



Summary

Report Number: [2016-132](#)

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

Report Period: **07/01/2014 – 06/30/2015**

Release Date: **03/21/2016**

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. 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 1: District financial reporting procedures need improvement to ensure that account balances and transactions are properly reported.

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

Construction Administration

Finding 2: District personnel did not compare construction management entity (CME) amounts requested for payment to the costs in the CME guaranteed maximum price (GMP) contracts or to applicable subcontractor invoices, bids, and contracts.

Finding 3: District construction administration monitoring procedures did not ensure that construction services subcontracted by the CME were subject to competitive bid as required by the GMP contract provisions.

Finding 4: The District did not verify the licenses of subcontractors who worked on the two CME projects we reviewed.

Finding 5: The District had not established written policies or procedures addressing the methodology to be applied and factors to be considered during the negotiation process for CME general conditions costs.

Finding 6: Contrary to Florida Department of Education (FDOE) requirements, the District expended Capital Outlay and Debt Service funds on projects that were not listed on the District's project priority list, resulting in questioned costs totaling \$117,280.

Other Additional Matters

Finding 7: The Board has not established a documented process for identifying the instructional personnel entitled to differentiated pay using the factors prescribed in State law and has not adopted salary schedules that specify the differentiated pay based on those factors. Similar findings were noted in our report Nos. 2014-112 and 2015-162.

Finding 8: As similarly noted in our report No. 2015-162, the District did not always timely perform required background screenings for applicable instructional and noninstructional employees and contractor workers.

Finding 9: Controls over virtual instruction program (VIP) operations and related activities could be enhanced by developing and maintaining comprehensive, written VIP policies and procedures.

Finding 10: The District's two VIP provider contracts did not include certain required and necessary provisions and District records did not evidence the basis upon which District personnel determined the reasonableness of the student-teacher ratios established in one FDOE-approved VIP provider contract.

Finding 11: District records did not evidence that VIP provider employees were subject to required background screenings.

Finding 12: District records did not evidence that timely, written notifications were provided to parents about student opportunities to participate in the District's VIP and open enrollment period dates.

Finding 13: Contrary to State law, the District did not offer part-time virtual instruction for kindergarten through grade 5 students.

Finding 14: District procedures could be enhanced to ensure the eligibility of all students participating in a VIP.

Finding 15: District security controls related to data loss prevention continue to need improvement.

SUMMARY OF REPORT ON FEDERAL AWARDS

We audited the District's compliance with applicable Federal awards requirements. The Child Nutrition Cluster, Title I, Special Education Cluster, Charter Schools, and School Improvement Grant 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 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. 2015-162.

The scope of this audit included an examination of the District's basic financial statements and the accompanying Schedule of Expenditures of Federal Awards as of and for the fiscal year ended June 30, 2015. 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, in both 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.