



Summary

Report Number: [2016-167](#)

Report Title: **Hernando County District School Board - Operational Audit**

Release Date: **03/30/2016**

The operational audit of the Hernando County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in previous audit reports. Our audit disclosed the following:

Finding 1: During the 2014-15 fiscal year, the District's General Fund total assigned and unassigned fund balance declined 74.79 percent from \$12,895,283 to \$3,250,295, representing a fund balance reduction of \$9,644,988. As a result, the District has fewer resources for emergencies and unforeseen situations than other school districts of comparable size.

Finding 2: The District needs to enhance budgetary and financial monitoring procedures.

Finding 3: District controls over journal entries need improvement.

Finding 4: District records did not always evidence that ad valorem tax levy proceeds were used only for authorized purposes.

Finding 5: Absent use of the competitive selection process prescribed in State law, the District contracted with an architect to design a construction project.

Finding 6: The District paid moneys to, and on behalf of, its direct-support organization without specific legal authority.

Finding 7: District procedures did not always ensure the supervisory review and approval of employees' time worked. Similar findings were noted in the 2012-13 and 2013-14 fiscal year financial audit reports.

Finding 8: Controls for monitoring school bus drivers could be enhanced.

Finding 9: The District needs to continue efforts to verify the eligibility of individuals participating in the District's health insurance program. Also, to ensure the accuracy of health insurance billings and related payments, the District could establish and implement procedures to perform monthly reconciliations of health insurance billings to District payroll-related records, such as records for employee deductions, Board-approved contributions for employees, and retiree contributions.

Finding 10: The District needs to use competitive bidding procedures, as required by State law, when procuring health insurance.

Finding 11: District tangible personal property controls continue to need improvement.

Finding 12: District controls need to be enhanced to ensure that inventory items purchased by the Transportation Department are appropriately accounted for and safeguarded.

Finding 13: District information technology (IT) access controls could be improved. A similar finding was noted in our report No. 2013-044.

Finding 14: District IT security controls related to user authentication and data loss prevention continue to need improvement.

Management's response is included in the audit report.