STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

Summary

Report Number: 2012-109

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

Report Period: **07/01/2010 – 06/30/2011**

Release Date: **03/08/2012**

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

Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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.

ADDITIONAL MATTERS

Finding No. 1: Controls over contractual payment processing needed to be enhanced.

Finding No. 2: The Board had not adopted formal policies and procedures for ensuring that a portion of each instructional employee's compensation is based on performance pursuant to Section 1012.22(1)(c)2., Florida Statutes (2010), and 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 (2010).

Finding No. 3: Improvements were needed in controls over the reporting of instructional contact hours for adult general education classes to the Florida Department of Education.

Finding No. 4: The Board held a closed executive session meeting to discuss a land purchase, without providing public access to the meeting, contrary to the Sunshine Law. The District subsequently obtained a bank loan to purchase the land and the seller reimbursed $70,000 of the purchase price back to the District. District records indicate that ad valorem tax levy proceeds will be used to repay the bank loan; however, this would result in the use of $70,000 of ad valorem tax levy proceeds for operating purposes, contrary to Section 1011.71, Florida Statutes.

Finding No. 5: The District lacked written policies and procedures for certain information technology (IT) functions.

Finding No. 6: Certain IT security controls related to data loss prevention needed improvement.

Finding No. 7: The District did not have a written IT security incident response plan.

Finding No. 8: The District did not have a written IT disaster recovery plan.

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 Education Jobs Fund programs were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that could have a direct and material effect on the major Federal programs tested.

Audit Objectives and Scope

Our audit objectives were to determine whether the Lafayette 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. 2011-100.

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, 2011. 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.