



STATE OF FLORIDA AUDITOR GENERAL

DAVID W. MARTIN, CPA



Summary

Report Number: [2010-166](#)

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

Report Period: **FYE 06/30/2009**

Release Date: **03/26/2010**

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, with the exception of the school internal accounts, which comprise a significant portion of the aggregate remaining fund information.

Summary of Report on Internal Control and Compliance

We noted certain matters involving the District's internal control over financial reporting and its operation that we consider to be significant deficiencies, one of which 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: The District needed to enhance its financial reporting procedures and controls over school internal funds.

SIGNIFICANT DEFICIENCY

Finding No. 2: The District had not established adequate capital asset subsidiary records.

ADDITIONAL MATTERS

Finding No. 3: The District's General Fund unreserved fund balance could be significantly reduced if questioned Federal program costs are required to be restored to the Federal programs by the grantors.

Finding No. 4: The District had not developed a fraud policy to provide guidance to employees for communicating known or suspected fraud to the appropriate authorities.

Finding No. 5: Procedures for teachers assigned to out-of-field teaching duties were not effective to ensure that all out-of-field assignments were timely presented to the Board for approval.

Finding No. 6: Improvements are needed in controls over the reporting of instructional contact hours for adult general education courses to the Florida Department of Education.

Finding No. 7: The District needed to develop formal written procedures governing the use of purchasing cards, and needed to enhance its controls over purchasing card payments.

Finding No. 8: The District had not fully implemented a comprehensive information technology (IT) security awareness training program.

Finding No. 9: The District had not fully developed a formal IT disaster recovery plan that included provisions for the assignment of staff responsibilities and an alternate processing site in the event of a disaster.

Finding No. 10: The District lacked written policies and procedures for certain IT functions.

Finding No. 11: The District lacked written policies and procedures for the removal of IT access privileges of certain former or reassigned employees, consultants, and vendors.

Finding No. 12: Certain IT security controls in the areas of logging, monitoring, and review of system activity; management of access privileges; and user authentication needed improvement.

Summary of Report on Federal Awards

We audited the District's Federal awards for compliance with applicable Federal requirements. The Title I, Special Education Cluster, Improving Teacher Quality, and Head Start 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, with the exception of the Title I program. We noted compliance and internal control findings as summarized below.

Federal Awards Finding No. 1: The District did not always properly allocate Title I schoolwide program funds to schools identified as eligible and selected to participate.

Federal Awards Finding No. 2: The District did not document the allowability of costs totaling \$37,170 for a electronic parent notification system charged to the Title I and Special Education programs and costs totaling \$22,323.90 for antiviral software and servers charged to the Title I program.

Federal Awards Finding No. 3: Four teachers assigned to Title I schoolwide project schools did not meet the requirements to be highly qualified, contrary to Federal regulations.

Federal Awards Finding No. 4: Contrary to the intent and budget of the Improving Teacher Quality program, the District paid \$45,026.55 from the program for a health services coordinator.

Federal Awards Finding No. 5: District records did not evidence the allowability of Title I program costs totaling \$52,388.05 for two computer technicians.

Federal Awards Finding No. 6: Controls over capital assets used in Federal programs could be enhanced.

Other Matter: The Florida Department of Education (FDOE) performed an onsite monitoring review of the District in December 2009. The preliminary report of this review cited the District for extensive noncompliance with Federal regulations and indicated that FDOE will be placing more restrictive conditions on one or more of the District's Federal awards.

Audit Objectives and Scope

Our audit objectives were to determine whether the Gadsden 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. 2009-188.

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.