

STPSB
Internal Audit Report
Audited By: Amelia Barker, CPA
Report Related To STPSB Land Audit
7/15/2024

STPSB
REPORT RELATED TO STPSB LAND AUDIT
COMPLETED BY AMELIA BARKER, CPA
7/15/24

Areas for Consideration: Are all STPSB land purchases properly recorded in accordance with GASB 34?

Internal Policy Reference: N/A

Related Law/Audit Guidance: GASB 34

Review: All land purchases were subject to testing. An initial total of 110 land purchases per munis were used as a baseline for the population.

Findings: A total of 48 properties were noted to not have been capitalized in accordance with GASB 34. These properties were not recorded in accordance with GASB 34. The total value of these properties amounted to \$1,792,817. The purchase date on these properties ranged from 1895 to 2006. All unrecorded properties were sent to the assessor to ensure all properties were matched to an assessment number in their system. I was unable to determine if 2 additional properties are owned by STPSB based on our land records. In addition, I noted 1 property swap that was not recorded in munis.

Recommendation: All Land purchases need to be capitalized when they are purchased. In addition, any land swaps need to be recorded in the year they are swapped for fair market value. Any land traded during the swap that is no longer property of STPSB needs to be removed from assets. All land records noted above that are currently not recorded need to be recorded in accordance with GASB 34.

Areas for Consideration: Are all STPSB land purchases properly supported with an invoice or sale documentation indicating STPSB is the owner of such property?

Internal Policy Reference: N/A

Related Law/Audit Guidance: N/A

Review: All land purchases were subject to testing. An initial total of 110 land purchases per Munis were used as a baseline for the population.

Findings: I was unable to locate support for a total of 7 properties capitalized in Munis. The date of capitalization for these purchases ranged from 1923 to 1993. The total value of these assets are \$141,138.

Recommendation: All properties that we are unable to find support for need to be further researched to determine ownership. If these are not determined to be ours we need to remove them from Munis. If these are determined to be ours we need to add support for the asset.

Areas for Consideration: Are all STPSB land donations properly recorded as required by GASB 72?

Internal Policy Reference: N/A

Related Law/Audit Guidance: GASB 72

Review: All land donations were subject to testing.

Findings: I did not see any previous land donations recorded in Munis. I noted 4 land donations that occurred between 1969 and 2021 that were not capitalized in accordance with GASB 72. These land donations were not recorded and had not been capitalized in accordance with GASB 72.

Recommendation: All land donations need to be recorded timely and in accordance with GASB 72. The 4 land donations that are currently not capitalized need to be assigned a fair market value and capitalized.

Additional Findings unrelated to land purchases:

While auditing land purchases I noted 3 potential land sales/donations made by us to various parties that were not reflected in Munis. The current value of these assets in Munis will need to be reduced to reflect these sales if they did in fact occur. Based on the documentation and the age of the sales I could not definitively determine if they did occur.

While auditing land, a question came up regarding construction projects in progress. It was determined that when construction projects are in process, they are done in phases. These phases are not capitalized until the entire project (all phases) are completed. Per GASB 34 these

projects need to be capitalized as the phases are completed and the construction is put into service. Assets are required to be capitalized at the time they are placed into service.



FRANK J. JABBIA
Superintendent

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DATE: July 15, 2024

TO: Amelia Barker, Internal Auditor

FROM: Terri Prevost, CFO

RE: Management Response to Land Audit (Full review of all properties)

1. Are all land purchases properly recorded in accordance with GASB 34?

Response:

The land noted was prior to my hiring as Chief Accountant/CFO (August 1, 2007). I was not informed about the land swap so it was not recorded. There were various spreadsheets maintained by departments that were discovered after we starting this process of reviewing our land ownership. I have substantially strengthened controls and procedures related to fixed assets since my hiring on August 1, 2007. We will get these properties added to our inventory as of June 30, 2024.

2. Are all land purchases properly supported with an invoice or sale documentation indicating the School Board as owner of the property?

Response:

We will have our legal team to research ownership of the properties where there is a question of ownership.

3. Are all STPSB land donations properly recorded as required by GASB 72?

Response:

We will record 4 land donations that occurred between 1969 and 2021. Any donated if provided to my department where recorded. We will research these donations and record.

4. Additional Findings:

Construction in Progress – Unless my department is provided with certificates of completion, property is not recorded as an asset. This has been discussed with the Construction Department and will be recorded by Phase as they are completed going forward.

Land sales/donations - We will review these land sales/donation and record them if applicable.