



**James Accounting & Tax Practice, P.A.**

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August 26, 2008

Dr. Keitha Burnett  
Director  
Lawrence Academy  
751 West Palm Drive  
Florida City FL 33034

Dear Dr. Burnett:

I have audited the accompanying government-wide and fund financial statements of Lawrence Academy as of June 30, 2008 and for the year then ended, and have issued a report thereon dated August 26, 2008.

I conducted the audit in accordance with generally accepted auditing standards in the United States of America, and Government Auditing Standards issued by the Comptroller General of the United States of America, as they relate to financial audits. In accordance with Government Auditing Standards, I have also issued a report dated August 26, 2008, on our consideration of Lawrence Academy's internal control over financial reporting, and our test of its compliance with certain provisions of laws, regulation, contracts and grants. Disclosures in that report, if any, should be read in conjunction with this management letter.

This audit was also conducted in accordance with Section 218.39(4), Florida Statutes, and Rule 10.856(2), which govern the conduct of charter school audits in the state of Florida, and require that certain items be addressed in this letter. Those items are as follows:

1. A statement as to whether corrective actions have been taken to address findings, and recommendations made in the preceding annual financial audit report.

**Prior Year Findings and Recommendations**

**Cancellation of Invoices and other supporting documents**

This item was discussed during the previous audit, and we note that a paid stamp was acquired and is being used to stamp the purchase order. We believe that it is also necessary to stamp the invoice and any other supporting documents as well.

### ***Subsequent Action Taken***

This procedure has been implemented, but the departure of a crucial staff member resulted in a period when it was not consistently applied. Management is committed to filling this position during the coming year, and consistently carrying out this function.

### **Coding of transactions**

It was noted a number of transaction coded to the incorrect account, and inquiries have indicated that the primary reason for this is that the invoices and or the purchase order that includes the details are not provided to the outside accountant preparing your financial statements.

### ***Subsequent Action Taken***

Implemented

### **Evidence of receipt of equipment and supplies**

It was noted that there is no written procedure to verify that supplies and equipment have been received prior to payment.

### ***Management's response***

In future the person receiving equipment and supplies will be required to sign the packing slip or other delivery document to detail what has been received. Such evidence of receipt of goods will be required before payments are made.

Management was not able to implement this procedure last year due to the unplanned departure of staff. Management is committed filling this position in the coming year, and instituting this procedure.

### **Cash Receipts**

It was noted that there was no efficient way to verify deposits with cash receipts.

### ***Management's response***

Beginning immediately, an excel spreadsheet will be prepared for each cash deposit. The spreadsheet will detail different categories of collections and be traceable to the written receipts. Departure of staff during the year prevented this procedure from being consistently performed. Management is committed to filling the position in the coming year, so that the procedures can be performed.

### **Board Stewardship**

It is necessary for the board's approval of the following items to be noted in the minutes:

- The budget
- The quarterly financial statements
- Items that exceed the budget by a material amount
- The pay rate including any supplementary pay

### ***Subsequent Action Taken***

Implemented

### **Review of Payroll Calculation**

It was noted that there is no review of payroll calculations performed by the payroll leasing company, and recommend that the payroll calculation be reviewed and approved by a responsible official before the payroll is finalized.

### ***Subsequent Action Taken***

Implemented

### **Providing All Check Stubs to Outside Accountant**

It was noted that checks were being entered from the bank statements instead of the check stubs, which could result in unrecorded transactions. It is recommended that all check stubs be provided to the outside accountant for processing.

### ***Management's response***

Recommendation will be implemented immediately. Staff departures prevented implementation of this procedure. Management is committed to filling the position in the coming year, so that the procedures can be performed.

2. A statement as to whether or not the charter school has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. [See also Rule 10.857(1).]

The School has not any conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. [See also Rule 10.857(1).] Specifically the School's results do not reveal a state of financial emergency.

3. Any recommendations to improve the school or center's financial

### **Current Year Findings**

It is recommended that the fixed asset register be organized in the same categories as the general ledger, so that the details can be agreed with the general ledger.

### ***Management's Response***

This task will be part of the duties of the accounting clerk who will be hired in the coming year.

4. Violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential.

No violations of laws, regulations, contracts or agreements, or abuse have come to my attention, during the performance of the audit.

5. A statement that the auditor applied financial condition assessment procedures pursuant to rule 10.855(10)  
James Accounting applied financial condition assessment procedures in accordance with rule 10.855(10). It is management's responsibility to monitor Lawrence Academy's financial condition, and the financial condition assessment applied was based in part on representations made by management and the review of financial information, which they provided. There was no deteriorating financial condition as of June 30, 2008

6. The name or official title of the school or center.

This is disclosed in the address section of this letter.

Sincerely,



Verna James

Certified Public Accountant

August 26, 2008