



Summary

Report Number: [2014-125](#)

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

Report Period: **FYE 06/30/2013**

Release Date: **03/10/2014**

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 collectively to be a significant deficiency, as summarized below. However, this significant deficiency is not considered to be a material weakness.

SIGNIFICANT DEFICIENCY (COMBINATION OF CONTROL DEFICIENCIES IN FINANCIAL STATEMENT FINDING NOS. 1 THROUGH 6)

Finding No. 1: Controls over expenditures for certain credit card charges, travel reimbursements, and vendor payments were not always effective to prevent, or detect and correct, errors or fraud should they occur.

Finding No. 2: The Board could enhance its policies and procedures for communicating and reporting known or suspected fraud.

Finding No. 3: The District had not updated its comprehensive procedures manual to include the assignment of primary and backup duties that are normally associated with the director of finance position.

Finding No. 4: Improvements were needed in the bank account reconciliation process.

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

Finding No. 6: The District did not always timely approve journal entries made to accounting records.

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. 7: District records did not always evidence that ad valorem tax levy proceeds were used for authorized purposes, resulting in \$22,710 of questioned costs.

Finding No. 8: The food service program financial condition could be improved.

Finding No. 9: Controls over personnel and payroll procedures could be strengthened.

Finding No. 10: Controls over terminal leave payments could be enhanced.

Finding No. 11: The Board had not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Section 1012.22(1)(c)4.b., Florida Statutes.

Finding No. 12: Controls over monitoring school bus drivers could be enhanced.

Finding No. 13: Controls over contractual payment processing needed to be enhanced.

Finding No. 14: 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. 15: Controls over facilities construction and maintenance activities could be enhanced.

Finding No. 16: The District lacked written policies and procedures for certain information technology (IT) functions.

Finding No. 17: District procedures for deactivating employee and contractor IT access privileges needed improvement.

Summary of Report on Federal Awards

We audited the District's Federal awards for compliance with applicable Federal requirements. The Child Nutrition Cluster, Special Education Cluster, and Schools and Roads 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 remitted earmarked funds for the Schools and Roads grant program to the Sheriff, instead of the Board of County Commissioners, resulting in questioned costs of \$24,643.

Federal Awards Finding No. 2: Required documentation to support certain personnel charges to Child Nutrition Cluster programs was not maintained, resulting in \$12,618 of questioned costs.

Audit Objectives and Scope

Our audit objectives were to determine whether the Liberty 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. 2013-146.

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, 2013. 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.