



# STATE OF FLORIDA AUDITOR GENERAL DAVID W. MARTIN, CPA



## Summary

**Report Number:** [2011-161](#)

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

**Report Period:** **FYE 06/30/2010**

**Release Date:** **03/22/2011**

### 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.

### 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 material weaknesses and a significant deficiency 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 WEAKNESSES

Finding No. 1: The District needed to improve its financial reporting procedures.

Finding No. 2: The District's bank account reconciliation procedures were not effective.

Finding No. 3: Controls over journal entries needed improvement, and District personnel made several erroneous and unsupported entries.

#### SIGNIFICANT DEFICIENCY

Finding No. 4: The District needed to enhance its budgetary process and ensure that monthly financial statements are timely provided to the Board.

#### ADDITIONAL MATTERS

Finding No. 5: The District took action to significantly increase its General Fund unreserved fund balance; however, the District's General Fund unreserved fund balance could be significantly reduced if the District is unable to collect a questionable receivable from a grantor and if the District is required to restore questioned costs.

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

Finding No. 7: District records did not sufficiently evidence that performance assessments of instructional personnel and school administrators were based primarily on student performance, contrary to Section 1012.34(3), Florida Statutes.

Finding No. 8: The Board had not adopted formal policies and procedures for documenting the differentiated pay process of instructional personnel and school-based administrators using the factors prescribed in Section 1012.22(1)(c)4., Florida Statutes.

Finding No. 9: District records did not evidence that the use of capital outlay tax levy proceeds for insurance premiums was consistent with Section 1011.71(5), Florida Statutes, resulting in \$115,359 of questioned costs.

Finding No. 10: 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. 11: District monitoring procedures over construction projects and related documents could be enhanced.

Finding No. 12: The District lacked written policies and procedures for certain information technology (IT) functions.

Finding No. 13: The District's Disaster Recovery Plan lacked key disaster recovery control elements and had not been tested.

#### Summary of Report on Federal Awards

We audited the District's Federal awards for compliance with applicable Federal requirements. The Title I, Part A Cluster; Special Education Cluster; State Fiscal Stabilization Fund Cluster; and Head Start Cluster 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, except for the Title I, Part A Cluster program. Noncompliance and control deficiency findings are summarized below.

Federal Awards Finding No. 1: Improvements were needed in the District's administration of supplemental educational services and transportation choice options for students attending schools identified as in need of improvement, and our audit disclosed \$152,525.80 of questioned costs.

Federal Awards Finding No. 2: District records did not evidence that the maintenance of effort requirements for the Title I program were met, resulting in \$79,634.02 of questioned costs.

Federal Awards Finding No. 3: District Federal programs cash management procedures needed improvement.

Federal Awards Finding No. 4: District procedures were not sufficient for monitoring and reporting Federal expenditures for grants received through FDOE, resulting in \$516,142.15 of potentially uncollectible receivables.

Federal Awards Finding No. 5: District procedures were not adequate to ensure that the status of Head Start cash was accurately reported and in agreement with District records.

Federal Awards Finding No. 6: Controls to ensure salary and benefit costs are appropriately charged to Federal programs could be enhanced.

Federal Awards Finding No. 7: The District paid \$100,166.32 for projector system installation services without following the competitive bidding process prescribed by Federal regulations and State Board of Education Rules.

Federal Awards Finding No. 8: District procedures for reporting ARRA – Special Education program expenditures needed improvement.

#### Audit Objectives and Scope

Our audit objectives were to determine whether the Taylor 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. 2010-170.

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, 2010. 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*.

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