial Reporting Process</i>				
4	Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable)	No	3/6/2013	P&N was informed that the school codes revenue and expenditures by category, but the scholarship revenues and expenditures are not specifically identified in the accounting system.
5	Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable)	No	3/6/2013	P&N was informed that there is no separate checking account for scholarship funds.

School Name:	Faith Christian Academy
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/27/2013

Louisiana Department of Education

	Question as drafted by LDOE	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
CASH				
6	Are two signatures required on checks?	No	3/6/2013	P&N was informed that two signatures are not required on checks.
7	Are invoices and supporting documents furnished to the signer prior to signing the check?	Yes	3/6/2013	P&N observed an invoice package that included the check number 1551 dated during the period January 2013 signed by the co-administrator. There was no indication of the documented review on the invoice. However, P&N was informed that the co-administrator or administrator reviews the invoices prior to signing the check.
8	Are signed checks inaccessible to persons who requested, prepared, or recorded them?	No	3/6/2013	P&N was informed that the administrator and co-administrator prepare, record and authorize the checks.
9	Are procedures provided for immediate Notification to banks when check signers leave the unit or are otherwise No longer authorized to sign?	No	3/6/2013	P&N was informed that the Administrator or Co-Administrator, who are authorized signers, signs the affidavit with the bank revoking or adding check signing authority. P&N was informed that this situation had not happened at the school. Therefore, the documentation was not readily accessible.
10	Are bank reconciliations performed by someone independent of receiving cash or processing and recording of transactions. If Not, are there other mitigating controls in place?	No	3/6/2013	Bank reconciliations are periodically prepared by the Administrator. The Administrator does not prepare bank reconciliations on a consistent basis. The Administrator and Co-Administrator also process and record transactions in the Quick Books accounting system.
11	Are all reconciliations and investigations of unusual reconciling items reviewed and approved by an official who is Not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation? If Not, are there other mitigating controls in place?	No	3/6/2013	P&N noted no evidence of review of the bank reconciliations. P&N was informed that the administrator and co-administrator both review reconciliations for unusual reconciling items and are responsible for recording receipts and disbursements.

School Name:	Faith Christian Academy
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/27/2013

Louisiana Department of Education

	Question as drafted by LDOE	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
REVENUES AND RECEIVABLES				
12	Are transactions are recorded promptly upon obtaining evidence that revenue or receivables should be recognized?	Yes	3/6/2013	The accounting system does not specifically identify scholarship transactions. P&N was informed all receipts are deposited and recorded daily.
PROCUREMENT AND PAYABLES				
<i>General Expenditures and Payables</i>				
13	Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If Not, are there other mitigating controls in place?	No	3/6/2013	The Administrator or Co-Administrator prepares the disbursements and records and enters cash disbursements into the accounting system.
14	Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If Not, are there other mitigating controls in place?	No	3/6/2013	P&N was informed by the Administrator that there is no formal process for disbursements or purchases. The majority of school expenditures are for recurring bills. At the beginning of the school year teachers are given a spending allowance. Any purchases that exceed that teacher's allowance must be paid from that teacher's personal funds.
15	Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions?	No	3/6/2013	See item 14.
16	Are payments made only on the basis of original invoices?	Yes	3/6/2013	See item 7.
17	Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner?	Yes	3/6/2013	See item 7.

School Name:	Faith Christian Academy
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/27/2013

Louisiana Department of Education

	Question as drafted by LDOE	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
	<i>Employee Compensation</i>			
18	Do records and controls exist for timekeeping and attendance?	Yes	3/6/2013	The school utilizes a sign in sheet. P&N observed the sign in sheet dated 3/6/2013.
19	Are responsibilities for the payroll processing function segregated from the general ledger function and the HR functions? If Not, are there other mitigating controls in place?	No	3/6/2013	The Administrator processes payroll by reviewing the attendance records and maintains the general ledger. The bookkeeper also has access to all other HR documentation.
20	Is access to the master payroll file limited to employees who are authorized to make changes (Presumably HR)?	Yes	3/6/2013	The Administrator makes the changes to the master payroll file.
21	Are all changes in employment (additions and terminations), salary and wage rates, and payroll deductions properly authorized, approved, and documented?	No	3/6/2013	The Administrator is in charge of salary approval and the employee additions and terminations.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and does not necessarily corroborate management's "yes", "no", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: LUTHERAN HIGH SCHOOL

Based on our review of Lutheran High School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of December 12, 2012, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted Scholarship tuition for the year (originally submitted)	\$199,235
Budgeted Scholarship tuition for the year (corrected)	\$185,505
Budgeted scholarship expenditures for the year	202,668
Actual expenditures as of December 12, 2012	160,012
Percent of budget expended	79%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: LUTHERAN HIGH SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of twenty-seven (27) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided to up by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, we used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of thirty (30) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:	Lutheran High School
Fiscal Year of Evaluation:	2012 - 2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/13/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1			
Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	No	3/13/2013	P&N was informed by the Co-Administrator that the policies and procedures of the school are not located in one manual. P&N observed the school constitution that addressed the budget process, processing and approval of expenditures and payables. P&N also viewed the Purchase Order policy which outlines the purchase order policy. The purchase order policy is given to the Administrative staff of the school.
<i>Human Resource Policies and Practices</i>			
2			
Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	No	3/13/2013	P&N was informed that the outside accountant attends CPE training courses in accordance with his firm's policy. The Treasurer, who works for a local credit union, does not attend formal training courses.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3			
Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	Yes	3/13/2013	P&N was informed that the co-administrator prepared the scholarship budgeted expenditures that was submitted to the DOE. The scholarship budgeted expenditures that was submitted to the DOE was based on the school wide profit and loss statement prorated for the ratio of scholarship students to total students. There is no established procedure for preparing and transmitting the scholarship budget.

School Name:	Lutheran High School
Fiscal Year of Evaluation:	2012 - 2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/13/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures	
Financial Reporting Process				
4	Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable)	No	3/13/2013	P&N was informed that the school codes revenue and expenditures by category, but the scholarship revenues and expenditures are not specifically identified in the accounting system. The scholarship expenditures that are reported on the budget report submitted to the DOE are based on prorated profit and loss amounts.
5	Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable)	No	3/13/2013	P&N was informed that there is no separate checking account for scholarship funds.
CASH				
6	Are two signatures required on checks?	Yes	3/13/2013	Two signatures are required on all checks. P&N observed check #14251 dated 2/27/2013 and noted two authorized signatures on that check.
7	Are invoices and supporting documents furnished to the signer prior to signing the check?	Yes	3/13/2013	P&N observed an invoice package that included the check voucher for check number 14251 dated 2/27/2013. There was no indication of review on the invoice. However, P&N was informed that the principal treasurer and another authorized signer review the invoice packages prior to signing the checks. The disbursement agreed with the original invoice.
8	Are signed checks inaccessible to persons who requested, prepared, or recorded them?	Yes	3/13/2013	P&N was informed that the accountant prepares and records the checks, but she is not an authorized signer.

School Name:	Lutheran High School
Fiscal Year of Evaluation:	2012 - 2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/13/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
9	Yes	3/13/2013	P&N was informed that the treasurer, who is an authorized signer, signs the affidavit with the bank revoking or adding check signing authority. P&N observed the Board approval of a the current authorized signers in the Board minutes dated 12/18/2012. P&N was informed that a copy of the documentation completed at the bank was not retained.
10	Yes	3/13/2013	P&N was informed that bank reconciliations are prepared by CPA from the outside accounting firm on a monthly basis. The secretary obtains all receipts and deposits daily. The treasurer reviews and makes sure reconciliation matches her handwritten file of all school transactions that the treasurer prepares manually. The boards reviews the CPA's reconciliations on a monthly basis.
11	Yes	3/13/2013	Are all reconciliations and investigations of unusual reconciling items reviewed and approved by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation? If not, are there other mitigating controls in place? While there is no evidence of any review of the bank reconciliations, P&N was informed that the school board reviews the reconciliation and will investigate any unusual reconciling items.
REVENUES AND RECEIVABLES			
12	Yes	3/13/2013	P&N was informed that the accountant records a tuition invoice for each student at the beginning of the year and books a receivable for the unpaid tuition portion. When tuition payments are made the accountant reduces the receivable. If students leave he writes a credit memo to remove the receivable from the QuickBooks system for scholarship students. The scholarship student has a write off for the remaining periods that they are not enrolled in the school. The parents of non scholarship students sign an agreement at the beginning of the school year to pay the tuition payment in full by the end of the school year.

School Name:	Lutheran High School
Fiscal Year of Evaluation:	2012 - 2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/13/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures	
PROCUREMENT AND PAYABLES				
<i>General Expenditures and Payables</i>				
13	Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other mitigating controls in place?	Yes	3/13/2013	See item # 15. P&N was informed that the school utilizes a purchase order process for all school expenditure requests.
14	Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If not, are there other mitigating controls in place?	Yes	3/13/2013	See item # 15. P&N was informed that the school utilizes a purchase order process for all school expenditure requests.
15	Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions?	Yes	3/13/2013	P&N was informed that purchases of goods and services are initiated with a purchase order request form which is signed by the principal for approval. P&N observed PO#3864-1884 and noted the principal's approval. P&N noted that the principal approves the PO request form and has authority to sign the checks. PDW, the treasurer, the principal always signs the checks after the treasurer signs the checks.
16	Are payments made only on the basis of original invoices?	Yes	3/13/2013	See item #7.
17	Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner?	Yes	3/13/2013	See item #7.

School Name:	Lutheran High School
Fiscal Year of Evaluation:	2012 - 2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/13/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
Employee Compensation			
18	Yes	3/13/2013	The school utilizes a sign in log. P&N observed the sign in sheet for the period 3/4/13-3/8/13.
19	Yes	3/13/2013	P&N was informed that the math teacher/athletic director, looks at sign in log sheet and tells the treasurer how each teachers should be paid in accordance with days worked and absences. The treasurer calls PayChex and relays the information she receives from the math teacher/athletic director to the PayChex contact. The principal , co-administrator, and treasurer review the detailed payroll report from PayChex every pay period. However, their review is not documented. When a new employee is added to Paychecks, the administrative assistant, lets Paychecks know and sends the information to Paychecks.
20	Yes	3/13/2013	P&N was informed that the treasurer calls PayChex and informs the Paychecks contact of changes in the master payroll file.
21	No	3/13/2013	P&N was informed that the employee list and employee salaries are approved and authorized by the Board of Directors..

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and does not necessarily corroborate management's "yes", "no", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: COMMUNITY DAY SCHOOL

Based on our review of each of Community Day School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of December 17, 2012, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures as of December 17, 2012 provided to the department of education is as follows:

Budgeted Scholarship tuition for the year	\$ 33,390
Budgeted scholarship expenditures for the year	33,390
Actual expenditures as of February 15, 2013	23,815
Percent of budget expended	71%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: COMMUNITY DAY SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of three (3) students out of a total of three (3) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, we used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II with the addition of one student, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of three (3) students out of a total of three (3) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:	Community Day School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/1/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A As answered	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE				
<i>Integrity and Ethical Values</i>				
1	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	No	3/1/2013	P&N observed the Community Day School policies and procedures noting that it addressed the processing and approval of expenditures, payables, payroll, and approval and authorization of compensation levels and wages rates and record retention. Continuing education for accounting staff was not addressed. Upon inquiry of the continuing education for accounting staff, Business Manager/Accountant attends CPE courses as needed.
<i>Human Resource Policies and Practices</i>				
2	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	No	3/1/2013	P&N was informed that the business manager/cccountant attends CPE courses as needed.
BUDGET PROCESS & FINANCIAL REPORTING				
<i>Budget Process</i>				
3	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	No	3/1/2013	P&N was informed that the head of school prepares the scholarship budgeted expenditures that are submitted to the DOE.
<i>Financial Reporting Process</i>				
4	Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable)	No	3/1/2013	P&N was informed that the school codes revenue and expenditures by category, but the scholarship revenues and expenditures are not specifically identified in the accounting system.
5	Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable)	No	3/1/2013	P&N was informed that there is no separate checking account for scholarship funds.

School Name:	Community Day School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/1/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A As answered	Date	P&N's Procedures and Results of those Procedures
CASH				
6	Are two signatures required on checks?	Yes	3/1/2013	Two signatures are required on checks. P&N observed Check #65666 and noted that the check had two authorized signatures.
7	Are invoices and supporting documents furnished to the signer prior to signing the check?	Yes	3/1/2013	P&N observed the applicable invoice for check number 65666 dated 01/03/2013. There was no indication of the Head of School's review. However, P&N was informed that the Head of School reviews the invoice prior to signing the checks. The disbursement agreed with the original invoice.
8	Are signed checks inaccessible to persons who requested, prepared, or recorded them?	Yes	3/1/2013	P&N was informed that the accountant prepares and records the checks, but he is not an authorized signer.
9	Are procedures provided for immediate notification to banks when check signers leave the unit or are otherwise no longer authorized to sign?	Yes	3/1/2013	P&N was informed that the head of school, who is an authorized signer, signs the affidavit with the bank revoking or adding check signing authority. P&N was informed that this had not happened in two or more years and the documentation was not readily accessible.
10	Are bank reconciliations performed by someone independent of receiving cash or processing and recording of transactions. If not, are there other mitigating controls in place?	Yes	3/1/2013	P&N was informed that bank reconciliations are performed by the accountant, who does not have the authority to sign checks but does have authority to process and record transactions.
11	Are all reconciliations and investigations of unusual reconciling items reviewed and approved by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation? If not, are there other mitigating controls in place?	No	3/1/2013	While there is no evidence of any review of the bank reconciliations, P&N was informed that their local CPA reviews the reconciliation and will investigate any unusual reconciling items.
REVENUES AND RECEIVABLES				
12	Are transactions are recorded promptly upon obtaining evidence that revenue or receivables should be recognized?	Yes	3/1/2013	The accounting system does not specifically identify scholarship transactions. P&N was informed all transactions are recorded when the office manager/accountant receives the original source documents.

School Name:	Community Day School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/1/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A As answered	Date	P&N's Procedures and Results of those Procedures
PROCUREMENT AND PAYABLES				
<i>General Expenditures and Payables</i>				
13	Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other mitigating controls in place?	Yes	3/1/2013	Disbursements over \$20 have to be approved by the Head of school by means of his documented signature on a payment request form. P&N observed an approved payment request form. The Director of admissions can approve marketing expense disbursements but all other disbursements are approved by the Head of school . The Office manager/accountant is in charge of recording disbursements in the Quick books system.
14	Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If not, are there other mitigating controls in place?	No	3/1/2013	P&N was informed that the office manager/accountant prepares the disbursements and vouchers and the Head of school approves the expenditure and signs the checks.
15	Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions?	Yes	3/1/2013	P&N was informed that the school utilizes the payment request form for all expenditures charged to the school. See #13 for additional details.
16	Are payments made only on the basis of original invoices?	Yes	3/1/2013	See item 7.
17	Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner?	Yes	3/1/2013	See item 7.

School Name:	Community Day School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/1/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A As answered	Date	P&N's Procedures and Results of those Procedures
Employee Compensation				
18	Do records and controls exist for timekeeping and attendance?	Yes	3/1/2013	The school utilizes a sign in log. P&N observed the sign in log dated 2/28/2013 and noted that a formal approval is not documented.
19	Are responsibilities for the payroll processing function segregated from the general ledger function and the HR functions? If not, are there other mitigating controls in place?	Yes	3/1/2013	P&n was informed that the payroll process is as follows: 1. Head of School sets teachers salaries and is also responsible for hiring, firing, and changes of salaries. 2. Head of School informs office manager/accountant of staff compensations. 3. Office manager informs PAYCHEX of staff compensation for each employee. 4. Office manager checks salaries paid on the payroll report per pay period to ensure pay is in accordance with employee contracts.
20	Is access to the master payroll file limited to employees who are authorized to make changes (Presumably HR)?	Yes	3/1/2013	P&N was informed that the head of school makes the changes to the master payroll file.
21	Are all changes in employment (additions and terminations), salary and wage rates, and payroll deductions properly authorized, approved, and documented?	Yes	3/1/2013	P&N was informed that the employee additions, terminations, and compensation is approved and authorized by the head of school.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and does not necessarily corroborate management's "yes", "no", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: OUR LADY OF DIVINE PROVIDENCE SCHOOL

Based on our review of Our Lady of Divine Providence School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the department of education is as follows:

Budgeted Scholarship tuition for the year	\$ 95,130
Budgeted scholarship expenditures for the year	95,130
Actual expenditures as of February 15, 2013	60,591
Percent of budget expended	64%

There were no budgeted reserves reported.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

**FINDINGS RESULTING FROM PROCEDURES PERFORMED: OUR LADY OF DIVINE PROVIDENCE
SCHOOL**

Procedure I.C.3

P&N was informed by the school that the following is a list of key personnel who received a salary from the School:

<u>Title</u>	<u>% Change</u>
Principal	1.6%
Assistant Principal	0.9%
Finance/Office Manager	1.5%

Scholarship enrollment increased by 950% from the 2011-2012 year end to the 2012-2013 year end. Salaries for key employees did not increase by greater than double the rate of growth of scholarship enrollment.

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of twenty-one (21) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, we used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II with the addition of three (3) students, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of twenty-one (21) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: Our Lady of Divine Providence School
Fiscal Year of Evaluation: 2012 - 2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/7/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.	
GENERAL/ADMINISTRATIVE				
<i>Integrity and Ethical Values</i>				
1	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	Yes	3/7/2013	P&N observed the policies and procedures of OLDP that are written by the Archdiocese of New Orleans noting the policies and procedures for the following areas: >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates (PN notes continuing education for accounting staff is not included in the Archdiocese policies and procedures)
<i>Human Resource Policies and Practices</i>				
2	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	Yes	3/7/2013	P&N was informed that training is done according to the Archdiocese. The Archdiocese will let the principal and the accountant know when to attend training courses.
BUDGET PROCESS & FINANCIAL REPORTING				
<i>Budget Process</i>				
3	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	Yes	3/7/2013	P&N was informed that the principal performs the budget in conjunction with Archdiocese of New Orleans guidelines for the school. The principal performs the budget for the state. She performed the scholarship budget using an allocation method. The allocation method entailed dividing the number of scholarship students by the K-8th grade total student population since scholarship students are only accepted for those grades. OLDP only accepts scholarship students that are in the K-8th grade levels.

School Name: Our Lady of Divine Providence School
Fiscal Year of Evaluation: 2012 - 2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/7/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
Financial Reporting Process			
4	Yes	3/7/2013	P&N was informed that they do not track scholarship revenues and expenditures from scholarship funds separately. Scholarship funds are deposited into the school general fund account as a separate line item. However, as school expenditures are performed the school does not track the source of the funding for the school expenditures.
5	No	3/7/2013	P&N was informed that there was no separate checking account for scholarship funds.
CASH			
6	Yes	3/7/2013	Two signatures are required on checks. P&N observed voided check #10371 dated 3/6/2013, signed two authorized signers.
7	Yes	3/7/2013	P&N observed cancelled check #10371 dated 3/6/2013 and the applicable invoice and check request form. P&N observed the principal's signature documenting her approval on the check request form.
8	Yes	3/7/2013	P&N was informed that the finance/office manager prepares and records the checks, but she is not an authorized signer.
9	Yes	3/7/2013	The finance/office manager would notify the bank. P&N was informed that this had not happened in two or more years and the documentation was not readily accessible.
10	Yes	3/7/2013	P&N was informed that bank reconciliations are prepared by the outside accountant. When finance/office manager receives the bank statement she sends the bank statement and supporting documentation to the outside accountant to perform the reconciliation process.

School Name: Our Lady of Divine Providence School
Fiscal Year of Evaluation: 2012 - 2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/7/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
11	Yes	3/7/2013	While there is no evidence of any review of the bank reconciliations, P&N was informed that their outside accountant reviews the reconciliation and will investigate any unusual reconciling items.
REVENUES AND RECEIVABLES			
12	Yes	3/7/2013	The accounting system does not specifically identify scholarship transactions. P&N was informed all receipts are deposited and recorded daily.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	No	3/7/2013	P&N was informed that the finance/office manager processes and records disbursements. The principal will provide verbal approval for disbursements when employees make a request. There is no formal disbursement approval form.
14	No	3/7/2013	P&N was informed that the finance/office manager processes and records disbursements. The principal will provide verbal approval for disbursements when employees make a request. There is no formal disbursement approval form.
15	No	3/7/2013	P&N was informed that verbal approval will be given by the principal to employees who request permission to purchase goods. There is not an official P.O. form.
16	No	3/7/2013	See item 7.
17	Yes	3/7/2013	See item 7.

School Name: Our Lady of Divine Providence School
Fiscal Year of Evaluation: 2012 - 2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/7/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
Employee Compensation			
18	Yes	3/7/2013	The school utilizes a sign in sheet. P&N observed the sign in sheet dated 3/7/2013.
19	No	3/7/2013	P&N was informed that the finance/office manager processes payroll by reviewing the attendance records and maintains the general ledger. The finance/office manager does not have access to personnel files. The principal approves salary levels.
20	Yes	3/7/2013	P&N was informed that locked personnel files are kept in the principal's office in a locked drawer that contain all payroll information. The principal is in charge of hiring , firing , and pay changes, of the employees. She keeps an employee folder that contains all pertinent pay information (such as employee contracts) and also makes changes to the personnel files as necessary. The principal will inform the finance/office manager of pay changes and the finance/office manager will inform IOI. The principal signs off on the payroll report every pay period. The finance/office manager and the principal both have a log in and password to the IOI system.
21	Yes	3/7/2013	P&N was informed that the employee list and salary schedule is approved and authorized by the principal.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and does not necessarily corroborate management's "yes", "no", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: OUR LADY OF PERPETUAL HELP

Based on our review of Our Lady of Perpetual Help (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the department of education is as follows:

Budgeted Scholarship tuition for the year	\$ 401,850
Budgeted scholarship expenditures for the year	340,337
Actual expenditures as of February 15, 2013	182,201
Percent of budget expended	54%

There were no budgeted reserves reported.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: OUR LADY OF PERPETUAL HELP

Procedure I.C.3

P&N was informed by the school that the following is a list of key personnel who received a salary from the School:

<u>Title</u>	<u>Percent Change in salary from 2011-2012</u>
Principal	0
Dean of Students	(16%)
Financial Secretary	3%

No exceptions noted.

II. Tuition and Fees for Scholarship Students

P&N selected a sample of seven (7) students out of a total of seventy-two (72) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided to up by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, we used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II with the addition of one student, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. One exception was noted. The exception was due to documentation provided, an affidavit form for parent/custodial relative/custodial friend, was not on the list of acceptable documents. Further, the form was dated August 2010. The total ineligible amount was \$3,348.75.

Exceptions resulting in disallowed tuition: \$\$3,348.75

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: OUR LADY OF PERPETUAL HELP

IV. Income Eligibility

P&N selected a sample of seven (7) students out of a total of seventy-four (74) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: Our Lady of Perpetual Help
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/11/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.	
GENERAL/ADMINISTRATIVE				
<i>Integrity and Ethical Values</i>				
1	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	Yes	3/11/2013	P&N observed the Archdiocese Administrative Handbook noting that it addressed the budget process, processing and approval of expenditures, payables, payroll, and approval and authorization of compensation levels and wages rates and record retention. Continuing education for accounting staff was not addressed.
<i>Human Resource Policies and Practices</i>				
2	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	No	3/11/2013	P&N was informed that the Archdiocese sponsors training courses for the staff as systems are updated or as the Archdiocese deems necessary.
BUDGET PROCESS & FINANCIAL REPORTING				
<i>Budget Process</i>				
3	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	No	3/11/2013	P&N was informed that the financial secretary prepared the scholarship budget that was submitted to the DOE. The budget she submitted did not involve management in the preparation process.
<i>Financial Reporting Process</i>				
4	Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable)	Yes	3/11/2013	P&N was informed that the scholarship funds received from the state are separately identified from other tuition revenue when received. However, expenditures from the operating account are not specifically identified in the system. Funds are allocated based on a percentage of scholarship students to non scholarship students.
5	Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable)	No	3/11/2013	P&N was informed that there is no separate checking account for scholarship funds.

School Name: Our Lady of Perpetual Help
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/11/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
CASH			
6	No	3/11/2013	Two signatures are required on checks. P&N observed voided check #12748 for a Jefferson parish water bill dated 1/17/2013 that had one signature by the principal. Most of the checks observed were signed by the principal.
7	Yes	3/11/2013	P&N observed the cancelled check referred to in #6 with an attached invoice noting the principal's approval.
8	No	3/11/2013	P&N was informed that the financial secretary prepares and records the checks, but she is not an authorized signer.
9	Yes	3/11/2013	The financial secretary stated that she would notify the bank when there is a change in designated check signer. P&N observed the affidavit with the bank revoking the previous principal's check signing authority and adding the current principal's check signing authority.
10	yes	3/11/2013	P&N was informed that the outside accountant reconciles the bank statements and will notify the financial secretary if there are any unusual reconciling items in the bank statement. After the reconciliation is performed the financial secretary reviews the reconciliation and the principal approves the reconciliation.
11	yes	3/11/2013	See item 10.
REVENUES AND RECEIVABLES			
12	Yes	3/11/2013	The accounting system separately identifies scholarship revenue but does not identify expenditures made from the scholarship funds. P&N was informed all receipts are deposited and recorded daily.

School Name: Our Lady of Perpetual Help
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/11/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/11/2013	When the financial secretary receives a check request form approved by the principal, she prepares the check for the disbursement. The financial secretary then gives the check to the principal to sign. P&N observed a check request form for webinar reimbursements with the principal's signature.
14	No	3/11/2013	See item 13.
15	yes	3/11/2013	See item 13.
16	yes	3/11/2013	See item 7.
17	Yes	3/11/2013	See item 7.
<i>Employee Compensation</i>			
18	Yes	3/11/2013	P&N observed a time sheet with teacher signatures and the financial secretaries' approval signature dated March 4, 2013. The financial secretary signs off on the teacher sign-in log on a weekly basis.
19	Yes	3/11/2013	P&N was informed that payroll entry into QuickBooks is done by the outside accountant. However, the payroll file is made accessible to the financial secretary and the principal.
20	Yes	3/11/2013	P&N was informed that the financial secretary make the changes to the master payroll file.
21	Yes	3/11/2013	P&N was informed that the employee list and wages are approved and authorized by the principal.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and does not necessarily corroborate management's "yes", "no", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: OUR LADY OF PROMPT SUCCOR

Based on our review of Our Lady of Prompt Succor (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the department of education is as follows:

Budgeted Scholarship tuition for the year	\$ 53,410
Budgeted scholarship expenditures for the year	53,410
Actual expenditures as of February 15, 2013	30,535
Percent of budget expended	57%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore, this procedure is not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: OUR LADY OF PROMPT SUCCOR

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of fourteen (14) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, we used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of fourteen (14) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:	Our Lady of Prompt Succor
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/13/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	No	3/13/2013	P&N observed the policies and procedures of OLPS that are written by the Archdiocese of New Orleans noting the policies and procedures for the following areas: >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates (PN notes continuing education for accounting staff is not included in the Archdiocese policies and procedures)
<i>Human Resource Policies and Practices</i>			
2	Yes	3/13/2013	P&N was informed that the Archdiocese hosts annual seminars for accounting staff on various accounting topics.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	No	3/13/2013	P&N was informed that the principal, and the business manager, prepared the annual budget. Once prepared, the annual budget is reviewed by the pastor and then sent to the Archdiocese. The principal, and the business manager prepared the scholarship budget that was submitted to the DOE.

School Name:	Our Lady of Prompt Succor
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/13/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
Financial Reporting Process			
4	Yes	3/13/2013	OLPS uses QuickBooks Accounting Software that is provided by the Archdiocese. P&N observed a list of accounts used by OLPS. The office manager stated that the school records scholarship revenue in a separate account called Voucher Tuition (K-8). The scholarship expenditures are not specifically identified, but are an allocation of schoolwide expenditures.
5	No	3/13/2013	P&N was informed that there is no separate checking account for scholarship funds.
CASH			
6	No	3/13/2013	P&N was informed that the school does not require two signatures on checks. The principal and the school pastor are authorized to sign checks.
7	Yes	3/13/2013	P&N was informed that a teacher will fill out a check request form, and submit the request to the principal for approval. Once the purchase has been made and the materials are received, the packing slip and order form are submitted to the principal for approval. The bookkeeper will print a check and code the transaction into the accounting system according to the supporting documentation provided by the teacher. The check and supporting documentation is then brought back to the principal or pastor to be signed for approval. P&N observed check # 7547 paid to the order of the St. Bernard Parish School Board, in the amount of \$213.00 on 2/01/2013. P&N noted the principal's signature on the cancelled check, and her initials on the original invoice.
			Are invoices and supporting documents furnished to the signer prior to signing the check?

School Name:	Our Lady of Prompt Succor
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/13/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
8	Yes	3/13/2013	Original invoices and packing slips are submitted by teachers to the Principal for approval. Once checks are signed the bookkeeper will mail any checks for bills or invoices. P&N notes that the bookkeeper does have the ability to write checks and record journal entries.
9	Yes	3/13/2013	When check signers leave or are otherwise no longer authorized to sign, written notification is submitted to the bank. P&N was informed that this had not happened in two or more years and the documentation was not readily accessible.
10	Yes	3/13/2013	P&N was informed that the office manager prepares the monthly bank reconciliations. These reconciliations are reviewed by the principal. P&N noted that office manager does not approve invoices, print checks, is not an authorized check signer, and does not post journal entries. P&N observed the school bank account reconciliation for the month of November 2012, noting the principal's signature of approval.
11	No	3/13/2013	P&N was informed that reconciliations are reviewed by the principal. P&N noted that office manager does not approve invoices, print checks, is not an authorized check signer, and does not post journal entries.
REVENUES AND RECEIVABLES			
12	Yes	3/13/2013	P&N was informed that the office manager stated that revenue is recognized upon receipt of the scholarship funds.

School Name:	Our Lady of Prompt Succor
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/13/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/13/2013	See #7.
14	Yes	3/13/2013	See #7.
15	Yes	3/13/2013	See #7.
16	Yes	3/13/2013	See #7.
17	Yes	3/13/2013	See #7.
<i>Employee Compensation</i>			
18	Yes	3/13/2013	P&N observed the teacher sign-in sheet for the week of 2/18/2012. These sign-in sheets are signed each day by teachers.

School Name: Our Lady of Prompt Succor
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/13/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
19	Yes	3/13/2013	P&N was informed that payroll is outsourced to Interlogic Outsourcing Inc. (IOI). At the end of each payroll period the teacher sign-in sheets are reconciled to the substitute records kept by the bookkeeper. Any changes in payroll due to the exhaustion of sick leave time, and time for hourly employees are submitted to IOI. IOI will send the office manager, a payroll preview. The office manager will review this preview against the changes that were made for that payroll period. Payroll files are maintained in the office manager's office. The files contain employee contracts that are approved annually by the principal, pastor, two witnesses, and the employee. The employee contracts are based upon the salary presented in the approved annual budget.
20	Yes	3/13/2013	P&N was informed that the files contain employee contracts that are approved annually by the principal, pastor, two witnesses, and the employee. The employee contracts are based upon the salary presented in the approved annual budget.
21	Yes	3/13/2013	P&N was informed that the Principal has solely authority for hiring and terminations. Payroll deduction changes are submitted to the office manager who enters the necessary changes into the payroll system, and then files the paperwork into the personnel files. The office manager will review these changes when IOI sends the payroll preview for each payroll period.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and does not necessarily corroborate management's "yes", "no", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: RIDGEWOOD PREPARATORY SCHOOL

Based on our review of Ridgewood Preparatory School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the department of education is as follows:

Budgeted Scholarship tuition for the year	\$ 17,775
Budgeted scholarship expenditures for the year	49,275
Actual expenditures as of February 15, 2013	49,275
Percent of budget expended	100%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: RIDGEWOOD PREPARATORY SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of three (3) students out of a total of three (3) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, we used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. Three (3) exceptions were noted. The exceptions resulted from scholarship students being charged more than non-scholarship students by \$18.75 per quarter. The total amount ineligible was \$168.75.

Exceptions resulting in disallowed tuition: \$168.75

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of three (3) students out of a total of three (3) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: Ridgewood Preparatory School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 2/28/2013

Louisiana Department of Education

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	No	2/28/2013	P&N was informed that the school does not have written policies and procedures for the items described in the question. The school's outside CPA participates in continuing education in order to maintain his license.
<i>Human Resource Policies and Practices</i>			
2	No	2/28/2013	P&N was informed that the school's outside CPA participates in continuing education in order to maintain his license.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	No	2/28/2013	P&N was informed that the secretary solely performed the budget that was submitted to the state. No review was done on the budget created by the secretary.
<i>Financial Reporting Process</i>			
4	No	2/28/2013	P&N was informed that the outside CPA performs all such processes.
5	No	2/28/2013	P&N was informed that there is no separate checking account for scholarship funds.

School Name: Ridgewood Preparatory School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 2/28/2013

Louisiana Department of Education

		Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
CASH				
6	Are two signatures required on checks?	No	2/28/2013	One signature is required on checks. P&N observed check #1551 noting that the outside CPA signed the check.
7	Are invoices and supporting documents furnished to the signer prior to signing the check?	No	2/28/2013	P&N was informed that the large dollar and recurring invoices are sent to the outside CPA by the secretary and he cuts the checks for the school based on the original invoices, which are kept at the outside CPA's office. The secretary cuts the checks for small dollar invoices. After she cuts the checks she sends the invoices to the outside CPA so he can have the invoices for his records. The outside CPA and secretary both have authority to sign the checks.
8	Are signed checks inaccessible to persons who requested, prepared, or recorded them?	Yes	2/28/2013	P&N was informed that the outside CPA and secretary prepare checks and sign the checks. The outside CPA also records the checks.
9	Are procedures provided for immediate notification to banks when check signers leave the unit or are otherwise no longer authorized to sign?	Yes	2/28/2013	P&N was informed that the headmaster, who is not an authorized signer, signs the affidavit with the bank revoking or adding check signing authority. P&N was informed that this had not happened in two or more years and the documentation was not readily accessible.
10	Are bank reconciliations performed by someone independent of receiving cash or processing and recording of transactions. If not, are there other mitigating controls in place?	No	2/28/2013	P&N was informed that the outside CPA performs the bank reconciliation process and records transactions.
11	Are all reconciliations and investigations of unusual reconciling items reviewed and approved by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation? If not, are there other mitigating controls in place?	No	2/28/2013	P&N was informed that the outside CPA performs the bank reconciliation process and there is no review process.

School Name: Ridgewood Preparatory School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 2/28/2013

Louisiana Department of Education

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
REVENUES AND RECEIVABLES			
12		2/28/2013	Items sent to CPA daily and the school receives a monthly report. P&N viewed monthly compilation report for Dec. 31 that includes financials. Scholarship funds were included in general account immediately when received.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	No	2/28/2013	P&N was informed that the school does not have a formal disbursement process. The secretary solely performs the disbursement process for the school. No approval is required on the disbursement documentation the secretary prepares.
14	No	2/28/2013	See #13.
15	No	2/28/2013	P&N was informed that there is no formal purchase order process. When an employee wishes to make a purchase for school purposes they first get verbal approval from the headmaster. The employee then purchases the item and the outside CPA pays for the item utilizing funds from the school general fund.
16	No	2/28/2013	See item 7.
17	No	2/28/2013	See item 7.

School Name: Ridgewood Preparatory School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 2/28/2013

Louisiana Department of Education

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
<i>Employee Compensation</i>			
18	Yes	2/28/2013	The school utilizes a sign in sheet. P&N observed the sign in sheet dated 2/28/2013.
19	No	2/28/2013	P&N was informed that the payroll processing is done by the outside CPA. All employees except janitors are salaried. Salaried employees are paid on a monthly basis. Janitors are paid biweekly. The outside CPA writes the paychecks and gives the checks to the headmaster who distributes the pay checks to the employees by placing the paychecks in there mail box at the school.
20	Yes	2/28/2013	P&N was informed that the outside CPA makes the changes to the master payroll file.
21	Yes	2/28/2013	P&N was informed that the employee list and salary schedule is approved and authorized by the headmaster.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and does not necessarily corroborate management's "yes", "no", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. AGNES SCHOOL

Based on our review of St. Agnes School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of December 13, 2012, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the department of education is as follows:

Budgeted Scholarship tuition for the year	\$ 350,350
Budgeted scholarship expenditures for the year	350,350
Actual expenditures as of December 13, 2012	175,175
Percent of budget expended	50%

There were no budgeted reserves reported.

Procedure I.C.3

P&N was informed by the school that the following is a list of key personnel who received a salary from the School:

<u>Title</u>	<u>% change</u>
Principal	0.71%
School Secretary	1.74%

Scholarship enrollment increased by 327.78% from the 2011-2012 year end to the 2012-2013 year end. Salaries for key employees did not increase by greater than double the rate of growth of scholarship enrollment.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. AGNES SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of eight (8) students out of a total of seventy-two (72) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, we used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of eight (8) students out of a total of seventy-five (75) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

P&N observed completed evaluations prepared by representatives from the Jefferson Parish School Board. There were 3 special education students receiving scholarship tuition. Logs evidencing special education services were provided to LDE. No exceptions were noted.

School Name:	St. Agnes School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/21/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	Yes	3/21/2013	P&N observed the applicable policies and procedures documented in the Archdiocese Temporalities Manual. The manual addressed the budget process, processing and approval of expenditures, payables, payroll, and approval and authorization of compensation levels and wages rates and record retention. Continuing education for accounting staff was not addressed.
<i>Human Resource Policies and Practices</i>			
2	Yes	3/21/2013	P&N was informed that the school has an outside accountant that performs accounting and finance services for the school. The accountant participates in CPE as needed. The school secretary inputs information into QuickBooks. The school secretary was trained by a representative from QuickBooks that works at a local accounting firm.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	No	3/21/2013	P&N was informed that the principal created the LDOE budget. The principal used the percentage of scholarship students to total enrolled students and then multiplied that percentage by the total expenditure categories. The budget and expenditures report as of February 15, 2013 was not provided to LDE by the deadline of March 15, 2013.

School Name:	St. Agnes School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/21/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
Financial Reporting Process			
4	No	3/21/2013	P&N was informed that when the secretary receives bills/invoices through the mail she approves the invoice/bill and then gives the invoice to the principal to approve. After the principal approves the invoice/bill the secretary cuts the check and the secretary and the principal sign the check. The secretary then enters the transaction into the quick books system. All scholarship funds are placed in the operating account when received.
5	No	3/21/2013	P&N was informed that the school does not maintain a separate operating account.
CASH			
6	Yes	3/21/2013	Two signatures are required on checks. P&N observed check #6415 and noted the Principal and the secretary's signature.
7	Yes	3/21/2013	P&N was informed that the principal signs the invoices to document her approval before giving the invoice back to the secretary to cut the check. P&N observed the invoice for check #6415 and noted the principal and the secretary's approval. The disbursement amount agreed with the individual invoice.
8	No	3/21/2013	P&N was informed that the secretary prepares and records the checks and she is an authorized signer.
9	Yes	3/21/2013	P&N was informed that the pastor, who is an authorized signer, signs the affidavit with the bank revoking or adding check signing authority. P&N was informed that this had not happened in two or more years and the documentation was not readily accessible.

School Name: St. Agnes School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/21/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
10	Yes	3/21/2013	The outside accountant performs and approves bank reconciliations on a monthly basis. The accountant also reviews and approves the bank statements on a monthly basis. P&N observed his approval on the November 2012 bank reconciliation.
11	Yes	3/21/2013	P&N was informed that their local accountant reviews the reconciliation and will investigate any unusual reconciling items.
REVENUES AND RECEIVABLES			
12	Yes	3/21/2013	P&N was informed that the school operates on accrual basis. However, the school records the scholarship funds on a cash basis so there is not a receivable recorded for this account. The secretary records all transactions promptly upon obtaining appropriate evidence.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/21/2013	P&N was informed that the school uses an informal disbursement process. The principal processes/purchases the request after she gives verbal approval to the employee. The secretary then enters the transaction into QuickBooks.
14	No	3/21/2013	See #13 above.

School Name:	St. Agnes School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/21/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
15	No	3/21/2013	P&N was informed that no purchase order forms are used by the school. The school utilizes the process in #13 for all purchase requisitions?
16	Yes	3/21/2013	See #7 and #8.
17	Yes	3/21/2013	Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner? See #7 and #8.
Employee Compensation			
18	No	3/21/2013	Do records and controls exist for timekeeping and attendance? Visual review of time sheets is performed by the principal daily. P&N observed the time sheet for 3/21/13 noting that all teachers signed in including the principal.
19	Yes	3/21/2013	Are responsibilities for the payroll processing function segregated from the general ledger function and the HR functions? If not, are there other mitigating controls in place? P&N was informed that the Archdiocese mandates use of IOI Payroll system. The Archdiocese takes care of the payroll process.
20	Yes	3/21/2013	Is access to the master payroll file limited to employees who are authorized to make changes (Presumably HR)? P&N was informed that the master payroll file is on the IOI payroll system.
21	Yes	3/21/2013	Are all changes in employment (additions and terminations), salary and wage rates, and payroll deductions properly authorized, approved, and documented? P&N was informed that the pastor has authority to hire, fire, and change wage rates. If the pastor is not available then the principal has the authority to terminate employees. The principal makes recommendations to the advisory board for salary changes and implements the changes if the board approves the change. Teacher's contracts are kept in a locked drawer in the principal's office. The principal and secretary have access to this drawer.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and does not necessarily corroborate management's "yes", "no", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. ANGELA MERICI SCHOOL

Based on our review of St. Angela Merici School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of January 1, 2013, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the department of education is as follows:

Budgeted Scholarship tuition for the year	\$ 52,350
Budgeted scholarship expenditures for the year	52,350
Actual expenditures as of January 1, 2013	30,520
Percent of budget expended	58%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. ANGELA MERICI SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of ten (10) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, we used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of ten (10) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:	St. Angela Merici School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/11/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	Yes	3/11/2013	P&N was informed that The Office of Catholic Schools of the Archdiocese of New Orleans provides schools with a Temporalities Manual for Elementary Schools, which includes accounting, retention policies and insurance procedures.
<i>Human Resource Policies and Practices</i>			
2	Yes	3/11/2013	P&N was informed that the Archdiocese of New Orleans provides workshops/seminars for the finance and accounting staff members as needed. The school's administrative assistant and the parish's business manager attend all recommended and mandated workshops.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	No	3/11/2013	P&N was informed that the principal and the school finance committee prepare the annual budget and submit it to both the parish finance committee and the school board for review. The principal and the school finance committee prepared the scholarship budget that was submitted to the DOE.

School Name: St. Angela Merici School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/11/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
Financial Reporting Process			
4	Yes	3/11/2013	P&N was informed that the school records scholarship revenue as tuition revenue (acct 1000-00). Expenditures are isolated to the teacher salaries and benefits for the classes with scholarship students. These accounts are teacher salaries (acct 2100-10), social security (acct 5100-10), pension plan contributions (acct 5100-20), hospitalization (acct 5100-50). P&N observed a list of these respective teachers. P&N notes the expenditures pertaining to these accounts do not specifically isolate scholarship expenditures.
5	No	3/11/2013	P&N was informed that the school does not maintain a separate bank for the scholarship funds, but does make separate deposits when scholarship funds are received to provide for easier tracking. P&N also observed the school bank Account reconciliation for the month of November 2012.
CASH			
6	No	3/11/2013	The school does not require dual signatures on checks. P&N observed a copy of check # 14963 to Best Business Forms & Supplies, Inc. in the amount of \$1,020.00 and the respective invoice. P&N noted that the amounts on the invoice and check agreed without exception. P&N also noted the pastor's signature on the check.

School Name:	St. Angela Merici School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/11/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
7	Yes	3/11/2013	P&N observed a copy of check # 14963 to Best Business Forms & Supplies, Inc. in the amount of \$1,020.00 and the respective invoice. P&N noted that the amounts on the invoice and check agreed. P&N also noted the pastor's signature on the check. The principal stated that school expenditure invoices are submitted by teachers to the principal. The invoice is then approved by the principal, who initials the invoice and gives an expenditure description for proper coding to the business manager. The approved invoice is then sent to the parish business manager, who will then print the check and code the expenditure into QuickBooks. The printed check is then sent to either the Pastor or Parochial Vicar, for signing. The check signer will review the corresponding invoice before signing the check. The principal serves as a check signer, when either priest is unavailable. P&N also noted through discussion with the principal that the school and church maintain five credit cards that are mainly used for online transactions. The cardholders are as follows: Pastor, Parochial Vicar, Director of Religious Education, Principal, and the Parish Business Manager. All receipts are submitted to the parish business manger. The parish business manger agrees the receipts to the credit card statement. If any receipts are missing, the parish business manager will send the highlighted line item from the credit card statement to the respective card holder.
8	Yes	3/11/2013	P&N was informed that invoices are submitted by teachers to the principal for approval. The parish business manager, maintains the check-stock in a locked drawer in her office. When she is not present, her office remains locked. The parish business manager does have the ability to write checks and record journal entries to QuickBooks.

School Name:	St. Angela Merici School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/11/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
9	Yes	3/11/2013	When check signers leave or are otherwise no longer authorized to sign, written notification is submitted to the bank by filling out a change of check signer form. P&N observed the listing of authorized signers. P&N observed the last change in check signer form dated 6/18/2003. This change occurred when the church changed pastors.
10	No	3/11/2013	P&N observed the school bank account reconciliation for the month of November 2012. P&N noted that the parish business manager, reconciles the school bank account on a monthly basis. The reconciliations are submitted to the parish finance committee for a high level review during their monthly meetings. P&N also noted that the same person who reconciles the bank statements has the ability to prepare checks but is not an authorized signer, and has the ability to make journal entries.
11	Yes	3/11/2013	P&N was informed that there is no formal review process for the bank reconciliations, but they are given to the parish finance committee for a high level review during their monthly meetings. The parish business manager stated that the Archdiocese does have the ability to view the schools activity in QuickBooks to investigate any unusual activity.
REVENUES AND RECEIVABLES			
12	Yes	3/11/2013	P&N was informed that scholarship revenue is recognized upon receipt of the scholarship funds.

School Name:	St. Angela Merici School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/11/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/11/2013	P&N was informed that school expenditures are approved by the principal, who initials the invoice and documents an expenditure description for proper coding on the invoice. The approved invoice is then sent to the parish business manager, who will then print the check and code the expenditure into QuickBooks. The printed check is then sent to either the Pastor or the Parochial Vicar for signing. The check signer will review the corresponding invoice before signing the check. The principal also serves as a check signer, when either priest is unavailable. The parish business manager has the ability to record disbursements, maintains check stock, prepares checks, and performed bank reconciliations.
14	Yes	3/11/2013	P&N was informed that teachers submit disbursement requests to the principal, who approves all expenditure requests. The principal also has the ability to sign checks if neither priest is available, but she doesn't no have the ability to post journal entries.
15	Yes	3/11/2013	See item 7.
16	Yes	3/11/2013	See item 7.
17	Yes	3/11/2013	See item 7.

School Name:	St. Angela Merici School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/11/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
Employee Compensation			
18	Yes	3/11/2013	P&N observed the teacher sign-in sheet for 3/8/2013. These sign-in sheets are signed each day by teachers or substitute teachers.
19	Yes	3/11/2013	P&N was informed that payroll is outsourced to Interlogic Outsourcing Inc. (IOI). Employees are paid on a monthly basis. At the end of each month the absentee forms filled out by teachers and substitute forms are both compared to the daily sign-in sheets for reasonableness. The amount of days or half-days worked by substitutes, and also the amount of before/afterschool care worked by teachers is compiled by the administrative assistant, and reviewed by the principal. These monthly adjustments are then sent to the parish business manager, and are added to the monthly payroll amounts for each employee. The parish business manager then prints a preview run for payroll and reviews it for reasonableness. The payroll run is then sent to IOI for processing. Personnel files are maintained in the principal's office. Annually each teacher will receive an annual contract detailing their annual salary. The contract is approved by the principal and pastor. Any changes to pay rates throughout the year must be approved by the principal.
20	Yes	3/11/2013	P&N was informed that the principal makes the changes to the master payroll file.
21	Yes	3/11/2013	P&N was informed that the employee list and salaries are approved and authorized by the principal and pastor.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and does not necessarily corroborate management's "yes", "no", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. ANTHONY SCHOOL

Based on our review of St. Anthony School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of March 15, 2013, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the department of education is as follows:

Budgeted Scholarship tuition for the year	\$ 318,780
Budgeted scholarship expenditures for the year	321,000
Actual expenditures as of March 15, 2013	323,664
Percent of budget expended	101%

There were no budgeted reserves reported.

Procedure I.C.3

P&N was informed by the school that the following is a list of key personnel who received a salary from the School:

<u>Title</u>	<u>% change</u>
Principal	2%

Scholarship enrollment increased by 83% from the 2011-2012 year to the 2012-2013 year. Salaries for key employees did not increase by greater than double the rate of growth of scholarship enrollment.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. ANTHONY SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of eight (8) students out of a total of eighty-four (84) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, we used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. Two (2) exceptions were noted. Proof of residency was not provided for two students. The resulting overpayment of tuition totaled \$6,112.50.

Exceptions resulting in disallowed tuition: \$6,112.50

IV. Income Eligibility

P&N selected a sample of eight (8) students out of a total of eighty-three (83) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:	St. Anthony School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/15/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	No	3/15/2013	P&N was informed that the school does not have documented policies and procedures.
<i>Human Resource Policies and Practices</i>			
2	Yes	3/15/2013	P&N was informed that the bookkeeper participates in training that is organized by the Archdiocese.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	No	3/15/2013	P&N was informed that the bookkeeper performs the LDOE budget and the principal and Pastor approve the budget.

School Name:	St. Anthony School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/15/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
Financial Reporting Process			
4	No	3/15/2013	P&N was informed that the bookkeeper codes revenue and expenditures by category, but the scholarship revenues and expenditures are not specifically identified in the accounting system. The scholarship expenditures that are reported on the budget report submitted to the DOE are based on prorated budget amounts. The scholarship budgeted expenditures that was submitted to the DOE was based on the school wide budget prorated for the ratio of scholarship students to total students. There is no established procedure for preparing and transmitting the scholarship budget.
5	No	3/15/2013	P&N was informed that there is no separate checking account for scholarship funds.
CASH			
6	No	3/15/2013	Only one signature is required per check. P&N observed a copy of check #26108 dated 2/7/2013 with the principal's signature.
7	Yes	3/15/2013	We observed that check #26108 contained the same amount paid and payee as indicated on the invoice. P&N also observed the principal's approval on the invoice.
8	No	3/15/2013	P&N was informed that the bookkeeper prepares and records the checks, but she is not an authorized signer.

School Name:	St. Anthony School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/15/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
9	Yes	3/15/2013	P&N was informed that the bookkeeper, who is not an authorized signer, signs the affidavit with the bank revoking or adding check signing authority. P&N was informed that this had not happened in two or more years.
10	No	3/15/2013	P&N was informed that the bookkeeper performs the reconciliations, obtains receipts, performs deposits, and posts to the general ledger. The principal reviews the bank statement and reconciliation on a monthly basis.
11	Yes	3/15/2013	P&N was informed that the principal reviews the reconciliations and lets the bookkeeper know if she sees anything unusual. The principal signs the bank statement, but does not sign the reconciliation during her review. The Archdiocese's policy is to sign the bank statement and jreview the reconciliation. P&N observed the November 2012 bank statement noting the principal's review on the bank statement.
REVENUES AND RECEIVABLES			
12	Yes	3/15/2013	The accounting system does not specifically identify scholarship transactions. P&N was informed all receipts are deposited and recorded as necessary.

School Name:	St. Anthony School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/15/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/15/2013	P&N was informed that there is a verbal approval before the teacher goes to purchase the goods. This approval is not documented. The teacher would bring the invoice to the principal for approval. The teacher fills out reimbursement form with receipt that is approved by principal and then sends it to the bookkeeper to cut the check. The bookkeeper sends back to principal to sign. The principal is the only person at the school that can approved disbursements and the bookkeeper records information into the general ledger.
14	Yes	3/15/2013	P&N was informed that a teacher will receive verbal approval from the principal before completing a purchase. The teacher will bring the purchase receipt/invoice to the principal for documented approval. The teacher fills out a reimbursement form with receipt that is approved by principal and then gives these documents to the bookkeeper to cut the check. The bookkeeper cuts the check and gives the check to the principal to sign. Principal is the only person at the school that can approve disbursement transactions.
15	No	3/15/2013	P&N was informed that no purchase order forms are used. See item 14.
16	Yes	3/15/2013	See item 7.
17	Yes	3/15/2013	See item 7.

School Name:	St. Anthony School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/15/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
Employee Compensation			
18	Yes	3/15/2013	Teacher's sign in on a daily basis and principal approves the sign in sheet. P&N viewed the sign in sheet for the period 3/11-3/15 and noted the principal's approval on the sheet.
19	Yes	3/15/2013	P&N was informed that the bookkeeper receives hourly employees sign in sheets and the teacher sign in sheets from the principal. . The bookkeeper enters information into the IOI system.
20	Yes	3/15/2013	P&N was informed that the bookkeeper makes the changes to the master payroll file.
21	Yes	3/15/2013	P&N was informed that te employee list and salary schedule is approved and authorized by the principal.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and does not necessarily corroborate management's "yes", "no", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. MARY MAGDALEN SCHOOL

Based on our review of St. Mary Magdalen School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the department of education is as follows:

Budgeted Scholarship tuition for the year	\$ 43,335
Budgeted scholarship expenditures for the year	43,335
Actual expenditures as of February 15, 2013	26,980
Percent of budget expended	62%

There were no budgeted reserves reported.

Procedure I.C.3

P&N was informed by the school that the following is a list of key personnel who received a salary from the School:

<u>Title</u>	<u>% change</u>
Principal	5%
Assistant Principal	3%

Scholarship enrollment increased by 200% from the 2011-2012 year to the 2012-2013 year. Salaries for key employees did not increase by greater than double the rate of growth of scholarship enrollment.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. MARY MAGDALEN SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of seven (7) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, we used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of nine (9) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:	St. Mary Magdalen School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/15/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
	GENERAL/ADMINISTRATIVE			
	<i>Integrity and Ethical Values</i>			
1	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	Yes	3/15/2013	P&N was informed that the office of Catholic Schools of the Archdiocese of New Orleans provides schools with a Temporalities Manual for Elementary Schools, which includes accounting and insurance procedures.
	<i>Human Resource Policies and Practices</i>			
2	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	Yes	3/15/2013	P&N was informed that the Archdiocese of New Orleans provides workshops/seminars for the finance and accounting staff members as needed. The organization's bookkeeper attends all recommended and mandated workshops.
	BUDGET PROCESS & FINANCIAL REPORTING			
	<i>Budget Process</i>			
3	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	No	3/15/2013	P&N was informed that the principal performed the budget that was submitted to the DOE. The budget she submitted was not reviewed by any other party.

School Name:	St. Mary Magdalen School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/15/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
Financial Reporting Process				
4	Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable)	No	3/15/2013	P&N was informed that the scholarship revenue is tracked in quick books when received from the state. Scholarship program expenditures are not recorded/ identified with a separate expense code.
5	Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable)	No	3/15/2013	P&N was informed that there is no separate checking account for scholarship funds.
CASH				
6	Are two signatures required on checks?	No	3/15/2013	Two signatures are not required on checks. P&N observed cancelled check #35126 and noted one signature was present on the check.
7	Are invoices and supporting documents furnished to the signer prior to signing the check?	Yes	3/15/2013	P&N observed that the check #35126 contained the same amount paid and the payees indicated on the invoice. The Principal approves invoices before the invoices are given to the pastor. The pastor also reviews the invoices and initials them as approval. The pastor gives the book keeper the approved invoice and obtains a check from her locked cabinet in her office to write the applicable check.
8	Are signed checks inaccessible to persons who requested, prepared, or recorded them?	Yes	3/15/2013	P&N was informed that the bookkeeper prepares and records the checks, but she is not an authorized signer.
9	Are procedures provided for immediate notification to banks when check signers leave the unit or are otherwise no longer authorized to sign?	Yes	3/15/2013	P&N was informed that the bookkeeper, who is not an authorized signer, signs the affidavit with the bank revoking or adding check signing authority. P&N was informed that this had not happened in two or more years and the documentation was not readily accessible.
10	Are bank reconciliations performed by someone independent of receiving cash or processing and recording of transactions. If not, are there other mitigating controls in place?	Yes	3/15/2013	P&N was informed that the bookkeeper performs the reconciliations on a monthly basis. The bookkeeper is employed by the Archdiocese and not the school.

School Name:	St. Mary Magdalen School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/15/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
11	Are all reconciliations and investigations of unusual reconciling items reviewed and approved by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation? If not, are there other mitigating controls in place?	Yes	3/15/2013	P&N was informed that while there is no evidence of any review of the bank reconciliations, the bookkeeper reviews her own reconciliation and will investigate any unusual reconciling items.
REVENUES AND RECEIVABLES				
12	Are transactions are recorded promptly upon obtaining evidence that revenue or receivables should be recognized?	Yes	3/15/2013	P&N was informed that the principal and bookkeeper are in communication regarding the expected amount of scholarship program revenue based on enrollment and the designated dates that the funds are expected on a quarterly basis. The bookkeeper records the transaction upon receipt of the bank statement displaying the deposit of the scholarship program revenue.
PROCUREMENT AND PAYABLES				
<i>General Expenditures and Payables</i>				
13	Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other mitigating controls in place?	Yes	3/15/2013	P&N was informed that bills are received by the principal in the school office. The principal writes the appropriate expense code on the invoices/bills and initials them to indicate approval. She then forwards them to the bookkeeper. Photocopies of invoices/bills are kept in the principal's office.
14	Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If not, are there other mitigating controls in place?	Yes	3/15/2013	P&N was informed that the principal is authorized to execute/approve purchases for the school. Teachers complete a check request form. The form is approved by the principal and then forwarded to the bookkeeper, who processes the request.
15	Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions?	Yes	3/15/2013	P&N was informed that the principal, approves all purchases. All check requests, and invoices/bills are approved by the principal and then forwarded to the bookkeeper, for recording and processing.

School Name:	St. Mary Magdalen School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/15/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
16	Are payments made only on the basis of original invoices?	Yes	3/15/2013	P&N observed that the paid bill to American Office Machine(Check #35070) was supported by the original approved invoice.
17	Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner?	Yes	3/15/2013	P&N observed that the paid bill to American Office Machine(Check #35070) was supported by the original approved invoice.
Employee Compensation				
18	Do records and controls exist for timekeeping and attendance?	Yes	3/15/2013	The school utilizes a sign in sheet. P&N observed the sign in sheet dated 3/5/2013.
19	Are responsibilities for the payroll processing function segregated from the general ledger function and the HR functions? If not, are there other mitigating controls in place?	Yes	3/15/2013	P&N was informed that the bookkeeper processes payroll by reviewing the attendance records and maintains the general ledger. The principal approves salary levels.
20	Is access to the master payroll file limited to employees who are authorized to make changes (Presumably HR)?	Yes	3/15/2013	P&N was informed that the principal makes the changes to the master payroll file.
21	Are all changes in employment (additions and terminations), salary and wage rates, and payroll deductions properly authorized, approved, and documented?	Yes	3/15/2013	P&N was informed that the employee list and salaries are approved and authorized by the principal.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and does not necessarily corroborate management's "yes", "no", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: VICTORY CHRISTIAN ACADEMY

Based on our review of Victory Christian Academy (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the department of education are as follows:

Budgeted Scholarship tuition for the year	\$ 89,900
Budgeted scholarship expenditures for the year	89,900
Actual expenditures as of February 15, 2013	44,950
Percent of budget expended	50%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: VICTORY CHRISTIAN ACADEMY

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of twenty two (22) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II with that addition of four (4) students, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of twenty two (22) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:	Victory Christian Academy
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/19/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
GENERAL/ADMINISTRATIVE				
<i>Integrity and Ethical Values</i>				
1	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	No	3/19/2013	P&N observed the policy manual issued by Victory Fellowship Church. This manual details the procedures regarding disbursements authorization and payroll for both the school and the church.
<i>Human Resource Policies and Practices</i>				
2	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	Yes	3/19/2013	P&N was informed that the staff do not receive accounting training or continuing education throughout the year.
BUDGET PROCESS & FINANCIAL REPORTING				
<i>Budget Process</i>				
3	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	No	3/19/2013	P&N was informed that the principal and assistant principal prepare the annual budget for each fiscal year based upon the actual of the prior fiscal year. Once prepared, the annual budget is reviewed by the Pastor. The scholarship budget was prepared by the principal and the financial manager.

School Name:	Victory Christian Academy
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/19/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
Financial Reporting Process				
4	Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable)	No	3/19/2013	P&N was informed that the school records scholarship revenue as a separate job code in Peachtree. The scholarship expenditures were allocated to expenditure categories on the scholarship budget format from the DOE based upon the percentage of scholarship students over the total student population.
5	Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable)	No	3/19/2013	P&N was informed that there is no separate checking account for scholarship funds.
CASH				
6	Are two signatures required on checks?	Yes	3/19/2013	P&N was informed that two signatures are required on checks. The finance manager, stated that the Pastor is given a stack of checks to sign before the checks are printed. The Pastor does not review the supporting documentation of the check. P&N observed 2 authorized signatures on check #9154 clearing on 2/8/2013 in the amount of \$175.00 to More Graphics. P&N noted the signature of the principal's approval on the original invoice.
7	Are invoices and supporting documents furnished to the signer prior to signing the check?	Yes	3/19/2013	When the finance manager receives an invoice in the mail it is given to the principal for approval. Once approved the finance manager will print a check, and give it to the principal to be signed. For transactions that have already occurred, the requestor will fill out a check request form, and will attach the original receipt. The check request and invoice are submitted to principal, and she will initial for approval. Then the invoice and check request are given to the finance manager to print a check. The check is then returned to the principal for her to sign. P&N observed check #9154 clearing on 2/8/2013 in the amount of \$175.00 to More Graphics. P&N noted the signatures of the Pastor and the principal on the check, and the principal's approval signature on the original invoice.

School Name:	Victory Christian Academy
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/19/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
8	Are signed checks inaccessible to persons who requested, prepared, or recorded them?	Yes	3/19/2013	P&N was informed that the finance manager prepares and records the checks, and is an authorized signer.
9	Are procedures provided for immediate notification to banks when check signers leave the unit or are otherwise no longer authorized to sign?	Yes	3/19/2013	P&N was informed that the school must submit a check signer change form to the bank when a signer leaves the school. P&N was also informed that this had not happened in two or more years and the documentation was not readily accessible.
10	Are bank reconciliations performed by someone independent of receiving cash or processing and recording of transactions. If not, are there other mitigating controls in place?	No	3/19/2013	The finance manager prepares the monthly bank reconciliations for the school through Peachtree. The reconciliations are reviewed by the church's bookkeeper. There is not written documentation of her review. P&N observed the November 2012 bank reconciliation. P&N noted that the person prepared the reconciliation has the ability to print checks, and code transactions into the accounting system.
11	Are all reconciliations and investigations of unusual reconciling items reviewed and approved by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation? If not, are there other mitigating controls in place?	Yes	3/19/2013	See item 10.
REVENUES AND RECEIVABLES				
12	Are transactions recorded promptly upon obtaining evidence that revenue or receivables should be recognized?	Yes	3/19/2013	P&N was informed that scholarship revenue is recognized upon receipt of the scholarship funds.

School Name:	Victory Christian Academy
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/19/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
PROCUREMENT AND PAYABLES				
<i>General Expenditures and Payables</i>				
13	Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other mitigating controls in place?	Yes	3/19/2013	See item #7.
14	Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If not, are there other mitigating controls in place?	Yes	3/19/2013	See item #7.
15	Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions?	Yes	3/19/2013	See item #7.
16	Are payments made only on the basis of original invoices?	Yes	3/19/2013	See item #7.
17	Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner?	Yes	3/19/2013	See item #7.

School Name:	Victory Christian Academy
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/19/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
	Employee Compensation			
18	Do records and controls exist for timekeeping and attendance?	Yes	3/19/2013	P&N observed the teacher sign-in sheet for the payroll period of 3/3/13 - 3/16/2013. These sign-in sheets are signed each day by teachers.
19	Are responsibilities for the payroll processing function segregated from the general ledger function and the HR functions? If not, are there other mitigating controls in place?	Yes	3/19/2013	P&N was informed that the attendance sheets are collected each payroll period, and a spreadsheet is created by the finance manager, to show the salary employees and the hours worked for the hourly employees. The attendance spreadsheet and attendance sheet is given to the principal. She will review it for any unusual items. The finance manager then gives the attendance records to the church to process payroll. The church outsources payroll through Paychex.
20	Is access to the master payroll file limited to employees who are authorized to make changes (Presumably HR)?	Yes	3/19/2013	P&N was informed that the church makes the changes to the master payroll file.
21	Are all changes in employment (additions and terminations), salary and wage rates, and payroll deductions properly authorized, approved, and documented?	Yes	3/19/2013	P&N was informed that the employee list and salaries are approved and authorized by the principal.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and does not necessarily corroborate management's "yes", "no", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: HOLY ROSARY SCHOOL

Based on our review of Holy Rosary School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of December 18, 2012, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted Scholarship tuition for the year	\$ 43,450
Budgeted scholarship expenditures for the year	43,450
Actual expenditures as of December 18, 2012	43,450
Percent of budget expended	100%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: HOLY ROSARY SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of eleven (11) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. Five (5) exceptions were noted for each of the three payments as the tuition and fees charged and paid for five (5) scholarship students exceeded those charged to non-scholarship students. The total amount overpaid was \$907.50.

Exceptions resulting in disallowed tuition: \$907.50

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of eleven (11) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: Holy Rosary School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/19/2013

Louisiana Department of Education

August 2012

		Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE				
Integrity and Ethical Values				
1	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	Yes	3/19/2013	P&N observed the Diocesan Administrative Handbook noting that it addressed the budget process, processing and approval of expenditures, payables, payroll, and approval and authorization of compensation levels and wages rates and record retention. Continuing education for accounting staff was not addressed. Upon inquiry of the continuing education for accounting staff, P&N was informed that the Catholic Diocese holds training for all accounting and human resources staff.
Human Resource Policies and Practices				
2	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	Yes	3/19/2013	P&N was informed that the Diocese organizes training events for the accounting staff quarterly.
BUDGET PROCESS & FINANCIAL REPORTING				
Budget Process				
3	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	No	3/19/2013	P&N was informed that the bookkeeper created the budget and the assistant principal and principal assisted the bookkeeper with suggestions and input. No formal review was done of the budget submitted to the state.
Financial Reporting Process				
4	Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable)	No	3/19/2013	P&N was informed that the bookkeeper codes revenue and expenditures by category, but the scholarship revenues and expenditures are not specifically identified in the accounting system. The scholarship expenditures that are reported on the budget report submitted to the DOE are based on prorated budget amounts.
5	Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable)	No	3/19/2013	P&N was informed that there is no separate checking account for scholarship funds.

School Name: Holy Rosary School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/19/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
CASH			
6	No	3/19/2013	Two signatures are not required on checks. P&N observed the cancelled check #12658 with 1 signature from the principal dated 1/31/13.
7	Yes	3/19/2013	P&N observed that check #12658 contained the same amount paid and payee as indicated on the invoice. There was no indication of the principal's review on the invoice. However, P&N was informed that the principal reviews the invoice prior to signing the checks. The disbursement agreed with the original invoice.
8	No	3/19/2013	P&N was informed that the bookkeeper prepares and records the checks, and is also an authorized signer.
9	No	3/19/2013	P&N was informed that the bookkeeper, who is an authorized signer, signs the affidavit with the bank revoking or adding check signing authority. P&N was informed that this had not happened in two or more years and the documentation was not readily accessible.
10	No	3/19/2013	P&N was informed they bank reconciliations are prepared by the bookkeeper on a monthly basis and are sent to the Diocese quarterly. The Diocese reviews the bank reconciliations and if they have any question they will ask the bookkeeper. The review of the reconciliation is not documented. The Diocese also has access to all information that the bookkeeper uploads to CCH.
11	No	3/19/2013	P&N was informed that the Diocese reviews bank reconciliations on a quarterly basis. However, P&N noted that the review is not documented. P&N viewed the November 2012 bank statement prepared by the bookkeeper noting no documented approval.
REVENUES AND RECEIVABLES			
12	No	3/19/2013	The accounting system does not specifically identify scholarship transactions. P&N was informed all receipts are deposited and recorded when received by the school.

School Name: Holy Rosary School
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/19/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	No	3/19/2013	P&N was informed that the bookkeeper and principal verbally approve disbursement requests. After the individual requests the disbursement that individual purchases the item requested and gives the applicable receipts to the bookkeeper. The bookkeeper then reimburses the individual requesting the disbursement by entering the information into the CCH system and preparing a check for the principal to sign.
14	No	3/19/2013	See #13 for additional detail.
15	No	3/19/2013	See #13 for additional detail.
16	Yes	3/19/2013	See #7 above.
17	Yes	3/19/2013	See #7 above.
<i>Employee Compensation</i>			
18	No	3/19/2013	The school utilizes a sign in sheet. P&N observed the sign in sheet dated 3/19/2013.
19	No	3/19/2013	P&N was informed that the bookkeeper gives the employee's salary information to the Diocese prior to the beginning of the school year. The Diocese uses Central Payroll system to process payroll. The bookkeeper does not have access to the Central Payroll System.
20	Yes	3/19/2013	P&N was informed that the Diocese makes the changes to the master payroll file.
21	Yes	3/19/2013	P&N was informed the salaries are based on a salary schedule on the Lafourche Parish pay scale. The principal and finance committee approve salaries.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and does not necessarily corroborate management's "yes", "no", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: HOLY SAVIOR SCHOOL

Based on our review of Holy Savior School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 7, 2013, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the department of education as of February 7, 2013 is as follows:

Budgeted Scholarship tuition for the year	\$ 20,421
Budgeted scholarship expenditures for the year	20,421
Actual expenditures as of February 7, 2013	10,210
Percent of budget expended	50%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: HOLY SAVIOR SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of four (4) students out of a total of four (4) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, we used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. Four (4) exceptions were noted for each of the three payments as the tuition and fees charged and paid for four (4) scholarship students exceeded tuition and fees charged to non-scholarship students. The total overpayment was \$2,541.78.

Exceptions resulting in disallowed tuition: \$2,541.78

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of four (4) students out of a total of four (4) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure is not applicable.

School Name: Holy Savior School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/27/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&Ns Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	Yes	3/27/2013	P&N observed the Diocesan Administrative Handbook noting that it addressed the budget process, processing and approval of expenditures, payables, payroll, and approval and authorization of compensation levels and wages rates and record retention. Continuing education for accounting staff was not addressed. Upon inquiry of the continuing education for accounting staff, the bookkeeper stated that the Catholic Diocese holds training for all accounting staff on a quarterly basis.
<i>Human Resource Policies and Practices</i>			
2	No	3/27/2013	P&N was informed that the bookkeeper attends quarterly training sessions sponsored by the Diocese.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	Yes	3/27/2013	P&N was informed that the principal, the bookkeeper, principal of the advisory counsel, and the pastor create the scholarship budget. Then the principal sends the budget to the Diocese for approval.
<i>Financial Reporting Process</i>			
4	No	3/27/2013	P&N was informed that the bookkeeper codes revenue and expenditures by category, but the scholarship revenues and expenditures are not specifically identified in the accounting system.
5	No	3/27/2013	P&N was informed that there is no separate checking account for scholarship funds.

School Name: Holy Savior School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/27/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&Ns Procedures and Results of those Procedures
CASH			
6	No	3/27/2013	One signature is required on checks. P&N observed check #1361 with the principal's signature, dated 3/13/2013, for items purchased at Target.
7	Yes	3/27/2013	P&N observed the invoice for check #1361 dated 03/13/2013, an invoice from Target. P&N noted the principal's review on the receipt.
8	No	3/27/2013	P&N was informed that the bookkeeper prepares and records the checks, but she is not an authorized signer.
9	Yes	3/27/2013	P&N was informed that the bookkeeper, who is not an authorized signer, handles the affidavit with the bank revoking or adding check signing authority and that this situation has not happened in two or more years and therefore, the documentation was not readily accessible.
10	No	3/27/2013	P&N was informed that the bookkeeper records transactions and performs bank reconciliations. The principal visually reviews the bookkeeper's reconciliation but no formal review is documented. The school submits the bank reconciliations to the Diocese on a quarterly basis for review.
11	Yes	3/27/2013	P&N was informed that the principal visually reviews the bookkeeper's reconciliation, but no formal review is documented. The Diocese or Principal will notify the bookkeeper if they have questions about any unusual reconciling items.

School Name: Holy Savior School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/27/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&Ns Procedures and Results of those Procedures
REVENUES AND RECEIVABLES			
12	No	3/27/2013	P&N was informed all receipts are deposited and recorded as the transactions occur. The accounting system does not specifically identify scholarship transactions.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/27/2013	P&N was informed that the principal is responsible for approving disbursement transactions and the bookkeeper is responsible for preparing and recording disbursements. Teachers get an annual fund for general school supplies. If the teacher wishes to purchase any items that exceed that fund the purchase must be verbally approved by the principal.
14	No	3/27/2013	P&N was informed that the bookkeeper prepares the disbursements and vouchers and the principal approves the expenditure and signs the check.
15	No	3/27/2013	See item 13.
16	Yes	3/27/2013	See item 7.
17	Yes	3/27/2013	See item 7.

School Name: Holy Savior School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/27/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&Ns Procedures and Results of those Procedures
Employee Compensation			
18	Yes	3/27/2013	The school utilizes a sign in sheet. P&N observed the sign in sheet for the week of 3/25/2013.
19	Yes	3/27/2013	P&N was informed that the Diocese manages payroll with the NetChex payroll system. The bookkeeper submits the annual salary amounts to the Diocese when the contracts are completed.
20	Yes	3/27/2013	P&N was informed that the Diocese makes the changes to the master payroll file.
21		3/27/2013	P&N was informed that the employee list and salary schedule is approved and authorized by the principal and pastor.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and does not necessarily corroborate management's "yes", "no", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. GENEVIEVE SCHOOL

Based on our review of St. Genevieve School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures as of February 15, 2013 provided to the department of education is as follows:

Budgeted Scholarship tuition for the year	\$ 3,839
Budgeted scholarship expenditures for the year	3,839
Actual expenditures as of February 15, 2013	2,879
Percent of budget expended	75%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. GENEVIEVE SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of one (1) student out of a total of one (1) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, we used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of one (1) student out of a total of one (1) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: St. Genevieve Elementary
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/12/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	N	3/12/2013	The office of the Diocese of Houma & Thibodaux provides schools with a list of specific accounts to record transactions throughout the school year. Additionally the Diocese provides a document retention policy. P&N viewed both of these documents. The school maintains its own expenditure approval procedures.
<i>Human Resource Policies and Practices</i>			
2	Y	3/12/2013	P&N was informed that the Diocese hosts quarterly meetings for all school bookkeepers to keep them up to date on any accounting or procedural changes. Additionally the Diocese may provide accounting seminars related to any updates on accounting software.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	N	3/12/2013	P&N was informed that St. Genevieve Elementary has never been required to submit annual budgets to the LDOE . An outside CPA prepares the annual budget with the Bookkeeper. Once the annual budget is prepared it is then sent to the School Advisory Council for approval. Later in the year the annual budget is submitted to the Diocese. This budget process does not address budgeted scholarship expenditures. The principal and bookkeeper prepared the scholarship budget that was submitted to the DOE. No formal review was done of the scholarship budget submitted to the LDE.

School Name: St. Genevieve Elementary
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/12/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
Financial Reporting Process			
4	N	3/12/2013	St. Genevieve uses the accounting system provided by the Diocese, CCH Small Firm Services Client Accounting Suite Premier Client Write-Up. P&N observed a list of accounts used by St. Genevieve. P&N was informed that the school records scholarship revenue as tuition revenue (acct 3015-000). The scholarship funds are not separately identified as the funds are expensed. The school proposed the scholarship budget based on the percentage of the individual salary and benefits of the teacher of the scholarship student, and then the school estimated the amount of supply costs on a per child basis.
5	N	3/12/2013	P&N was informed that there is no separate checking account for scholarship funds.
CASH			
6	N	3/12/2013	P&N was informed that two signatures are required on purchases over \$5,000.
7	Y	3/12/2013	P&N was informed that a teacher will receive verbal approval from the principal, before a purchase can be made. The teacher will bring the original invoice to the principal for approval. After she initials the invoice, the bookkeeper will print a check and code the transaction in the accounting system. She then returns the approved invoice and the check to the principal to be signed. P&N observed a copy of cancelled check number 14364 in the amount of \$86.19. P&N noted that this was a reimbursement and observed the original receipts with the principal's initials.
8	Y	3/12/2013	P&N was informed that the bookkeeper prepares and records the checks, but she is not an authorized signer.

School Name: St. Genevieve Elementary
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/12/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
9	Y	3/12/2013	When check signers leave or are otherwise no longer authorized to sign, written notification is submitted to the bank by sending a change in check signer form. P&N was informed that this had not happened in two or more years and the documentation was not readily accessible.
10	N	3/12/2013	P&N observed the school bank account reconciliation for the month of November 2012. The bookkeeper prepares the monthly bank reconciliations. These reconciliations are not formally reviewed, but the Diocese does have the ability to request them for review. The school sends monthly financial reports to the Diocese, but only the one fiscal year report contains a bank reconciliation. P&N also noted that the same person who reconciles the bank statements has the ability to prepare checks, post journal entries, but is not an authorized check signer.
11	N	3/12/2013	See item 10.
REVENUES AND RECEIVABLES			
12	Y	3/12/2013	P&N was informed that the bookkeeper records revenue upon receipt of the scholarship funds.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Y	3/12/2013	See item 7.
14	Y	3/12/2013	See item 7.

School Name:	St. Genevieve Elementary
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/12/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
15	Y	3/12/2013	See item 7.
16	Y	3/12/2013	See item 7.
17	Y	3/12/2013	See item 7.
Employee Compensation			
18	Y	3/12/2013	The school utilizes a sign in sheet. P&N observed the sign in sheet dated 3/11/2013.
19	Y	3/12/2013	P&N was informed that payroll is processed by the Diocese through NetChex. Employees are paid on a bi-monthly basis. The assistant principal, maintains records of substitutes used throughout the month. At the end of each pay period the absentee forms filled out by teachers and substitute records are both reconciled to the daily sign-in sheets by the bookkeeper. The bookkeeper creates a payroll change spreadsheet that is submitted to the Diocese for payroll to be processed. The bookkeeper noted that substitutes are paid only on the last payroll period of the month. Payroll files are maintained in the assistant principal's office. The files contain employee contracts that are approved annually by the principal, and the respective employee. The employee contracts are based upon the salary presented in the approved annual budget.
20	Y	3/12/2013	P&N was informed that the master payroll file is maintained by the bookkeeper, but pay rate changes can only be approved by the school's principal. Any salary changes must also be in accordance with the approved annual budget.

School Name: St. Genevieve Elementary
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/12/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
21 Are all changes in employment (additions and terminations), salary and wage rates, and payroll deductions properly authorized, approved, and documented?	Y	3/12/2013	P&N was informed that the employee list and salaries are approved and authorized by the principal.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. JOSEPH ELEMENTARY SCHOOL

Based on our review of St. Joseph Elementary School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures as of 2/15/2013 provided to the department of education is as follows:

Budgeted Scholarship tuition for the year	\$ 20,950
Budgeted scholarship expenditures for the year	20,950
Actual expenditures as of February 15, 2013	13,827
Percent of budget expended	66%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. JOSEPH ELEMENTARY SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of five (5) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of five (5) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: St. Joseph Elementary
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/12/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	No	3/12/2013	The Diocese of Houma & Thibodaux provides schools with a list of specific accounts to record transactions throughout the school year. Additionally the Diocese provides a document retention policy. P&N viewed both of these documents. The school maintains its own expenditure approval procedures.
<i>Human Resource Policies and Practices</i>			
2	Yes	3/12/2013	P&N was informed that the Diocese hosts quarterly meetings for all bookkeepers to keep them up to date on any accounting changes. Additionally the Diocese may provide accounting seminars related to any updates on accounting software.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	No	3/12/2013	P&N was informed that the school receives a fiscal year planning packet form the Diocese, which outlines the format of the schools annual budget. The annual budget is prepared by the principal, bookkeeper, and the School Advisory Board Chair. The annual budget is presented to the School Advisory Board and the Pastor to be approved. Once approved it is submitted to the Diocese. The principal and bookkeeper prepared the scholarship budget that was submitted to the LDOE.

School Name: St. Joseph Elementary
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/12/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
Financial Reporting Process			
4	No	3/12/2013	P&N was informed that St. Joseph uses the accounting system provided by the Diocese, CCH Small Firm Services Client Accounting Suite Premier Client Write-Up. The bookkeeper stated that the school records scholarship revenue as Tuition Revenue (acct 3015-000). Expenditures paid for by scholarship funds were not separately identifiable. The scholarship funds were budgeted based upon a the weighted average of each of the school's expenditure types. The scholarship funds are expended in the same manner.
5	No	3/12/2013	P&N was informed that there is no separate checking account for scholarship funds.
CASH			
6	No	3/12/2013	P&N was informed that the principal does have sole check signing authority. In the event that he is not available, the administrative assistant and the secretary, must both sign checks.

School Name:	St. Joseph Elementary
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/12/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
7	Yes	3/12/2013	P&N was informed that the teacher will request a purchase requisition form from the bookkeeper. The teacher will complete the form and then submit the form to the bookkeeper to be approved by the principal before any purchase is made. Once the requisition is approved, the bookkeeper will issue a purchase order for the transaction. After the purchase is made, the invoice is submitted to the bookkeeper. The bookkeeper then issues a check for the applicable invoice and will code the transaction into the accounting system. The coded invoice, purchase order, and check are given to the principal who reviews the supporting documentation and signs the check. P&N observed a copy of check # 18713 in the amount of \$258.22 and the respective invoice. P&N noted the principal's signatures on the purchase requisition, purchase order, receipt, and cancelled check.
8	No	3/12/2013	P&N was informed that the bookkeeper prepares and records the checks, but she is not an authorized signer.
9	Yes	3/12/2013	When check signers leave or are otherwise no longer authorized to sign, written notification is submitted to the bank by sending a memo on the school's letterhead. P&N was informed that this had not happened in two or more years and the documentation was not readily accessible.
10	No	3/12/2013	P&N observed the school bank account reconciliation for the month of November 2012. The bookkeeper prepares the monthly bank reconciliations. These reconciliations are not formally reviewed, but the Diocese does have the ability to request them for review. P&N also noted that the same person who reconciles the bank statements has the ability to prepare checks and record transaction but is not an authorized signer.

School Name: St. Joseph Elementary
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/12/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
11	No	3/12/2013	See item 10.
REVENUES AND RECEIVABLES			
12	Yes	3/12/2013	P&N was informed by that the bookkeeper recognizes revenue upon receipt of the scholarship funds.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/12/2013	See item #7.
14	Yes	3/12/2013	See item #7.
15	Yes	3/12/2013	See item #7.
16	Yes	3/12/2013	See item #7.
17	Yes	3/12/2013	See item #7.

School Name:	St. Joseph Elementary
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/12/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
Employee Compensation			
18	Yes	3/12/2013	P&N observed the teacher sign-in sheet for 2/18/2013. These sign-in sheets are signed each day by teachers and substitute teachers.
19	Yes	3/12/2013	P&N was informed that payroll is processed by the Diocese through NetChex. Employees are paid on a bi-monthly basis. At the end of each pay period the absentee forms filled out by teachers and substitute forms are both reconciled to the daily sign-in sheets by the bookkeeper. The bookkeeper creates a payroll change form that is reviewed by the principal. After the principal approves the payroll change form it is sent to the Diocese for payroll to be processed. Payroll files are maintained in the bookkeeper's office. The files contain employee contracts that are approved annually by the principal and the respective employee. The employee contracts are based upon the salary presented in the approved annual budget.
20	Yes	3/12/2013	P&N was informed that the Diocese makes the changes to the master payroll file.
21	Yes	3/12/2013	P&N was informed that the employee list and salaries are approved and authorized by the principal.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. MARY’S NATIVITY

Based on our review of St. Mary’s Nativity (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School’s management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management’s “yes”, “no”, or “NA” answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of November 20, 2012, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures as of November 20, 2012 provided to the Department of Education is as follows:

Budgeted Scholarship tuition for the year	\$ 94,709
Budgeted scholarship expenditures for the year	84,187
Actual expenditures as of November 20, 2012	19,108
Percent of budget expended	23%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. MARY'S NATIVITY**II. Tuition and Fees for Scholarship Students**

P&N selected a sample of five (5) students out of a total of twenty-one (21) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided to up by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, we used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. One (1) exception was noted. There was an unreconciled difference between scholarship payments and the tuition rate sheet at \$1.25 for each of the three (3) payments for one (1) student. The ineligible amount totaled \$3.75.

Exceptions resulting in disallowed tuition: \$3.75

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of twenty-three (23) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure is not applicable.

School Name: St. Mary's Nativity
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/8/2013

Louisiana Department of Education

August 2102

	Y/N or N/A as answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	No	3/8/2013	P&N was informed that St Mary's Nativity has no written policies and procedures. They report to the dioceses for their budget each year.
<i>Human Resource Policies and Practices</i>			
2	No	3/8/2013	P&N was informed that training opportunities are not provided to accounting staff. The bookkeeper and principal attend meetings through the diocese to stay current with changes in policies and procedures.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	No	3/8/2013	P&N was informed that St. Mary's Nativity does not submit their budget to the DOE. The Diocese comptroller and Diocese finance manager sends a fiscal planning packet ,where the Principal and Bookkeeper prepare the budget. The budget is then approved by the Advisory Counsel.

School Name: St. Mary's Nativity
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/8/2013

Louisiana Department of Education

August 2102

	Y/N or N/A as answered by management	Date	P&N's Procedures and Results of those Procedures
Financial Reporting Process			
4	No	3/8/2013	P&N was informed that the school uses one general checking account for revenues that includes the scholarship funds. Their accounting system does not account for scholarship revenue separately from their general fund.
5	No	3/8/2013	P&N was informed that the school uses one general checking account for revenues that includes the scholarship funds.
CASH			
6	No	3/8/2013	One signature is required on checks. The principal is the only person with authority to sign checks except for the Pastor, who has the authority to sign checks when the principal is not present. P&N observed the cancelled check #11042 with the principal's signature dated 1/25/2013.
7	Yes	3/8/2013	The principal approves the purchase the bookkeeper prepares. The bookkeeper then gives the check and invoice to the principal for her to sign. P&N observed that check #11042 with a date of 1/25/2013 contained the same amount as the receipt.
8	Yes	3/8/2013	P&N was informed that the bookkeeper has the authority to approve purchases. The checks are kept in the principal's office in file cabinets that are locked when she leaves the office. The bookkeeper is the only person with the key to the file cabinets. The bookkeeper is in charge of preparing the checks and recording the payments in the general ledger.

School Name:	St. Mary's Nativity
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/8/2013

Louisiana Department of Education

August 2102

	Y/N or N/A as answered by management	Date	P&N's Procedures and Results of those Procedures
9	Yes	3/8/2013	P&N was informed that the bookkeeper would be the person to notify the bank of any change in authority for check signing. This incident last occurred in 2005. The current Pastor would be the person to sign the bank letter if a change in check signer incident would arise.
10	No	3/8/2013	P&N was informed that the bookkeeper uses an accounting program called CCH Small Firm Services Client Accounting Suite Premier Client Write-up for reconciliation purposes but it is a separate system that is independent from reconciling bank statements. This system relies on the information that she inputs. The bookkeeper is in charge of receiving cash, recording transactions, and preparing payroll which is sent to the diocese.
11	Yes	3/8/2013	P&N was informed that the principal reviews the bank statements monthly and would investigate any unusual transactions.
REVENUES AND RECEIVABLES			
12	Yes	3/8/2013	P&N was informed that scholarship revenue is recognized when received.

School Name: St. Mary's Nativity
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/8/2013

Louisiana Department of Education

August 2102

	Y/N or N/A as answered by management	Date	P&N's Procedures and Results of those Procedures
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/8/2013	P&N was informed that disbursement preparation and approval functions are as follows: 1. The principal verbally approves purchases under \$5,000 2. The bookkeeper prepares the check and gives it to the principal to sign 3. Purchases over \$5,000 are approved by the Vicar General of the Diocese with a formal letter and budget of what the money will be spent on.
14	Yes	3/8/2013	See item 13.
15	No	3/8/2013	P&N was informed that purchases under \$5,000 are made by verbal approval from the principal. Purchases over \$5,000 are approved by the Vicar General of the Diocese with a formal letter and budget of what the money will be spent on. Either the bookkeeper or the principal would prepare the letter for approval.
16	Yes	3/8/2013	See item 7.
17	Yes	3/8/2013	See item 7.

School Name: St. Mary's Nativity
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/8/2013

Louisiana Department of Education

August 2102

	Y/N or N/A as answered by management	Date	P&N's Procedures and Results of those Procedures
Employee Compensation			
18	No	3/8/2013	P&N viewed the sign in sheet and teachers' signatures for the week ending 3/1/2013. The timesheets are not signed by a supervisor. The bookkeeper is in charge of reviewing the signing sheets and entering time in to the accounting software.
19	Yes	3/8/2013	P&N was informed that the bookkeeper makes changes to the payroll and makes journal entries in the general ledger. The bookkeeper then compiles the payroll data and sends it via Net Checks to the comptroller and finance personnel at the diocese. The Diocese then prepares the payroll. The principal is in charge of approving payroll changes, hiring and firing employees.
20	Yes	3/8/2013	P&N was informed that the bookkeeper is the only person with access to the payroll master file and is responsible for changes in payroll.
21	Yes	3/8/2013	P&N was informed that the principal is in charge of hiring, firing, and payroll changes. She sends the contracts to the Diocese. The Diocese is in charge of wage rates.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: OUR LADY OF PROMPT SUCCOR SCHOOL

Based on our review of Our Lady of Prompt Succor School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School’s management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management’s “yes”, “no”, or “NA” answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N did not obtain the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. Therefore Procedure I.C.2 was not applicable.

Procedure I.C.3

P&N was informed by the school that the following is a list of key personnel who received a salary from the School:

<u>Title</u>	<u>% change</u>
Principal	0.00%
Assistant Principal	1.27%

Scholarship enrollment increased by 526% from the 2011-2012 year-end to the 2012-2013 year-end. Salaries for key employees did not increase by greater than double the rate of growth of scholarship enrollment.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: OUR LADY OF PROMPT SUCCOR SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of thirteen (13) students out of a total of one hundred and thirty-one (131) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, we used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of thirteen (13) students out of a total of one hundred and thirty-two (132) participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exception noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: Our Lady of Prompt Succor School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/21/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	Yes	3/21/2013	P&N observed the written policies and procedures. The office of Catholic Schools of the Archdiocese of New Orleans provides schools with a Temporalities Manual for Elementary Schools, which includes accounting and insurance procedures.
<i>Human Resource Policies and Practices</i>			
2	Yes	3/21/2013	P&N was informed that the only official training provided by the Archdiocese occurs when new software is purchased. Accounting guidance is provided on certain topics from an outside CPA Firm.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	No	3/21/2013	P&N was informed that the bookkeeper and the outside CPA prepare the annual budget. Once prepared, the annual budget is reviewed by the principal and the pastor and then sent to the Archdiocese. The bookkeeper prepares the scholarship budget that was submitted to the DOE.

School Name:	Our Lady of Prompt Succor School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/21/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
Financial Reporting Process			
4	No	3/21/2013	P&N was informed that the school records scholarship revenue as Voucher Tuition (K-8) (acct 0200-80). The scholarship expenditures are not tracked separately, but are allocated across the budget categories based upon the percentage of scholarship students to the total student population.
5	No	3/21/2013	P&N was informed that there is no separate checking account for scholarship funds.
CASH			
6	Yes	3/21/2013	P&N was informed that the principal has sole check signing authority for checks under \$2,500. Any checks over this amount require the additional signature of the pastor.
7	Yes	3/21/2013	Original invoices are submitted by a teacher or the school's secretary to the bookkeeper, who gives the invoices to the principal to be approved. The principal initials the invoices and gives it back to the bookkeeper to print the check, and code the transaction into the QuickBooks accounting system. The invoice and check are given back to the principal to be signed, and then returned to the bookkeeper to be mailed. If the check is over \$2,500 the bookkeeper will seek the Pastor, to obtain the second signature as required. P&N observed cancelled check # 6851 paid to Blue Cross Louisiana HMO, in the amount of \$9,379.16 dated 3/01/2013, and the original invoice with the principal's initials. P&N noted that this check had the signature of both the principal and pastor.
8	Yes	3/21/2013	P&N was informed that the bookkeeper prepares and records the checks, but she is not an authorized signer.

School Name:	Our Lady of Prompt Succor School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/21/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
9	Yes	3/21/2013	P&N was informed that when a check signer is terminated, written notification must be sent by the pastor to the bank. The new check signer must go to the bank directly and sign a new check signer card. P&N was also informed that this had not happened in two or more years and the documentation was not readily accessible.
10	Yes	3/21/2013	The bookkeeper prepares the monthly bank reconciliations. These reconciliations are reviewed by the principal. P&N also observed the school bank Account reconciliation for the month of November 2012, noting the principal's signature. P&N noted that the bookkeeper does not approve invoices, and is not an authorized check signer, but does print checks and posts journal entries.
11	Yes	3/21/2013	See item 10.
REVENUES AND RECEIVABLES			
12	Yes	3/21/2013	P&N was informed that the bookkeeper recognizes revenue upon receipt of the scholarship funds.

School Name: Our Lady of Prompt Succor School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/21/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/21/2013	See item 7.
14	Yes	3/21/2013	See item 7.
15	Yes	3/21/2013	See item 7.
16	Yes	3/21/2013	See item 7.
17	Yes	3/21/2013	See item 7.

School Name:	Our Lady of Prompt Succor School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/21/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's notes from inquiries during the site visit.
Employee Compensation			
18	Y	3/21/2013	P&N was informed that no sign-in sheets are required for teachers. Teachers are only required to fill out an absentee forms when they are not present. The form must be approved by the principal.
19	Yes	3/21/2013	P&N was informed that payroll is run on a monthly basis and is outsourced to Interlogic Outsourcing Inc. (IOI). Hourly employees are required to submit a record of their own time to the bookkeeper. Due to the small nature of the school, the finance department can easily observe when an hourly employee is not present. A payroll change form is compiled based upon the timesheets of hourly employees, absentee forms, the master calendar, and any payroll deduction changes. The bookkeeper maintains the master calendar to document what days substitutes are needed, and how many hours they worked. The bookkeeper sends the payroll change form to the outside CPA. He enters the payroll information for the period into the payroll system, and submits it to IOI to be processed. IOI then sends the outside CPA a preview payroll to review for reasonableness. The file payroll packet is send from IOI to the school for retention purposes.
20	Yes	3/21/2013	P&N was informed that the outside CPA makes the changes to the master payroll file.
21	Yes	3/21/2013	P&N was informed that the employee list and salary schedule is approved and authorized by the principal.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: BOUTTE CHRISTIAN ACADEMY

Based on our review of Boutte Christian Academy (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the department of education is as follows:

Budgeted Scholarship tuition for the year	\$ 135,570
Budgeted scholarship expenditures for the year	135,570
Actual expenditures as of February 15, 2013	96,879
Percent of budget expended	71%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: BOUTTE CHRISTIAN ACADEMY

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of thirty-nine (39) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II with the addition of one student, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of forty-four (44) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:	Boutte Christian Academy
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/20/2013

Louisiana Department of Education

August 2012

Question as drafted by LDOE	Y/N or N/A; As answered by	Date	P&N's notes from inquiries during the site visit.
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1 Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	Yes	3/20/2013	The administrator made the policies and procedures for FY 2012 -2013. P&N observed the policies and procedures manual noting that the manual addressed : >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates
<i>Human Resource Policies and Practices</i>			
2 Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	No	3/20/2013	P&N was informed that the bookkeeper and the administrator perform accounting duties for the school. The 2012 -2013 school year is the bookkeeper's first year. The administrator has trained the bookkeeper utilizing on the job training method. Both the bookkeeper and the administrator participate in Webinars organized by the LDOE.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3 Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	No	3/20/2013	P&N was informed that the administrator made the scholarship budget. The school board did not review the scholarship budget prepared for the LDOE.

School Name:	Boutte Christian Academy
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/20/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A; As answered by	Date	P&N's notes from inquiries during the site visit.
Financial Reporting Process				
4	Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable)	No	3/20/2013	P&N was informed that the bookkeeper records all transactions in the Peachtree accounting system. The bookkeeper utilizes the cash basis of accounting to record the scholarship revenues. Scholarship funds are put in separate tuition revenue account in the peach tree system. Expenditures from the scholarship tuition revenue account are not tracked by source.
5	Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable)	No	3/20/2013	P&N was informed that the school does not maintain a separate checking account for scholarship program revenues.
CASH				
6	Are two signatures required on checks?	Yes	3/20/2013	P&N observed the voided check #21670 with two signatures dated 2/28/13. The principal, preschool director, cafeteria manager, Pastor of Boutte Assembly of God, accountant and the administrator all have signing authority. P&N viewed the check noting two signatures from the administrator and principal. P&N was informed that the administrator normally signs all checks. Each department manager should sign their own checks unless they are not available and then the pastor will sign for that manager.
7	Are invoices and supporting documents furnished to the signer prior to signing the check?	Yes	3/20/2013	The bookkeeper validates the invoices by a visual review before recording the transaction into QuickBooks and issuing a check. We observed that check #21670 contained the same amount paid and payee as indicated on the invoice

School Name:	Boutte Christian Academy
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/20/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A; As answered by	Date	P&N's notes from inquiries during the site visit.
8	Are signed checks inaccessible to persons who requested, prepared, or recorded them?	No	3/20/2013	P&N was informed that when checks are processed by the bookkeeper the checks are sent out immediately. A locked file cabinet in the bookkeeper's office is where unsigned checks are kept. The bookkeeper and the administrator are the only individuals that have keys to the locked file cabinet where unsigned checks are kept.
9	Are procedures provided for immediate notification to banks when check signers leave the unit or are otherwise no longer authorized to sign?	Yes	3/20/2013	The administrator lets the board know when check signers leave the school and the approval is processed in the minutes and the minutes are brought to the bank. The documentation signed for the bank was not kept by the administrator. P&N observed the approval done by the board for new check signers dated 7/1/2009.
10	Are bank reconciliations performed by someone independent of receiving cash or processing and recording of transactions. If not, are there other mitigating controls in place?	Yes	3/20/2013	The church's accountant performs the bank reconciliations for the school on a monthly basis. She does not document her approval. P&N observed the church accountant's November bank reconciliation and the November bank statement noting that the church's accountant made notes.
11	Are all reconciliations and investigations of unusual reconciling items reviewed and approved by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation? If not, are there other mitigating controls in place?	Yes	3/20/2013	P&N was informed that the church accountant will let the administrator or bookkeeper know about reconciling items that seem unusual.
REVENUES AND RECEIVABLES				
12	Are transactions recorded promptly upon obtaining evidence that revenue or receivables should be recognized?	Yes	3/20/2013	P&N was informed scholarship funds are on the cash basis. The administrator processes those funds in the Peachtree system.

School Name:	Boutte Christian Academy
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/20/2013

Louisiana Department of Education

August 2012

Question as drafted by LDOE	Y/N or N/A; As answered by	Date	P&N's notes from inquiries during the site visit.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13 Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other mitigating controls in place?	Yes	3/20/2013	P&N was informed that before a teacher purchases an item, the teacher lets the principal know and the principal gives verbal approval for the purchase. The teacher then gives the receipts from the purchase and fills out a check request form. The check request form is given to the bookkeeper who will then cut the check to reimburse that teacher. There is no formal approval documented on the invoice or the check request form.
14 Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If not, are there other mitigating controls in place?	Yes	3/20/2013	See #13.
15 Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions?	No	3/20/2013	P&N was informed that POs are not used at the school.
16 Are payments made only on the basis of original invoices?	Yes	3/20/2013	See #7.
17 Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner?	Yes	3/20/2013	See #7.

School Name:	Boutte Christian Academy
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/20/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A; As answered by	Date	P&N's notes from inquiries during the site visit.
Employee Compensation				
18	Do records and controls exist for timekeeping and attendance?	No	3/20/2013	The substitute timesheet we observed was for the period February 2013. P&N noted the bookkeeper's notes on the timesheet, but no formal approval. P&N was informed that salaried teachers do not have time sheets. Teacher's absences are tracked through the substitute timesheet and all deductions for extensive absences by teachers are taken out of the teacher's salary during the August pay period.
19	Are responsibilities for the payroll processing function segregated from the general ledger function and the HR functions? If not, are there other mitigating controls in place?	Yes	3/20/2013	P&N was informed that the bookkeeper processes payroll with Peachtree system. Two signatures including the administrator's on included on the pay checks. The substitute time sheet and the unsigned checks are prepared by the bookkeeper and given to the administrator. The administrator signs the checks and views the substitute timesheet to note absences. After two signatures are present on the pay checks, the bookkeeper puts checks in teacher mailboxes or sends the checks to the employee's home at their preference.
20	Is access to the master payroll file limited to employees who are authorized to make changes (Presumably HR)?	Yes	3/20/2013	P&N was informed that the master payroll for the elementary school is in Peachtree system and only administrator and bookkeeper have access.
21	Are all changes in employment (additions and terminations), salary and wage rates, and payroll deductions properly authorized, approved, and documented?	Yes	3/20/2013	P&N was informed that the principal and the administrator make the decisions on hiring and firing employees. The administrator meets with the board to discuss salaries prior to the new school year. There are no merit increases at the school. Teachers have standard pay increases if the budget allows. The approval of salaries are located in the BOD's minutes. Teacher's are told there salary levels verbally before the school year starts by the administrator.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: CENTRAL CATHOLIC SCHOOL

Based on our review of Central Catholic School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of November 30, 2012, which was not the cutoff date established for the third scholarship payment. The school did not document the amount of scholarship expenditures as of the required date of February 15, 2013. A summary of the budget and actual expenditures provided to the department of education is as follows:

Budgeted Scholarship tuition for the year	\$ 42,700
Budgeted scholarship expenditures for the year	42,700
Actual expenditures as of November 30, 2012	0
Percent of budget expended	0%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: CENTRAL CATHOLIC SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of seven (7) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of seven (7) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: Central Catholic
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/25/2013

Louisiana Department of Education

August 2012

Question as drafted by LDOE	Y/N or N/A; As answered by management	Date	P&N's Procedures and Results from these Procedures.
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1 Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	yes	3/25/2013	The school follows the guidelines written by the Diocese. P&N observed the guidelines noting that all of the areas listed in the question were documented on the guidelines.
<i>Human Resource Policies and Practices</i>			
2 Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	yes	3/25/2013	P&N was informed that the Diocese organizes bookkeeper meetings (PASS Meetings) every 6 weeks.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3 Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	yes	3/25/2013	P&N was informed that the principal prepared the budget. The advisory council viewed the budget but did not document a review.

School Name:	Central Catholic
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/25/2013

Louisiana Department of Education

August 2012

Question as drafted by LDOE	Y/N or N/A; As answered by management	Date	P&N's Procedures and Results from these Procedures.
Financial Reporting Process			
4 Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable)	no	3/25/2013	P&N was informed that the Client Accounting Suite Premier is the accounting system used by the school. The scholarship funds are recorded on a cash basis. Therefore no receivable is recorded. The scholarship tuition revenue is commingled with non - scholarship revenue. Therefore the source of expenditures is not tracked.
5 Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable)	no	3/25/2013	P&N was informed that the school does not maintain a separate checking account for scholarship funds.
CASH			
6 Are two signatures required on checks?	no	3/25/2013	P&N was informed that the principal is the sole check signer. The principal will leave signed checks in a locked cabinet if he leaves the school for meetings or vacation. P&N observed cancelled check #20227 dated 2/18/13 with the principal's signature.
7 Are invoices and supporting documents furnished to the signer prior to signing the check?	yes	3/25/2013	P&N observed that check #20227 contained the same amount paid and payee as indicated on the invoice.
8 Are signed checks inaccessible to persons who requested, prepared, or recorded them?	yes	3/25/2013	P&N was informed that once checks are signed the bookkeeper sends the check out immediately. Unsigned checks are kept in a locked cabinet in the front of the school office. The administrator, principal , and bookkeeper have access to the locked cabinet. When all office employees leave the office the door is locked.
9 Are procedures provided for immediate notification to banks when check signers leave the unit or are otherwise no longer authorized to sign?	yes	3/25/2013	P&N was informed that the advisory council chairperson would let the bank know if any check signers leave the school. No documentation at school of this process is kept at the school.

School Name: Central Catholic
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/25/2013

Louisiana Department of Education

August 2012

Question as drafted by LDOE	Y/N or N/A; As answered by management	Date	P&N's Procedures and Results from these Procedures.
10 Are bank reconciliations performed by someone independent of receiving cash or processing and recording of transactions. If not, are there other mitigating controls in place?	yes	3/25/2013	The bookkeeper performs bank reconciliations on a monthly basis and the principal and the financial accountant for St. Mary's Parish review the bank statements and reconciliations. The review of the reconciliation is documented on the bank statement and tickmarks are documented on the reconciliation. P&N observed the November 2012 bank statement and reconciliation noting the principal's documentation on the bank statements and the tickmarks documenting review on the reconciliation.
11 Are all reconciliations and investigations of unusual reconciling items reviewed and approved by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation? If not, are there other mitigating controls in place?	yes	3/25/2013	P&N viewed the principal's review on the bank statement and a check on the bank statement documenting his review. If the principal notices unusual transactions on the reconciliation he will let the bookkeeper know.
REVENUES AND RECEIVABLES			
12 Are transactions recorded promptly upon obtaining evidence that revenue or receivables should be recognized?	yes	3/25/2013	P&N was informed that the scholarship funds are recorded on the cash basis. Therefore no receivable is recorded. According to the bookkeeper, all other transactions are recorded promptly when receiving appropriate evidence.

School Name:	Central Catholic
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/25/2013

Louisiana Department of Education

August 2012

Question as drafted by LDOE	Y/N or N/A; As answered by management	Date	P&N's Procedures and Results from these Procedures.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13 Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other mitigating controls in place?	no	3/25/2013	P&N was informed that the bookkeeper prepares the disbursement and also records the disbursement into the accounting system.
14 Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If not, are there other mitigating controls in place?	no	3/25/2013	See item 13.
15 Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions?	yes	3/25/2013	P&N was informed that the teacher requests a purchase utilizing a PO request form. The principal approves the form. The principal is the only person who can approve the PO forms. P&N observed the principal's approval on the PO utilized in the transaction documented in #6 and #7 above. Once PO is approved the bookkeeper cuts check and records the transaction into the accounting system.
16 Are payments made only on the basis of original invoices?	yes	3/25/2013	P&N observed that the bill viewed in #6 and #7 was paid based on the original invoice.
17 Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner?	yes	3/25/2013	See item 7.

School Name:	Central Catholic
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/25/2013

Louisiana Department of Education

August 2012

Question as drafted by LDOE	Y/N or N/A; As answered by management	Date	P&N's Procedures and Results from these Procedures.
<i>Employee Compensation</i>			
18 Do records and controls exist for timekeeping and attendance?	no	3/25/2013	The principal reviews the teachers attendance to track absences. P&N observed the 2 time sheets for 3/22/2013 noting no approval documented. P&N was informed that one timesheet sign in form is located in the faculty lodge and one is located in the administration office.
19 Are responsibilities for the payroll processing function segregated from the general ledger function and the HR functions? If not, are there other mitigating controls in place?	yes	3/25/2013	P&N was informed that the Diocese processes payroll utilizing the notched system. The bookkeeper turns in the hourly employee's timesheets to the Diocese for processing.
20 Is access to the master payroll file limited to employees who are authorized to make changes (Presumably HR)?	yes	3/25/2013	P&N was informed that the bookkeeper has access to the notched system to print pay stubs for any employee for the latest pay period. The bookkeeper does not have the ability to make any changes in the system. The Diocese is the only entity with the ability to make changes to the master file.
21 Are all changes in employment (additions and terminations), salary and wage rates, and payroll deductions properly authorized, approved, and documented?	yes	3/25/2013	P&N was informed that the principal and the advisory board set employee salaries on an annual basis. The principal meets with the employees and the principal and the employee sign the employee's contract. Once all employee contracts are signed, the bookkeeper will send a list of all personnel and salaries to the Diocese. Employee contracts are kept in a vault in the back of the office. The principal, secretary, and administrative assistant all have access to the vault. Terminations must be approved by the Superintendent and the advisory board. The principal will inform the superintendent and then the advisory board/legal council will be contacted before the principal has permission to terminate an employee. The principal will suspend an employee pending further investigation if the situation requires such measures. However, the employee can only be terminated with the superintendent/advisory board approval. The principal can hire an employee with out permission before the budget for the year is approved. However, after the school budget is approved he cannot hire an additional employee if this addition will create a difference in the budget.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: MARIA IMMACOLATA SCHOOL

Based on our review of Maria Immacolata School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of March 1, 2013, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided by the School to the department of education is as follows:

Budgeted Scholarship tuition for the year	\$ 56,225
Budgeted Scholarship expenditures for the year	61,906
Actual expenditures as of March 1, 2013	4,454
Percent of budget expended	7%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: MARIA IMMACOLATA SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of eleven (11) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of fourteen (14) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Maria Immacolata
2012-2013
Postlethwaite & Netterville
3/13/2013

Louisiana Department of Education

August 2012

Question as drafted by LDOE	Y/N or N/A; As answered by management	Date	P&N's procedures and results of those procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1 Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	No	3/13/2013	P&N was informed that the school does not have written policies and procedures relating to the items in question 1.
<i>Human Resource Policies and Practices</i>			
2 Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	Yes	3/13/2013	P&N was informed that the bookkeeper attends training on a quarterly basis. These training courses are organized by the Diocese. These trainings are used to update bookkeepers on new software polices, PR processing changes, and insurance system changes.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Maria Immacolata
2012-2013
Postlethwaite & Netterville
3/13/2013

Louisiana Department of Education

August 2012

Question as drafted by LDOE	Y/N or N/A; As answered by management	Date	P&N's procedures and results of those procedures
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3 Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	Yes	3/13/2013	P&N was informed that the bookkeeper prepares the budget for the Scholarship program to be sent to the LDOE. The principal reviews the budget but does not document the review.
<i>Financial Reporting Process</i>			
4 Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable)	No	3/13/2013	P&N was informed that CCH Small Firm Services is the accounting system used by the school. When tuition funds from the state are received they are deposited directly in account #2022 that is used for scholarship and non- scholarship tuition. Therefore, the tuition funds are commingled and as school expenditures are made the school does not track whether scholarship or non-scholarship funds are utilized.
5 Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable)	No	3/13/2013	P&N was informed that there is not a separate checking exclusively for scholarship revenues that is separate from the school operating account.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Maria Immacolata
2012-2013
Postlethwaite & Netterville
3/13/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A; As answered by management	Date	P&N's procedures and results of those procedures
	CASH			
6	Are two signatures required on checks?	No	3/13/2013	The principal, office administrator, and pastor are authorized check signers. The school only requires 1 signature on checks. P&N observed voided check # 9140 dated 2/22/13 that was signed by the administrator.
7	Are invoices and supporting documents furnished to the signer prior to signing the check?	Yes	3/13/2013	P&N observed that check #9140 for postage and mailing costs that contained the same amount paid and payee as indicated on the invoice. P&N also observed the principal's approval on the check request form. P&N was informed that she is the only person who is allowed to sign the check request form. If the check is made to the principal then the administrator will sign.
8	Are signed checks inaccessible to persons who requested, prepared, or recorded them?	Yes	3/13/2013	P&N was informed that unsigned checks are kept in the bookkeeper's locked office. There are no handwritten checks because all check are printed from the system and coded. The principal can approve check request forms and sign the checks.
9	Are procedures provided for immediate notification to banks when check signers leave the unit or are otherwise no longer authorized to sign?	Yes	3/13/2013	P&N was informed that the pastor notifies the bank that the signatures have changed and submits the paperwork to Coastal Commerce bank in the event that there is a new principal and bookkeeper. Four years ago, the pastor changed check signing authority because the principal and bookkeeper were new employees. If check signers changed then she would inform the pastor and he would take care of this process.
10	Are bank reconciliations performed by someone independent of receiving cash or processing and recording of transactions. If not, are there other mitigating controls in place?	Yes	3/13/2013	The bookkeeper performs bank reconciliations and the principal signs her approval. P&N observed the principal's approval on the November 2012 Bank Reconciliation. The Diocese reviews bank reconciliations on a quarterly basis and lets the bookkeeper know if they find any unusual items. The bank reconciliations are sent to the Diocese on a monthly basis.
11	Are all reconciliations and investigations of unusual reconciling items reviewed and approved by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation? If not, are there other mitigating controls in place?	Yes	3/13/2013	P&N was informed that the principal reviews the banks reconciliations for unusual items along with the finance committee. The members of the finance committee are: president of advisory council and finance committee, bank officer of South Louisiana Bank, office manager, pastor, principal, bookkeeper. They meet once a month. They look over financials before they are sent to the Diocese. The Diocese will ask questions if they see errors and the book keeper will correct errors. The Diocese performs system reconciliations on a monthly basis. The Diocese sends JEs or suggestions each month to the bookkeeper.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Maria Immacolata
2012-2013
Postlethwaite & Netterville
3/13/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A; As answered by management	Date	P&N's procedures and results of those procedures
	REVENUES AND RECEIVABLES			
12	Are transactions are recorded promptly upon obtaining evidence that revenue or receivables should be recognized?	Yes	3/13/2013	P&N was informed that scholarship revenue is recognized when the tuition payments are received on a quarterly basis. The receivable portion of the tuition payments is recorded in the Unearned prepaid tuition account.
	PROCUREMENT AND PAYABLES			
	<i>General Expenditures and Payables</i>			
13	Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other mitigating controls in place?	Yes	3/13/2013	P&N was informed that the principal approves all disbursements using a check request form, except if the disbursement requested is over \$5,000. Disbursement requests over \$5,000 are sent to the Vicar General at the Archdiocese. The school contacts the Vicar General and the Vicar General performs the disbursement process.
14	Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If not, are there other mitigating controls in place?	No	3/13/2013	P&N was informed that the school does not utilize PO forms. The school only utilizes check request forms. P&N observed a check request form. See question #7 above for additional detail.
15	Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions?	No	3/13/2013	P&N was informed that the school does not utilize PO forms. The school only utilizes check request forms. P&N observed a check request form. See question #7 above for additional detail.
16	Are payments made only on the basis of original invoices?	Yes	3/13/2013	See item 7.
17	Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner?	Yes	3/13/2013	See item 7.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Maria Immacolata
2012-2013
Postlethwaite & Netterville
3/13/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A; As answered by management	Date	P&N's procedures and results of those procedures
	<i>Employee Compensation</i>			
18	Do records and controls exist for timekeeping and attendance?	Yes	3/13/2013	P&N was informed that the teachers sign in sheet is located in the teacher's lounge. P&N observed a sign in folder for the month of January 2013. The sign in sheet is reviewed by the principal on a daily basis but approval is not documented. Attendance and sick days are monitored by the school office administrator. These records are filed after each semester into the staff files at the end of each semester.
19	Are responsibilities for the payroll processing function segregated from the general ledger function and the HR functions? If not, are there other mitigating controls in place?	Yes	3/13/2013	P&N was informed that the finance council sets the salaries for the school personnel. The principal informs the teachers of their salary contracts on a yearly basis. Payroll done through the Diocese of Houma - Thibodaux. The bookkeeper submits semi monthly records to the Diocese for employees paid on an hourly basis and substitute pay records. The Diocese inputs the information into the payroll system. The Diocese uses NetChex to pay the employees. The bookkeeper uses NetChex to generate Payroll reports. Salaries are paid out of the central financial account by the Diocese.
20	Is access to the master payroll file limited to employees who are authorized to make changes (Presumably HR)?	Yes	3/13/2013	P&N was informed that the principal has all employee contracts in her office drawer that is kept locked when she leaves the office. The bookkeeper submits the changes into central payroll for their approval and the request is signed by principal and submitted to diocese and they inform the diocese who submits to Netchex. for central payroll. She cannot change any numbers in the payroll system.
21	Are all changes in employment (additions and terminations), salary and wage rates, and payroll deductions properly authorized, approved, and documented?	Yes	3/13/2013	P&N was informed that the principal approves and retains employee contracts. Salary levels are set by the Diocese.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. BERNADETTE SCHOOL

Based on our review of St. Bernadette School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of March 1, 2013, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the department of education is follows:

Budgeted Scholarship tuition for the year	\$ 12,293
Budgeted scholarship expenditures for the year	12,293
Actual expenditures as of March 1, 2013	0
Percent of budget expended	0%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. BERNADETTE SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of two (2) students out of a total of three (3) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided to up by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, we used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II with the addition of one student, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of two (2) students out of a total of three (3) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participation in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: St. Bernadette School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/22/2013

Louisiana Department of Education

August 2012

Question as drafted by LDOE	Y/N or N/A	Date	P&N's Procedures and Results of these Procedures.
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1 Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	No	3/22/2013	P&N was informed that the Diocese provides a document retention policy, however, no other written policies and procedures are employed by the school.
<i>Human Resource Policies and Practices</i>			
2 Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	Yes	3/22/2013	P&N was informed that the Diocese hosts monthly meetings for all bookkeepers to keep them up to date on any accounting changes. Additionally the Diocese may provide accounting seminars related to any updates on accounting software.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3 Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	No	3/22/2013	P&N was informed that the bookkeeper prepares the scholarship budget that was submitted to the DOE.

School Name: St. Bernadette School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/22/2013

Louisiana Department of Education

August 2012

Question as drafted by LDOE	Y/N or N/A	Date	P&N's Procedures and Results of these Procedures.
Financial Reporting Process			
4 Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable)	No	3/22/2013	P&N was informed that the school records scholarship revenue as current year deferred tuition revenue (acct 2022). Expenditures paid for by scholarship funds were not separately identifiable. The scholarship funds were budgeted based upon the per student cost for salaries, benefits, supplies, etc., and were projected out for the three students in the scholarship program.
5 Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable)	No	3/22/2013	P&N was informed that the school does not maintain a separate bank for the scholarship funds.
CASH			
6 Are two signatures required on checks?	Yes	3/22/2013	The principal, assistant principal, & pastor, have sole check signing authority for the school. Property, plant, and equipment transactions over \$10,000 also require the approval of the Diocese. The principal stated that this does not occur often. P&N observed cancelled check #20182 in the amount of \$21.16 to Debbie's Trophies dated 2/8/2013, and the original invoice. P&N noted the principal's signature on the cancelled check.
7 Are invoices and supporting documents furnished to the signer prior to signing the check?	Yes	3/22/2013	P&N was informed that teachers are required to fill out check reimbursement requests with attached original receipts and submit to the bookkeeper to be paid. Also, any invoices that come to the school are sent directly to the bookkeeper. The bookkeeper then codes the transaction into CPAS, and prints a check. The original supporting documentation and check are then given to the principal, to be approved and signed. P&N observed cancelled check #20182 in the amount of \$21.16 to Debbie's Trophies dated 2/8/2013, and the original invoice. P&N noted the principal's signature on the cancelled check.

School Name: St. Bernadette School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/22/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A	Date	P&N's Procedures and Results of these Procedures.
8	Are signed checks inaccessible to persons who requested, prepared, or recorded them?	No	3/22/2013	P&N was informed that the bookkeeper maintains the blank check stock in a cabinet in her office. When she is not present, her office remains locked. Once checks are signed, the bookkeeper will mail any checks for bills or invoices. P&N was also informed that the bookkeeper does have the ability to write checks and record journal entries.
9	Are procedures provided for immediate notification to banks when check signers leave the unit or are otherwise no longer authorized to sign?	Yes	3/22/2013	P&N was informed that the bookkeeper must go to the bank to obtain a change in check signer form. She will then go back to the school to obtain the necessary documentation, and return it to the bank.
10	Are bank reconciliations performed by someone independent of receiving cash or processing and recording of transactions. If not, are there other mitigating controls in place?	No	3/22/2013	The bookkeeper prepares the monthly bank reconciliations. These reconciliations are not formally reviewed, but the Diocese does have the ability to request them for review. P&N observed the school bank account reconciliation for the month of November 2012. P&N noted that the same person who reconciles the bank statements has the ability to prepare checks but is not an authorized signer, and has the ability to make journal entries.
11	Are all reconciliations and investigations of unusual reconciling items reviewed and approved by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation? If not, are there other mitigating controls in place?	No	3/22/2013	The bookkeeper prepares the monthly bank reconciliations. These reconciliations are not formally reviewed, but the Diocese does have the ability to request them for review. P&N observed the school bank account reconciliation for the month of November 2012. P&N noted that the same person who reconciles the bank statements has the ability to prepare checks but is not an authorized signer, and has the ability to make journal entries.
REVENUES AND RECEIVABLES				
12	Are transactions recorded promptly upon obtaining evidence that revenue or receivables should be recognized?	Yes	3/22/2013	P&N was informed that the bookkeeper records the scholarship funds as deferred revenue, and will amortize them throughout the school year.

School Name:	St. Bernadette School
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/22/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A	Date	P&N's Procedures and Results of these Procedures.
PROCUREMENT AND PAYABLES				
<i>General Expenditures and Payables</i>				
13	Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other mitigating controls in place?	Yes	3/22/2013	See # 7 and #10
14	Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If not, are there other mitigating controls in place?	Yes	3/22/2013	See # 7 and #10
15	Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions?	Yes	3/22/2013	See # 7
16	Are payments made only on the basis of original invoices?	Yes	3/22/2013	See # 7
17	Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner?	Yes	3/22/2013	See # 7
<i>Employee Compensation</i>				
18	Do records and controls exist for timekeeping and attendance?	Yes	3/22/2013	P&N observed the teacher sign-in sheet for 3/22/2013. These sign-in sheets are signed each day by teachers, substitute teachers, and custodians.
19	Are responsibilities for the payroll processing function segregated from the general ledger function and the HR functions? If not, are there other mitigating controls in place?	Yes	3/22/2013	P&N was informed that payroll is run twice a month. Absentee forms are filled out by teachers, and approved by the principal. Timesheets, absentee forms are reconciled together, and the payroll information is entered onto a payroll change form by the bookkeeper. The payroll change form is then sent to the Diocese. Payroll is processed by Diocese, and outsourced through Netchex. Netchex will send the diocese a payroll preview, who will review it for reasonableness.

School Name: St. Bernadette School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/22/2013

Louisiana Department of Education

August 2012

	Question as drafted by LDOE	Y/N or N/A	Date	P&N's Procedures and Results of these Procedures.
20	Is access to the master payroll file limited to employees who are authorized to make changes (Presumably HR)?	Yes	3/22/2013	P&N was informed that annual teacher contracts are approved by the principal, and are based upon the approved annual budget. Once the contracts are signed, the bookkeeper creates a payroll spreadsheet and sends it to the Diocese, who maintains the master payroll file. Changes in payroll such as docked pay or changes in payroll deductions are updated through the payroll change form each pay period. Payroll files are maintained the school's office. P&N was also informed that they are not in a locked cabinet.
21	Are all changes in employment (additions and terminations), salary and wage rates, and payroll deductions properly authorized, approved, and documented?	Yes	3/22/2013	P&N was informed that the principal has solely authority for hiring and terminations. Payroll deduction changes are submitted to the bookkeeper, who enters it into the payroll change form.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: SACRED HEART OF JESUS

Based on our review of Sacred Heart of Jesus (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of March 1, 2013, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the department of education is as follows:

Budgeted Scholarship tuition for the year	\$ 52,650
Budgeted scholarship expenditures for the year	52,650
Actual expenditures as of March 1, 2013	39,488
Percent of budget expended	75%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: SACRED HEART OF JESUS

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of ten (10) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of ten (10) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: Sacred Heart of Jesus School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/20/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures	
GENERAL/ADMINISTRATIVE				
<i>Integrity and Ethical Values</i>				
1	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	Yes and No	3/20/2013	P&N observed the Diocesan Administrative Handbook noting that it addressed the budget process, processing and approval of expenditures, payables, payroll, and approval and authorization of compensation levels and wages rates and record retention. Continuing education for accounting staff was not addressed. Upon inquiry of the continuing education for accounting staff, the bookkeeper stated that the Catholic Diocese of Baton Rouge holds training for all accounting and human resources staff. P&N observed copies of the PowerPoint presentations retained by the bookkeeper dated November 15, 2012.
<i>Human Resource Policies and Practices</i>				
2	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	Yes	3/20/2013	P&N observed a copy of a PowerPoint presentation dated November 15, 2012 that was used in a class to train accounting personnel. The class was sponsored by the Diocese.
BUDGET PROCESS & FINANCIAL REPORTING				
<i>Budget Process</i>				
3	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	Yes	3/20/2013	P&N was informed that the finance committee prepares the school budget in December and submits it to the pastor for approval. Its due to the Diocese by the end of February. The budget includes a detailed list of salaries by employee. The budget process mentioned does not include any specific information or procedures pertaining to the scholarship program. The scholarship budgeted expenditures that was submitted to the DOE was based on the school wide budget prorated for the ratio of scholarship students to total students. There is no established procedure for preparing and transmitting the scholarship budget.

School Name: Sacred Heart of Jesus School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/20/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
<i>Financial Reporting Process</i>			
4	No	3/20/2013	P&N was informed that there is no separate accounting ledger for scholarship funds but the bookkeeper adds notes in the quickbooks entries identifying scholarship deposits and makes a separate transfer to the payroll account specifically for the scholarship payment. P&N observed the 2nd scholarship payment of \$13,162.50 being deposited on 1/24/2013 and then a transfer to the payroll account on 1/29/2013.
5	No	3/20/2013	P&N was informed that no separate checking account for scholarship funds exists.
CASH			
6	Yes	3/20/2013	P&N was informed that two signatures are required for all checks. See item 7.
7	Yes	3/20/2013	P&N observed check number 1180 dated 3/18/13 paid to the order of Great Lake Script Center. P&N observed dual signatures on the check by the Principal and the Pastor. Approval of the invoice was evidenced by the initials of the principal. The requisitions form was initialed by the principal dated 3/19/2013 evidencing her review and P&N noted that the requisition agreed to the invoice.
8	No	3/20/2013	P&N was informed that the bookkeeper prepares and records the checks, but she is not an authorized signer.

School Name: Sacred Heart of Jesus School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/20/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
9	Yes	3/20/2013	P&N was informed that the principal, who is an authorized signer, signs the affidavit with the bank revoking or adding check signing authority. P&N was informed that this had not happened in several years and the documentation was not readily accessible.
10	No	3/20/2013	P&N was informed that bank reconciliations are prepared by the Judy Perry, the bookkeeper, and also records transactions. P&N was informed that the mitigating procedures are dual signatures on checks and the pastor and the principal both review the bank reconciliations. P&N observed the 12/31/2012 reconciliations noting that there were no initials evidencing the review of the bank reconciliation.
11	Yes	3/20/2013	See item 10.
REVENUES AND RECEIVABLES			
12	Yes		P&N was informed that deposits were made timely and dually recorded in the accounting system timely.

School Name: Sacred Heart of Jesus School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/20/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	No	3/20/2013	P&N was informed that the bookkeeper receives invoices and prepares the checks and invoice package and the principal approves the disbursements and the principal and pastor dually sign the checks. See item 7.
14	Yes	3/20/2013	See item 13.
15	Yes	3/20/2013	See item 7.
16	Yes	3/20/2013	See item 7.
17	Yes	3/20/2013	See item 7.

School Name: Sacred Heart of Jesus School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/20/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
<i>Employee Compensation</i>			
18	Yes	3/20/2013	The school utilizes a weekly sign in sheet. P&N observed the sign in sheet dated 3/20/2013.
19	Yes	3/20/2013	P&N was informed that payroll is outsourced to IOI. Salary levels are approved by the principal and pastor as part of the budget process. See item 3. The principal and the bookkeeper review the payroll reports. P&N observed that there were no initials evidencing the review. The principal indicated that there were no changes in payroll in more than a year.
20	Yes	3/20/2013	P&N was informed that changes are provided to IOI to make compensation level changes. As noted in item 19, the principal and the bookkeeper review the payroll report.
21	Yes	3/20/2013	See item 3.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and does not necessarily corroborate management's "yes", "no", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: DREAMKEEPERS ACADEMY

Based on the procedures performed for Dreamkeepers Academy (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

The School's office manager and secretary of the board were not present while P&N was on-site at the School. The School's contact, who met with P&N while on-site, was unable to explain how scholarship expenditures were recorded. However, the School maintains a separate bank account exclusive to the scholarship program for one teacher's salary. A hundred percent of the scholarship funds are contributed to the teacher's salary. The School did not submit the budget and actual expenditures as of February 15, 2013. However, the School submitted the budget and actual expenditures as of December 17, 2012. P&N tested a hundred percent of the scholarship expenditures as of December 17, 2012 and verified the transactions occurred, the supporting documentation substantiated the expenditures, and the expenditures were for an educational purpose as defined by the MFP formula. There were no exceptions noted for the scholarship expenditures as of December 17, 2012. Since the School did not submit the budget and actual expenditures as of February 15, 2013, Procedure I (A) and (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of December 17, 2012, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted scholarship tuition for the year	\$ 9,675
Budgeted scholarship expenditures for the year	9,675
Actual expenditures as of December 17, 2012	2,419
Percent of budget expended	25%

There were no budgeted reserves reported.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: DREAMKEEPERS ACADEMY

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

II. Tuition and Fees for Scholarship Students

P&N selected a sample of three (3) students out of a total of three (3) students participating in the scholarship program, and verified that the scholarship tuition and fees received for each of the sampled students, through the third payment, did not exceed the tuition and fees charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members or participating in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of three (3) students out of a total of three (3) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Dreamkeepers Academy
2012 - 2013
Postlethwaite & Netterville
3/04/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	Yes and No	3/4/2013	P&N observed policies and procedures for the receipt of funds, disbursement of funds, and bank reconciliation. Based upon inquiries, the school does not have written policies for the other areas listed.
<i>Human Resource Policies and Practices</i>			
2	No	3/4/2013	Upon inquiry of management, the accounting staff is not offered any training opportunities.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	No	3/4/2013	Based upon inquiries, management creates the budget with approval from the board. P&N observed a copy of the December 2012 scholarship budget that management indicated was filed with the state. The school did not submit a scholarship budget as of February 15, 2013.
<i>Financial Reporting Process</i>			
4	N/A	3/4/2013	The school's office manager and secretary of the board were not present while P&N was on-site at the school. P&N met with the principal, who was not able to answer the question. The principal indicated that she would have the secretary of the board follow up with P&N. P&N sent follow up emails on March 5, 2013 and March 11, 2013 as well as a phone call on March 21, 2013. However, P&N was unable to ever get in contact with the secretary of the board.
5	Yes	3/4/2013	P&N observed the September 4, 2012 - September 28, 2012 bank statement for the scholarship account named "Dreamkeepers Academy 6734". P&N traced the September 2012 payment into the bank statement for the "Dreamkeepers Academy 6734" account. The school deposits \$1,500 into the bank account on months the school does not receive scholarship funds in order to cover the teacher's salary who is charged to the scholarship program.
CASH			
6	No	3/4/2013	P&N was informed that only one signature is required for checks. The principal and the secretary of the board are authorized signers of checks.
7	N/A	3/4/2013	Per the principal, check images are not received with the bank statements. While on-site the principal indicated that she would request check 1010 from bank; however, P&N never received this check image.
8	Yes	3/4/2013	Per the principal, the office manager enters the new hire information into the payroll system and processes payroll. The principal or the secretary of the board signs the payroll checks. The principal then distributes the signed checks to the employees.
9	Yes	3/4/2013	Per the principal, the board of directors would notify the bank; however, an authorized check signer has not been terminated or had a change in job duties since the school's opening.
10	Yes	3/4/2013	While on-site the principal was unable to answer the question. The school's office manager and secretary of the board were not present while P&N was on-site at the school. The principal indicated that she would have the secretary of the board follow up with P&N. P&N sent follow up emails on March 5, 2013 and March 11, 2013 as well as a phone call on March 21, 2013. However, P&N was unable to ever get in contact with the secretary of the board. The school submitted policies and procedures, which indicated that the treasurer reconciles the bank statement within seven days of receiving the statement using a review form.
11	No	3/4/2013	The principal indicated the secretary of the board reviews all of the office manager's work and reports financials to the board. However, she was not sure of the complete process. The principal indicated that she would have the secretary of the board follow up with P&N. P&N sent follow up emails on March 5, 2013 and March 11, 2013 as well as a phone call on March 21, 2013. However, P&N was unable to ever get in contact with the secretary of the board. Per the policies and procedures provided by the school, the secretary provides the treasurer with a copy of all records of deposits, disbursements, and other bank transactions to review. The treasurer then reconciles the bank statement with a review form.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Dreamkeepers Academy
2012 - 2013
Postlethwaite & Netterville
3/04/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
REVENUES AND RECEIVABLES			
12	Yes	3/4/2013	The principal indicated the scholarship tuition is recognized as revenue when the scholarship payments are deposited into the bank account. Receivables are not used for scholarship payments.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	N/A	3/4/2013	Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other mitigating controls in place? The school uses all of the scholarship money received for salaries; therefore, P&N did not inquire or perform any tests for disbursements.
14	N/A	3/4/2013	Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If not, are there other mitigating controls in place? The school uses all of the scholarship money received for salaries; therefore, P&N did not inquire or perform any tests for disbursements. Per the policies and procedures provided by the school, all disbursements from the school's funds are made by check, with the exception of petty cash.
15	N/A	3/4/2013	Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions? The school uses all of the scholarship money received for salaries; therefore, P&N did not inquire or perform any tests for disbursements.
16	N/A	3/4/2013	Are payments made only on the basis of original invoices? The school uses all of the scholarship money received for salaries; therefore, P&N did not inquire or perform any tests for disbursements.
17	N/A	3/4/2013	Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner? The school uses all of the scholarship money received for salaries; therefore, P&N did not inquire or perform any tests for disbursements.
<i>Employee Compensation</i>			
18	Yes	3/4/2013	Do records and controls exist for timekeeping and attendance? P&N observed a teacher's timesheet for the period of March 4, 2013. P&N noted signatures for the employee. Supervisors do not sign for approval on timesheets.
19	Yes	3/4/2013	Are responsibilities for the payroll processing function segregated from the general ledger function and the HR functions? If not, are there other mitigating controls in place? P&N was informed that the principal hires, set salaries, and terminates employees with approval of the board. The office manager enters new hire information into the master payroll file and processes payroll. Either the principal or the secretary of the board signs the payroll checks. The principal then distributes the checks to the employees. The school's office manager and secretary of the board were not present while P&N was on-site at the school. P&N met with the principal, who did not know if the office manager also made entries to the general ledger. The principal indicated that she would have the secretary of the board follow up with P&N. P&N sent follow up emails on March 5, 2013 and March 11, 2013 as well as a phone call on March 21, 2013. However, P&N was unable to ever get in contact with the secretary of the board.
20	No	3/4/2013	Is access to the master payroll file limited to employees who are authorized to make changes (Presumably HR)? P&N was informed that the principal has the authority to hire, set salaries, and terminate employees with board approval. The board documents salary approvals in the board minutes. The school did not have salary information on-site; however, the principal indicated she would request the salary documents approved by the board. P&N sent follow up emails on March 5, 2013 and March 11, 2013 as well as a phone call on March 21, 2013. However, P&N was unable to ever get in contact with the secretary of the board. One teacher's salary is charged to the scholarship program.
21	Yes	3/4/2013	Are all changes in employment (additions and terminations), salary and wage rates, and payroll deductions properly authorized, approved, and documented? P&N was informed that the principal has the authority to hire, set salaries, and terminate employees with board approval. The board documents salary approvals in the board minutes. The school did not have salary information on-site; however, the principal indicated she would request the salary documents approved by the board. P&N sent follow up emails on March 5, 2013 and March 11, 2013 as well as a phone call on March 21, 2013. However, P&N was unable to ever get in contact with the secretary of the board. One teacher's salary is charged to the scholarship program.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: EVANGEL CHRISTIAN ACADEMY

Based on the procedures performed Evangel Christian Academy (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 28, 2013, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted scholarship tuition for the year	\$ 417,460
Budgeted scholarship expenditures for the year	417,460
Actual expenditures as of February 28, 2013	3,473,530
Percent of budget expended	100%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: EVANGEL CHRISTIAN ACADEMY

II. Tuition and Fees for Scholarship Students

P&N selected a sample of eight (8) students out of a total of seventy-two (72) students participating in the scholarship program, and verified that the scholarship tuition and fees received for each of the sampled students, through the third payment, did not exceed the tuition and fees charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of eight (8) students out of a total of seventy-five (75) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:	<u>Evangel Christian Academy</u>
Fiscal Year of Evaluation:	<u>2012- 2013</u>
Audit Firm:	<u>Postlethwaite & Netterville</u>
Date Completed:	<u>3/5/2013</u>

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	Yes and No	3/5/2013	P&N observed that the school's policies and procedures addressed the record retention, budget process, approval of expenditures and payables, but did not address the other areas. The accounting staff does not have any training classes but is contracted with an organization that provides accounting assistance. P&N observed the school's current year contract with the organization that provides accounting assistance. The school has informal procedures for approval and authorization of compensation wages and rates as well as processing and approval of payroll.
<i>Human Resource Policies and Practices</i>			
2	No	3/5/2013	Upon inquiry of the accounting staff, they are contracted with an organization that regularly provides assistance and guidance to the accounting staff.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	Yes	3/5/2013	Based upon inquiries, management reviews the budget with the school board. The budget submitted to LDOE is derived from the overall school budget. To create the Scholarship budget, the school calculates the salaries, employee benefits (includes health insurance), and other category based on the percentages of the overall budget. For example, 86.41% of expenses is budgeted for payroll. The school used the payroll percentage and applied it to the total amount of scholarship funds for the year to determine the salaries. P&N observed a copy of the budget that management indicated was filed with the state.
<i>Financial Reporting Process</i>			
4	No	3/5/2013	Evangel Christian Academy indicated that all scholarship program revenues can be identified by student name in Admin Plus, a receivables accounting software. The totals of revenue for scholarships funds received can be identified in the Shelby accounting software by Project #16. However, the scholarship funds are all expensed out of the general fund and cannot be uniquely identified. P&N observed the first payment in the general ledger in the Shelby accounting software.
5	No	3/5/2013	P&N was informed that Evangel Christian Academy does not have a separate checking account. The money is directly deposited into the school's savings account; however, the first payment was by check and deposited into the school's main account. P&N observed September 2012 main account bank statement and verified the first payment was deposited into the account.
CASH			
6	Yes	3/5/2013	P&N observed check #29134 with the business administrator's signature and financial secretary's signature. The school indicated that the payroll clerk also has authorization to sign checks.
7	Yes	3/5/2013	P&N observed that check #29221 dated 3/4/2013 contained the same amount paid and payee as indicated on the invoice 51513. The check was signed by the business administrator and the financial secretary. The purchase order attached was not signed by the head of the school, but was signed by the business administrator.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Evangel Christian Academy
 2012- 2013
 Postlethwaite & Netterville
 3/5/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
8	No	3/5/2013	The school indicated that the financial secretary enters approved purchase orders and invoices into the system. The business administrator and financial secretary review an age of invoices report weekly to determine which vendors are to be paid that week. The financial secretary prepares the checks that are generated by Shelby accounting software, which are then signed by the business administrator and financial secretary. If the business administrator is unable to sign the check, he reviews the support remotely and then gives the payroll clerk approval to use his signature stamp for the check. The financial secretary does not have access to the stamp. The financial secretary then mails the check.
9	Yes	3/5/2013	The school indicated that the past business office assistant and authorized check signer was transferred to a different department over three years ago. The bank was notified immediately of the removal of the check signer. The school did not have the notification to the bank on hand, but could request it from the bank if necessary. The board approves of all check signers.
10	No	3/5/2013	P&N was informed that the financial secretary enters payable transactions and performs the bank reconciliations. The payroll clerk processes payroll and performs the reconciliation of the payroll bank account. The business administrator reviews general ledger balances on at least a monthly basis, if not weekly. Per management, the school undergoes a yearly audit which includes bank reconciliations reviews.
11	Yes	3/5/2013	The school stated that during the monthly review, both the financial secretary and business administrator review the general ledger balances against the bank statements to determine any unusual transactions. Per management, the school undergoes a yearly audit which includes bank reconciliations reviews. The bank reconciliations are not signed by the preparer nor reviewer. P&N observed the September 2012 main account bank reconciliation. There is evidence of review; however, the reviewer did not sign the bank reconciliation. P&N also observed the September 2012 payroll bank reconciliation. There is no evidence of review on the bank reconciliation.
REVENUES AND RECEIVABLES			
12	No	3/5/2013	P&N was informed that the scholarship tuition is recognized as revenue on the date that the money hits the bank account. No receivables are recorded for scholarship funds.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	No	3/5/2013	The results of our inquiries indicated that the financial secretary who records the disbursements is also the person responsible for disbursement preparation. However, the business administrator and head of school must approve all purchase orders. The business administrator also must sign the checks.
14	Yes	3/5/2013	According to the inquiries, anyone can initiate a purchase order. The business administrator and head of school must approve all purchase orders. Once the purchase order is approved the person who initiated the purchase order purchases the items by one of three ways: employee uses their own personal money, which is then reimbursed by the school; the school writes a check if an individual has an invoice or receipt with the exact amount owed; or the employee uses a school credit card. The business administrator and head of school are the only ones with custody of a school credit card. An employee can check the credit card out from the business administrator. Credit card usage is primarily for football road trips; however, the credit card has not been checked out for a year. The financial secretary receives and enters approved purchase orders and invoices into the system. The financial secretary cuts the check, which automatically rolls the transaction into the general ledger. The financial secretary and business administrator sign the checks after reviewing supporting documentation.

School Name:	<u>Evangel Christian Academy</u>
Fiscal Year of Evaluation:	<u>2012- 2013</u>
Audit Firm:	<u>Postlethwaite & Netterville</u>
Date Completed:	<u>3/5/2013</u>

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
15	Yes	3/5/2013	P&N observed that the purchase order contained the signature of the business administrator, who is authorized to make purchases. Per inquiries, all purchase orders should contain the head of school's signature as well. However, the signature of the head of school was not on the observed purchase order. The head of school recalled authorizing the purchase, but was not sure where the purchase order he signed was located. Often two purchase orders are created for the same purchase (one that the business administrator signs and the other that the head of school signs since the two personnel are usually at two different locations). Per the financial secretary all purchase orders are kept with the appropriate invoice and check stub; however, P&N did not observe the purchase order with the head of school's signature.
16	No	3/5/2013	Per the school management, payments have been paid from a quote instead of an invoice, however this is rare. The invoice P&N observed, as described in item 7, was an original invoice.
17	Yes	3/5/2013	P&N noted that the paid bill was supported by an original invoice. Invoices are organized by vendor.
Employee Compensation			
18	No	3/5/2013	Evangel Christian Academy indicated that they do not use timesheets to keep attendance. A staff absence report must be filled out when an employee misses a day. P&N observed a staff absence report dated March 4, 2013. The teacher and administrative signature was present on the report.
19	No	3/5/2013	Based upon inquiries, the head of school hires new employees. The payroll clerk enters the salary information into the system and also runs the payroll. The business administrator reviews the payroll master file on a quarterly basis. Direct deposit bank account numbers are entered by the payroll clerk. The business administrator signs the payroll checks that are not direct deposit. The payroll clerk also signs payroll checks.
20	No	3/5/2013	P&N was informed that the payroll clerk has the ability to access the master file and process payroll. Journal entries are automatically made in the general ledger when payroll is ran. The business administrator also has access to the master payroll file.
21	Yes	3/5/2013	Based upon inquiries, the head of school hires new employees and sets wages, which are approved by the board. The payroll clerk enters the salary information into the system and also runs the payroll. The business administrator reviews the payroll master file on a quarterly basis. Direct deposit bank account numbers are entered by the payroll clerk. The business administrator signs the payroll checks that are not direct deposit. The payroll clerk also signs payroll checks. Per the School, No specific teachers are charged to the scholarship program.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. JOSEPH SCHOOL

Based on the procedures performed for St. Joseph School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of December 18, 2012, which was not the cutoff date established for the third scholarship payment. A summary of the budget expenditures provided to the Department of Education is as follows:

Budgeted Scholarship tuition for the year	\$ 44,450
Budgeted scholarship expenditures for the year	44,457
Actual expenditures as of December 18, 2012	Not Provided
Percent of budget expended	0%
Budgeted reserves	8,645
Percent of reserves to budget	19%

P&N was informed that the budgeted reserves were used to adjust the scholarship budget to the anticipated tuition.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. JOSEPH SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of seven (7) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. Five (5) exceptions were noted for each of the three payments, as the tuition and fees charged and paid for five scholarship students exceeded those charged to non scholarship students. Due to differences in the amounts of yearbook fees, the total overpayment amounted to \$112.50 for three payments.

Exceptions resulting in disallowed tuition: \$112.50

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of seven (7) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

St. Joseph School
2012- 2013
Postlethwaite & Netterville
3/6/2013

Louisiana Department of Education

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	Yes and No	3/6/2013	P&N observed that the school's P&P addressed the budget process, processing and approval of expenditures and payables, but did not address the other areas. The school indicated that they follow the Catholic Diocese record retention policy of 5 years. Upon inquires with accounting staff, the school has undocumented processes for continuing education for accounting staff, processing and approval of payroll, and the approval and authorization of compensation levels and wage rates.
<i>Human Resource Policies and Practices</i>			
2	Yes	3/6/2013	Upon inquiry of the accounting staff, they indicated that they turn to the diocesan's accounting personnel on finance and accounting questions. The last on-site training seminar for the accounting staff occurred in 2008.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	No	3/6/2013	Based upon inquiries, management compiles the overall budget based on diocesan guidelines and submits the budget to the school board for approval via the pastor. The LDOE budget is derived by the parish business administrator from the overall school budget. The school board does not approve the budget sent to LDOE.
<i>Financial Reporting Process</i>			
4	Yes	3/6/2013	St. Joseph School indicated that all scholarship program revenues are accounted for in the general ledger under code 40110. P&N observed the first and second payments of the scholarship funds in the general ledger. Scholarship fund expenses cannot be uniquely identified in the accounting system.
5	No	3/6/2013	The School indicated that the scholarship funds are deposited into St. Joseph's operating bank account. P&N observed the first scholarship payment in St. Joseph's October 2012 operating bank account at Regions, as well as the October 2012 bank reconciliation. The school has recently closed the Regions operating account, and switched their operating account to Ouachita Independent Bank, which is where future scholarship funds will be deposited.
CASH			
6	Yes	3/6/2013	P&N observed check #74 with two authorized signatures. The school identified the following authorized check signers: the principal, assistant principle, pastor, associate pastors, and the deacon/director of faith formation.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

St. Joseph School
2012- 2013
Postlethwaite & Netterville
3/6/2013

Louisiana Department of Education

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
7	Yes	3/6/2013	P&N observed that check #74 contained the same amount paid and payee as indicated on the invoice #1-622806568 (\$946.00) and 1-6239983861 (\$868.20)
8	Yes	3/6/2013	P&N was informed that the assistant business administrator records, prepares, and mails the checks once signed.
9	Yes	3/6/2013	Per response upon inquiry, St. Joseph follows the diocesan procedures, which requires them to physically go to the bank and sign a new check signature card whenever a person is determined to be no longer authorized as a check signer. Per the school, there has been no such termination in the last two years.
10	No	3/6/2013	P&N was informed the assistant business administrator reconciles the bank statement, prepares checks, makes changes to the payroll master file, and makes journal entries. As a mitigating control both the business administrator and pastor review monthly bank reconciliations. P&N observed the October 2012 bank reconciliation with initials and dates of the preparer, the assistant business administrator, and the reviewers, the business administrator and pastor.
11	Yes	3/6/2013	The School indicated the pastor reviews the monthly bank reconciliations after the business administrator reviews them.
REVENUES AND RECEIVABLES			
12	Yes	3/6/2013	According to the school's response, the scholarship tuition is recognized as revenue on the date that the money hits the bank account. Receivables are not recorded for scholarship funds.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/6/2013	P&N was informed the assistant business administrator records the disbursements, reconciles the bank statements, and is also the person who is responsible for disbursement preparation; however, the assistant business administrator cannot approve of disbursements. The principal, business administrator, and any of the pastors can approve purchase orders. Once checks are cut, the transaction is finalized and automatically recorded to the general ledger.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

St. Joseph School
2012- 2013
Postlethwaite & Netterville
3/6/2013

Louisiana Department of Education

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
14	Yes	3/6/2013	The School indicated the same person that can purchase items can also approve of the purchase order and be one of the signers of the check. Purchase orders are submitted with an invoice/receipt to any of the authorized check signers for approval. The purchase order is then given to the assistant business administrator who gives it to the business administrator or another authorized check signer for final approval. Per the assistant business administrator, she tries to ensure the second approval of the purchase is by someone other than the purchaser, but this process may not always be followed. Once the purchase order has final approval, the assistant business administrator enters it into the system and prepares the check for signing. Bills do not require a purchase order; however, they do require approval from one of the authorized check signers or the business administrator.
15	Yes	3/6/2013	P&N observed that the purchase order submitted by the principal also contained the approval signature of the principal, who is authorized to approve purchases. The final approval on the purchase order was signed by another individual authorized to approve purchases.
16	Yes	3/6/2013	P&N noted that the paid bill, observed in item 7, was supported by an original invoice.
17	Yes	3/6/2013	P&N noted that the paid bill, observed in item 7, was supported by an original invoice.
Employee Compensation			
18	Yes	3/6/2013	P&N was informed the staff sign in and out online. P&N observed a teacher's online timesheet for March 5, 2013. Online timesheets are kept for administrators to determine the time employees are checking in and out. Employees are also required to fill out an absentee slip to request time off. P&N observed an absentee slip for an employee dated 3/4/2013. P&N noted the employee and principal's signatures.
19	Yes	3/6/2013	P&N noted that the assistant business administrator has the ability to access the master file and processes payroll. When payroll is finalized, the entries are automatically recorded to the general ledger. As a mitigating control, the business administrator reviews the ACH Verification Report before payroll is finalized and direct deposits occur. The ACH Verification Report includes all direct deposit employee names, amount paid, and bank account numbers. The authorized check signer is a mitigating control for any payroll checks distributed.
20	Yes	3/6/2013	P&N noted that the assistant business administrator has the ability to access the master file and processes payroll, which once finalized is automatically recorded to the general ledger.
21	Yes	3/6/2013	P&N was informed a hiring committee, which includes the principal, assistant principal, member of the finance council, and a school parent, is responsible for hiring new employees. The hiring committee along with the business administrator determine the salary of the new hire based on a pay scale using years of experience and degree as the criteria. The board approves of the overall budget that includes salaries. The principal and pastor can authorize terminations. Per the school, no specific teachers are charged to the scholarship program.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: OLD BETHEL CHRISTIAN ACADEMY

Based on the procedures performed for Old Bethel Christian Academy (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted Scholarship tuition for the year	\$ 43,200
Budgeted scholarship expenditures for the year	43,200
Actual expenditures as of February 15, 2013	43,200
Percent of budget expended	100%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: OLD BETHEL CHRISTIAN ACADEMY

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of twelve (12) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of fourteen (14) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Old Bethel Christian Academy
 2012 - 2013
 Postlethwaite & Netterville
 3/15/2013

Louisiana Department of Education

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	No	3/15/2013	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates P&N was informed the school does not have policies and procedures for continuing education of the accounting staff or for the budget process. The school does not have documented policies and procedures for all other areas.
<i>Human Resource Policies and Practices</i>			
2	Yes	3/15/2013	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned? Based upon response per inquiry, the school will pay for training for the accounting staff upon request of the accounting staff. The secretary, who performs the school's bookkeeping, attends training sporadically. The last training the secretary attended was three years ago. The training covered topics on payroll and human resources.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	No	3/15/2013	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education? The School indicated the secretary develops the scholarship budget. The board does not approve of the scholarship budget. However, the board approves of all school personnel salaries at the beginning of the school year. The scholarship budget expenditures only consisted of the salaries category.
<i>Financial Reporting Process</i>			
4	No	3/15/2013	Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable) P&N was informed that Old Bethel does not separately identify revenues or expenses. When the scholarship funds are deposited, it is recorded under each scholarship student's name and a memo is written that the funds are for the SEEP program; however, it is grouped in the same accounts as tuition and fees for non scholarship students in the financial statements. P&N observed that the tuition and fees were recorded for each individual scholarship student.
5	No	3/15/2013	Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable) The School indicated the secretary deposits the scholarship payments into the school's general operating account.
CASH			
6	Yes	3/15/2013	Are two signatures required on checks? P&N observed check #4061 with the principal and secretary's signatures. The principal, secretary, deacons, and pastor are authorized to sign checks. Only the deacons and pastor may sign payroll checks.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Old Bethel Christian Academy
2012 - 2013
Postlethwaite & Netterville
3/15/2013

Louisiana Department of Education

		Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
7	Are invoices and supporting documents furnished to the signer prior to signing the check?	No	3/15/2013	P&N observed that check #4061 contained the same amount paid and payee as indicated on the invoice #2100673269. Per the secretary, the principal does not always look at the support for reoccurring bills; however, she always reviews teacher reimbursement support. The principal also reviews a detail transaction report every month to identify any unusual transactions.
8	Are signed checks inaccessible to persons who requested, prepared, or recorded them?	No	3/15/2013	P&N was informed that the teachers may request items to be purchased. The principal orally approves of all purchases. The receipts/invoices are given to the secretary to enter the transactions into QuickBooks and to print the checks. The principal and secretary then sign the checks. The secretary distributes the signed checks to the appropriate parties.
9	Are procedures provided for immediate notification to banks when check signers leave the unit or are otherwise no longer authorized to sign?	No	3/15/2013	Based upon response per inquiry, either the principal or secretary would notify the bank of the change in authorized check signers. If both the principal and secretary left, the deacons or pastor would notify the bank. The school does not have set procedures in place for this occurrence since this has not happened since the school opened.
10	Are bank reconciliations performed by someone independent of receiving cash or processing and recording of transactions. If not, are there other mitigating controls in place?	No	3/15/2013	The School indicated the secretary processes and records transactions. The secretary also prepares bank reconciliations each month. The bank reconciliations are not reviewed by anyone. Instead the principal and pastor review a detail transaction report every month. In addition, the board reviews financial statements every month. P&N observed the September 2012 bank reconciliation.
11	Are all reconciliations and investigations of unusual reconciling items reviewed and approved by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation? If not, are there other mitigating controls in place?	No	3/15/2013	P&N was informed that the secretary processes and records transactions. The secretary also prepares bank reconciliations each month. The bank reconciliations are not reviewed by anyone. Instead the principal and pastor review a detail transaction report every month. In addition, the board reviews financial statements every month. P&N observed the September 2012 bank reconciliation. If any unusual transactions or entries are noticed, the pastor would investigate and notify the board.
REVENUES AND RECEIVABLES				
12	Are scholarship transactions recorded on a timely basis?	No	3/15/2013	P&N was informed the school records cash and revenue when the school receives the scholarship fund check. No receivables are used for scholarship funds.
PROCUREMENT AND PAYABLES				
<i>General Expenditures and Payables</i>				
13	Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other mitigating controls in place?	No	3/15/2013	The School indicated the teachers may request items to purchase. The principal orally approves of all purchases. Teachers use their own personal money to purchase items. The teachers are reimbursed with a school check when they present the receipt/invoice to the secretary. The secretary then enters the transactions into QuickBooks, which automatically posts to the general ledger. The secretary prints the checks that the principal and herself then sign. The secretary then distributes the signed checks to the appropriate parties.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Old Bethel Christian Academy
2012 - 2013
Postlethwaite & Netterville
3/15/2013

Louisiana Department of Education

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
14	No	3/15/2013	The School indicated the teachers may request items to purchase. The principal orally approves of all purchases. Teachers use their own personal money to purchase items. The teachers are reimbursed with a school check when they present the receipt/invoice to the secretary. The secretary then enters the transactions into QuickBooks, which automatically posts to the general ledger. The secretary prints the checks that the principal and herself then sign. The secretary then distributes the signed checks to the appropriate parties.
15	No	3/15/2013	Based upon response per inquiry, the principal, who is authorized to approve purchases, approves of all purchases orally. The school does not have documented purchase orders.
16	Yes	3/15/2013	P&N noted that the paid bill, observed in item 7 above, was supported by an original invoice. Documents are filed by vendor with the exception of athletic expenses. All athletics expenses are filed together.
17	Yes	3/15/2013	P&N noted that the paid bill, observed in item 7, was supported by an original invoice. Documents are filed by vendor with the exception of athletic expenses. All athletics expenses are filed together.
Employee Compensation			
18	Yes	3/15/2013	The School indicated that they keep attendance by having employees fill out a Faculty and Staff Absentee form. The principal also keeps a notebook that tracks the days each employee is absent. P&N observed a Faculty and Staff Absentee form, the principals notebook, and a substitute form for a teacher that was absent for the period of 2/11/13. P&N noted signatures for the employee on the Faculty and Staff Absentee form. The principal signs the substitute form for the day the teacher is absent.
19	No	3/15/2013	P&N was informed the secretary enters salaries into the master payroll file and processes payroll. The secretary prints the payroll checks. Two authorized check signers must sign the payroll checks. Only the deacons and the pastor are authorized to sign payroll checks.
20	No	3/15/2013	The School indicated the secretary enters salaries into the master payroll file and processes payroll. One of the deacons also has access to the master payroll file. The secretary prints the payroll checks. Two authorized check signers must sign the payroll checks. Only the deacons and the pastor are authorized to sign payroll checks.
21	Yes	3/15/2013	P&N was informed the principal and pastor have authority to hire and terminate employees. New hires and terminations must be approved by the board. The board sets salaries. No specific employee is charged to the scholarship program.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

**FINDINGS RESULTING FROM PROCEDURES PERFORMED:
FAMILY COMMUNITY CHRISTIAN SCHOOL**

Based on the procedures performed for Family Community Christian School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school-wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted Scholarship tuition for the year	\$ 142,368
Budgeted scholarship expenditures for the year	142,368
Actual expenditures as of February 15, 2013	58,068
Percent of budget expended	41%
Budgeted reserves	\$ 7,200
Percent of reserves to budget	5%

The School stated reserves were maintained as the bank requires the School to keep a certain amount of cash on hand.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

**FINDINGS RESULTING FROM PROCEDURES PERFORMED:
FAMILY COMMUNITY CHRISTIAN SCHOOL**

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of forty-six (46) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. Five (5) exceptions were noted for each of the three payments, as the tuition and fees charged and paid for scholarship students exceeded those charged to non scholarship students. The overpayments totaled \$1,260.00.

Exceptions resulting in disallowed tuition: \$1,260.00

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of forty-eight (48) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Family Community Christian School
2012 - 2013
Postlethwaite & Netterville
3/14/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	Yes and No	3/14/2013	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates The school does not have any policies for continuing education for accounting staff. The school has a process for the rest of the areas but they are not documented.
<i>Human Resource Policies and Practices</i>			
2	Yes	3/14/2013	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned? Per accounting staff, they receive training on the accounting software programs, Headmaster and QuickBooks. The bookkeeper started in the beginning of the year and has not attended any training to date.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	Yes	3/14/2013	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education? Per the school, the school accountant prepared the budget submitted to LDOE by applying the percentage of scholarship students to total enrolled students, to the school's financials for the 2011-2012 school year, which were approved by the board. The board does not specifically approve of the budget submitted to LDOE.
<i>Financial Reporting Process</i>			
4	Yes	3/14/2013	Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable) P&N was informed that only scholarship revenues can be uniquely identified in the financials. Scholarship expenditures are not separately identified in the financials. P&N observed the scholarship revenues in the school's profit and loss statement from QuickBooks under the Student Scholarship Program account. The school also uses Headmaster, an ACS accounting software, to enter the funds received by scholarship student.
5	Yes	3/14/2013	Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable) Although the school answered yes, P&N did not note any evidence of a separate bank account. Per response upon inquiries, the school indicated that scholarship funds are directly deposited into the school and church's joint operating bank account.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Family Community Christian School
2012 - 2013
Postlethwaite & Netterville
3/14/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
CASH			
6	No	3/14/2013	P&N observed check # 15206 and noted the church secretary's signature. The church secretary and the school bookkeeper have check signing authority.
7	Yes	3/14/2013	P&N observed that check #15206 contained the same amount paid and payee as indicated on the vendor's invoice #5124393.
8	N/A	3/14/2013	P&N was informed the principal and pre-k coordinator approve and make all purchases. Receipts and purchase orders are given to the bookkeeper to enter into QuickBooks. The bookkeeper enters invoices into QuickBooks and the system will prepare the checks for signing. The church secretary and the bookkeeper have check signing authority. However according to school personnel, the church secretary signs the majority of checks. Signed checks are given to the bookkeeper to send to the appropriate vendor.
9	Yes	3/14/2013	The board notifies the bank when a check signer leaves or is no longer authorized to sign check by sending a notarized authorization letter stating the new authorized check signers. P&N observed the letter from the board authorizing the church secretary and the new bookkeeper as authorized check signers. The new bookkeeper started in the beginning of the 2012 - 2013 school year.
10	Yes	3/14/2013	The school indicated the school accountant reconciles the bank reconciliation on a monthly basis, which is then presented to the board.
11	Yes	3/14/2013	P&N was informed the school accountant investigates any unusual reconciling items. P&N observed the September 2012 bank statement. P&N noted that the preparer does not sign the bank reconciliation.
REVENUES AND RECEIVABLES			
12	Yes	3/14/2013	The school indicated that scholarship tuition is recognized as cash and revenue on the date that DOE sends notification that the scholarship funds have been deposited into the bank account. Receivables are not used for scholarship funds.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Family Community Christian School
 2012 - 2013
 Postlethwaite & Netterville
 3/14/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/14/2013	Based upon response per inquiries, the principal and pre-k coordinator approve and purchase items either by school check or school debit card. The principal is the only holder of the debit card. The bookkeeper enters transactions into QuickBooks, which is then automatically posted to general ledger. The church secretary usually signs the checks, although the bookkeeper has authority to sign as well.
14	See no. 13	3/14/2013	P&N was informed the principal and pre-k coordinator can approve and make purchases with a school debit card or check. The bookkeeper enters transactions into QuickBooks, which automatically posts transactions to the general ledger. The church secretary signs the checks, although the bookkeeper has authority to sign as well.
15	Yes	3/14/2013	P&N observed that the purchase order for the expense noted in item 7 contained the signature of the principal who is authorized to make purchases.
16	Yes	3/14/2013	P&N noted that the paid bill, observed in item 7, was supported by an original invoice.
17	Yes	3/14/2013	P&N noted that the paid bill, observed in item 7, was supported by an original invoice.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Family Community Christian School
2012 - 2013
Postlethwaite & Netterville
3/14/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
Employee Compensation			
18	Yes	3/14/2013	The school indicated that teachers sign in and out on a timesheet daily. When teachers miss a day, the school secretary records the absence on a separate absence form. The teacher is then required to fill out a form requesting off for the day they are absent. The teacher must sign the request form and the principal is supposed to sign for approval. P&N observed an employee's timesheet for the period March 11-15, 2013. P&N also observed the teacher's absence form and tied it to the form requesting off for the days 9/17 and 9/18. P&N noted the teacher's signature, but it was not signed by the principal. Hourly employees are tracked by an automated time clock.
19	Yes	3/14/2013	P&N was informed that the bookkeeper has the ability to access the master file and process payroll, which is then automatically recorded on the general ledger. The bookkeeper prepares checks and also has authority to sign checks. The school indicated that the school accountant's preparation of the bank reconciliation is the mitigating control for this separation of duties issue.
20	Yes	3/14/2013	P&N was informed that the bookkeeper has the ability to access the master file and process payroll, which is then automatically recorded on the general ledger. The bookkeeper also prepares checks and has the authority to sign checks. The school indicated that the school accountant's preparation of the bank reconciliation is the mitigating control for this separation of duties issue.
21	Yes	3/14/2013	The school indicated that the principal and a teacher hiring committee hire new employees. The principal also has the responsibility of terminating employees. The board approves of all new hires, salaries for the year, and terminations. Per the school, no specific employee's salary is charged to the scholarship program.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: NEW LIVING WORD SCHOOL

Based on the procedures performed for New Living Word School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

Scholarship program costs are reportedly identified in the accounting system under the Voucher cost center. Those costs consist of direct costs and indirect or allocated costs. The direct costs include bus driver salaries, transportation expenses, accounting costs, and facility and maintenance rental. Allocated costs include legal and professional, supplies, insurance, non-bus driver salaries and others. From among the direct costs, P&N selected \$98,146.40 or 28% of the total program costs for performance of the procedures. The indirect or allocated costs were not subjected to the procedures since the allocated costs could not be specifically attributed to the scholarship program. In the performance of the procedures, P&N found that \$40,325 of the selected costs lacked sufficient supporting documentation.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 28, 2013, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted Scholarship tuition for the year	\$ 589,050
Budgeted scholarship expenditures for the year	703,720
Actual expenditures as of February 28, 2013	345,663
Percent of budget expended	49%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: NEW LIVING WORD SCHOOL

II. Tuition and Fees for Scholarship Students

Program regulations require that tuition payments received through the Scholarship Program not exceed the tuition charged to non-scholarship students. P&N selected a sample of nine (9) students out of a total of ninety-three (93) students participating in the scholarship program, and verified that the scholarship tuition charged to the Program for each of the sampled students did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition charged to the Program (equal \$1,575 paid over 4 installments, or \$6,300 for the entire school year), to the School's standard tuition charged to all students. The standard tuition for all students according to the School's tuition and fee rate sheet is \$8,500 per year, therefore, no exceptions were noted in performing these procedures as written.

However, P&N made further observations by comparing the level of scholarship tuition revenue to non-scholarship tuition revenue recorded in the School's internal financial statements. That comparison revealed that scholarship student tuition revenue for the period July, 2012 through March, 2013 was \$447,300, or approximately \$4,800 per student (approximately 3 payments of \$1,575 as adjusted for fluctuating enrollment), while non-scholarship tuition revenue was \$60,513, or approximately \$550 per student. The difference between the tuition revenue received from the state through 3 installments (equal to \$4,800 per student or \$6,300 per student per year) and the non-scholarship tuition revenue (equal to \$550 per student) when applied to ninety three (93) scholarship students, approximates \$395,250.

The school's internal financial statements for the period July 2012 through March 2013 report in-kind donations of \$643,271 for non-scholarship students. The School's management asserts that such donations should be considered as tuition payments for non-scholarship students in determining compliance with Program regulations. Upon request of the Department of Education, we performed additional procedures and analyses regarding the in-kind donations, the results of which are communicated in a separate letter.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of nine (9) students out of a total of ninety-four (94) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

New Living Word School
2012 - 2013
Postlethwaite & Netterville
3/11/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	Yes to all	3/11/2013	P&N observed that the school's policies and procedures addressed all the areas.
<i>Human Resource Policies and Practices</i>			
2	Yes	3/11/2013	Upon inquiry of the human resource director, the accounting staff attend an accounting or management type of training at least annually. The last training attended was in September 2012. The conference was held in Shreveport, LA and was about church management and taxes. P&N observed a receipt for the conference fee dated 9/18/2012.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	Yes	3/11/2013	Based upon inquiries, the principal compiles the overall school budget that is then reviewed and approved by the school board. P&N observed a copy of the scholarship budget that the HR director indicated was filed with the state.
<i>Financial Reporting Process</i>			
4	Yes	3/11/2013	Per the School, scholarship program revenues and expenses are identified under the Voucher cost center. The scholarship revenues are identified by account 402.2, State Vouchers. The School identifies transportation, facility cost, and accounting fees as direct costs and all other expenses are allocated as scholarship expenses based on the percentage of scholarship students to total enrollment (46%). P&N observed direct costs under Accounting Fees, account 603, Salary and Wages, account 619.1, Repairs and Maintenance, account 623, Rental Expenses, account 625, Facility and Maintenance Rental, account 626, and Fuel & Oil, account 627.
5	No	3/11/2013	Per the HR director, scholarship payments are deposited into the New Living Word School operating account for the scholarship fund payment amount. P&N traced the September 2012 payment into the bank statement for the New Living Word School account.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

New Living Word School
2012 - 2013
Postlethwaite & Netterville
3/11/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
CASH			
6	No	3/11/2013	P&N observed check #2095 with principal/president's signature. The HR director/vice-president is also authorized to sign checks.
7	Yes	3/11/2013	P&N observed that check #2095 contained the same amount paid (\$380) and payee as indicated on the invoice 455017.
8	No	3/11/2013	P&N was informed that the treasurer records all payable transactions into Microsoft Money. She then prepares the checks, with the exception of reoccurring payments, that she presents along with supporting documentation to either the principal or HR director to sign. The signed checks are then given back to the treasurer to send to the appropriate vendor. In addition, all supporting documentation is given to the hired accounting firm at the end of every month. The hired accounting firm enters all transactions into QuickBooks. The accounting firm prepares checks for all the school's reoccurring monthly expenses, and then sends the prepared checks to the HR director or principal to sign. No reconciliation is performed between the school's and accounting firm's records. The accounting firm was hired to keep track of scholarship funds and expenses.
9	Yes	3/11/2013	The school indicated the bank is contacted via telephone or in person by the treasurer, principal, or HR director within 24 hours of the termination of employment. There have been no such terminations in the last two years.
10	Yes	3/11/2013	The school indicated that all support, such as invoices/receipts, purchase orders, and monthly bank statements, are sent to the hired accounting firm at the end of every month. The hired accounting firm enters the transactions for the month into QuickBooks based on the support received. Once transactions are entered they are automatically recorded to the general ledger in QuickBooks. The hired accounting firm also performs a monthly bank reconciliation. The school receives all support submitted to the hired accounting firm back once they have been entered into QuickBooks as well as financial statements that is then reviewed by the principal. Per the hired accounting firm, they do not normally send the school the monthly bank reconciliations. All work performed by the responsible accountant for the school is reviewed by a CPA at the hired accounting firm. P&N observed the September 2012 food service account and operating account bank reconciliations performed by the hired accounting firm. The bank reconciliations have no evidence of who prepared or reviewed them.
11	Yes	3/11/2013	Although answered yes, the accounting firm indicated that they do not send a monthly bank reconciliation to the school to review. The CPA at the hired accounting firm reviews all of the work performed by a staff accountant at the accounting firm, who is responsible for the school's bookkeeping. Per the School, the principal reviews the bank statements on a monthly basis if not more to identify any unusual transactions.
REVENUES AND RECEIVABLES			
12	Yes	3/11/2013	Although answered yes, the school stated the scholarship funds are not recognized until the money hits the bank account. No receivables are recorded for scholarship funds.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

New Living Word School
 2012 - 2013
 Postlethwaite & Netterville
 3/11/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/11/2013	Per the HR director, purchase orders can be initiated by any employee. All purchase orders must be approved by the principal. In his absence the HR director can sign purchase orders, but must receive approval from the principal before signing. The employee who initiated the PO purchases the items one of two ways: uses personal money that is later reimbursed by the school or obtains a check from the school if the employee has a quote of the exact amount owed. POs are not required for reoccurring monthly expenses. The treasurer enters transactions into Microsoft Money. The support is also sent to the hired accounting firm to be entered into QuickBooks, which automatically records transaction in the general ledger. The treasurer prepares the checks based on the supporting documentation, PO, if applicable, and invoice. The accounting firm prepares checks for monthly recurring expenses (i.e. bus rental and facility use) , which do not require a PO. The accounting firm sends the prepared checks to the HR director or principal to sign. The treasurer then gives the signed check to the appropriate employee or vendor. P&N noted that the treasurer and the principal/president have the same last name.
14	Yes	3/11/2013	Per the HR director, purchase orders can be initiated by any employee. All purchase orders must be approved by the principal. In his absence the HR director can sign purchase orders, but must receive approval from the principal before signing. The employee who initiated the PO purchases the items one of two ways: uses personal money that is later reimbursed by the school or obtains a check from the school if the employee has a quote of the exact amount owed. POs are not required for reoccurring monthly expenses. The treasurer enters transactions into Microsoft Money. The support is also sent to the hired accounting firm to be entered into QuickBooks, which automatically records transaction in the general ledger. The treasurer prepares the checks based on the supporting documentation, PO, if applicable, and invoice. The accounting firm prepares checks for monthly recurring expenses (i.e. bus rental and facility use) , which do not require a PO. The accounting firm sends the prepared checks to the HR director or principal to sign. The treasurer then gives the signed check to the appropriate employee or vendor.
15	Yes	3/11/2013	P&N observed a PO for an expense, observed in item 7, submitted by a school employee. The PO contained the signature of the principal who is authorized to approve purchases.
16	Yes	3/11/2013	P&N noted that the paid bill, observed in item7, was supported by an original invoice/receipt.
17	Yes	3/11/2013	P&N noted that the paid bill was supported by an original invoice/receipt. Supporting documentation is filed by the month the transaction occurred.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

New Living Word School
2012 - 2013
Postlethwaite & Netterville
3/11/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
Employee Compensation			
18	Yes	3/11/2013	Salary employees must sign in and out daily on individual weekly timesheets kept in the supervisor's custody. P&N observed an employee timesheet for the period March 4-8, 2013. P&N noted signatures for the employee and for the supervisor. All hourly employees and bus drivers sign in and out daily on monthly timesheets kept in the HR director's custody. P&N observed an hourly employee's timesheet for the period November 1 - 30, 2012. P&N noted initials for the employee; however, the supervisor does not sign the timesheet. However, the HR director indicated that she does review the hourly employees' timesheets at the end of the month.
19	Yes	3/11/2013	Although answered yes, P&N was informed that the treasurer enters employee salaries and wages into the master payroll file. The HR director enters health, dental, and retirement benefits into the master payroll file. Every month the treasurer sends the accounting firm a payroll spreadsheet listing all employees, monthly salary or wages, and employee benefits for the accounting firm to process the payroll. Based on the spreadsheet provided, the hired accounting firm, enters payroll into QuickBooks and prepares the payroll checks. Once posted into QuickBooks, it automatically posts to the general ledger. The accounting firm sends the prepared checks and check stubs to the school for signatures. Once the checks are signed, the treasurer sends the checks to the appropriate personnel. P&N noted that the principal (authorized signer) and the treasurer (payroll processor with master file access) have the same last name.
20	Yes	3/11/2013	Although answered yes, P&N was informed the treasurer has access to the master payroll file and sends the payroll spreadsheet to the accounting firm to process payroll. The accounting firm does not verify payment amounts. The principal signs all checks. No employees receive paychecks by direct deposit. P&N noted that the principal (authorized signer) and the treasurer (payroll processor with master file access) have the same last name.
21	Yes	3/11/2013	The principal/president is authorized to hire, grant salary increases, and terminate employees with approval by the school board. P&N observed the August 15, 2012 and August 20, 2012 BOD Meeting Minutes that approved the 2012 - 2013 salaries. Per the school, bus drivers are the only employees specifically charged to the scholarship program.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: CLAIBORNE CHRISTIAN SCHOOL

Based on the procedures performed for Claiborne Christian School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 28, 2013, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted scholarship tuition for the year	\$ 117,373
Budgeted scholarship expenditures for the year	117,373
Actual expenditures as of February 28, 2013	85,829
Percent of budget expended	73%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: CLAIBORNE CHRISTIAN SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of twenty-two (22) students participating in the scholarship program, and verified that the scholarship tuition and fees received for each of the sampled students, through the third payment, did not exceed the tuition and fees charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. Four (4) exceptions were noted for each of the three payments, as the tuition and fees charged and paid for scholarship students exceeded those charged to non scholarship students. The total variance for all twelve (12) exceptions was \$75.03.

Exceptions resulting in disallowed tuition: \$75.03

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of twenty-two (22) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Claiborne Christian School
2012-2013
Postlethwaite & Netterville
3/12/13

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	Yes	3/12/2013	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates P&N observed that the school's P&P addressed the continuing education for accounting staff, budget process, approval of expenditures and payables, processing and approval of payroll, and record retention. Per the business administrator, the school has a process in place for authorization and approval of salaries and wages, but it is not formally documented.
<i>Human Resource Policies and Practices</i>			
2	Yes	3/12/2013	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned? Upon inquiry of the business administrator, they attend ACS Technology annual conference every three years. They plan to attend the April 2013 conference. The conference covers ACS software training and ministry implementation.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	Yes	3/12/2013	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education? Based upon inquiries, the business administrator and head of school compile the school budget that is submitted to the school board for approval and then to the Family Church Deacon Board for approval. The business administrator uses the school budget to derive the scholarship budget submitted to LDOE. P&N observed a copy of the scholarship budget that management indicated was filed with the state.
<i>Financial Reporting Process</i>			
4	No	3/12/2013	Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable) The school indicated that all scholarship program revenues are accounted for in several revenue accounts such as tuition, registration fee, books, supplies, technology fee, and art. P&N was unable to uniquely identify the scholarship fund revenues or expenditures in the general ledger. P&N observed the September 2012 payment recorded with a customer receipt report.
5	No	3/12/2013	Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable) P&N was informed that the scholarship funds are directly deposited into Claiborne Christian general fund account. This bank account also contains church funds.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Claiborne Christian School
 2012-2013
 Postlethwaite & Netterville
 3/12/13

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
CASH			
6	Yes	3/12/2013	P&N observed check #33194 with the business administrator's signature and the executive pastor's signature. The business administrator, bookkeeper, executive pastor, and family ministry director are authorized to sign checks.
7	Yes	3/12/2013	P&N observed that check #33194 contained the same amount paid and payee as indicated on the invoices. The check was made up of several invoices/receipts and two purchase orders for an employee that were signed by the bookkeeper. The bookkeeper enters the payables into the system, which are automatically recorded on the general ledger. The business administrator reviews entries and supporting documentation, before printing the check and signing.
8	Yes	3/12/2013	P&N was informed that the business administrator assistant receives checks once signed and sends them to the appropriate party.
9	Yes	3/12/2013	Per the business administrator, he would email the bank to have the employee removed. The bank would send over an authorization letter where the new authorized signer would sign as well as the old authorized signer. No authorized check signers have left or job duties changed in the past two years.
10	Yes	3/12/2013	Based upon inquiries, the bookkeeper records all transactions. The business administrator reviews the entries with the supporting documentation before he prints the check. Two authorized check signers must sign the check. Check signers other than the business administrator do not review the support before signing, but have access to the support if they wish to review. Signed checks are given to the business administrator assistant to send to the appropriate party. The business administrator also prepares a monthly bank reconciliation. The executive pastor reviews the monthly bank reconciliations. P&N observed the September 2012 bank reconciliation. The bank reconciliations did not have any evidence of review by the executive pastor.
11	Yes	3/12/2013	P&N was informed that the executive pastor reviews the monthly bank reconciliations once completed by the business administrator. If any unusual reconciling items are identified, the executive pastor would question the business administrator. The business administrator would then investigate and report back to the executive pastor and the Family Church Deacon Board. P&N observed the September 2012 bank reconciliation. The bank reconciliations did not have any evidence of review by the executive pastor. Per the business administrator, signing bank reconciliations after review is not currently in the school's procedures.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Claiborne Christian School
 2012-2013
 Postlethwaite & Netterville
 3/12/13

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures	
REVENUES AND RECEIVABLES				
12	Are scholarship transactions recorded on a timely basis?	Yes	3/12/2013	Based upon inquiries, receivables are set up for the full amount of tuition at the beginning of the year for each individual scholarship student. Receivables are credited for the payment amounts of each student when payments are received from LDOE.
PROCUREMENT AND PAYABLES				
<i>General Expenditures and Payables</i>				
13	Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other mitigating controls in place?	No	3/12/2013	P&N was informed that the bookkeeper may sign purchase orders for purchases that were already in the school budget pre-approved by the board. Any purchases that were not in the school budget pre-approved by the board must be approved by the head of school. The bookkeeper enters all approved purchase orders in the system. Once transactions are posted into the system, they are automatically recorded to the general ledger. The business administrator reviews all entries before printing the check. The business administrator has the capability to make changes to the entries. If he makes any changes, he documents the change on the actual paperwork. Two authorized signers must sign the check.
14	Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If not, are there other mitigating controls in place?	Yes	3/12/2013	P&N was informed that the employees purchase items with their personal money and then give the receipts/invoices to the bookkeeper to receive reimbursement. The bookkeeper and business administrator make payments for reoccurring bills and big purchase items by a school check. Reoccurring bills do not require purchase orders. The bookkeeper may sign purchase orders for purchases that were already in the school budget pre-approved by the board. Any purchases that were not in the budget pre-approved by the board must be approved by the head of school. The bookkeeper enters all approved purchase orders in the system. Once transactions are posted into the system, they are automatically recorded to the general ledger. The business administrator reviews all entries before printing the check. The business administrator has the capability to make changes to the entries. If he makes any changes, he documents the change on the actual paperwork. Two authorized signers must sign the check.
15	Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions?	Yes	3/12/2013	P&N observed that the purchase orders 189066 and 189067 for reimbursement for an employee both contained the signature of the bookkeeper who is authorized to make purchases for pre-approved budgeted items. The head of school approves of purchases that are outside the pre-approved budget.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Claiborne Christian School
2012-2013
Postlethwaite & Netterville
3/12/13

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
16	No	3/12/2013	P&N noted that the paid bill, observed in item 7, was supported by original invoices/receipts. Per the business administrator, if an employee loses their receipt, the employee must submit a bank statement showing the transaction occurred.
17	Yes	3/12/2013	P&N noted that the paid bill, observed in item 7, was supported by original invoices/receipts. The school files support by check number.
Employee Compensation			
18	Yes	3/12/2013	P&N observed an employee's timesheet the period of March 11, 2013. No signatures are required on timesheets; however, it was indicated by the head of school that the timesheets are reviewed by the principal.
19	Yes	3/12/2013	P&N was informed that the principal and head of school hire new employees. The head of school and the business administrator determine the new hire's salary based on the school's pay scale and school budget that is approved by the school board. Once the salary is set, the bookkeeper enters it into the payroll master file. The business administrator reviews the salaries entered by the bookkeeper. The business administrator has the capability to make changes to the payroll master file. If he makes any changes, he emails the changes to the bookkeeper for evidence of those changes. The bookkeeper runs payroll in ACH every week. Payroll is automatically posted to the general ledger when payroll is finalized. The business administrator submits payroll to the bank for direct deposit for all employees. The business administrator reviews the payroll on a quarterly basis.
20	Yes	3/12/2013	P&N noted that the bookkeeper has the ability to access the master file and processes payroll. Transactions are automatically recorded to the general ledger when posted into the system.
21	Yes	3/12/2013	P&N was informed that the head of school and business administrator determine salaries. The board approves of salaries in the budget. The following personnel have the authority to terminate employees: senior pastor, executive pastor, business administrator, head of school, principal, and K4 director. No specific salaries are charged to the scholarship program.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: NORTHEAST BAPTIST SCHOOL

Based on the procedures performed for Northeast Baptist School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted Scholarship tuition for the year	\$ 69,554
Budgeted scholarship expenditures as of February 15,2013	30,595
Actual expenditures as of February 15, 2013	30,595
Percent of budget expended	100%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: NORTHEAST BAPTIST SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of fourteen (14) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the school. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. One (1) exception was noted for each of the three payments, as the tuition and fees charged and paid for one scholarship student exceeded those charged to non scholarship students. The difference was attributable to amounts paid for field trip fees. The total overpayment amounted to \$12.56 for the three payments.

Exceptions resulting in disallowed tuition: \$12.56

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of eighteen (18) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:	Northeast Baptist
Fiscal Year of Evaluation:	2012 - 2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/18/2013

Louisiana Department of Education

August 2012

Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
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GENERAL/ADMINISTRATIVE***Integrity and Ethical Values***

Does the school have documented and up-to-date policies and procedures for the following areas?

- >Continuing education for accounting staff
- >Budget process
- >Processing and approval of expenditures and payables
- >Record retention
- >Processing and approval of payroll
- >Approval and authorization of compensation levels and wage rates

No

3/18/2013

P&N observed Northeast Baptist School's 2007 bylaws for approval of expenditures and payables. Northeast Baptist does not have policies and procedures for continuing education for accounting staff or record retention. The school has a budget process as well as a process for the approval of payroll and the approval and authorization of compensation levels and wages; however, they are not documented.

Human Resource Policies and Practices

Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?

Yes

3/18/2013

Per the school personnel, the bookkeeper obtains guidance from two CPAs, whom the school has hired for this purpose.

BUDGET PROCESS & FINANCIAL REPORTING***Budget Process***

Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?

Yes

3/18/2013

P&N was informed the principal compiles the scholarship budget and submits it to LDOE. The board does not approve of the LDOE budget.

Financial Reporting Process

Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures?

No

3/18/2013

P&N observed scholarship funds revenue in the trial balance under account 450 SSEEP Contributions. However, the school does not specifically identify scholarship expenditures.

Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable)

No

3/18/2013

The school deposits the checks into the school's general operating account. P&N observed the first scholarship payment in the September 2012 bank statement.

School Name:	<u>Northeast Baptist</u>
Fiscal Year of Evaluation:	<u>2012 - 2013</u>
Audit Firm:	<u>Postlethwaite & Netterville</u>
Date Completed:	<u>3/18/2013</u>

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
CASH			
6	Yes	3/18/2013	P&N observed check number 16742 and noted the bookkeeper's and principal's signatures on the check. The principal and bookkeeper sign the majority of checks. One of the board members is also authorized to sign checks but only does so in the absence of one of the other two check signers.
7	Yes	3/18/2013	P&N observed the amount and payee on check number 16742 and noted it agreed to the amount and vendor on invoice #5DR6546R196443 as well the purchase requisition form.
8	No	3/18/2013	P&N was informed that employees may purchase items with their own personal money and then may request to be reimbursed by the school. The bookkeeper also purchases items and pays bills with a school check or debit card. Each of the authorized check signers have a school debit card. Receipts/invoices are given to the bookkeeper, who then fills out a requisition form for all purchases with the exception of reoccurring bills. The bookkeeper then enters the transactions into QuickBooks. The principal approves of purchases. However per the principal and bookkeeper, the principal rarely signs the requisition form. Transactions are automatically recorded into the general ledger once posted into QuickBooks. The bookkeeper prints the checks from QuickBooks and two of the three authorized signers, which includes the bookkeeper, sign the checks. The bookkeeper then distributes all signed checks to the appropriate party.
9	Yes	3/18/2013	The school indicated the principal and the board member would go to the bank to notify the change in check signers. An authorization form would be picked up for the new check signers to sign and then be returned to the bank. A change in authorized check signers happened in the past two years. P&N observed the authorization form signed by the current authorized check signers.

School Name:	Northeast Baptist
Fiscal Year of Evaluation:	2012 - 2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/18/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
10	No	3/18/2013	P&N was informed the bookkeeper receives invoices/receipts to record transactions, signs the checks along with one other authorized check signer, and prepares monthly bank reconciliations.
11	No	3/18/2013	Per response upon inquiries, the principal does not review the bank reconciliation, but does review the general ledger every month and would investigate any unusual reconciling items. In addition, the board member reviews budget to actual expenditures every month.
REVENUES AND RECEIVABLES			
12	Yes	3/18/2013	School personnel indicated that invoices are set up in QuickBooks for books, tuition, etc. at the beginning of the year for each individual scholarship student. A credit memo for each scholarship student is then created when the scholarship fund check is received.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	No	3/18/2013	P&N was informed that employees may purchase items with their own personal money and then may request to be reimbursed by the school. The bookkeeper also purchases items and pays bills with a school check or debit card. Each of the authorized check signers have a school debit card. Receipts/invoices are given to the bookkeeper, who then fills out a requisition form for all purchases with the exception of reoccurring bills. The bookkeeper then enters the transactions into QuickBooks. The principal approves of purchases. However per the principal and bookkeeper, the principal rarely signs the requisition form. Transactions are automatically recorded into the general ledger once posted into QuickBooks. The bookkeeper prints the checks from QuickBooks and two of the three authorized signers, which includes the bookkeeper, sign the checks. The bookkeeper then distributes all signed checks to the appropriate party.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Northeast Baptist
2012 - 2013
Postlethwaite & Netterville
3/18/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
14	No	3/18/2013	P&N was informed that employees may purchase items with their own person money and then may request to be reimbursed by the school. The bookkeeper also purchases items/pay bills with a school check or debit card. Each of the authorized check signers have a school debit card. Receipts/invoices are given to the bookkeeper, who then fills out a requisition form for all purchases with the exception of reoccurring bills. The bookkeeper then enters the transactions into QuickBooks. The principal approves of purchases. However per the principal and bookkeeper, the principal rarely signs the requisition form. Transactions are automatically recorded into the general ledger once posted into QuickBooks. The bookkeeper prints the checks from QuickBooks and two of the three authorized signers, which includes the bookkeeper, sign the checks. The bookkeeper then distributes all signed checks to the appropriate party.
15	No	3/18/2013	The school indicated that the principal approves of all purchases. The bookkeeper or employee who requested a reimbursement for purchased items fills out a requisition form for the items purchased. The requisition forms require the purchaser's signature, bookkeeper's signature, and the principal's signature. P&N observed a requisition form and noted only the bookkeeper signed it. When asked why the purchaser and principal's signature was not on the form, the bookkeeper responded that she usually fills out the requisition forms for the purchasers. The principal also responded, stating she usually just approves after reviewing the support before signing the check.
16	Yes	3/18/2013	The invoice P&N observed in item 7 was an original invoice.
17	Yes	3/18/2013	The invoice P&N observed in item 7 was an original invoice. The school files documents by vendor with the exception of athletic expenses. All athletic expenses are kept in one file.

School Name:	Northeast Baptist
Fiscal Year of Evaluation:	2012 - 2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/18/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
Employee Compensation			
18	Yes	3/18/2013	P&N was informed that employees clock in and out every day on a time card. No signatures of approval are required on the time cards, but the bookkeeper reviews them before processing payroll. P&N observed a time card for a teacher for September 19, 2012. When employees are absent, they must fill out an absentee form. The principal approves absentee forms only for personal days taken, not sick days. P&N observed a teacher's absentee form for a personal day for February 14-15, 2013. P&N noted the principal signed the absentee form.
19	No	3/18/2013	The school indicated that the bookkeeper enters the annual salaries into the master payroll file, processes payroll, and signs payroll checks. One other authorized check signer must sign the payroll checks as well. Payroll is automatically posted to the general ledger when finalized.
20	Yes	3/18/2013	The school indicated that the bookkeeper enters the annual salaries into the master payroll file, processes payroll, and signs payroll checks. One other authorized check signer must sign the payroll checks as well. Payroll is automatically posted to the general ledger when finalized.
21	Yes	3/18/2013	P&N was informed the principal is authorized to hire, set employee salaries, and terminate employees with board approval. Per the school, no specific teachers are charged to the scholarship program.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED:

PREVAILING FAITH CHRISTIAN ACADEMY

Based on the procedure performed for Prevailing Faith Christian Academy (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

The School does not have an accounting system in place and therefore do not record scholarship expenditures. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted scholarship tuition for the year	\$ 23,242
Budgeted scholarship expenditures for the year	23,242
Actual expenditures as of February 15, 2013	22,741
Percent of budget expended	98%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED:

PREVAILING FAITH CHRISTIAN ACADEMY

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of five (5) students participating in the scholarship program, and verified that the scholarship tuition and fees received for each of the sampled students, through the third payment, did not exceed the tuition and fees charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. Five (5) exceptions were noted for each of the three payments, as the tuition and fees charged and paid for scholarship students exceeded those charged to non scholarship students. The total overpayment amounted to \$1,113.75 for three payments.

Exceptions resulting in disallowed tuition: \$1,113.75

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of five (5) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Prevailing Faith Christian Academy
2012 - 2013
Postlethwaite & Netterville
3/20/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1 Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	Yes and No	3/20/2013	P&N observed policies and procedures for the budget process, approval of expenditures and payables, processing and approval of payroll, and approval and authorization of compensation levels and wage rates. The school does not have written policies and procedures for continuing education for accounting staff or record retention for financial documents.
<i>Human Resource Policies and Practices</i>			
2 Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	Yes	3/20/2013	Based upon inquiries, the chief administrator attended a training on January 14, 2013 hosted by the Foundation for Early Learning. The training was on the collection of fees. The school contracts out payroll with Payrolling Partners, Inc.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3 Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	Yes	3/20/2013	P&N was informed upon inquiries, that management works with the school board to create the school budget. The CFO approves of the budget submitted to LDOE.
<i>Financial Reporting Process</i>			
4 Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable)	No	3/20/2013	P&N was informed that the school does not have an accounting system in place. They will be implementing an accounting software for the future and will retroactively record expenses.
5 Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable)	No	3/20/2013	P&N was informed that the school does not have a separate checking account for scholarship funds. Scholarship payments are directly deposited into the school's general operating account.
CASH			
6 Are two signatures required on checks?	No	3/20/2013	P&N observed check # 3038 with the chief administrator's signature. The chief administrator is the only authorized check signer.
7 Are invoices and supporting documents furnished to the signer prior to signing the check?	Yes	3/20/2013	Per the School, the chief administrator signs checks after viewing invoices/receipts.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Prevailing Faith Christian Academy
2012 - 2013
Postlethwaite & Netterville
3/20/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
8	No	3/20/2013	Per the School, the chief administrator purchases, signs checks, and distributes checks to appropriate parties.
9	Yes	3/20/2013	Based upon inquiries, the school follows the Iberia Bank procedures for adding and removing employees. P&N observed the Iberia Bank procedure. The school does not have procedures for notifying the bank. The school has not had any instances of a check signer being terminated or a change in job duties since the school was founded.
10	Yes	3/20/2013	P&N was informed that the chief administrator orally informs the CFO of purchases. The CFO reviews the bank statements almost daily to see if checks have cleared. The school does not document his review. The board also reviews the bank statements twice a year.
11	Yes	3/20/2013	P&N was informed that the school does not currently have an accounting system in place. The CFO would be the one to investigate any unusual transactions. The board also reviews the bank statements twice a year.
REVENUES AND RECEIVABLES			
12	N/A	3/20/2013	P&N was informed that the School does not have an accounting system currently in place.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	No	3/20/2013	Per the School, the chief administrator purchases and approves all items. Items are purchased with a school check or school debit card. The chief administrator and CFO are the only personnel with access to the school debit card. The chief administrator must obtain board approval for purchases over \$2,000. The chief administrator writes and signs the check. The board reviews the bank statements twice a year. The school does not currently have an accounting system in place.
14	No	3/20/2013	Per the School, the chief administrator purchases and approves all items. Items are purchased with a school check or school debit card. The chief administrator and CFO are the only personnel with access to the school debit card. The chief administrator must obtain board approval for purchases over \$2,000. The chief administrator writes and signs the check. The board reviews the bank statements twice a year. The school does not currently have an accounting system in place.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Prevailing Faith Christian Academy
2012 - 2013
Postlethwaite & Netterville
3/20/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
15	Yes	3/20/2013	Per the School, the chief administrator approves purchases, purchases items, and signs the checks. The school does not currently have an accounting system in place.
16	Yes	3/20/2013	The invoice P&N observed for the paid bill in item 6 was an original invoice.
17	Yes	3/20/2013	The invoice P&N observed for the paid bill in item 6 was an original invoice. Currently all support is filed together for the year. Per the chief administrator, she plans to organize the support by month in the future.
Employee Compensation			
18	Yes	3/20/2013	P&N was informed that attendance is kept by an individual monthly sign in and out sheet. The CFO reviews the timesheets on a weekly basis; however, the CFO does not sign the timesheets for approval. P&N observed a monthly sign in and out sheet for an employee for the month of March 2013.
19	Yes	3/20/2013	P&N was informed that the chief administrator is authorized by the board to hire, set salaries, and terminate employees. The school contracts out their payroll to an organization to process.
20	N/A	3/20/2013	P&N was informed that the school contracts out their payroll. The CFO sends all payroll information with salary information to the contracted payroll organization.
21	Yes	3/20/2013	P&N was informed that the chief administrator is authorized by the board to hire, set salaries, and terminate employees. The chief administrator presents salaries to the board. A hundred percent of one employee's salary is charged to the scholarship program.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: OUR LADY OF FATIMA SCHOOL

Based on the procedures performed for Our Lady of Fatima (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 28, 2013, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted Scholarship tuition for the year	\$ 214,500
Budgeted scholarship expenditures for the year	237,316
Actual expenditures as of February 28, 2013	106,603
Percent of budget expended	45%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: OUR LADY OF FATIMA SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of thirty-five (35) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions resulting in disallowed costs were noted. However, P&N noticed that two of the five students may be incorrectly listed as residing in the Ouachita Parish School District rather than the Monroe City School District.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of forty-one (41) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Our Lady of Fatima School
2012 - 2013
Postlethwaite & Netterville
3/19/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	Yes	3/19/2013	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates The school indicated that they did not have documented policies or procedures for any of the areas. The school confirmed that purchases were approved when discussing the process for approval of expenditures and payables.
<i>Human Resource Policies and Practices</i>			
2	Yes	3/19/2013	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned? P&N was informed that a hired CPA firm as well as the assistant director of the Diocesan Fiscal Office in Shreveport provides guidance to the school's accounting staff.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	Yes	3/19/2013	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education? Per the school personnel, the school budget process involves management and Diocesan approval. The scholarship budget submitted to the Louisiana Department of Education is derived from the approved school budget.
<i>Financial Reporting Process</i>			
4	No	3/19/2013	Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable) P&N observed that the school identifies the scholarship receivables in account 13480, Tuition Receivable - Voucher. However, scholarship revenues and expenditures are not separately identified from non scholarship revenues and expenditures.
5	No	3/19/2013	Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable) The school indicated that scholarship funds are directly deposited into the school's general operating bank account.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Our Lady of Fatima School
2012 - 2013
Postlethwaite & Netterville
3/19/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
CASH			
6	No	3/19/2013	P&N observed check #18691 with the principal's signature. The principal and pastor are authorized to sign checks. The pastor is the back up check signer if the principal is not available.
7	Yes	3/19/2013	P&N observed check #18691 and verified supporting documentation agreed.
8	No	3/19/2013	Per the school personnel, the school accountant records payables, prints checks for the principal or pastor to sign, and distributes the signed checks to the appropriate parties.
9	Yes	3/19/2013	P&N was informed the school board member/ secretary immediately writes a letter to the bank notifying them that the person needs to be removed from the account and also authorizes that the newly hired persons be added to the account. A new principal was hired last year and added as an authorized check signer. P&N observed the authorization form submitted to the bank showing the active and not authorized check signers.
10	No	3/19/2013	Per response upon inquiries, the administrative assistant receives cash and processes deposits. The school accountant records transactions and performs monthly bank reconciliations. The principal then reviews the bank reconciliations. P&N observed the school's February 2013 bank reconciliation and noted the signatures of the school accountant and principal on the reconciliation.
11	Yes	3/19/2013	P&N was informed the principal reviews bank reconciliations and would investigate any unusual reconciling items. P&N observed the school's February 2013 bank reconciliation and noted the signatures of the school accountant and principal on the reconciliation.
REVENUES AND RECEIVABLES			
12	Yes	3/19/2013	The school indicated that at the beginning of the year the school recognizes the scholarship tuition as a receivable and revenue for the full amount.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Our Lady of Fatima School
2012 - 2013
Postlethwaite & Netterville
3/19/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/19/2013	P&N was informed that teachers may initiate purchase requests, which must be approved by the principal. The school personnel will then purchase items with their personal money, which they are then reimbursed with a school check. For reoccurring bills, the principal approves by signing the invoice/receipt - purchase orders are not used for reoccurring bills. The principal pays bills with a school check or debit card. The principal is the only holder of the school debit card. The school accountant receives all purchase orders and invoices/receipts to enter the transactions into QuickBooks, which automatically records the transactions to the general ledger. The school accountant then prints the checks for the principal to sign. The school accountant then distributes the signed checks to the appropriate parties.
14	Yes	3/19/2013	P&N was informed that teachers may initiate purchase requests, which must be approved by the principal. The school personnel will then purchase items with their personal money, which they are then reimbursed with a school check. For reoccurring bills, the principal approves by signing the invoice/receipt - purchase orders are not used for reoccurring bills. The principal pays bills with a school check or debit card. The principal is the only holder of the school debit card. The school accountant receives all purchase orders and invoices/receipts to enter the transactions into QuickBooks, which automatically records the transactions to the general ledger. The school accountant then prints the checks for the principal to sign. The school accountant then distributes the signed checks to the appropriate parties.
15	Yes	3/19/2013	P&N observed that a purchase order for the bill observed in item 7 contained the signature of the principal.
16	Yes	3/19/2013	The invoice P&N observed in item 7 was an original invoice.
17	Yes	3/19/2013	The invoice P&N observed in item 7 was an original invoice. Documents are filed by vendor name in a file cabinet in the School Office.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Our Lady of Fatima School
2012 - 2013
Postlethwaite & Netterville
3/19/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
Employee Compensation			
18	Yes	3/19/2013	The school indicated that attendance is recorded in a daily sign in and out sheet, and there is also a teacher sick leave sheet. Individual time sheets are also kept per employee that are faxed to the Diocese of Shreveport at month end. All reports are reviewed by the principal. P&N observed a daily sign in and out sheet for February 28, 2013. P&N also observed a sick leave sheet for a teacher on February 28, 2013. The principal does not sign the sick leave or timesheet, but does sign the substitute form for the teacher that day.
19	No	3/19/2013	P&N was informed that the school accountant enters salary information into the master payroll file and processes payroll. The majority of employee paychecks are directly deposited. The principal reviews the payroll summary before the school accountant submits the direct deposits to the bank. The principal also reviews what was submitted to the bank. The principal signs paychecks for employees that do not receive direct deposit. Payroll is automatically recorded to the general ledger when finalized.
20	Yes	3/19/2013	P&N was informed that the school accountant enters salary information into the master payroll file and processes payroll. The majority of employee paychecks are directly deposited. The principal reviews the payroll summary before the school accountant submits the direct deposits to the bank. The principal also reviews what was submitted to the bank. The principal signs paychecks for employees that do not receive direct deposit. Payroll is automatically recorded to the general ledger when finalized.
21	Yes	3/19/2013	Per response upon inquiries, the principal has authority to hire, set salaries based on a pay scale, and terminate employees with the approval of the superintendant and bishop of the Diocese of Shreveport. Annual salaries are documented in salary agreements. The school does not charge any specific employees to the scholarship program.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: QUEST SCHOOL

Based on the procedures performed for Quest School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted Scholarship tuition for the year	\$ 43,500
Budgeted scholarship expenditures for the year	43,500
Actual expenditures as of February 15, 2013	43,500
Percent of budget expended	100%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: QUEST SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of six (6) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of six (6) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Quest School
 2012 - 2013
 Postlethwaite & Netterville
 3/13/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	No	3/13/2013	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates The school indicated they do not have any policies or procedures for continuing education for accounting staff. In addition, the school indicated they have policies and procedures for the rest of the areas; however, they are not formally written.
<i>Human Resource Policies and Practices</i>			
2	No	3/13/2013	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned? Per the bookkeeper, the school does not offer training opportunities for the accounting staff. Quest School's has hired an accounting firm to handle their books. The bookkeeper is an employee of the accounting firm.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	Yes	3/13/2013	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education? Based upon inquiries, the board approves the school budget. P&N observed a copy of the scholarship budget that management indicated was filed with the state.
<i>Financial Reporting Process</i>			
4	No	3/13/2013	Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable) Quest School indicated that all scholarship program revenues are accounted for under State Scholarship fund in the Profit and Loss Statement. P&N observed the September 2012 P&L statement showing the State Scholarship Fund revenue account. The school's accounting system does not uniquely identify scholarship expenditures.
5	No	3/13/2013	Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable) Quest School indicated that they deposit all checks into the school's general operating account.
CASH			
6	Yes	3/13/2013	Are two signatures required on checks? The school indicated that before attending the DOE webinar in December 2012, two signatures were not required for any checks. Immediately after the webinar, Quest School put in place a new policy where two signatures are required for checks over \$4,000. Authorized check signers include the director, bookkeeper, and one board member. Per discussion with the school, the director signs all checks. The other two authorized signers would only sign in the director's absence and only if the bill needed to be paid immediately. P&N observed Ck # 10696 to Blue Cross Blue Shield for \$4,213.27 and compared it to invoice 130170008379 . Both the director and bookkeeper signed the check.
7	Yes	3/13/2013	Are invoices and supporting documents furnished to the signer prior to signing the check? P&N observed that check #10696 contained the same amount paid and payee as indicated on the invoice.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Quest School
 2012 - 2013
 Postlethwaite & Netterville
 3/13/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
8	No	3/13/2013	Per the school personnel, the director approves of all purchases. Employees may make purchases with their personal money and will be reimbursed with approval of the director, per presentation of the original receipt. The director will then immediately prepare, sign a check, and give it to the employee. If the payable is for a bill and the checks must be sent out, the director gives the signed checks to the administrative assistant to mail out. The bookkeeper enters all payables into QuickBooks.
9	Yes	3/13/2013	The school indicated that the director informs the bank that a person with check signing authority has been terminated. If the director is terminated the bookkeeper will inform the bank when given approval by the board. No terminations or job duty changes have occurred within the past two years.
10	No	3/13/2013	P&N was informed that the bookkeeper reconciles the bank statement, prepares checks for signing, makes changes to the payroll master file and enters transactions into QuickBooks, which are then automatically posted to the general ledger. The director signs the checks, although the bookkeeper is authorized to sign checks as well. The director reviews the bank reconciliations after prepared by the bookkeeper.
11	Yes	3/13/2013	Per response upon inquiries, the director reviews bank reconciliations performed by the bookkeeper. The director would call the bookkeeper to investigate any unusual reconciling items. Per the director, no such investigations have been necessary. P&N observed the September 2012 bank reconciliation. The school does not have procedures in place for the reviewer to sign the bank reconciliations after review.
REVENUES AND RECEIVABLES			
12	Yes	3/13/2013	The school indicated that they recognize the revenue when it hits the bank account. Receivables are not used for scholarship funds. There are no expenditures exclusive to the scholarship program.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/13/2013	P&N was informed that the director approves of all purchases. Employees may make purchases with their personal money and will be reimbursed with approval of the director per presentation of original receipt. The director will then immediately write the employee a check and give it to the employee. The assistant director purchases all other items usually with a school check or very rarely, the school credit card. The director and assistant director are the only ones with access to the school credit card. The bookkeeper enters all payables into QuickBooks and prints the check for the director to sign. The director gives the signed checks to the administrative assistant to mail out.

School Name:
Fiscal Year of Evaluation:
Audit Firm:
Date Completed:

Quest School
2012 - 2013
Postlethwaite & Netterville
3/13/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
14	No	3/13/2013	P&N was informed the director approves of all purchases. Employees may make purchases with their personal money and will be reimbursed with approval of the director per presentation of original receipt. The director will then immediately write the employee a check and give it to the employee. The assistant director purchases all other items usually with a school check or very rarely, the school credit card. The director and assistant director are the only ones with access to the school credit card. The bookkeeper enters all payables into QuickBooks and prints the check for the director to sign. The director gives the signed checks to the administrative assistant to mail out.
15	No	3/13/2013	The school indicated the director must approve of all purchases, and the approval is given orally. The school does not document approvals.
16	Yes	3/13/2013	P&N noted that the paid bill, observed in item 7, was supported by an original invoice.
17	Yes	3/13/2013	P&N noted that the paid bill, observed in item 7, was supported by an original invoice. Support is filed by vendor. At the end of the year the vendor files are put in a box and labeled by year.
Employee Compensation			
18	Yes	3/13/2013	The school indicated that they keep attendance of teachers in the student attendance record books. P&N observed the school's attendance record book and observed the section for faculty attendance for the month of December 2012. The director reviews the faculty attendance every six weeks. The school does not have sick or personal days for employees, and the salaried employee's pay checks are not docked if they have a sick day.
19	No	3/13/2013	P&N was informed the director is authorized to hire and terminate employees with board approval. P&N noted that the bookkeeper has the ability to access the master file and processes payroll, which automatically makes journal entries in the general ledger once posted.
20	No	3/13/2013	P&N noted that the bookkeeper has the ability to access the master file and processes payroll, which automatically makes journal entries in the general ledger once posted. The director signs all payroll checks.
21	Yes	3/13/2013	P&N was informed the director is responsible for hiring and setting the new hire's salary based on years of experience and degree. The board approves the salaries of new employees when hired and when employees receive salary increases. Salaried employees sign a salary agreement. P&N observed the assistant director's 2012-2013 salary agreement and noted it was signed by the director, a board member, and the assistant director.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. FREDERICK HIGH SCHOOL

Based on the procedures performed for St. Frederick High School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "yes", "no", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 28, 2013, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted Scholarship tuition for the year	\$ 48,768
Budgeted scholarship expenditures for the year	68,707
Actual expenditures as of February 28, 2013	35,942
Percent of budget expended	52%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. FREDERICK HIGH SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of eight (8) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members or participation in fund raising events. Of the five (5) students sampled, five (5) exceptions were noted. Scholarship payments exceeded the allowable amount by \$6.25 per student per quarter. The total disallowed amount for all students for the three (3) quarters tested amounted to \$93.75.

Exceptions resulting in disallowed tuition:	\$93.75
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III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of eleven (11) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: St. Frederick's High School
Fiscal Year of Evaluation: 2012 - 2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/19/2013

Louisiana Department of Education

August 2012

Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures	
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	Yes	3/19/2013 The school indicated that they have policies and procedures for these areas; however, the school did not have the policies and procedures documented.
<i>Human Resource Policies and Practices</i>			
2	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	Yes	3/19/2013 P&N was informed that the school hired a CPA firm to provide guidance to the school's accounting staff. In addition, the associate director at the Diocesan of Shreveport provides guidance to the school accounting staff.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	Yes	3/19/2013 The school indicated that management creates the school budget, which is approved by the school board as well as the superintendant and bishop of the Diocesan of Shreveport. The school compiles the scholarship budget by using the percentage of scholarship students to total enrollment and multiplying it by the school budget amounts to determine the scholarship budget in each category. P&N observed the scholarship budget submitted to the Louisiana Department of Education.

School Name:	St. Frederick's High School
Fiscal Year of Evaluation:	2012 - 2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/19/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
Financial Reporting Process			
4	No	3/19/2013	P&N noted that scholarship payments received can be identified in the Detail Inquiry Report for account 009/000/13080, A/R Tuition and Fees; however, all school account receivables, including non scholarship receivables, are recorded in this account. Scholarship expenditures cannot be separately identified. P&N observed the receivables in account, A/R Tuition & Fees.
5	No	3/19/2013	The school indicated that they deposit the check into the school's operating account. P&N observed the September 2012 bank statement noting the first payment was deposited into the school's operating account.
CASH			
6	No	3/19/2013	P&N observed check #33082 dated November 2012. The check was signed only by the principal. As of February 27, 2013 the principal was removed as an authorized check signer and the superintendent was added. The president of the school is also an authorized check signer.
7	Yes	3/19/2013	P&N observed purchase order 1955, check #33082 and invoice 12-2227. P&N noted that all documentation agrees.
8	No	3/19/2013	Per response upon inquiries, the business manager records transactions into the system, prepares the checks for signing, and distributes the signed checks to the appropriate parties. Before November 2012, a hired CPA firm would record and prepare checks for the school.

School Name:	St. Frederick's High School
Fiscal Year of Evaluation:	2012 - 2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/19/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
9	Yes	3/19/2013	The school indicated that the superintendent immediately writes a letter to the bank removing that person from the account and requests that the newly hired person be added to the account. The principal was recently removed as an authorized check signer and the president of the school was added. P&N observed the letter from the superintendant notifying the bank of the change.
10	No	3/19/2013	P&N was informed the receiving of cash, processing deposits, and recording of payables are performed by the business manager. Bank reconciliations and recording of receivables are performed by the school accountant. The president of the school reviews monthly bank reconciliations. P&N observed the February 2013 bank reconciliation performed by the school accountant and noted the school accountant's signature and the president of the school's signature. Before November 2012, the hired CPA firm would perform bank reconciliations.
11	Yes	3/19/2013	Per the school personnel, the president of the school reviews the bank reconciliations and investigates any unusual reconciling items. A CPA from the hired CPA firm also reviews the bank reconciliations. P&N observed February 2012 reconciliations and noted the president of the school signed as the reviewer. The CPA does not evidence his review of the bank reconciliation.
REVENUES AND RECEIVABLES			
12	Yes	3/19/2013	The school indicated that they recognize the scholarship payments as a receivable and revenue at the beginning of the school year based on the number of scholarship students.

School Name:	St. Frederick's High School
Fiscal Year of Evaluation:	2012 - 2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/19/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/19/2013	P&N was informed that teachers may complete a purchase order that must be approved by the president. The business manager, principal, and secretary are authorized to purchase items with a school check or school credit card. Purchased items must be approved by the president of the school on a purchase order with the exception of reoccurring bills. Before February 27, 2013 the principal was also authorized to approve purchases. The business manager enters the transactions into the system, prepares the checks for the president of the school to sign, and distributes check to the appropriate personnel. Transactions are automatically recorded to the general ledger.
14	Yes	3/19/2013	P&N was informed that teachers may complete a purchase order that must be approved by the president. The business manager, principal, and secretary are authorized to purchase items with a school check or school credit card. Purchased items must be approved by the president of the school on a purchase order with the exception of reoccurring bills. Before February 27, 2013 the principal was also authorized to approve purchases. The business manager enters the transactions into the system, prepares the checks for the president of the school to sign, and distributes check to the appropriate personnel. Transactions are automatically recorded to the general ledger.
15	Yes	3/19/2013	P&N observed a purchase order dated November 2012 and noted it was approved by the principal, who at that time was authorized to approve purchases. P&N also observed a purchase order dated February 2013 and noted it was approved by the president of the school.
16	Yes	3/19/2013	The invoice P&N observed in item 7 was an original invoice.

School Name:	St. Frederick's High School
Fiscal Year of Evaluation:	2012 - 2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/19/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
17	Yes	3/19/2013	The invoice P&N observed in item 7 was an original invoice. Documents are filed by vendor name in a file cabinet in the business office.
Employee Compensation			
18	Yes	3/19/2013	The school indicated that daily sign in & out sheets, sick forms, and individual monthly time records are reviewed by the president of the school. The principal is responsible for signing the individual monthly time records, which are also sent to the superintendent of the Diocese of Shreveport. P&N observed a teacher's February 1, 2013 time in and out sheet, sick form, as well as the individual's monthly time record that was sent to the superintendent. The individual monthly time record was signed by the principal.
19	No	3/19/2013	P&N was informed the school accountant enters the salary information into the master payroll, processes payroll, and performs bank reconciliations. Payroll is automatically recorded to the general ledger when finalized. The president signs payroll checks and reviews the check register before direct deposits are submitted to the bank. The president of the school then reviews the ACH report after direct deposits are submitted to the bank.
20	Yes	3/19/2013	P&N was informed the school accountant enters the salary information into the master payroll, processes payroll, and performs bank reconciliations. Payroll is automatically recorded to the general ledger when finalized. The president signs payroll checks and reviews the check register before direct deposits are submitted to the bank. The president of the school then reviews the ACH report after direct deposits are submitted to the bank.

School Name: St. Frederick's High School
Fiscal Year of Evaluation: 2012 - 2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/19/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
21 Are all changes in employment (additions and terminations), salary and wage rates, and payroll deductions properly authorized, approved, and documented?	Yes	3/19/2013	The school indicated that the president of the school is authorized to hire, terminate, and set salaries in line with the school's pay scale. The board approves of overall salaries, but the superintendent and bishop of the Diocese of Shreveport approve individual salaries. No specific employees are charged to the scholarship program.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: OUR LADY'S SCHOOL

Based on our review Our Lady's School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "Yes", "No", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted scholarship tuition for the year	\$ 29,904
Budgeted scholarship expenditures for the year	29,904
Actual expenditures as of February 15, 2013	29,904
Percent of budget expended	100%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: OUR LADY'S SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of eight (8) students participating in the scholarship program, and verified that the scholarship tuition and fees received for each of the sampled students, through the third payment, did not exceed the tuition and fees charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of eight (8) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: Our Lady's School
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/5/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	Yes	3/5/2013	Does the School have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates P&N observed both the School employee handbooks and the Diocesan Policies binder that addressed the policies and procedures for continuing education, the budget process, processing and approval of expenditures, record retention, the processing and approval of payroll, and the approval and authorization of compensation levels and wage rates.
<i>Human Resource Policies and Practices</i>			
2	Yes	3/5/2013	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned? The School stated that the finance director and the principal attended the Diocese of Lake Charles' administrative and accounting workshop, the most recent one held in October of 2012.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	Yes	3/5/2013	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education? The finance director stated that she and the principal prepare the School budget in February and March and submit it to the School's finance committee by April. The final budget is submitted to the Diocese by October. P&N observed a copy of the 2012 -2013 School budget. This budget process does not address budgeted scholarship expenditures. The "Supplies and Materials" category that is reported on the budget report submitted to the DOE was based on the Workbook fee applied to all scholarship students. The "Other" category was based on the fundraising fee applied to all scholarship students. The remaining tuition and fees charged to the scholarship program were applied to salaries. The most recent budget report includes only the amounts received from the scholarship program as of the third quarter. There is no established procedure for preparing and transmitting the scholarship budget to the DOE.

School Name: Our Lady's School
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/5/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
Financial Reporting Process			
4	Yes	3/5/2013	The School stated that the accounting system codes revenue and expenditures by category. P&N observed that scholarship revenues are identified in accounts 108.1 through 108.4. The expenditures are not specifically identified in the accounting system. The scholarship expenditures on the report submitted to the DOE reflect what the School has received as of the third quarter, and the School's determination of what has been expended.
5	No	3/5/2013	Per the finance director, the School does not have a separate checking account for scholarship funds.
CASH			
6	No	3/5/2013	Per the finance director, two signatures are not required. The principal and the pastor are the only authorized signers on the School's accounts.
7	Yes	3/5/2013	P&N observed an original invoice and check voucher # 28088 dated 2/11/2013 payable to Entergy for invoice # 505101691076 for \$2,374.01 from First Federal checking account ending in 01.
8	Yes	3/5/2013	The finance director stated that she prepares and records the checks, but she is not an authorized signer.
9	Yes	3/5/2013	The finance director explained that the bank requires that the remaining signer must physically appear at the bank to add or remove signers from the School's accounts. P&N observed a letter signed by the Superintendent of the School Board on Diocese letterhead dated February 2009 detailing a request to remove signers.
10	Yes	3/5/2013	The finance director stated that she performs the monthly bank reconciliation, receives cash, prepares bank deposits, and records transactions into the general ledger.
11	Yes	3/5/2013	P&N was informed that the finance committee reviews the financial statements during their monthly meeting, but reconciliations are not reviewed or approved. There is no evidence of any review or approval of bank reconciliations.

School Name: Our Lady's School
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/5/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
REVENUES AND RECEIVABLES			
12	Yes	3/5/2013	The finance director stated that the accounting system does not specifically identify scholarship expenditures, but does code scholarship revenue.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/5/2013	The finance director stated that she prepares the disbursements and records and enters cash disbursements. The principal approves the disbursements.
14	Yes	3/5/2013	The finance director stated that she prepares the disbursements and vouchers and the principal approves the expenditure and signs checks.
15	Yes	3/5/2013	P&N observed a requisition form both completed and approved by the principal for floor installation in the amount of \$16,627.84. The finance director stated that the project was approved during the monthly finance committee meeting prior to purchase and install, but evidence of approval was not available for review. All purchases over \$1,000 require an approval by the finance committee.
16	Yes	3/5/2013	See item 7.
17	Yes	3/5/2013	P&N observed that original invoices were retained after payment and maintained in files cabinets and storage boxes.

School Name: Our Lady's School
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/5/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
Employee Compensation			
18	Yes	3/5/2013	P&N observed the sign in sheet dated 2/22/2013.
19	Yes	3/5/2013	The finance director explained that she processes payroll by reviewing the attendance records and that she also maintains the general ledger. She also has access to all other HR documentation. The finance committee approves salary levels.
20	Yes	3/5/2013	The finance director stated that she makes the changes to the master payroll file. The principal and the finance director also have access to the employee master file.
21	Yes	3/5/2013	The School explained that the employee list and salary schedule is approved and authorized by the finance committee. Additions and terminations of salaried employees are carried out by the principal. The Diocese has policies that address the process of making such changes. P&N observed the School Board approved standard salary rate schedule for salaried teachers noting that the salary is approved by the Diocese School Board.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED:
ST. THEODORE'S HOLY FAMILY CATHOLIC SCHOOL

Based on our review of St. Theodore's Holy Family Catholic School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide account, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "Yes", "No", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of March 1, 2013, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted scholarship tuition for the year	\$ 63,630
Budgeted scholarship expenditures for the year	63,630
Actual expenditures as of March 1, 2013	63,630
Percent of budget expended	100%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED:
ST. THEODORE'S HOLY FAMILY CATHOLIC SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of fourteen (14) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each School's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of fourteen (14) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

St. Theodore's Holy Family Catholic School
2012-2013
Postlethwaite & Netterville
3/4/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	No	3/4/2013	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates P&N observed the Diocesan Policies and employee handbook that addressed the budget process, processing and approval of expenditures and payables, and approval and authorization of compensation levels and wages rates. Continuing education for accounting staff, record retention, and payroll processes were not addressed in the policies and procedures. The bookkeeper stated that there is not a policy nor a directive from the Diocese of Lake Charles for continuing education of the accounting staff. She attended a QuickBooks training approximately four years ago, and has not participated in further continuing education. The bookkeeper was unaware of any Diocese policy regarding payroll and record retention.
<i>Human Resource Policies and Practices</i>			
2	No	3/4/2013	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned? The bookkeeper stated she attended a QuickBooks training approximately four years ago, and has not attended another since.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	Yes & No	3/4/2013	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education? The principal stated that she develops the School budget, the School's finance committee approves it, and it is then submitted to the Diocese. This budget process does not address budgeted scholarship expenditures. The principal stated that she intended to apply all scholarship revenue to salary expenditures. There is no established procedure for preparing and transmitting the scholarship budget to the DOE.
<i>Financial Reporting Process</i>			
4	Yes & No	3/4/2013	Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable) The bookkeeper stated that the accounting system codes revenue and expenditures by category, but the scholarship revenues and expenditures are not specifically identified in the accounting system. The scholarship expenditures that are reported on the budget report submitted to the DOE are applied to the salaries of teachers who teach scholarship students.
5	No	3/4/2013	Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable) The bookkeeper stated that the School does not maintain a separate checking account for scholarship funds.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

St. Theodore's Holy Family Catholic School
2012-2013
Postlethwaite & Netterville
3/4/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures	
CASH				
6	Are two signatures required on checks?	No	3/4/2013	Per the bookkeeper, two signatures are not required. The principal and the pastor are the only authorized signers on the School's accounts.
7	Are invoices and supporting documents furnished to the signer prior to signing the check?	Yes	3/4/2013	P&N observed check # 19215 dated 2/21/2013 payable to AT&T phone and internet services for \$255.31. The check agrees to the attached check voucher and original invoice from AT&T.
8	Are signed checks inaccessible to persons who requested, prepared, or recorded them?	No	3/4/2013	The bookkeeper stated that she prepares and records the checks, but she is not an authorized signer.
9	Are procedures provided for immediate notification to banks when check signers leave the unit or are otherwise no longer authorized to sign?	Yes	3/4/2013	P&N was informed that the bank requires a signed letter from the pastor authorizing a change in signers. P&N observed the completed and signed bank document from 2008 to add authorized signers to the account.
10	Are bank reconciliations performed by someone independent of receiving cash or processing and recording of transactions. If not, are there other mitigating controls in place?	No	3/4/2013	The bookkeeper stated that she performs the monthly bank reconciliation, receives cash, and records transactions into the general ledger.
11	Are all reconciliations and investigations of unusual reconciling items reviewed and approved by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation? If not, are there other mitigating controls in place?	No	3/4/2013	The bookkeeper stated that the bank reconciliation is not reviewed or approved. However, the finance committee reviews monthly financial statements and transactions and investigates any unusual transactions.
REVENUES AND RECEIVABLES				
12	Are scholarship transactions recorded on a timely basis?	Yes & No	3/4/2013	The bookkeeper explained that scholarship revenues are identified in the accounting system, but scholarship expenditures are not identified. P&N was informed all receipts are deposited and recorded daily depending on the size of receipt.

School Name: St. Theodore's Holy Family Catholic School
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/4/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	No	3/4/2013	Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other mitigating controls in place? The bookkeeper stated that she prepares the disbursements and records cash disbursements. The principal approves all disbursements.
14	No	3/4/2013	Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If not, are there other mitigating controls in place? The bookkeeper stated that she prepares the disbursements and vouchers and the principal approves the expenditure and signs the check.
15	No	3/4/2013	Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions? The principal explained that the School has an informal requisition process and that a verbal approval from the principal is sufficient to make purchases.
16	Yes	3/4/2013	Are payments made only on the basis of original invoices? See item 7.
17	Yes	3/4/2013	Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner? P&N observed that original invoices were retained after payment and maintained in files cabinets and storage boxes.
<i>Employee Compensation</i>			
18	Yes	3/4/2013	Do records and controls exist for timekeeping and attendance? P&N observed the sign in sheet dated February 4, 2013.
19	No	3/4/2013	Are responsibilities for the payroll processing function segregated from the general ledger function and the HR functions? If not, are there other mitigating controls in place? The bookkeeper stated that she processes payroll by reviewing the attendance records and maintains the general ledger. The bookkeeper also has access to all other HR documentation and the finance committee approves salary levels.
20	No	3/4/2013	Is access to the master payroll file limited to employees who are authorized to make changes (Presumably HR)? The bookkeeper stated that both she and the principal have access to the payroll master file, but she usually makes the changes to the master payroll file.
21	Yes	3/4/2013	Are all changes in employment (additions and terminations), salary and wage rates, and payroll deductions properly authorized, approved, and documented? The principal stated that the employee list and salary schedule is approved and authorized by the finance committee. Additions and terminations of salaried employees are carried out by the principal. P&N observed the School Board approved standard salary rate schedule for salaried teachers noting that the salary is determined by years of experience and level of education.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: GETHSEMANE CHRISTIAN ACADEMY

Based on our review of Gethsemane Christian Academy (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "Yes", "No", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

The School did not provide the budget and actual expenditures as of December 18, 2012, which was not the cutoff date established for the third scholarship payment. A summary of the December 18, 2012 budget provided to the Department of Education is as follows:

Budgeted scholarship tuition for the year	\$ 164,594
Budgeted scholarship expenditures for the year	170,569
Actual expenditures as of December 18, 2012	Not Provided
Percent of budget expended	Unable to determine

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: GETHSEMANE CHRISTIAN ACADEMY

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of thirty-nine (39) students participating in the scholarship program, and verified that the scholarship tuition and fees received for each of the sampled students, through the third payment, did not exceed the tuition and fees charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of forty (40) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Gethsemane Christian Academy
 2012-2013
 Postlethwaite & Netterville
 3/21/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	No	3/21/2013	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention - >Processing and approval of payroll - >Approval and authorization of compensation levels and wage rates The School stated that they do not have formal policies and procedures addressing continuing education for accounting staff, the budget process, expenditure and payables processing and approval, record retention, payroll processing and approval, or compensation and wage rate approval and authorization. The principal stated that she uses her 30 year teaching and administrative experience to manage the operations of the School.
<i>Human Resource Policies and Practices</i>			
2	No	3/21/2013	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned? The principal explained that the School's bookkeeper that maintains a general ledger for the Gethsemane church and school lives in Texas. She does not perform the routine operating processes, but receives the monthly bank statements from the school to record and reconcile in QuickBooks. The principal stated that the School and church operate separately, but are considered one nonprofit entity and the statements are submitted to the church's bookkeeper for consolidation. The bookkeeper stated that she has not attended any continuous accounting training during her 11 years at the church and School.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	Yes and No	3/21/2013	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education? The school stated that the operating budget is prepared by the principal in March for the next school year. Projections for operating revenues and expenditures are made using the prior years' data, student enrollment, and other anticipated revenue and expenditures. This budget process is informal and does not have to be approved by the school board. This budget process does not address budgeted scholarship expenditures. The scholarship budgeted expenditures that was submitted to the DOE was based on the school wide budget prorated for the ratio of scholarship students to total students. There is no established procedure for preparing and transmitting the scholarship budget.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Gethsemane Christian Academy
2012-2013
Postlethwaite & Netterville
3/21/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
<i>Financial Reporting Process</i>			
4	No	3/21/2013	The School stated that transactions are not recorded into a general ledger as they occur. The School's bank statement is sent to the bookkeeper in Texas who records the transactions from the last month's bank statement. The bookkeeper stated that she does not record revenue or expenditures specific to the scholarship program. P&N observed the categories of revenues and expenditure from the December 2012 Profit and Loss statement and could not differentiate the scholarship funds and expenditures from other revenue and expenditures.
5	No	3/21/2013	The principal stated that a separate account for scholarship funds is not maintained. The scholarship funds are deposited into the School's general checking account. P&N observed the first quarter payment of \$39,339.36 posted in Iberia Bank on October 1, 2012. This amount was rolled into the total deposit amount of \$41,148.62.
CASH			
6	No	3/21/2013	Per the principal, two signatures are not required. The principal and the pastor are the two authorized signers on the account.
	No	3/21/2013	The principal stated that she prepares, records, and signs all checks for disbursement.
9	Yes and No	3/21/2013	The principal stated that signers have never been added or removed from the account, as she and the pastor are the founders of the School and the only authorized signers. She stated that she would follow the requirements of the bank to add or remove signers.
10	No	3/21/2013	The principal explained that the bookkeeper who resides in Texas performs all bank reconciliations. The School sends the monthly bank statements to the bookkeeper to reconcile. Upon further inquiry, it was revealed that the bookkeeper does not receive cash, but she does record the transactions from the bank statements into the general ledger.
11	No	3/21/2013	Per the principal, the bookkeeper reconciles the monthly bank statements. The principal reviews the bank statements for unusual transactions, but does not review or approve the reconciliations.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Gethsemane Christian Academy
2012-2013
Postlethwaite & Netterville
3/21/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures	
REVENUES AND RECEIVABLES				
12	Are scholarship transactions recorded on a timely basis?	No	3/21/2013	The principal stated that the School's accounting system does not specifically identify scholarship transactions. The bookkeeper records the previous month's transactions from the monthly bank statements.
PROCUREMENT AND PAYABLES				
<i>General Expenditures and Payables</i>				
13	Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other mitigating controls in place?	No	3/21/2013	The principal stated that she performs all payables and disbursement functions. She prepares and approves all disbursements and has check signing authority. The School does not maintain a general ledger on site and all recording is performed by the bookkeeper in Texas upon receiving the bank statements.
14	Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If not, are there other mitigating controls in place?	No	3/21/2013	The principal stated that she prepares and approves all disbursements and has check signing authority.
15	Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions?	No	3/21/2013	The principal explained that the School uses an informal requisition process, as requests for purchases and reimbursements are not common. A verbal approval from the principal is sufficient.
16	Are payments made only on the basis of original invoices?	Yes	3/21/2013	Per the principal, she receives all invoices, and prepares and disburses all payments. She stated that she usually makes payments on the basis of original invoices but will make copies if a portion of the bill is also paid from the daycare and the preschool accounts.
17	Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner?	Yes	3/21/2013	P&N observed original invoices #1391 for \$40.77, #7791 for \$17.38, and #107716 for \$27.22 from Fuselier's Janitorial Supply from January and February 2013. The attached check voucher #2630 for \$85.37 agreed to the invoice.

School Name: Gethsemane Christian Academy
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/21/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
<i>Employee Compensation</i>			
18	Yes	3/21/2013	P&N observed the sign in sheet for March 2013.
19	Yes	3/21/2013	The principal explained that the payroll is processed by a local CPA firm. Each month the secretary reviews the time sheets and adjusts for deductions and submits the monthly gross pay to the CPA. The general ledger is maintained by the bookkeeper in Texas, and the principal maintains all HR documentation.
20	Yes	3/21/2013	The secretary stated that she or the principal notifies the School's external CPA to make changes to the master payroll file.
21	No	3/21/2013	The principal stated that the School does not have a salary schedule. The principal and employee agree on the terms of employment, though they are not formally written in a contract.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: HOLY FAMILY CATHOLIC SCHOOL

Based on our review of Holy Family Catholic School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide account, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "Yes", "No", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted scholarship tuition for the year	\$ 341,640
Budgeted scholarship expenditures for the year	341,640
Actual expenditures as of February 15, 2013	266,190
Percent of budget expended	78%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: HOLY FAMILY CATHOLIC SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of seven (7) students out of a total of seventy-two (72) students participating in the scholarship program, and verified that the scholarship tuition received for each of the sampled students, through the third payment, did not exceed the tuition charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of seven (7) students out of a total of seventy-two (72) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: Holy Family Catholic School
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 2/26/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	Yes	2/26/2013	<p>Does the school have documented and up-to-date policies and procedures for the following areas?</p> <ul style="list-style-type: none"> >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates <p>P&N observed the school's policies and procedures that addressed the budget process, processing and approval of expenditures, payables, payroll, and approval and authorization of compensation levels and wages rates. Continuing education for accounting staff and record retention was not addressed in the policies and procedures. Upon inquiry about the continuing education for accounting staff, the principal stated that the Catholic Diocese of Lafayette holds annual training for all accounting and human resources staff. The principal was able to provide the Diocese's record retention schedule that lists the record type and the retention period.</p>
<i>Human Resource Policies and Practices</i>			
2	Yes	2/26/2013	<p>Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?</p> <p>P&N observed copies of the PowerPoint presentations retained by the staff from the October 2012 accounting administrative training workshops sponsored by the Catholic Diocese of Lafayette.</p>
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	Yes	2/26/2013	<p>Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?</p> <p>The principal stated that he develops the budget, the chancellor of the school reviews the budget and it is then approved by the board of directors. The final budget is submitted to the Diocese. The scholarship revenue is accounted for in account #4126 in the general ledger, but the scholarship expenditures are not coded in the general ledger. This budget process does not address budgeted scholarship expenditures. The budget for the scholarship program is determined by the total anticipated scholarship revenue based on the number of incoming scholarship students as stated in Notification of Incoming Students from the Department of Education. The expenditures are then allocated depending on the category. Salary expenditure is allocated using the percentage of scholarship students taught by each homeroom teacher (example: 10 scholarship students in a class of 30 total students; 30% of that teacher's salary is allocated to the scholarship fund). An allocation rate of 35% was used for auxiliary and administrative support staff since the scholarship students are 35% of the total student population. These allocated costs are then divided by four and applied as salaries expenditure to each quarter. The same allocation rates are applied to employee benefits. Some supplies and materials costs are allocated by reviewing vendor invoices quarterly and applying the 35% rate for general purpose expenditures (example: 35% of utility costs are allocated to scholarship funds). For specific expenses that can be traced to a scholarship student, the principal takes the itemized invoice and applies the costs to the scholarship students.</p>

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Holy Family Catholic School
2012-2013
Postlethwaite & Netterville
2/26/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
<i>Financial Reporting Process</i>			
4	Yes	2/26/2013	P&N was informed that the School codes revenue and expenditures by category, but the scholarship revenues and expenditures are not specifically identified in the accounting system. Principal stated that all scholarship program revenues and non scholarship tuition revenue are accounted for in the Tuition revenue account # 4126 in the general ledger. The system does not identify expenditures exclusive to the scholarship program, thus the allocation of expenditures related to the scholarship program is manually performed by the principal. The school has three main vendors from whom they purchase educational materials and supplies. The principal reviews invoices and applies an allocation rate based on the number of scholarship students over the total students enrolled (for general purpose expenditures like bulk paper), or records the actual costs traceable to the scholarship students (i.e. curriculum books). The total allocated and actual is reported to the DOE as scholarship expenditures. The allocation calculations were observed on the invoices themselves, but there were no official records maintained (i.e. spreadsheet) to show these allocations.
5	No	2/26/2013	The principal stated that the School does not maintain a separate checking account for scholarship funds.
CASH			
6	Yes	2/26/2013	P&N observed the check image bearing the signature of the principal and the chancellor on check #10927 payable to Lafayette Utilities Systems for \$1,452.08.
7	Yes	2/26/2013	P&N observed that check # 10927 payable to Lafayette Utilities Systems for \$1,452.08 agrees to calculated total on three invoices from Lafayette Utilities Systems. Note: Two of the three invoices were addressed to "St Paul School on Hopkins Street" and one invoice addressed to "Holy Family Catholic School" to the school's physical address on St. John Street. The principal stated that the School had changed its name from St. Paul School to Holy Family in 1978 and the three bills are for the three different buildings on campus. P&N observed and verified that the buildings were on campus and two of them were on Hopkins Street.
8	Yes	2/26/2013	P&N was informed that the bookkeeper prepares and records the checks.
9	Yes	2/26/2013	The school explained that the remaining check signer must physically go to the bank with a letter from the Diocese to remove and or add authorized signers to school accounts. The principal states that there has not been any changes to the authorized signers since his tenure.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Holy Family Catholic School
2012-2013
Postlethwaite & Netterville
2/26/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
10	Yes	2/26/2013	The principal stated that the accountant selected by the School Board prepares the monthly bank reconciliations. She is not an employee of the school and does not receive cash or record transactions. She does, however, process the School's payroll. The payroll report is reviewed by the principal prior payment to verify the employees and payment amounts. P&N observed the bank statement dated September 29, 2012 for Iberia Bank checking account number ending in 26 and the corresponding reconciliation printout from QuickBooks.
11	Yes	2/26/2013	P&N was informed that there was no evidence to show that the reconciliation was reviewed or approved by someone other than the preparer.
REVENUES AND RECEIVABLES			
12	Yes	2/26/2013	P&N observed that the accounting system does not identify scholarship revenues or expenditures.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	N/A	2/26/2013	The principal stated that the bookkeeper prepares the disbursements and records and enters cash disbursements. The principal approves the disbursements and the accountant reviews transactions detail and reconciliations.
14	Yes	2/26/2013	The School stated that the bookkeeper prepares the disbursements and vouchers and the principal approves the expenditure and signs the check.
15	Yes	2/26/2013	P&N was informed that the School has an informal requisition process and that a verbal approval from the principal is sufficient to make purchases.
16	Yes	2/26/2013	See item 7.
17	Yes	2/26/2013	P&N observed original invoices were retained after payment and maintained in files according to vendor name.

School Name: Holy Family Catholic School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 2/26/2013

Louisiana Department of Education

August 2012

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
<i>Employee Compensation</i>			
18	Yes	2/26/2013	P&N observed the sign in sheet dated 2/26/2013.
19	Yes	2/26/2013	P&N was informed that the accountant has access to the general ledger and HR documentation, and is also responsible for processing payroll. Payroll is reviewed by the principal prior to disbursing checks.
20	Yes	2/26/2013	The principal stated that he and the accountant make changes to the master payroll file.
21	Yes	2/26/2013	The principal stated that the employee list and salary schedule are approved and authorized by the School Board. Additions and terminations of salaried employees are carried by the principal with oversight from the chancellor and the Board of Directors. Hourly employees are hired and terminated by the principal who also determines their wage rates. P&N observed the Board approved standard salary rate schedule for salaried teachers noting that the salary is determined by years of experience.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED:
IMMACULATE HEART OF MARY SCHOOL

Based on our review of Immaculate Heart of Mary School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "Yes", "No", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

The School did not provide the budget and actual expenditures as of February 15, 2013. Therefore, Procedure I (C) (2) could not be completed.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of twenty-seven (27) students participating in the scholarship program, and verified that the scholarship tuition and fees received for each of the sampled students, through the third payment, did not exceed the tuition and fees charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED:
IMMACULATE HEART OF MARY SCHOOL

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of twenty-seven (27) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Immaculate Heart of Mary
2012-2013
Postlethwaite & Netterville
3/6/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1			
Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	Yes	3/6/2013	P&N observed the School's policies and procedures addressing the budget process, processing and approval of expenditures, payables, payroll, and approval and authorization of compensation levels and wages rates. Continuing education for accounting staff and record retention were not addressed in the policies and procedures. Upon inquiry about the continuing education for accounting staff, the bookkeeper stated that the Catholic Diocese of Lafayette holds an annual training for all accounting and administrative staff. The most recent training was held in October 2012. The bookkeeper was able to provide the Diocese's record retention schedule that lists the record type and the retention period.
<i>Human Resource Policies and Practices</i>			
2			
Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	Yes	3/6/2013	P&N observed slides from Power Point presentation from the October 2012 workshop that the bookkeeper and the principal both attended.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3			
Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	No	3/6/2013	The principal stated that she, the bookkeeper, and the pastor develop the overall school budget to be approved by the School Board. The final budget is submitted to the Diocese of Lafayette. This budget process does not address budgeted scholarship expenditures. Upon inquiry about the scholarship budget process, it was revealed that a scholarship budget was not submitted to the Department of Education, and that there is no established procedure for preparing and transmitting the scholarship budget. The bookkeeper explained that the expenses were based on the school wide budget prorated for the ratio of scholarship students to total students.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Immaculate Heart of Mary
2012-2013
Postlethwaite & Netterville
3/6/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
Financial Reporting Process			
4	No	3/6/2013	The bookkeeper stated that the school codes revenue and expenditures by category, but the scholarship revenues and expenditures are not specifically identified in the accounting system. The bookkeeper and principal stated that a rate was applied to the school's operating budget to determine the amounts applied from the scholarship program. The rate was determined by the number of scholarship students over the total number of students enrolled.
5	No	3/6/2013	Per the principal, no separate checking account is maintained for scholarship funds.
CASH			
6	Yes	3/6/2013	P&N observed signatures of the pastor and the principal on check #15446 for \$298.22 payable to Canon Financial Services dated 12/22/2012.
7	Yes	3/6/2013	P&N observed a check voucher# 15467 dated 2/19/2013 for \$88 from Iberia Bank payable to Lafayette Alarm Systems. Attached were original invoices for February and March 2013, both in the amount of \$44.
8	No	3/6/2013	P&N was informed that the bookkeeper prepares and records the checks, but she is not an authorized signer.
9	Yes and No	3/6/2013	P&N was informed that the bank requires that the pastor appear at the bank to remove and/or add authorized signers to school accounts. The principal was added in as a signer in July 2012 but the documentation was not available for observation.
10	No	3/6/2013	The bookkeeper stated that she performs the monthly bank reconciliation, receives cash, and records transactions.
11	No	3/6/2013	Upon observation of the November 2012 bank reconciliation, there was no evidence that it was reviewed or approved by someone other than the preparer.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Immaculate Heart of Mary
2012-2013
Postlethwaite & Netterville
3/6/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
REVENUES AND RECEIVABLES			
12	Are scholarship transactions recorded on a timely basis?	No 3/6/2013	P&N was informed that although the accounting system does identify scholarship revenue, it does not specifically identify scholarship transactions. P&N was informed that all receipts are deposited and recorded at least weekly, depending on the size of the deposits.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other	No 3/6/2013	The bookkeeper stated that she records and enters cash disbursements in the general ledger. The principal reviews and approves the disbursement.
14	Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If not, are there other mitigating controls in place?	Yes 3/6/2013	The principal stated that the secretary completes the purchase order and the principal or the bookkeeper has the authority to approve. Purchases over \$50 are required to have a completed and approved purchase order.
15	Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions?	Yes 3/6/2013	P&N observed an approved purchase order with the attached receipt for office supplies. The bookkeeper stated that all large purchases are approved and made by the principal. Any purchases exceeding \$50 are required to have an approved purchase order prior to expenditure.
16	Are payments made only on the basis of original invoices?	Yes 3/6/2013	See item 7.
17	Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner?	Yes 3/6/2013	P&N observed that original invoices were retained after payment and maintained in files according to vendor name.

School Name:	<u>Immaculate Heart of Mary</u>
Fiscal Year of Evaluation:	<u>2012-2013</u>
Audit Firm:	<u>Postlethwaite & Netterville</u>
Date Completed:	<u>3/6/2013</u>

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
<i>Employee Compensation</i>			
18	Yes	3/6/2013	P&N observed the sign in sheet dated 2/20/2013.
19	No	3/6/2013	The bookkeeper stated that she processes payroll by reviewing the attendance records and that she also maintains the general ledger, and has access to all other HR documentation. The School Board approves salary levels.
20	No	3/6/2013	Based upon inquiries, the principal and bookkeeper have access to payroll master file and the bookkeeper is responsible for making the changes to the master payroll file.
21	Yes	3/6/2013	The principal explained that she would make any additions and terminations decisions. The employee list and salary schedule is approved by the School Board and authorized by the principal.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: JOHN PAUL THE GREAT ACADEMY

Based on our review of John Paul the Great Academy (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "Yes", "No", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted scholarship tuition for the year	\$ 214,700
Budgeted scholarship expenditures for the year	245,375
Actual expenditures as of February 15, 2013	116,967
Percent of budget expended	48%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: JOHN PAUL THE GREAT ACADEMY

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of thirty (30) students participating in the scholarship program, and verified that the scholarship tuition and fees received for each of the sampled students, through the third payment, did not exceed the tuition and fees charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of thirty-two (32) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. Two (2) exceptions were noted where payments were made for students that did not attend the School. Total overpayment was \$9,362.50.

Exceptions resulting in disallowed tuition: \$9,362.50

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

John Paul the Great Academy
2012-2013
Postlethwaite & Netterville
3/13/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	Yes and No	3/13/2013	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention- >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates The business manager stated that she was not aware of any written procedures that address continuing education for accounting staff, budget process, processing and approval of expenditures and payables, record retention, processing and approval of payroll, and approval and authorization of compensation levels and wage rates. The Headmaster stated that policies and procedures addressing these areas exist in the school board's by-laws. P&N observed a copy of the school board's by-laws that addressed the overall authority of the Board's Finance Committee, but they did not address specific policies and procedures for these areas.
<i>Human Resource Policies and Practices</i>			
2	No	3/13/2013	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned? The business manager stated that she was trained in QuickBooks about two years ago by the school's external CPA firm. She consults with them when any accounting issues arise or guidance is needed.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	Yes and No	3/13/2013	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education? The Headmaster stated that the budget is prepared by the school's Finance Committee. Projections for revenues and expenditures are made using the prior years' data, student enrollment, fundraisers, and other anticipated sources of revenue and expenditures. This budget process does not address budgeted scholarship expenditures. The scholarship budgeted expenditures that were submitted to the DOE is the first and second quarter payments applied to salaries. There is no established procedure for preparing and transmitting the scholarship budget to the DOE.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

John Paul the Great Academy
2012-2013
Postlethwaite & Netterville
3/13/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
Financial Reporting Process			
4	No	3/13/2013	The School codes revenue and expenditures by category, and the Scholarship revenues are identified in account 47214. The scholarship expenditures are not specifically identified in the accounting system. The scholarship budgeted expenditures for the first and second quarter payments (\$116,967.05) were applied to salaries.
5	No	3/13/2013	Per the business manager, the School does not maintain a separate checking account for scholarship funds.
CASH			
6	No	3/13/2013	Per the School, two signatures are not required. The Headmaster and the business manager are the only authorized signers on the school accounts.
7	Yes	3/13/2013	P&N observed an original invoice, a 2012 property tax assessment #6000172 from Lafayette City for \$846.52. Attached was the check stub #3492 dated 3/11/12 payable to the City of Lafayette from the general fund. P&N noted that the name on the tax assessment was Magnolia Lafayette Inc. The business manager explained that JPG Magnolia LLC purchased the property from Magnolia Lafayette Inc. in June 2011. The school leases the property from JPG Magnolia, LLC and per the lease agreement, pays all taxes and insurance on the property.
8	No	3/13/2013	P&N was informed that the business manager can prepare checks, has signature authorization, and can record transactions into the general ledger.
9	Yes	3/13/2013	P&N was informed that the bank requires that the School call the bank to delete or add a signer. A bank representative comes to the School to obtain signatures of all authorized signers and copies of identification. The bookkeeper was added as an authorized signer two years ago, but the form was not readily available to view.
10	No	3/13/2013	P&N was informed that the business manager prepares the monthly bank reconciliation. She also receives cash, records it in the general ledger, and prepares the bank deposit.
11	No	3/13/2013	There was no evidence of review of the bank reconciliations. P&N was informed that no one reviews or approves the reconciliations.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

John Paul the Great Academy
2012-2013
Postlethwaite & Netterville
3/13/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
REVENUES AND RECEIVABLES			
12	No	3/13/2013	The accounting system does not specifically identify scholarship transactions. P&N was informed all receipts are deposited weekly and recorded on the date they are received.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	No	3/13/2013	P&N was informed that the bookkeeper prepares, records and enters cash disbursements.
14	No	3/13/2013	The bookkeeper prepares the disbursements and vouchers, approves expenditures under \$100, and signs the checks. P&N was informed that disbursements over \$100 are approved by the principal, and disbursements over \$10,000 require the approval of the finance committee.
15	N/A	3/13/2013	The business manager stated that there is no formal process for requisitions. A verbal approval from the Headmaster or the business manager is sufficient for reimbursement or disbursement requests for ordinary school related expenses.
16	Yes	3/13/2013	See item 7.
17	Yes	3/13/2013	P&N observed original invoices were retained after payment and maintained in storage boxes in the business manager's office.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

John Paul the Great Academy
2012-2013
Postlethwaite & Netterville
3/13/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
<i>Employee Compensation</i>			
18	No	3/13/2013	P&N was informed that employees are not required to sign in and out. They are required to complete an absence request form to request time off and it must be approved by the Headmaster or Assistant Headmaster. P&N observed the absence request for M. Menard for 2/6/13 thru 3/16/13 approved by the Assistant Headmaster.
19	No	3/13/2013	P&N was informed that the business manager processes the bi-monthly payroll, enters transactions into the general ledger, and has access to all other HR documentation.
20	No	3/13/2013	The business manager stated that she makes the changes to the master payroll file.
21	Yes	3/13/2013	The Headmaster stated that the school does not have a salary schedule, and employment terms are agreed upon by the Headmaster and the employee. The employee list and salary budget is approved by the finance committee.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: LAFAYETTE CHRISTIAN ACADEMY

Based on our review of Lafayette Christian Academy (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "Yes", "No", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted scholarship tuition for the year	\$ 3,648
Budgeted scholarship expenditures for the year	3,648
Actual expenditures as of February 15, 2013	3,648
Percent of budget expended	100%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: LAFAYETTE CHRISTIAN ACADEMY

II. Tuition and Fees for Scholarship Students

P&N selected a sample of one (1) student out of a total of one (1) students participating in the scholarship program, and verified that the scholarship tuition and fees received through the third payment did not exceed the tuition and fees charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of one (1) student out of a total of one (1) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Lafayette Christian Academy
2012-2013
Postlethwaite & Netterville
2/28/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	No	2/28/2013	<p>Does the school have documented and up-to-date policies and procedures for the following areas?</p> <ul style="list-style-type: none"> >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates <p>The school stated that they do not have formal policies and procedures that are followed for continuing education for accounting staff, the budget process, expenditure and payables processing and approval, record retention, payroll processing and approval, or compensation and wage rate approval and authorization. The Chief Financial Officer of Lafayette Christian Academy and its affiliate, The Family Church, stated that no written policies exist for these processes but he uses his experience as a school administrator and his accounting background as guidance.</p>
<i>Human Resource Policies and Practices</i>			
2	Yes and No	2/28/2013	<p>Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?</p> <p>The CFO stated that he performs all of the accounting functions for the school and church. He has participated in online trainings for the ACS Technologies accounting systems utilized by the school, but did not have anything to evidence his participation.</p>
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	Yes and No	2/28/2013	<p>Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?</p> <p>The school explained that the overall school budget is developed by the CFO and presented to the Board of Directors. The budget is created by the CFO in late January after registration for the next school year ends. The School's Board of Directors meets in February but it was not indicated if the Board has to approve the budget. This budget process does not address budgeted scholarship expenditures. The scholarship budget submitted to the Department of Education was created by the Dean of Students, who stated that the scholarship revenue is applied toward teacher salaries. There is no established procedure for preparing and transmitting the scholarship budget to the DOE, as the school has one scholarship student.</p>

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Lafayette Christian Academy
2012-2013
Postlethwaite & Netterville
2/28/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
Financial Reporting Process			
4	No	2/28/2013	Per the CFO, the accounting system does record transactions according to source and category for revenues and expenditures, but the specific account codes do not exist for scholarship revenues and expenditures in the general ledger.
5	No	2/28/2013	Per the CFO, a separate checking account is not maintained for scholarship funds.
CASH			
6	No	2/28/2013	The CFO stated that two signatures are not required on checks. The pastor and the CFO have signature authority.
7	Yes	2/28/2013	P&N observed an original invoice, and check voucher #1615 from US Bank. The school stated that original invoices are not necessary for payment as long as the requisition and purchase order have the appropriate signatures authorizing the purchase and method of payment.
8	No	2/28/2013	The CFO stated that he prepares, records, and signs all checks.
9	Yes	2/28/2013	The CFO stated that bank requires that the remaining check signer must physically go to the bank to remove and or add authorized signers to the school account. The school has not recently added or removed signers from the account and documentation was not readily available for the review.
10	No	2/28/2013	The CFO stated that he performs monthly bank reconciliations, prepares bank deposits, and records transactions.
11	No	2/28/2013	Upon inquiry, the CFO explained that reconciliations are not reviewed by anyone. The CFO also prepares bank deposits, records transactions, approves all disbursements, and signs all checks. He stated that monthly financial statements are prepared by an external certified public accountant but P&N could not confirm that the CPA reviews the reconciliation for accuracy.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Lafayette Christian Academy
2012-2013
Postlethwaite & Netterville
2/28/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
REVENUES AND RECEIVABLES			
12	No	2/28/2013	The CFO stated that the accounting system does not specifically identify scholarship transactions.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	No	2/28/2013	P&N observed that the CFO prepares and approves disbursements and records these transactions in the general ledger.
14	Yes	2/28/2013	The school explained that employees prepare a purchase requisition form approved by the principal. The requisition is then submitted to the CFO for approval and he issues a purchase order for the goods and service with method of payment (i.e. check, credit card, accounts payable). The purchases are then ordered through the appropriate vendors. All expenditures other than routine operational expenditures must follow the requisition process.
15	Yes	2/28/2013	P&N observed a school requisition form signed by the principal and the purchase order signed by the CFO dated November 2012 to purchase a white board for the School.
16	No	2/28/2013	P&N was informed that invoices that are paid by check typically have the original invoices to support them but it is not school / church policy that the original invoices be attached. The CFO explained that as long as it was approved through the requisition process, the invoice will be paid. P&N also observed that some purchase orders are approved for payment with a credit card at the time of order and an invoice is not required.
17	Yes	2/28/2013	P&N observed boxes of files containing requisition forms, purchase orders, invoices and check stubs arranged in alphabetical order according to vendor.

School Name: Lafayette Christian Academy
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 2/28/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
Employee Compensation			
18	Yes	2/28/2013	Only absences are recorded and entered into the school's system. P&N observed an employee absence approval form for March 4, 2013 bearing the signature of the assistant principal.
19	No	2/28/2013	The CFO stated that he processes payroll, has access to the general ledger and HR documentation.
20	No	2/28/2013	CFO stated that he makes the changes to the master payroll file.
21	N/A	2/28/2013	Upon inquiry, the school declined to disclose lists of teachers and salaries, but stated that the employee list and salary schedule is approved and authorized by the school board.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

**FINDINGS RESULTING FROM PROCEDURES PERFORMED:
CATHOLIC ELEMENTARY OF POINTE COUPEE**

Based on our review of Catholic Elementary of Point Coupee (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide account, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "Yes", "No", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of March 15, 2013, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted scholarship tuition for the year	\$ 105,962
Budgeted scholarship expenditures for the year	110,142
Actual expenditures as of March 15, 2013	82,607
Percent of budget expended	75%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED:
CATHOLIC ELEMENTARY OF POINTE COUPEE

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of twenty-six (26) students participating in the scholarship program, and verified that the scholarship tuition and fees received for each of the sampled students, through the third payment, did not exceed the tuition and fees charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. Two (2) exceptions were noted where tuition and fees charged and paid for scholarship students exceeded those charged to non scholarship students. The total amount overpaid was \$112.50.

Exceptions resulting in disallowed tuition: \$112.50

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of twenty-six (26) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: Catholic Elementary of Pointe Coupee
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/12/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	Yes	3/12/2013	<p>Does the school have documented and up-to-date policies and procedures for the following areas?</p> <ul style="list-style-type: none"> >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention - >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates <p>P&N observed the school's policies and procedures addressing continuing education for accounting staff, budget process, processing and approval of expenditures, payables, payroll, record retention, and approval and authorization of compensation levels and wages rates. The Diocese of Baton Rouge outlines the policies and procedures in the Diocesan Policies Handbook and an Accounting and Finance Procedures for accounting staff.</p>
<i>Human Resource Policies and Practices</i>			
2	Yes	3/12/2013	<p>Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?</p> <p>The business manager stated that the Diocese provides workshops and learning seminars approximately twice a year. The last workshop attended was held in Baton Rouge, LA in November 2012. The Diocese also issues monthly newsletters from the CFO updating the accounting and finance staff of any upcoming changes and accounting notifications.</p>
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	Yes	3/12/2013	<p>Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?</p> <p>The business manager explained that the budget process combines the data for Catholic High School of Pointe Coupee and the Catholic Elementary of Pointe Coupee. Both schools are located on the same campus, share a central business office, but maintain separate elementary and high school front office functions. In January the business manager meets with the Finance Committee to determine the revenue and expenditure projection for the next school year. The final budget is presented to the Board for approval, and it is then submitted to the Diocese. The business manager and the principal created the scholarship budget. The scholarship budget expenditures submitted to the Department of Education are allocations based on the percentage of each category corresponding to the overall school budget (i.e. Salaries are approximately 69% of the school's total budget, so 69% of the scholarship revenue is allocated to salaries.)</p>

School Name: Catholic Elementary of Pointe Coupee
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/12/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
Financial Reporting Process			
4	Yes	3/12/2013	P&N observed that the system does not identify expenditures exclusive to the scholarship program. P&N observed the scholarship revenue coded in the General Ledger as "Tuition State Voucher" #3260.
5	No	3/12/2013	Per the bookkeeper, a separate checking account is not maintained for scholarship funds.
CASH			
6	No	3/12/2013	The business manager stated that two signatures are not required. The elementary school principal, the high school principal, and the pastor have signature authorization.
7	Yes	3/12/2013	P&N observed an original invoice # 201353 for \$397.72 that agreed to check voucher# 16526 payable to Pointe Coupee Sports & Gifts, LLC.
8	Yes	3/12/2013	P&N was informed that the bookkeeper prepares and records checks. The business manager approves the disbursement, obtains the principal's signature and distributes as necessary.
9	Yes	3/12/2013	The business manager stated that she would call the bank to notify that a signer has left the account. A bank representative comes to the school to get signatures and copies of identification to add new signers. P&N was informed that changes have not been made to authorized signers in the past four years and the documents were not readily available to view.
10	Yes	3/12/2013	The business manager stated that an administrative assistant usually counts and receives cash, the bookkeeper records into the school's ledger, and the business manager reconciles bank statements.
11	Yes	3/12/2013	The business manager stated that there is no one who reviews for accuracy after she has reconciled the bank statements. However, during the quarterly meetings, the Finance Committee reviews the Profit & Loss statement to review transactions.

School Name: Catholic Elementary of Pointe Coupee
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/12/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
REVENUES AND RECEIVABLES			
12	Yes	3/12/2013	P&N observed that the accounting system does not specifically identify scholarship transactions. The school records the scholarship revenue on the date it posts to the checking account.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/12/2013	Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other mitigating controls in place? The business manager stated that the bookkeeper prepares the disbursements, the business manager approves them, and the system generates a check and automatically records the transaction into the system.
14	Yes	3/12/2013	Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If not, are there other mitigating controls in place? The business manager stated that a Disbursement Approval form is completed and approved for requisitions and reimbursements. The principal or business manager must approve the requisition form and the original invoice or receipt is required for payment.
15	Yes	3/12/2013	Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions? The business manager stated that a Disbursement Approval form is used to document authorized purchases. P&N did not observe a completed and approved Disbursement Approval Form, as it is seldom used and the business manager did not have a current form readily available for observation.
16	Yes	3/12/2013	Are payments made only on the basis of original invoices? See item 7.
17	Yes	3/12/2013	Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner? P&N observed filing cabinets containing old invoices and check stubs in the business office.

School Name: Catholic Elementary of Pointe Coupee
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/12/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
<i>Employee Compensation</i>			
18	Yes	3/12/2013	P&N was informed that each teacher is required to sign in each morning, but it is not necessary to sign out unless they are leaving campus and returning on the same day. Absences are documented for payroll purposes by the school's secretary. P&N observed the sign in sheet dated from 2/25/2013 through 3/01/2013.
19	Yes	3/12/2013	P&N was informed that the bookkeeper and the business manager both have access to the general ledger and to other HR documentation. The bookkeeper processes the payroll and the business manager reviews payroll distribution for accuracy.
20	Yes	3/12/2013	P&N was informed that both the business manager and the bookkeeper are authorized to make changes to the payroll master file when authorized by the principal.
21	Yes	3/12/2013	The business manager stated that the principal makes all decisions regarding additions and terminations. The employee list and salary schedule is approved and authorized by the finance committee.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: CATHOLIC HIGH OF POINTE COUPEE

Based on our review of Catholic High of Pointe Coupee (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide account, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "Yes", "No", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of March 15, 2013, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted Scholarship tuition for the year	\$33,465.00
Budgeted scholarship expenditures for the year	33,465.00
Actual expenditures as of March 15, 2013	25,098.75
Percent of budget expended	75%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: CATHOLIC HIGH OF POINTE COUPEE

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of six (6) students participating in the scholarship program, and verified that the scholarship tuition and fees received for each of the sampled students, through the third payment, did not exceed the tuition and fees charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of six (6) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:	Catholic High School of Pointe Coupee
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/12/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures	
GENERAL/ADMINISTRATIVE				
<i>Integrity and Ethical Values</i>				
1	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention - >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	Yes	3/12/2013	P&N observed the school's policies and procedures addressing continuing education for accounting staff, budget process, processing and approval of expenditures, payables, payroll, record retention, and approval and authorization of compensation levels and wages rates. The Diocese of Baton Rouge outlines the policies and procedures in the Diocesan Policies Handbook and an Accounting and Finance Procedures for accounting staff.
<i>Human Resource Policies and Practices</i>				
2	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	Yes	3/12/2013	The business manager stated that the Diocese provides workshops and learning seminars approximately twice a year. The last workshop attended was held in Baton Rouge, LA in November 2012. The Diocese also issues monthly newsletters from the CFO updating the accounting and finance staff of any upcoming changes and accounting notifications.
BUDGET PROCESS & FINANCIAL REPORTING				
<i>Budget Process</i>				
3	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	Yes	3/12/2013	The business manager explained that the budget process combines the data for Catholic High School of Pointe Coupee and the Catholic Elementary of Pointe Coupee. Both schools are located on the same campus, share a central business office, but maintain separate elementary and high school front office functions. In January the business manager meets with the Finance Committee to determine the revenue and expenditure projection for the next school year. The final budget is presented to the Board for approval, and it is then submitted to the Diocese. The business manager and the principal created the scholarship budget. The scholarship budget expenditures submitted to the Department of Education are allocations based on the percentage of each category corresponding to the overall school budget (i.e. Salaries are approximately 69% of the school's total budget, so 69% of the scholarship revenue is allocated to salaries.)

School Name:	Catholic High School of Pointe Coupee
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/12/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
<i>Financial Reporting Process</i>			
4	Yes	3/12/2013	P&N observed that the system does not identify expenditures exclusive to the scholarship program. P&N observed the scholarship revenue coded in the General Ledger as "Tuition State Voucher" #3260.
5	No	3/12/2013	Per the bookkeeper, a separate checking account is not maintained for scholarship funds.
CASH			
6	No	3/12/2013	The business manager stated that two signatures are not required. The elementary school principal, the high school principal, and the pastor have signature authorization.
7	Yes	3/12/2013	P&N observed an original invoice # 201353 for \$397.72 that agreed to check voucher# 16526 payable to Pointe Coupee Sports & Gifts, LLC.
8	Yes	3/12/2013	P&N was informed that the bookkeeper prepares and records checks. The business manager approves the disbursement, obtains the principal's signature and distributes as necessary.
9	Yes	3/12/2013	The business manager stated that she would call the bank to notify that a signer has left the account. A bank representative comes to the school to get signatures and copies of identification to add new signers. P&N was informed that changes have not been made to authorized signers in the past four years and the documents were not readily available to view.
10	Yes	3/12/2013	The business manager stated that an administrative assistant usually counts and receives cash, the bookkeeper records into the school's ledger, and the business manager reconciles bank statements.
11	Yes	3/12/2013	The business manager stated that there is no one who reviews for accuracy after she has reconciled the bank statements. However, during the quarterly meetings, the Finance Committee reviews the Profit & Loss statement to review transactions.

School Name:	Catholic High School of Pointe Coupee
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/12/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures	
REVENUES AND RECEIVABLES				
12	Are scholarship transactions recorded on a timely basis?	Yes	3/12/2013	P&N observed that the accounting system does not specifically identify scholarship transactions. The school records the scholarship revenue on the date it posts to the checking account.
PROCUREMENT AND PAYABLES				
<i>General Expenditures and Payables</i>				
13	Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other mitigating controls in place?	Yes	3/12/2013	The business manager stated that the bookkeeper prepares the disbursements, the business manager approves them, and the system generates a check and automatically records the transaction into the system.
14	Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If not, are there other mitigating controls in place?	Yes	3/12/2013	The business manager stated that a Disbursement Approval form is completed and approved for requisitions and reimbursements. The principal or business manager must approve the requisition form and the original invoice or receipt is required for payment.
15	Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions?	Yes	3/12/2013	The business manager stated that a Disbursement Approval form is used to document authorized purchases. P&N did not observe a completed and approved Disbursement Approval Form, as it is seldom used and the business manager did not have a current form readily available for observation.
16	Are payments made only on the basis of original invoices?	Yes	3/12/2013	See item 7.
17	Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner?	Yes	3/12/2013	P&N observed filing cabinets containing old invoices and check stubs in the business office.

School Name:	Catholic High School of Pointe Coupee
Fiscal Year of Evaluation:	2012-2013
Audit Firm:	Postlethwaite & Netterville
Date Completed:	3/12/2013

		Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
<i>Employee Compensation</i>				
18	Do records and controls exist for timekeeping and attendance?	Yes	3/12/2013	P&N was informed that each teacher is required to sign in each morning, but it is not necessary to sign out unless they are leaving campus and returning on the same day. Absences are documented for payroll purposes by the school's secretary. P&N observed the sign in sheet dated from 2/25/2013 through 3/01/2013.
19	Are responsibilities for the payroll processing function segregated from the general ledger function and the HR functions? If not, are there other mitigating controls in place?	Yes	3/12/2013	P&N was informed that the bookkeeper and the business manager both have access to the general ledger and to other HR documentation. The bookkeeper processes the payroll and the business manager reviews payroll distribution for accuracy.
20	Is access to the master payroll file limited to employees who are authorized to make changes (Presumably HR)?	Yes	3/12/2013	P&N was informed that both the business manager and the bookkeeper are authorized to make changes to the payroll master file when authorized by the principal.
21	Are all changes in employment (additions and terminations), salary and wage rates, and payroll deductions properly authorized, approved, and documented?	Yes	3/12/2013	The business manager stated that the principal makes all decisions regarding additions and terminations. The employee list and salary schedule is approved and authorized by the finance committee.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: CENLA CHRISTIAN ACADEMY

Based on our review of Cenla Christian Academy (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "Yes", "No", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the department of education is as follows:

Budgeted Scholarship tuition for the year	\$ 83,880
Budgeted scholarship expenditures for the year	83,880
Actual expenditures as of February 15, 2013	83,880
Percent of budget expended	100%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: CENLA CHRISTIAN ACADEMY

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of eighteen (18) students participating in the scholarship program, and verified that the scholarship tuition and fees received for each of the sampled students, through the third payment, did not exceed the tuition and fees charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members or participating in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of twenty-one (21) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Cenla Christian Academy
 2012-2013
 Postlethwaite & Netterville
 3/20/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	No	3/20/2013	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates The principal stated that the School does not have written policies or procedures pertaining to continuing education for accounting staff, budget process, processing and approval of expenditures and payables, record retention, processing and approval of payroll, and approval and authorization of compensation levels and wage rates. The school was recently purchased by the Trinity Baptist Church and 2012 - 2013 is the first school year under the new Board of Directors. Guidance for operations is under the direction of the principal and the School's Board of Directors.
<i>Human Resource Policies and Practices</i>			
2	Yes	3/20/2013	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned? The bookkeeper stated that she has not attended training for the school's accounting system since she became the bookkeeper in November 2012.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	Yes	3/20/2013	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education? The school explained that in June, the Board of Directors establishes the School's budget for the following school year. This budget process does not address budgeted scholarship expenditures. The scholarship budgeted expenditures that were submitted to the DOE were based on the school wide budget prorated for the ratio of scholarship students to total students. There is no established procedure for preparing and transmitting the scholarship budget to the DOE.
<i>Financial Reporting Process</i>			
4	Yes	3/20/2013	Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable) The bookkeeper stated that the school codes revenues and expenditures by category, and that the scholarship revenues and expenditures are not specifically identified in the accounting system.
5	No	3/20/2013	Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable) Per the bookkeeper, the school does not maintain a separate checking account for scholarship funds.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Cenla Christian Academy
 2012-2013
 Postlethwaite & Netterville
 3/20/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
CASH			
6	Yes	3/20/2013	The bookkeeper stated that two signatures are required. P&N observed the February 2013 bank statement and noted that all images of cancelled checks had two signatures.
7	Yes	3/20/2013	P&N observed that original invoices, # 4980 for \$15.70, #4979 for \$57.55, and #4966 for \$33.16 from Matlock Supply agreed to the corresponding check voucher # 6833 payable to Matlock Supply for \$106.41.
8	Yes	3/20/2013	The bookkeeper stated that she prepares and records the checks, and that she is not an authorized signer.
9	Yes	3/20/2013	The bookkeeper stated that the school must notify the bank that a signer has left the account. All authorized signers must physically appear at the bank to sign new paperwork and to be added to the account. P&N observed the signatures of the authorized signers that the School identified as the principal, the president of the Board of Directors, and the pastor.
10	Yes	3/20/2013	P&N was informed that the bank reconciliations are prepared by the bookkeeper who is also responsible for recording transactions. The secretary obtains all receipts and deposits daily. The bookkeeper records the deposits when the deposit slip is returned from the bank. The bank reconciliation and bank statement are sent to the School's local CPA for review.
11	Yes	3/20/2013	While there is no evidence of any review of the bank reconciliations, P&N was informed that their local CPA reviews the reconciliation and will investigate any unusual reconciling items.
REVENUES AND RECEIVABLES			
12	Yes	3/20/2013	P&N observed that the accounting system does not specifically identify scholarship transactions and was informed that all receipts are recorded daily.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Cenla Christian Academy
 2012-2013
 Postlethwaite & Netterville
 3/20/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/20/2013	P&N was informed that the principal approves all disbursements, and the bookkeeper prepares and records cash disbursements in the general ledger.
14	Yes	3/20/2013	The bookkeeper stated that she prepares the disbursements and vouchers and the principal approves the expenditures. Checks are signed by the principal and the pastor, or president of the Board of Directors.
15	Yes	3/20/2013	The School explained that it has an informal purchase order process. A verbal approval from the principal is sufficient to make purchases.
16	Yes	3/20/2013	See item 7.
17	Yes	3/20/2013	P&N was informed that the current bookkeeper was hired in November 2012. P&N observed that starting in November 2012, the School has maintained the original source documents in an orderly manner. However, no documentation prior to November 2012 was available for review.
<i>Employee Compensation</i>			
18	Yes	3/20/2013	P&N was informed that teachers are not required to sign in or out for timekeeping. P&N observed the absent log on November 29, 2012 and the corresponding substitute sign in log that is maintained by the school's secretary.
19	Yes	3/20/2013	P&N was informed that the bookkeeper processes payroll, has access to the general ledger, all other HR documentation. The School's Board of Directors approves all salary levels.
20	Yes	3/20/2013	P&N was informed that the bookkeeper and the secretary have the authority to make changes to the master payroll file.
21	Yes	3/20/2013	The principal explained that he makes changes in employment conditions such as additions, terminations, salary and wage rates, and payroll deductions. Changes are updated in the employees' files and in the system. P&N observed the Board approved salary schedule for 2012 -2013 school year.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

**FINDINGS RESULTING FROM PROCEDURES PERFORMED: HOLY SAVIOR MENARD CENTRAL
HIGH SCHOOL**

Based on our review of Holy Savior Menard Central High School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund, and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "Yes", "No", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of March 15, 2013, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted scholarship tuition for the year	\$ 89,600
Budgeted scholarship expenditures for the year	73,600
Actual expenditures as of March 15, 2013	57,083
Percent of budget expended	78%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: HOLY SAVIOR MENARD CENTRAL HIGH SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of ten (10) students participating in the scholarship program, and verified that the scholarship tuition and fees received for each of the sampled students, through the third payment, did not exceed the tuition and fees charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of twelve (12) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: Holy Savior Menard High School
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/18/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	Yes	3/18/2013	P&N observed the School's Diocese of Alexandria Handbook from 2007 addressing the School's professional advancement opportunities for employees and the development of the operational budget. The bookkeeper and the principal were unaware of any documented policies regarding record retention or the processes and approvals for expenditures, payroll, and authorization of compensation levels and wage rates.
<i>Human Resource Policies and Practices</i>			
2	Yes	3/18/2013	P&N was informed that the bookkeeper has not attended continuous training since she attained the bookkeeping position two years ago. She stated that the School would provide training if she were to request it.
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	N/A	3/18/2013	P&N was informed that the bookkeeper, principal, and the Chief Financial Officer of the Catholic School Office of the Diocese of Alexandria prepare the School's operating budget in January for the next school year. The CFO presents the final budget to the Finance Council of the Diocese for approval. This budget process does not address budgeted scholarship expenditures. The budgeted scholarship expenditures submitted to the DOE were based on the school wide budget, and derived by applying the percentage of scholarship students to total students to all school expenditures. There is no established procedure for preparing and transmitting the scholarship budget to the DOE.
<i>Financial Reporting Process</i>			
4	Yes	3/18/2013	P&N was informed that the School codes revenue and expenditures by category. However, only the scholarship revenues are identified in the system. The scholarship expenditures are not identified in the accounting system. The scholarship expenditures that are reported on the budget report submitted to the DOE are based on the percentage of scholarship students to total students. The bookkeeper explained that the scholarship program is approximately 3% of the School's tuition revenue, thus they allocated 3% of all expenditures from the scholarship fund.
5	No	3/18/2013	Per the bookkeeper, a separate checking account is not maintained.

School Name: Holy Savior Menard High School
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/18/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures	
CASH				
6	Are two signatures required on checks?	No	3/18/2013	The bookkeeper stated that two signatures are not required. The principal, CFO of Catholic School Office, Superintendent of the Catholic School of the Diocese of Alexandria, and the Bishop have signature authorization.
7	Are invoices and supporting documents furnished to the signer prior to signing the check?	Yes	3/18/2013	P&N observed an original invoice # 29364 for \$1,311.27 that agrees to check voucher #3242 payable to Impact Advertising dated March 11, 2013.
8	Are signed checks inaccessible to persons who requested, prepared, or recorded them?	Yes	3/18/2013	P&N was informed that the bookkeeper prepares and records the checks, and distributes the checks accordingly.
9	Are procedures provided for immediate notification to banks when check signers leave the unit or are otherwise no longer authorized to sign?	Yes	3/18/2013	The bookkeeper stated that in order to remove a signer from the account, the bookkeeper calls the bank to notify them to remove the person from the account. To add signers, the School completes the signature authorization form and collects the signatures and copies of identification of all authorized signers and submits to the bank. The bookkeeper stated that no changes have been made in the two years that she has held the position, and a bank form was not readily available to view.
10	Are bank reconciliations performed by someone independent of receiving cash or processing and recording of transactions. If not, are there other mitigating controls in place?	No	3/18/2013	The bookkeeper stated that she does not receive cash, but prepares the bank deposits and records transactions into the ledger. She performs the monthly bank reconciliation and informed P&N that the last reconciliation she prepared was in August 2012.
11	Are all reconciliations and investigations of unusual reconciling items reviewed and approved by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation? If not, are there other mitigating controls in place?	Yes	3/18/2013	While there was no evidence of review of the bank reconciliation, P&N was informed that the School has external auditors that review bank transactions as part of the annual audit performed every summer.
REVENUES AND RECEIVABLES				
12	Are scholarship transactions recorded on a timely basis?	Yes	3/18/2013	P&N observed that the accounting system does not specifically identify scholarship transactions other than scholarship revenue and receivables. The scholarship revenue is recognized at the beginning of the year and the scholarship receivable accounts are recorded in the general ledger during the month the payments are received. Adjustments to revenue and receivables are made as students withdraw from the scholarship program.

School Name: Holy Savior Menard High School
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/18/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	Yes	3/18/2013	P&N was informed that the bookkeeper receives cash and prepares all disbursements requests, and the principal approves and signs the checks.
14	Yes	3/18/2013	The bookkeeper stated that she prepares the disbursements and vouchers and the principal approves the expenditure and signs the check.
15	Yes	3/18/2013	P&N observed a purchase order # 201818 for Say's Office Supply bearing the principal's signature. Purchase orders are used for non-routine purchases that require approval prior to incurring the expense.
16	Yes	3/18/2013	See item 7.
17	Yes	3/18/2013	P&N observed filing cabinets containing old invoices and check vouchers in the business office.
<i>Employee Compensation</i>			
18	Yes	3/18/2013	P&N was informed that the School utilizes punch in/out cards. P&N observed the punch card for an employee dated March 11, 2013 through March 15, 2013.
19	No	3/18/2013	The bookkeeper stated that she processes payroll by reviewing the attendance records and maintains the general ledger. The bookkeeper also has access to all other HR documentation. The Finance Council approves salary levels.
20	Yes	3/18/2013	The bookkeeper stated that she also makes the changes to the master payroll file.
21	Yes	3/18/2013	The School stated that the employee list and salary schedule is approved and authorized by the finance committee. Additions and terminations are carried out by the principal and the bookkeeper makes appropriate changes to the master payroll file.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. FRANCIS CABRINI SCHOOL

Based on our review of St. Francis Cabrini School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

All school expenditures are recorded in a general school wide fund and scholarship expenditures are not accounted for separately. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "Yes", "No", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted scholarship tuition for the year	\$ 214,599
Budgeted scholarship expenditures for the year	220,817
Actual expenditures as of February 15, 2013	127,864
Percent of budget expended	58%
Reserves budgeted	\$ 13,000
Percent of reserves budgeted	5%

The School budgeted and expended within the reserves category, which the School indicated were related to fundraising activities.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: ST. FRANCIS CABRINI SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of forty-eight (48) students participating in the scholarship program, and verified that the scholarship tuition and fees received for each of the sampled students, through the third payment, did not exceed the tuition and fees charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members or participating in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of forty-eight (48) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. One (1) exception noted as based on the household size per the application and the annual household income obtained from the supporting documentation, the student's family household income exceeded 250% of the federal poverty guidelines. The total overpayment amounted to \$3,336.00.

Exceptions resulting in disallowed tuition: \$3,336.00

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: St. Francis Cabrini School
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/19/2013

Y/N or N/A as answered by management	Date	P&N's Procedures and Results of those Procedures
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GENERAL/ADMINISTRATIVE

Integrity and Ethical Values

1	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff - No >Budget process >Processing and approval of expenditures and payables >Record retention - No >Processing and approval of payroll- >Approval and authorization of compensation levels and wage rates	No	3/19/2012	P&N observed the school's Diocese of Alexandria Handbook from 2007 addressing the school's professional advancement opportunities for employees and the development of the operational budget. The pastor and the Dean of Students were unaware of any documented policies regarding the processes and approvals for expenditures, payroll, and authorization of compensation levels and wage rates.
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Human Resource Policies and Practices

2	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	Yes	3/19/2012	Based upon inquiries, the bookkeeper receives one-on-one direct guidance and assistance from the CPA that performs voluntary accounting services for the church and school. The bookkeeper has not attended any Diocese wide training, though the school's finance council and pastor attended the "Misuse of Funds" seminar held by the Diocese of Alexandria in June 2012.
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BUDGET PROCESS & FINANCIAL REPORTING

Budget Process

3	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	Yes	3/19/2012	P&N was informed that the budget is created by the bookkeeper, the CPA, and the dean of students. They review the prior years' data and make revenue and expenditure projections for the next school year. The dean of students presents the final budget to the school's finance council and to the pastor who approves. This budget process does not address budgeted scholarship expenditures. The scholarship budgeted expenditures that was submitted to the DOE was based on the school wide budget prorated for the ratio of scholarship students to total students. There is no established procedure for preparing the scholarship budget.
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Financial Reporting Process

4	Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable)	No	3/19/2012	The school stated that they maintain a scholarship funds receivable account #1054. As scholarship funds are received, the deferred revenue account #2476 is credited. The revenue is recognized as Tuition Revenue (account 4110) at the end of each month and adjustments are made into the general ledger. The school stated that expenditures are not coded in system.
5	Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable)	No	3/19/2012	P&N was informed that the school maintains one general fund checking account for the school. P&N observed the first quarter scholarship payment posted to the school's general fund bank account ending in 38. On 9/27/13, \$61,153.66 was posted in Red River Bank that included the \$56,984.50 for DOE check # 478749.

School Name: St. Francis Cabrini School
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/19/2013

	Y/N or N/A as answered by management	Date	P&N's Procedures and Results of those Procedures	
CASH				
6	Are two signatures required on checks?	No	3/19/2012	Based upon inquiries, the pastor and the dean of students are authorized signers on the school's checking account but two signatures are not required on checks.
7	Are invoices and supporting documents furnished to the signer prior to signing the check?	Yes	3/19/2012	P&N observed an original invoice # 92774 from Gene's Jiffy Print for \$161.70 that was paid with check #9424 from the general operating account on 3/12/2013.
8	Are signed checks inaccessible to persons who requested, prepared, or recorded them?	Yes	3/19/2012	P&N was informed that the bookkeeper usually requests and prepares checks for signatures. The accounting system prints a check and records into the ledger. The dean of students signs the checks after reviewing invoices and the bookkeeper distributes for payment.
9	Are procedures provided for immediate notification to banks when check signers leave the unit or are otherwise no longer authorized to sign?	Yes	3/19/2012	Per the school, the bank requires that the person leaving the account must physically appear at the bank to notify that he/she is leaving the account. A bank representative comes to the school to get signatures and copies of identification of all signers when the school adds new signers to the account.
10	Are bank reconciliations performed by someone independent of receiving cash or processing and recording of transactions. If not, are there other mitigating controls in place?	Yes	3/19/2012	P&N was informed that the bookkeeper reconciles the monthly bank statements and records transactions into the general ledger. A CPA reviews the reconciliations on a quarterly basis to prepare statements for the finance council meetings.
11	Are all reconciliations and investigations of unusual reconciling items reviewed and approved by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation? If not, are there other mitigating controls in place?	Yes	3/19/2012	P&N was informed that the voluntary CPA reviews the reconciliations and investigates any unusual reconciling items.
REVENUES AND RECEIVABLES				
12	Are scholarship transactions recorded on a timely basis?	Yes	3/19/2012	Per the school, as scholarship funds are received the deferred revenue account #2476 is credited. The revenue is recognized as Tuition Revenue (account 4110) at the end of each month (when earned) and adjustments are made into the general ledger.
PROCUREMENT AND PAYABLES				
<i>General Expenditures and Payables</i>				
13	Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other mitigating controls in place?	Yes	3/19/2012	Based upon inquiries, the bookkeeper receives and prepares all disbursement requests and the dean of students approves and signs the system generated check. The school's accounting system automatically records the transaction upon check generation.
14	Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If not, are there other mitigating controls in place?	N/A	3/19/2012	Per the school, disbursements are approved by the dean of students and/or the pastor. If disbursement amounts are greater than \$25,000, the finance council must be notified and approve the disbursement. The pastor explained that a formal purchasing process is not maintained, as most purchases are anticipated and paid at the time of service.
15	Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions?	N/A	3/19/2012	The school stated that verbal approval from the Dean of Students and/or the pastor is sufficient to purchase goods or services.
16	Are payments made only on the basis of original invoices?	Yes	3/19/2012	The school stated that as expenditures are anticipated and approved prior to purchase, that copies of invoices are accepted for payment. P&N observed an original invoice # 92774 from Gene's Jiffy Print for \$161.70 that was paid with check #9424 from general operating account on 3/12/2013.
17	Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner?	Yes	3/19/2012	P&N observed filing cabinets containing old invoices and check stubs in the school office. The older records are moved to an archive room on campus.

School Name: St. Francis Cabrini School
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/19/2013

	Y/N or N/A as answered by management	Date	P&N's Procedures and Results of those Procedures
Employee Compensation			
18	Yes	3/19/2012	P&N was informed that each teacher is required to show time in and time out. P&N noted that the teacher time sheets do not contain names, but the position (i.e. 2nd grade, Art, etc). The school has one teacher for each position listed. The secretary keeps record of teacher absences for payroll purposes. P&N observed time indicated for a 2nd grade teacher for the month of March 2013.
19	No	3/19/2012	P&N was informed that additions and terminations are carried out by the Dean of Students with oversight from the pastor. The bookkeeper processes the monthly payroll, has access to the general ledger and can make changes to employment as directed by the dean of students.
20	Yes	3/19/2012	P&N was informed that the bookkeeper is authorized to make changes to the payroll master file when authorized by the Dean of Students.
21	Yes	3/19/2012	P&N was informed that changes in employment such as additions, terminations, salary and wage rates, and payroll deductions are authorized by the Dean of Students. Changes are recorded in the employee files by the secretary or bookkeeper.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

**FINDINGS RESULTING FROM PROCEDURES PERFORMED: FAMILY WORSHIP CHRISTIAN
ACADEMY**

Based on our review of Family Worship Christian Academy (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

The School maintained a separate ledger for scholarship expenditures, however not all scholarship expenditures are accounted for in the ledger. Further, the school did not utilize the separate ledger for the entire period. As a result, P&N could not distinguish the complete scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "Yes", "No", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of March 15, 2013, which was not the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted Scholarship tuition for the year	\$ 212,850
Budgeted scholarship expenditures for the year	212,850
Actual expenditures as of March 15, 2013	145,332
Percent of budget expended	68%

There were no budgeted reserves reported.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

**FINDINGS RESULTING FROM PROCEDURES PERFORMED: FAMILY WORSHIP CHRISTIAN
ACADEMY**

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of forty-three (43) students participating in the scholarship program, and verified that the scholarship tuition and fees received for each of the sampled students, through the third payment, did not exceed the tuition and fees charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. No exceptions were noted.

III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of forty-three (43) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: Family Worship Academy
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/7/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE			
<i>Integrity and Ethical Values</i>			
1	No	3/7/2013	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates The school stated that they do not have formal policies and procedures addressing continuing education for accounting staff, the budget process, expenditure and payables processing and approval, record retention, payroll processing and approval, or compensation and wage rate approval and authorization. The principal is responsible for and performs all financial and accounting functions for the school. She stated that no written policies exist for these processes but she uses her experience as a school administrator as guidance.
<i>Human Resource Policies and Practices</i>			
2	No	3/7/2013	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned? The principal attended a seminar in 2006 in Shreveport, LA held by Chitwood and Chitwood, an accounting firm who specializes in nonprofit church organizations, but stated that she has not attended any continuous accounting training.

School Name: Family Worship Academy
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/7/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
BUDGET PROCESS & FINANCIAL REPORTING			
<i>Budget Process</i>			
3	Yes	3/7/2013	Based upon inquiries, the principal develops the school's operational budget and seeks guidance from the church's bishop and pastor. The budget is not required to be formally approved. The school does not have a scholarship budget process or a process to submit to the Department of Education. The scholarship revenue is accounted for in account #418 in the general ledger, and the scholarship expenditures are coded as job numbers S01 through S08 in the general ledger. The budget for the scholarship program is determined by the total anticipated scholarship revenue based on the number of incoming scholarship students as stated in Notification of Incoming Students from the Department of Education. The budgeted scholarship salaries reflect the annual salaries for the two Kindergarten teachers and the two Kindergarten aides. Benefits include the raises to be given to those teachers and aides in May 2013 for reaching performance goals. Supplies and Materials include the ABEKA books for the students, and Other is an allocated amount for playground improvements and the security fence around the school property. The allocation rate charged is the percentage of scholarship students to the total enrolled students.
<i>Financial Reporting Process</i>			
4	Yes	3/7/2013	Upon the site visit, P&N observed that scholarship revenue is coded as account #418 in the general ledger. Scholarship expenditures observed were coded as S01 through S08. Subsequent to the site visit, the principal informed P&N that she consolidated the scholarship expenditures codes to S01 through S04 when the third quarter budget to actual analysis was developed to submit to the DOE for March 15, 2013.
5	No	3/7/2013	P&N was informed that the school does not maintain a separate checking account for scholarship funds. The scholarship revenue is co-mingled with other sources of revenue in the school's general checking account ending in 66. Transfers are made from the general checking account to a separate payroll checking account ending in 90.

School Name: Family Worship Academy
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/7/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
CASH			
6	No	3/7/2013	P&N was informed that the bishop, pastor, and the principal have check signing abilities but two signatures are not required on school checks.
7	Yes	3/7/2013	P&N observed an original invoice from Single Source Supply dated 1/28/2013 for \$457.67, paid with check #4082 on 2/7/2013 from Chase Bank account ending in 66.
8	No	3/7/2013	P&N was informed that the principal prepares, approves and signs all disbursement checks.
9	Yes	3/7/2013	Per the school, the bank requires that the remaining check signer physically appear at the bank with a letter from the bishop or pastor to remove and or add authorized signers to school accounts. The principal stated that the school has not made changes to check signers since the school's inception.
10	Yes	3/7/2013	P&N was informed that the principal reconciles bank statements and records transactions. P&N observed the bank reconciliation for January 2013.
11	No	3/7/2013	Upon the on-site visit, the principal stated that the bishop, pastor, and the principal review the school's financial statements and transactions. P&N observed that there is no review or approval of bank reconciliations.

School Name: Family Worship Academy
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/7/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
REVENUES AND RECEIVABLES			
12	Yes	3/7/2013	P&N observed the first quarter payment from the Department of Education posted on September 26, 2012 in the scholarship tuition account #418 in the general ledger. P&N also observed that scholarship expenditures were recorded in the general ledger under scholarship specific job codes S01 through S08.
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	N/A	3/7/2013	Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other mitigating controls in place? P&N was informed that Peachtree accounting system automatically records transactions in the general ledger. Upon further inquiry the principal stated that she prepares, approves and enters all disbursements.
14	No	3/7/2013	Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If not, are there other mitigating controls in place? P&N was informed that when applicable, requisition and reimbursement forms are completed by the school employees along with the support for the purchase and are then submitted to the principal or business manager for approval. The payment method (i.e. credit card, accounts payable, check) is indicated and the employee completes the purchase. The principal stated that she has authority to make and approve larger purchases at her discretion and would not ordinarily follow the requisition process. However, purchases over \$500 require notification to the bishop and pastor.
15	Yes	3/7/2013	Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions? P&N observed a school requisition form for classroom book purchase on Amazon dated February 2013 bearing the approval of the principal.
16	Yes	3/7/2013	Are payments made only on the basis of original invoices? P&N observed an original invoice from Single Source Supply dated 1/28/2013 for \$457.67, that agrees to check voucher #4082 on 2/7/2013 from Chase Bank account ending in 66.
17	Yes	3/7/2013	Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner? P&N observed a filing cabinet containing requisition forms, purchase orders, invoices and check stubs arranged by month.

School Name: Family Worship Academy
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/7/2013

	Y/N or N/A As answered by management	Date	P&N's Procedures and Results of those Procedures
<i>Employee Compensation</i>			
18	Yes	3/7/2013	P&N was informed that there is a daily sign in/out binder in the school office that each teacher signs and records time in and time out. Teacher absences are documented and recorded for payroll purposes in their personnel files. P&N observed time recorded for 3/5/2013.
19	Yes	3/7/2013	P&N was informed that the principal processes payroll, has access to the general ledger, and makes changes to the employee master files (i.e. adding employees, removing employees, changes to wage rates, etc).
20	Yes	3/7/2013	P&N was informed that the principal makes changes to the payroll master file and also processes payroll.
21	Yes	3/7/2013	P&N was informed that changes to employee data are authorized, approved, and documented by the principal in the system and in the manual employee file with the reason for the change. P&N observed the employee file for a kindergarten teacher that documented an increase in salary for the 2012-2013 school year.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.

**LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES**

FINDINGS RESULTING FROM PROCEDURES PERFORMED: PARK VISTA ELEMENTARY SCHOOL

Park Vista Elementary School (the School) is a public school within the St. Landry Parish school district. The School does not directly receive the scholarship funds, as the funds are received by the school district. Therefore, the following procedures were not applicable:

I. Use of Funds

Procedure I.A and I.B:

Procedure I.C.1

Procedure I.C.2

Procedure I.C.3

II. Tuition and Fees for Scholarship Students**III. Payment Verification**

P&N selected a sample of five (5) students out of a total of seventeen (17) students participating in the scholarship program, and verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of nineteen (19) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Park Vista Elementary
2012-2013
Postlethwaite & Netterville
N/A

Note: Park Vista Elementary is a public school in the St. Landry parish school district. Procedure I(C)(I) was not applicable.

		Y/N or N/A as answered by management	Date	P&N's Procedures and Results of those Procedures
GENERAL/ADMINISTRATIVE				
<i>Integrity and Ethical Values</i>				
1	>Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates			
<i>Human Resource Policies and Practices</i>				
2	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?			
BUDGET PROCESS & FINANCIAL REPORTING				
<i>Budget Process</i>				
3	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?			
<i>Financial Reporting Process</i>				
4	Does the accounting system in place adequately record fiscal transactions and identify revenues and expenditures by source or category, specifically identifying scholarship revenues and expenditures? (as applicable)			
5	Does the school maintain a separate checking account exclusively for scholarship program revenues and expenditures? (as applicable)			
CASH				
6	Are two signatures required on checks?			
7	Are invoices and supporting documents furnished to the signer prior to signing the check?			
8	Are signed checks inaccessible to persons who requested, prepared, or recorded them?			
9	Are procedures provided for immediate notification to banks when check signers leave the unit or are otherwise no longer authorized to sign?			
10	Are bank reconciliations performed by someone independent of receiving cash or processing and recording of transactions. If not, are there other mitigating controls in place?			

School Name:
 Fiscal Year of Evaluation:
 Audit Firm:
 Date Completed:

Park Vista Elementary
2012-2013
Postlethwaite & Netterville
N/A

Note: Park Vista Elementary is a public school in the St. Landry parish school district. Procedure I(C)(I) was not applicable.

	Y/N or N/A as answered by management	Date	P&N's Procedures and Results of those Procedures
11			Are all reconciliations and investigations of unusual reconciling items reviewed and approved by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation? If not, are there other mitigating controls in place?
REVENUES AND RECEIVABLES			
12			Are scholarship transactions recorded on a timely basis?
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13			Are responsibilities for disbursement preparation and disbursement approval functions segregated from those for recording or entering cash disbursements information on the general ledger? If not, are there other mitigating controls in place?
14			Are responsibilities for the disbursement approval function segregated from those for the disbursement, voucher preparation, and purchasing functions? If not, are there other mitigating controls in place?
15			Are purchases of goods and services initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions?
16			Are payments made only on the basis of original invoices?
17			Does the school maintain the original source documents to validate each disbursement and are those source documents maintained in an orderly manner?
<i>Employee Compensation</i>			
18			Do records and controls exist for timekeeping and attendance?
19			Are responsibilities for the payroll processing function segregated from the general ledger function and the HR functions? If not, are there other mitigating controls in place?
20			Is access to the master payroll file limited to employees who are authorized to make changes (Presumably HR)?
21			Are all changes in employment (additions and terminations), salary and wage rates, and payroll deductions properly authorized, approved, and documented?

LOUISIANA DEPARTMENT OF EDUCATION
 SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

**FINDINGS RESULTING FROM PROCEDURES PERFORMED: LIGHTHOUSE CHRISTIAN
 PREPARATORY SCHOOL**

Based on our review of Lighthouse Christian Preparatory School (the School), P&N made the following observations:

I. Use of Funds

Procedure I.A and I.B:

P&N was informed that the School does not have an accounting system in place to record transactions. Online banking is utilized as the School's ledger, and revenues and expenditures are not recorded in a separate accounting ledger. As a result, P&N could not distinguish the scholarship expenditure population from the non-scholarship expenditure population and was unable to select a sample for testing. Therefore, Procedure I (A) and I (B) could not be completed.

Procedure I.C.1

P&N obtained answers to the questions included in the attached internal control questionnaire from the School's management. P&N made inquiries of school personnel and observed procedures and supporting documentation relevant to each question, and documented the results in the comment section of the questionnaire. The documented inquiries and observations will not necessarily be consistent with management's "Yes", "No", or "NA" answers and should not be viewed as a corroboration of those answers. See the attached Schedule C.

Procedure I.C.2

P&N obtained the budget and actual expenditures as of February 15, 2013, which was the cutoff date established for the third scholarship payment. A summary of the budget and actual expenditures provided to the Department of Education is as follows:

Budgeted scholarship tuition for the year	\$	34,475
Budgeted scholarship expenditures for the year		34,475
Actual expenditures as of February 15, 2013		17,720
Percent of budget expended		51%
Budgeted reserves	\$	475
Percent of reserves to budget		1%

P&N was informed that the reserves reported were used to tie out the budget to actual schedule to the budgeted scholarship tuition for the year.

Procedure I.C.3

Since this is the first year that the School participated in the scholarship program, there is no prior data from which to calculate the change in scholarship enrollment. Therefore procedure I(C)(3) was not applicable.

LOUISIANA DEPARTMENT OF EDUCATION
SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM AGREED-UPON PROCEDURES

FINDINGS RESULTING FROM PROCEDURES PERFORMED: LIGHTHOUSE CHRISTIAN
PREPARATORY SCHOOL

II. Tuition and Fees for Scholarship Students

P&N selected a sample of five (5) students out of a total of seven (7) students participating in the scholarship program, and verified that the scholarship tuition and fees received for each of the sampled students, through the third payment, did not exceed the tuition and fees charged to students not participating in the scholarship program. This was done by comparing the actual scholarship tuition received to the tuition and rate sheet provided by the School. In comparing the tuition and fees paid by the scholarship program to each school's tuition and rate sheet, P&N used the maximum amount of tuition and fees, without regard to reductions offered for things such as multiple family members, or participation in fund raising events. Five (5) exceptions were noted for each of the three payments, as the tuition and fees charged and paid for the scholarship students exceeded those charged to non scholarship students. The overpayments totaled \$525.00.

Exceptions resulting in disallowed tuition:	\$525.00
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III. Payment Verification

Using the same sample as in procedure II, P&N verified the residency of the student as listed on the original application, the parish code, and that the student was actively attending school on or before each of the first three (3) count dates. The residency was evidenced by one of the documents (i.e. energy bill) listed in the application instructions. No exceptions were noted.

IV. Income Eligibility

P&N selected a sample of five (5) students out of a total of seven (7) students participating in the scholarship program through the second payment for testing. The income requirement was met if the student participates in one of the listed federal assistance programs or if the family or household income does not exceed 250% of the federal poverty guidelines as listed in procedure IV of Schedule A. Acceptable documentation to substantiate participating in a federal assistance program or household income is listed in procedure IV of Schedule A. No exceptions were noted.

V. Special Education Tuition

There were no special education students receiving scholarship tuition. Therefore, this procedure was not applicable.

School Name: Lighthouse Christian Preparatory School
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/14/2013

	Y/N or N/A as answered by management	Date	P&N's Procedures and Results of those Procedures	
GENERAL/ADMINISTRATIVE				
<i>Integrity and Ethical Values</i>				
1	Does the school have documented and up-to-date policies and procedures for the following areas? >Continuing education for accounting staff >Budget process >Processing and approval of expenditures and payables >Record retention >Processing and approval of payroll >Approval and authorization of compensation levels and wage rates	Yes	3/14/2013	The principal stated that before January 2013, policies and procedures addressing continuing education for accounting staff, budget process, processing and approval of expenditures and payables, record retention, processing and approval of payroll, and approval and authorization of compensation levels and wage rates were not in place. She stated that she created the policies and procedures. Prior to the establishment of the written policies and procedures, the school's administrative operations have been guided by the principal and the pastors of the church.
<i>Human Resource Policies and Practices</i>				
2	Are training opportunities provided to finance and accounting staff to ensure all employees are competent to perform work assigned?	No	3/14/2013	The principal stated that she performs all accounting and financial duties for the school. The school does not use any accounting software, and keeps record of revenues and expenditure via online banking. She has not attended any training on accounting or finance.
BUDGET PROCESS & FINANCIAL REPORTING				
<i>Budget Process</i>				
3	Does the budget process involve management and meeting the requirement to submit the budget to the Louisiana Department of Education?	No	3/14/2013	The principal stated that a formal budget is not developed for the school. She informally discusses the projected revenues and expenditures with the pastors of the church, but a formal budget is not established. The school does not have a scholarship budget process or the requirement to submit the budget to the Department of Education. The principal stated that the budgeted expenditures were estimated projections for each category based on anticipated expenses for the school year. She did not indicate that she used any specific method or allocation applied to create the scholarship budget.

School Name: Lighthouse Christian Preparatory School
Fiscal Year of Evaluation: 2012-2013
Audit Firm: Postlethwaite & Netterville
Date Completed: 3/14/2013

	Y/N or N/A as answered by management	Date	P&N's Procedures and Results of those Procedures
Financial Reporting Process			
4	No	3/14/2013	The principal stated that the school does not have an accounting system in place to record transactions. She utilizes online banking as the school's ledger and revenues and expenditures are not recorded in a separate accounting ledger. As of December 2012, a separate checking account has been created to track scholarship revenue and expenditures. The principal explained that prior to December 2012, scholarship and nonscholarship transactions were not discernable.
5	Yes	3/14/2013	P&N was informed that in December 2012, the school opened a separate checking account # ending in 11 that is specifically for scholarship funds. Prior to December 2012, scholarship funds were deposited into the general account # ending in 07. Upon viewing the first quarter check deposit, P&N noted that the check amount should have been \$9,850 as reflected in the payment report from the DOE. The principal identified the deposit amount for \$9,350 on 10/02/12 as the scholarship deposit. The principal stated that the bank confirmed that the deposit slip lists a check from the DOE in the amount of \$9,850 and a \$500 cash withdrawal received from the deposit. When inquired who has authority to withdrawal cash from deposits, the principal stated that the two authorized signers, herself and the church's bookkeeper would have authority to take cash from deposits.

School Name: Lighthouse Christian Preparatory School
 Fiscal Year of Evaluation: 2012-2013
 Audit Firm: Postlethwaite & Netterville
 Date Completed: 3/14/2013

	Y/N or N/A as answered by management	Date	P&N's Procedures and Results of those Procedures	
CASH				
6	Are two signatures required on checks?	Yes	3/14/2013	The principal stated that two signatures are required for the scholarship fund checking account. The school's general fund requires only one signature. P&N observed signatures of both authorized signers (the principal and church bookkeeper) on check # 1006 for \$1,000 payable to D. Reynold, dated 2/28/13 from checking account ending in 11.
7	Are invoices and supporting documents furnished to the signer prior to signing the check?	No	3/14/2013	Based upon inquiries, the principal makes all disbursements and does not require invoices or supporting documents.
8	Are signed checks inaccessible to persons who requested, prepared, or recorded them?	No	3/14/2013	Based upon inquiries, the principal prepares all disbursements and signs the checks for payment. She does not record disbursements, as the school does not maintain a ledger.
9	Are procedures provided for immediate notification to banks when check signers leave the unit or are otherwise no longer authorized to sign?	Yes	3/14/2013	The principal stated that the bank requires a letter from the school to remove a signer. The remaining signer and the new signers must physically appear at the bank and complete new signature authorization forms. The school has not had changes to signers since its inception, and an authorization form was not readily available to view.
10	Are bank reconciliations performed by someone independent of receiving cash or processing and recording of transactions. If not, are there other mitigating controls in place?	No	3/14/2013	The principal stated that bank reconciliation is not performed as she does not maintain a general ledger. She reviews the online bank statements every other month to determine what items have cleared.
11	Are all reconciliations and investigations of unusual reconciling items reviewed and approved by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation? If not, are there other mitigating controls in place?	N/A	3/14/2013	P&N was informed that the school does not perform bank reconciliations.
REVENUES AND RECEIVABLES				
12	Are scholarship transactions recorded on a timely basis?	N/A	3/14/2013	Based upon inquiries, the school does not record revenue or expenditure transactions into a general ledger. The scholarship funds are recorded as receivables in the Teacherease system. The Teacherease school administration system is used primarily to generate student invoices and maintain student records. General ledger functions are not performed through the system.

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	Y/N or N/A as answered by management	Date	P&N's Procedures and Results of those Procedures
PROCUREMENT AND PAYABLES			
<i>General Expenditures and Payables</i>			
13	No	3/14/2013	P&N was informed that the principal prepares and approves all disbursements. Disbursements are not recorded in a general ledger, rather the principal reviews transactions through the bank's online banking.
14	No	3/14/2013	P&N was informed that the principal prepares and approves all disbursements.
15	N/A	3/14/2013	Based upon inquiries, the school does not have a formal requisition process.
16	No	3/14/2013	The principal stated that original invoices are not necessary for payment, as she prepares and approves all disbursements and purchases for the school.
17	No	3/14/2013	The principal stated that since she prepares and approves all disbursements, she does not maintain original source documents. She pays majority of the operating bills through the vendor's online payment system and has access to statements electronically. P&N observed an online invoice from Amazon.com from July 2012 for the purchase of books. When asked if she maintained any records for receipts for reimbursements, she stated that reimbursements rarely occur. The employee would verbally request items and the principal would purchase them.

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	Y/N or N/A as answered by management	Date	P&N's Procedures and Results of those Procedures
<i>Employee Compensation</i>			
18	No	3/14/2013	P&N was informed that absences are recorded for employees that receive a salary. P&N observed an absence record for D. Reynolds on 2/28/2013 from the attendance file maintained by the principal. Timekeeping is not maintained for non-salaried employees.
19	No	3/14/2013	P&N was informed that the school does not have formal payroll, general ledger, or human resource functions. The principal explained that the school was established by the pastors of Lighthouse for Jesus Church, and that most of the employees are volunteers from within the church community. Only two employees receive compensation in the form of salary. Others, like herself are volunteers and believe that their jobs are part of the church's ministry. She stated that the decision to determine which employees received salaries was based on who had the greatest need. The principal can decide to compensate a non-salary employee if he/she falls on financial hardship. She stated that the school has paid utility bills and has given monetary assistance to employees at the discretion of the principal and the pastors.
20	N/A	3/14/2013	P&N was informed that the school does not maintain a payroll system. The principal pays the two salaried employees with a handwritten check on the 14th and the 28th of every month.
21	Yes and No	3/14/2013	P&N was informed that the principal and the employee agree on the terms of employment. Salaries and compensations levels are documented in the employee files. The school does not have a payroll system and paychecks are not deducted for taxes or benefits, as the employees receive the gross amount.

P&N's documented inquiries and observations were intended to present factual information relevant to the respective questions and do not necessarily corroborate management's "Yes", "No", or "NA" answers.



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