

STATE OF FLORIDA AUDITOR GENERAL

DAVID W. MARTIN, CPA



Summary

Report Number: [2012-168](#)

Report Title: [Jefferson County District School Board – Financial, Operational, and Federal Single Audit Report](#)

Report Period: [07/01/2010 – 06/30/2011](#)

Release Date: [03/28/2012](#)

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

We noted certain matters involving the District's internal control over financial reporting and its operation that we consider to be a material weakness 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 WEAKNESS

Finding No. 1: Financial reporting procedures could be improved to ensure that information is properly reported on the financial statements.

SIGNIFICANT DEFICIENCY

Finding No. 2: Improvements were needed in the bank account reconciliation process.

ADDITIONAL MATTERS

Finding No. 3: 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 (2010).

Finding No. 4: 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 (2010).

Finding No. 5: Controls over electronic funds transfers could be enhanced.

Finding No. 6: 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. 7: The District could enhance controls over the issuance of student diplomas.

Finding No. 8: The District lacked written policies and procedures for certain information technology (IT) functions.

Finding No. 9: The District's IT disaster recovery plan lacked key disaster recovery control elements and had not been tested.

Finding No. 10: The District needed to improve IT security controls related to network and application access and authorization.

Finding No. 11: The District had not implemented a comprehensive IT security awareness training program.

Finding No. 12: The District did not have a written IT security incident response 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; School Improvement Grants 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 each of its major Federal programs, except for the Title I, Part A Cluster and Special Education Cluster programs. Noncompliance and control deficiency findings are summarized below.

Federal Awards Finding No. 1: District procedures did not ensure that all teachers hired to teach core academic subjects in Title I schoolwide schools were highly qualified, resulting in \$76,587 of questioned costs.

Federal Awards Finding No. 2: The District did not adequately document charges to the Special Education program for coordinated early intervention services, resulting in \$67,780 of questioned costs.

Federal Awards Finding No. 3: District records did not evidence that District personnel verified that certain contracted services were provided to program eligible students before payments were made, resulting in \$56,606 of questioned costs.

Federal Awards Finding No. 4: District records did not evidence that the District met the maintenance of effort requirement for the Title I program.

Federal Awards Finding No. 5: Required documentation to support personnel charges totaling \$208,267 and \$25,417 for the Title I and Special Education programs, respectively, were not maintained, contrary to Federal regulations.

Federal Awards Finding No. 6: Controls over monitoring and reporting of Federal cash balances and expenditures could be enhanced to ensure amounts reported to the Florida Department of Education are reconciled to the District's accounting records on a timely basis.

Audit Objectives and Scope

Our audit objectives were to determine whether the Jefferson 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. 2011-154.

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.