



# STATE OF FLORIDA AUDITOR GENERAL DAVID W. MARTIN, CPA



## Summary

**Report Number:** [2015-148](#)

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

**Report Period:** **FYE 06/30/2014**

**Release Date:** **03/20/2015**

### 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 significant deficiencies, as summarized below. However, these significant deficiencies are not considered to be material weaknesses.

#### SIGNIFICANT DEFICIENCIES

Finding No. 1: Financial reporting procedures needed improvement to ensure that account balances and transactions are properly reported.

Finding No. 2: Controls over journal entries needed improvement.

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. 3: During the 2013-14 fiscal year, the District's General Fund total unassigned fund balance declined 11.24 percent from \$2,091,371 at June 30, 2013, to \$1,856,326 at June 30, 2014. Under these circumstances, the District has less resources for emergencies and unforeseen circumstances than other school districts of similar size.

Finding No. 4: The District continued to subsidize the District's food service program with General Fund resources, reducing funds available for the District's other educational programs and contributing to the declining financial condition of the General Fund.

Finding No. 5: The District's comprehensive procedures manual needed to be updated and enhanced.

Finding No. 6: The District duplicated certain costs in the LCI Fund resulting in \$43,505 of questioned costs.

Finding No. 7: Purchasing procedures could be enhanced to provide for routine review of required statements of financial interests for consideration in making procurement decisions.

Finding No. 8: The District needed to enhance its procedures to require verification of eligibility of all dependents covered by the District's health insurance plan.

Finding No. 9: Controls over monitoring school bus drivers needed improvement.

Finding No. 10: Controls over the maintenance and approval of certain committee meeting minutes needed improvement.

Finding No. 11: Some inappropriate information technology (IT) access privileges existed.

Finding No. 12: The District had not developed a comprehensive, written IT disaster recovery plan.

Finding No. 13: The District had not developed a comprehensive, written IT risk assessment.

Finding No. 14: District IT security controls related to the management of mainframe access privileges needed improvement.

#### Summary of Report on Federal Awards

We audited the District's Federal awards for compliance with applicable Federal requirements. The Special Education Cluster, Improving Teacher Quality, and Race-to-the-Top 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.

#### Audit Objectives and Scope

Our audit objectives were to determine whether the Walton 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. 2014-138.

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, 2014. 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.**