

# Hardee County School Board Agenda Analysis

## 6.01

**Author:**



Greg Harrelson, Finance Director

**Date:**

September 3, 2015

**Subject:**

Internal accounts audit report for FY 2014-15

**Background Information:**

CliftonLarsonAllen, CPA's have completed their audit of the District's internal accounts for fiscal year 2014-15 and have issued their report. The following are available with Ms. McCray for your review:

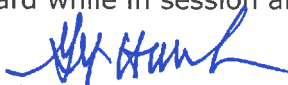
- Audit report (10 pages)
- Auditor communication letter to Board members (3 pages)
- Auditor suggestion to strengthen internal controls (3 pages)

There is one audit finding this year covering timeliness of deposits. There are four suggestions to strengthen internal controls: review and timeliness of monthly reports, internal control over journal entries, internal control over cash disbursements and account balances for individual accounts. The auditors met with bookkeepers and me on August 20<sup>th</sup> to go over the finding and suggestions. New procedures have been implemented to address the finding and suggestions.

**Administrative Consideration:**

State Board of Education Rule 6A-1.087- The school board shall provide for an annual audit of internal funds by a person certified by the State Board of Accountancy as a certified public accountant. The auditor shall submit a signed, written report to the school board covering internal funds that shall include any notations of any failure to comply with the requirements of Florida Statutes, State Board Rules and policies of the school board, and commentary as to financial management and irregularities. Such audit shall be presented to the school board while in session and filed as part of the public record.

**Fiscal Impact:**



The audit fee of \$9,900 will be paid proportionately from General Fund 900 allocations to the schools and recreation complex. The internal accounts' cash and CD balance decreased by \$118,600 in 2014-15 to \$381,700. Part of the decrease was due to a \$62,500 grant in 2013-14 from Mosaic to North Wauchula Elementary that was spent in 2014-15 on playground equipment.

**Proposed Recommendation to School Board:**

Recommend approval of internal accounts audit report for FY 2014-15, communication letter and suggestion to strengthen internal controls.

**Action Required:**

Consent Agenda

*Handwritten initials*

BOARD ACTION

9/10/15  
Approved

**HARDEE COUNTY DISTRICT SCHOOL BOARD**

**INTERNAL FUND ACCOUNTS  
AUDITED FINANCIAL STATEMENT**

**YEAR ENDED JUNE 30, 2015**

**HARDEE COUNTY DISTRICT SCHOOL BOARD  
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YEAR ENDED JUNE 30, 2015**

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## INDEPENDENT AUDITORS' REPORT

Hardee County District School Board  
Wauchula, Florida

### **Report on the Financial Statement**

We have audited the accompanying financial statement of the agency fund of the internal fund accounts of the Hardee County District School Board (the District) as of June 30, 2015, and the related notes to the financial statement, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the agency fund of the internal fund accounts of the Hardee County District School Board as of June 30, 2015, in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 1, the financial statement presents only the agency fund of the internal fund accounts and does not purport to, and does not, present fairly the financial position of Hardee County District School Board as of June 30, 2015, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statement is not affected by this missing information.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprises the internal fund account's basic financial statement. The combining statement of receipts, disbursements, transfers, and balances of the internal fund accounts is presented for purposes of additional analysis and is not a required part of the basic financial statement.

The combining statement of receipts, disbursements, transfers, and balances of the internal fund accounts is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of receipts, disbursements, transfers, and balances of the internal fund accounts is fairly stated, in all material respects, in relation to the basic financial statement as a whole.

Hardee County District School Board  
Wauchula, Florida

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2015, on our consideration of the Hardee County District School Board's internal fund accounts internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Sebring, Florida  
August 28, 2015

**HARDEE COUNTY DISTRICT SCHOOL BOARD  
STATEMENT OF FIDUCIARY NET POSITION  
INTERNAL FUND ACCOUNTS – AGENCY FUND  
JUNE 30, 2015**

**ASSETS**

|                           |                          |
|---------------------------|--------------------------|
| Cash and Cash Equivalents | \$ 312,830               |
| Investments               | <u>68,870</u>            |
| Total Assets              | <u><u>\$ 381,700</u></u> |

**LIABILITIES**

|               |                          |
|---------------|--------------------------|
| Due to Others | <u><u>\$ 381,700</u></u> |
|---------------|--------------------------|

*See accompanying Notes to Financial Statement.*

**HARDEE COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The internal fund accounts of the Hardee County District School Board (the District) are comprised of eight individual accounts. There is an account for each of the seven schools in the District and one for the Hardee Community Recreation Center. This financial statement presents only the internal fund accounts and is not intended to present fairly the financial position and results of operations of the District in conformity with accounting principles generally accepted in the United States of America. The internal fund accounts are included in the District's annual financial report as a fiduciary fund.

**Basis of Accounting**

Basis of accounting refers to when transactions are recognized in the accounts and reported in the financial statements. It is the policy of the District to account for the internal funds of the schools on the accrual basis of accounting. The internal funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Cash and Cash Equivalents**

Cash and cash equivalents are defined to include cash on hand as well as demand deposits and investments with original maturities of three months or less from the date of acquisition.

**Investments**

Internal funds are authorized to invest in certificates of deposit and time deposits of qualified public depositories, securities guaranteed by the U.S. government or other investments authorized by Florida Statutes.

**NOTE 2 DEPOSITS AND INVESTMENTS**

Hardee Senior High's internal account pooled its excess cash resources with other funds of the District for investment purposes. The excess funds are invested in demand deposits and time deposits. At June 30, 2015, investments consist of a certificate of deposit with a duration of six months, maturing on October 24, 2015.

**Custodial Credit Risk**

Custodial credit risk is defined as the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of securities that are in the possession of an outside party. At June 30, 2015, the entire amount of demand deposits is deposited in State of Florida qualified depositories and is fully insured.



**HARDEE COUNTY DISTRICT SCHOOL BOARD  
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 TRANSFERS, AND BALANCES OF THE INTERNAL FUND ACCOUNTS  
 YEAR ENDED JUNE 30, 2015**

|   | Hardee<br>Senior<br>High | Hardee<br>Junior<br>High | Wauchula<br>Elementary | North<br>Wauchula<br>Elementary |
|---|--------------------------|--------------------------|------------------------|---------------------------------|
| <b>TOTAL ASSETS -<br/>JULY 1, 2014</b>  | \$ 261,703               | \$ 49,360                | \$ 39,204              | \$ 101,192                      |
| <b>RECEIPTS</b>                         |                          |                          |                        |                                 |
| Athletics                               | 239,442                  | 20,373                   | -                      | -                               |
| Music                                   | 71,151                   | 12,125                   | -                      | -                               |
| Class, Club, Departments                | 182,484                  | 98,614                   | 17,285                 | 35,959                          |
| Trust Funds                             | 89,735                   | -                        | 27,827                 | 15,076                          |
| General                                 | 15,807                   | 30,034                   | 37,444                 | 11,510                          |
| Total Receipts                          | <u>598,619</u>           | <u>161,146</u>           | <u>82,556</u>          | <u>62,545</u>                   |
| <b>DISBURSEMENTS</b>                    |                          |                          |                        |                                 |
| Athletics                               | 255,117                  | 23,410                   | -                      | -                               |
| Music                                   | 76,205                   | 13,060                   | -                      | -                               |
| Class, Club, Departments                | 220,127                  | 101,980                  | 17,245                 | 34,430                          |
| Trust Funds                             | 90,699                   | -                        | 28,945                 | 82,221                          |
| General                                 | 13,996                   | 28,840                   | 35,183                 | 8,042                           |
| Total Disbursements                     | <u>656,144</u>           | <u>167,290</u>           | <u>81,373</u>          | <u>124,693</u>                  |
| <b>TRANSFERS</b>                        |                          |                          |                        |                                 |
| Athletics                               | (872)                    | -                        | -                      | -                               |
| Music                                   | (250)                    | -                        | -                      | -                               |
| Class, Club, Departments                | (30)                     | -                        | -                      | -                               |
| Trust Funds                             | 1,852                    | -                        | -                      | -                               |
| General                                 | (700)                    | -                        | -                      | -                               |
| Total Transfers                         | <u>-</u>                 | <u>-</u>                 | <u>-</u>               | <u>-</u>                        |
| <b>TOTAL ASSETS -<br/>JUNE 30, 2015</b> | <u>\$ 204,178</u>        | <u>\$ 43,216</u>         | <u>\$ 40,387</u>       | <u>\$ 39,044</u>                |

| Zolfo<br>Springs<br>Elementary | Bowling<br>Green<br>Elementary | Hilltop<br>Elementary | Community<br>Recreation<br>Center | Total             |
|--------------------------------|--------------------------------|-----------------------|-----------------------------------|-------------------|
| \$ 14,540                      | \$ 2,563                       | \$ 9,326              | \$ 22,412                         | \$ 500,300        |
| -                              | -                              | -                     | -                                 | 259,815           |
| -                              | -                              | -                     | -                                 | 83,276            |
| 14,057                         | -                              | 14,995                | -                                 | 363,394           |
| 9,915                          | 1,604                          | 900                   | -                                 | 145,057           |
| 13,525                         | 5,122                          | 9,519                 | 36,273                            | 159,234           |
| <u>37,497</u>                  | <u>6,726</u>                   | <u>25,414</u>         | <u>36,273</u>                     | <u>1,010,776</u>  |
| -                              | -                              | -                     | -                                 | 278,527           |
| -                              | -                              | -                     | -                                 | 89,265            |
| 13,088                         | -                              | 15,763                | -                                 | 402,633           |
| 9,339                          | 2,160                          | 390                   | -                                 | 213,754           |
| 11,686                         | 3,374                          | 9,431                 | 34,645                            | 145,197           |
| <u>34,113</u>                  | <u>5,534</u>                   | <u>25,584</u>         | <u>34,645</u>                     | <u>1,129,376</u>  |
| -                              | -                              | -                     | -                                 | (872)             |
| -                              | -                              | -                     | -                                 | (250)             |
| -                              | -                              | -                     | -                                 | (30)              |
| -                              | -                              | -                     | -                                 | 1,852             |
| -                              | -                              | -                     | -                                 | (700)             |
| <u>-</u>                       | <u>-</u>                       | <u>-</u>              | <u>-</u>                          | <u>-</u>          |
| <u>\$ 17,924</u>               | <u>\$ 3,755</u>                | <u>\$ 9,156</u>       | <u>\$ 24,040</u>                  | <u>\$ 381,700</u> |



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Hardee County District School Board  
Wauchula, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the agency fund of the internal fund accounts of the Hardee County District School Board (internal fund accounts), as of June 30, 2015, and the related notes to the financial statement, which collectively comprise the internal fund accounts basic financial statement, and have issued our report thereon dated August 28, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the internal fund accounts' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the internal fund accounts' internal control. Accordingly, we do not express an opinion on the effectiveness of the internal fund accounts' internal control.

*A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.*

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any

Hardee County District School Board  
Wauchula, Florida

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as 2015-001 that we consider to be a significant deficiency.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the internal fund accounts' financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Hardee County District School Board's Response to Findings**

Hardee County District School Board's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Hardee County District School Board's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Sebring, Florida  
August 28, 2015

**HARDEE COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2015**

**PRIOR YEAR**

| Prior Year Findings   |                        | Current Year Status |
|---|------------------------|---------------------|
| 2014-001<br><u>Timeliness of Deposits</u><br><i>Summary: For two schools, deposits were not made within the five (5) working day limit set forth by School Board internal fund policy and Redbook Ch.8.</i> | Significant Deficiency | Not Cleared         |
| 2013-002<br><u>Cash Disbursements</u><br><i>Summary: The District was not able to provide supporting documentation for 1 of 60 disbursements selected for testing.</i>                                      | Significant Deficiency | Cleared             |

**CURRENT YEAR**

**2015-001 Timeliness of Deposits**

**Condition:**

For three schools, deposits were not made within the five (5) working day limit set forth by School Board internal fund policy and Redbook Chapter 8.

**Criteria:**

Redbook Chapter 8 requires that funds collected must be deposited within five (5) working days after receipt.

**Cause:**

For three schools, funds collected were accumulated for deposit beyond five (5) working days.

**Effect:**

Misappropriation of funds collected may occur by error or fraud if receipts are not promptly deposited.

**Recommendation:**

All funds received should be deposited within five (5) working days as outlined in the District policy and Redbook.

**Management Response:**

The three schools will remind teachers/sponsors that funds collected must be turned in to the office promptly so that funds can be deposited by office staff within five days of collection.

Board Members  
Hardee County District School Board  
Wauchula, Florida

We have audited the financial statement of the agency fund of the internal accounts of the Hardee County District School Board (the District) as of June 30, 2015, and have issued our report thereon dated August 28, 2015. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the internal accounts are described in Note 1 to the financial statement.

No new accounting policies were adopted and the application of existing policies was not changed during 2015.

We noted no transactions entered into by the internal accounts during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

##### *Accounting estimates*

The financial statement does not contain any accounting estimates.

##### *Financial statement disclosures*

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### ***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following summarizes uncorrected misstatements of the financial statement:

A check totaling \$3,036 should have been voided in the prior year. The check was voided in the accounting records in the current year.

***Corrected misstatements***

The following immaterial misstatements detected as a result of audit procedures were corrected by management:

Beginning cash balance did not agree to the prior year ending cash balance by \$4,655 due to errors in posting checks in the accounting system.

***Disagreements with management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditors' report. No such disagreements arose during our audit.

***Management representations***

We have requested certain representations from management that are included in the management representation letter dated August 28, 2015.

***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statement or a determination of the type of auditors' opinion that may be expressed on the statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

***Other audit findings or issues***

We have provided a separate letter to you dated August 28, 2015, communicating internal control related matters identified during the audit.

***Other information in documents containing audited financial statement***

With respect to the combining statement of cash receipts, disbursements, transfers, and balances of the internal fund accounts (the supplementary information) accompanying the financial statement, on which we were engaged to report in relation to the financial statement as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statement. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statement or to the financial statement itself. We have issued our report thereon dated August 28, 2015.

Our auditors' opinion, the audited financial statement, and the notes to financial statement should only be used in their entirety. Inclusion of the audited financial statement in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

\* \* \* \* \*

This communication is intended solely for the information and use of the Board members and management of the Hardee County District School Board and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Sebring, Florida  
August 28, 2015





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Management  
Hardee County District School Board  
Wauchula, Florida

In planning and performing our audit of the financial statement of the agency fund of the internal fund accounts of the Hardee County District School Board (the District) as of June 30, 2015, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the internal fund account's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the internal fund accounts internal control. Accordingly, we do not express an opinion on the effectiveness of the internal fund accounts internal control.

However, during our audit we became aware of other matters that are opportunities for strengthening internal control and operating efficiency. Our comments and suggestions regarding these matters are summarized below. A separate report dated August 28, 2015 contains our report on significant deficiencies or material weaknesses in the internal fund accounts internal control. This letter does not affect our report dated August 28, 2015.

#### **Review and Timeliness of Monthly Reports**

##### **Condition:**

Principal's Reports and Bank Reconciliations are prepared by the Bookkeeper or Office Manager and reviewed by the Principal. In some cases, only the Principal's report is signed to indicate review of both the Principal's Report and the Bank Reconciliation. There are also instances where one or both reports are not dated; therefore, we were unable to determine that a timely review was performed.

##### **Criteria:**

Monthly financial reports should be signed and dated by both the Preparer and the Principal indicate that the preparation and review were performed in a timely manner.

##### **Cause:**

Reports are not consistently signed, and a standardized template for reports is not used among the schools.

##### **Effect:**

Errors, misstatements, or fraud may not be detected in a timely manner.

##### **Recommendation:**

All reconciliation reports should indicate the preparer, reviewer, and the date that each was completed. Additionally, the District should consider creating standardized forms for both the Principal's Reports and Bank Reconciliations for all schools that do not use the general ledger software for financial reporting. These forms should contain lines for signatures and dates for both the preparer and the reviewer.

**Management Response:**

The Principal's Report and Bank Reconciliation Report will be signed and dated by the preparer and administrator. Forms will be updated to include signature and date lines for both the preparer and administrator/reviewer.

**Internal Control over Journal Entries**

**Condition:**

For one school, documentation for one journal entry was not signed by the Principal to indicate that the entry was authorized.

**Criteria:**

All journal entries should be signed by the Principal to indicate that the entry is proper and was authorized.

**Cause:**

The Principal did not sign the journal entry form.

**Effect:**

Unauthorized entries may remain undetected.

**Recommendation:**

We recommend that the Principal review and approve journal entry documentation before entries are posted in the accounting system.

**Management Response:**

School staff have changed internal procedures regarding journal entries to ensure that all signatures (including the Principal's) are present on a journal entry before recording it in the general ledger.

**Internal Control over Cash Disbursements**

**Condition:**

In some instances there are checks being issued without at least one administrator as a check signer. For example, we noted one check that was signed by a Bookkeeper and an Office Manager.

**Criteria:**

To strengthen internal controls over cash disbursements, we recommend that at least one check signer for each check issued be an administrator.

**Cause:**

There may be times when both the Principal and Assistant Principal are unavailable to sign a check.

**Effect:**

Unauthorized purchases may remain undetected.

**Recommendation:**

We recommend that all checks issued be signed by at least one administrator. When a Principal is not available, we recommend the checks be signed by an Assistant Principal or someone from the District office.

**Management Response:**

School staff are aware that their principal or assistant principal needs to sign each check. School staff verified that other checks have the required signatures.

**Account Balances for Individual Accounts**

**Condition:**

For one school, cash balances for each account are not tracked.

**Criteria:**

Each school should separately track the activity and balances for each account.

**Cause:**

A lack of understanding has led to individual account balances not being tracked.

**Effect:**

When individual account balances are not separately tracked, restricted funds could unknowingly be used to pay for items outside the scope of their restricted purpose.

**Recommendation:**

We recommend separately tracking each account's additions, disbursements, transfers, and ending balance. The total of ending cash for each activity should reconcile in total to the bank balance.

**Management Response:**

School staff are working on separating accounts so that tracking activity and balances will be more clear.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Hardee County District School Board, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Sebring, Florida  
August 28, 2015