

# STATE OF FLORIDA AUDITOR GENERAL

DAVID W. MARTIN, CPA



## Summary

**Report Number:** [2014-161](#)

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

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

**Release Date:** **03/26/2014**

### 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

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:** Financial reporting procedures could be improved to ensure that fund balance is properly classified.

**Finding No. 2:** 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. 3:** Controls over transportation inventories could be enhanced.

**Finding No. 4:** Controls over facilities construction and maintenance activities could be enhanced.

**Finding No. 5:** District records did not always evidence that ad valorem tax levy proceeds were used for authorized purposes, resulting in \$425,490.15 of questioned costs.

**Finding No. 6:** Controls over virtual instruction program (VIP) operations and related activities could be enhanced by developing and maintaining comprehensive, written VIP policies and procedures.

**Finding No. 7:** VIP provider contracts were deficient in that contracts did not include all provisions required by State law.

**Finding No. 8:** The District had not established procedures to document that VIP students received necessary VIP instructional materials. In addition, procedures needed to be enhanced to ensure that VIP students and their parents are notified about the availability of computing resources and that qualified VIP students are provided computing resources.

**Finding No. 9:** District records did not evidence that required timely written notifications were provided to parents about student opportunities to participate in VIPs and the dates of the open enrollment periods.

Finding No. 10: District records did not evidence that required background screenings were performed for VIP employees and contracted personnel.

Finding No. 11: The District's procedures did not always require written documented verification that VIP students complied with compulsory attendance requirements.

Finding No. 12: District information technology security controls related to user authentication and logging and monitoring of system activity needed improvement.

#### Summary of Report on Federal Awards

We audited the District's Federal awards for compliance with applicable Federal requirements. The Title I, 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 a noncompliance and control deficiency finding as summarized below.

Federal Awards Finding No. 1: District procedures for reporting Race-to-the-Top program expenditures needed improvement.

#### Audit Objectives and Scope

Our audit objectives were to determine whether the Charlotte 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 previous audit reports.

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.**