



## Summary

**Report Number:** [2013-170](#)

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

**Report Period:** **FYE 06/30/2012**

**Release Date:** **03/29/2013**

### 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 a certain matter involving the District's internal control over financial reporting and its operation that we consider to be a significant deficiency as summarized below. However, the significant deficiency is not considered to be a material weakness.

#### SIGNIFICANT DEFICIENCY

Finding No. 1: Financial reporting procedures could be improved to ensure that transactions and note disclosures are properly reported on the financial statements.

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. 2: The District's General Fund financial condition may be further reduced by payments of questioned costs and additional Board premium contributions for the District's health and workers' compensation self-insurance programs, resulting in significantly less resources for emergencies and unforeseen situations.

Finding No. 3: District procedures did not always ensure that minutes for meetings were appropriately maintained and timely approved, contrary to the Sunshine Law.

Finding No. 4: The District's required annual debt payment of \$2,117,647 was made late.

Finding No. 5: The District initially reported \$4,963,000 of unrestricted resources as restricted fund balance in a capital projects fund; however, the amounts had no externally imposed constraints on use and District records did not evidence the specific intended use of the funds.

Finding No. 6: The District's Workers' Compensation/General Liability Internal Service Fund unrestricted net asset balance declined \$920,054 to a deficit balance of \$1,901,332 at June 30, 2012.

Finding No. 7: District records did not always evidence use of ad valorem tax levy proceeds for authorized purposes, resulting in \$8,552.48 of questioned costs.

Finding No. 8: The District needed to strengthen its controls to ensure the accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education.

Finding No. 9: A formal action plan needs to be established to adequately fund the property self-insurance program for wind damage.

Finding No. 10: Payroll processing procedures could be enhanced to ensure that employee work time is appropriately documented and approved, accurately recorded, and not in conflict with other employment.

Finding No. 11: The financial audit of a Board-approved direct-support organization (DSO) was not performed in accordance with *Government Auditing Standards*, contrary to Rules of the Auditor General. Although District personnel did not consider the organization to be a DSO, the Board had not rescinded its approval of the organization as a DSO, and the District provided the organization personal services, use of District facilities, and property at no cost, which is permissible only if the organization is a DSO.

Finding No. 12: The District needed to enhance controls over after school day care program fees.

Finding No. 13: Vehicle logs were not always complete, accurate, and reviewed and approved of record by supervisory personnel.

Finding No. 14: Controls over the review and approval of construction contract change orders could be improved.

### Summary of Report on Federal Awards

We audited the District's Federal awards for compliance with applicable Federal requirements. The Child Nutrition Cluster, Title I Cluster, Twenty-First Century, Improving Teacher Quality, Race-to-the-Top, 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 could have a direct and material effect on each of its major Federal programs. However, we did note noncompliance and control deficiency findings as summarized below.

Federal Awards Finding No. 1: The District used Title I School Improvement Grant funds for expenditures incurred outside the period of availability, resulting in \$36,793.40 of questioned costs.

Federal Awards Finding No. 2: The District did not properly allocate Title I schoolwide program resources to schools in rank order, on the basis of the total number of children from low income families in each school, resulting in \$18,475.34 of questioned costs.

Federal Awards Finding No. 3: Required documentation to support personnel charges were not always maintained, resulting in \$14,382.37 of questioned costs to the Race-to-the-Top Program.

Federal Awards Finding No. 4: Control deficiencies were noted over payroll time records and employee work schedules for some District employees paid from Twenty-First Century Program funds, resulting in \$938 of questioned costs.

Federal Awards Finding No. 5: The District's Schedule of Expenditures of Federal Awards excluded the Disaster Grants – Public Assistance (Presidentially Declared Disasters) Program with expenditures of \$359,056.

### Audit Objectives and Scope

Our audit objectives were to determine whether the Monroe 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. 2012-170.

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, 2012. 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.**