STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

Summary

Report Number: 2010-140

Report Title: Hendry County District School Board – Financial, Operational, and Federal Single Audit

Report Period: FYE 06/30/2009

Release Date: 03/17/2010

Summary of Report on Financial Statements

Our audit disclosed that the District's basic financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards. Club and class activity funds of the individual schools were not included within the scope of our audit.

Summary of Report on Internal Control and Compliance

We noted a certain matter involving the District's internal control over financial reporting and its operation that we consider to be a material weakness as summarized below.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States; however, we noted certain additional matters as summarized below.

MATERIAL WEAKNESS

Finding No. 1: Improvements are needed in District procedures to ensure completion of the required annual audit of the school internal funds for consideration in the audit of the District's financial statements.

ADDITIONAL MATTERS

Finding No. 2: Controls could be enhanced to ensure compliance with Section 119.071(5)(a), Florida Statutes, regarding notifying individuals of the need for and use of social security numbers.

Finding No. 3: The District could improve controls over the reporting of instructional contact hours for adult general education to the Florida Department of Education.

Finding No. 4: Controls to monitor school resource officer services could be enhanced.

Finding No. 5: The District did not have a fraud policy for communicating and reporting known or suspected fraud to the appropriate authorities.

Finding No. 6: The District had not implemented a comprehensive security awareness training program.

Finding No. 7: The District lacked written policies and procedures for certain information technology functions.

Summary of Report on Federal Awards

We audited the District's Federal awards for compliance with applicable Federal requirements. The Child Nutrition Cluster and Migrant Education programs were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that were applicable to the major Federal programs tested. However, we did note compliance findings as summarized below.

Federal Awards Finding No. 1: The District did not provide private schools in the District the opportunity to participate in the Reading First program.

Federal Awards Finding No. 2: Contrary to registration requirements for Federal awards, the District did not timely renew its registration in the Central Contractor Registration database.

Audit Objectives and Scope

Our audit objectives were to determine whether the Hendry County District School Board and its officers with administrative and stewardship responsibilities for District operations had:

- Presented the District's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on a major Federal program;
- Established internal controls that promote and encourage: 1) compliance with applicable laws, rules, regulations, contracts, and grant agreements; 2) the economic and efficient operation of the District;
  3) the reliability of records and reports; and 4) the safeguarding of District assets;
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal programs; and
- Taken corrective actions for findings included in our report No. 2009-142.

The scope of this audit included an examination of the District's basic financial statements and the Schedule of Expenditures of Federal Awards as of and for the fiscal year ended June 30, 2009. We obtained an understanding of the District's environment, including its internal control and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were executed, both in manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent District records in connection with the application of procedures required by auditing standards generally accepted in the United States of America, applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and Office of Management and Budget *Circular A-133*.

Management's response is included in the audit report as Exhibit A.