



## Summary

**Report Number:** [2015-162](#)

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

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

**Release Date:** **03/26/2015**

### 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, with the exception of the aggregate discretely presented component units.

### 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 material weakness, as summarized below.

#### MATERIAL WEAKNESS

**Finding No. 1:** District efforts to monitor financial activities of charter schools could be improved to ensure that corrective action plans are developed with charter schools subject to expedited reviews, timely submitted to the Florida Department of Education (FDOE) as required, and appropriately monitored; and required audits of charter schools are timely completed for consideration in the audit of the District's 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 did not timely and prominently post all required budget information on its Web site.

**Finding No. 3:** Controls over electronic funds transfers and bank withdrawals could be enhanced.

**Finding No. 4:** 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. 5:** The District did not always timely obtain required background screenings for instructional and noninstructional personnel.

**Finding No. 6:** Procurement procedures could be enhanced to provide for routine review of required statements of financial interests for consideration in making procurement decisions.

**Finding No. 7:** 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. 8:** District records did not always evidence that ad valorem tax levy proceeds were used only for purposes advertised, resulting in \$61,650 of questioned costs.

Finding No. 9: Improvements were needed in controls over the reporting of instructional contact hours for adult general education classes to the FDOE.

Finding No. 10: Certain information technology security controls related to data loss prevention needed improvement.

#### Summary of Report on Federal Awards

We audited the District's Federal awards for compliance with applicable Federal requirements. The Charter Schools, Twenty-First Century, and School Improvement Grants Cluster 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 Charter Schools program. Noncompliance and control deficiency findings are summarized below.

Federal Awards Finding No. 2014-001: Subrecipient monitoring deficiencies for Charter School Program expenditures resulted in \$7,875 of questioned costs.

Federal Awards Finding No. 2014-002: Required documentation to support personnel charges of Federal programs was not always maintained, contrary to Federal regulations.

Federal Awards Finding No. 2014-003: Federal equipment use was not always limited to grant purposes, resulting in \$25,749.44 of questioned costs.

#### Audit Objectives and Scope

Our audit objectives were to determine whether the Madison 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. 2014-112.

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.**