



# Hardee County School Board Agenda Analysis

## 6.01

**Author:**

Greg Harrelson, Finance Director

**Date:**

October 5, 2018

**Subject:**

Internal accounts audit report for FY 2017-18

**Background Information:**

CliftonLarsonAllen, CPA's have completed their audit of the District's internal accounts for fiscal year 2017-18 and have issued their report. The following are available with Ms. McCray for your review:

- Audit report (12 pages)
- Auditor communication letter to Board members (3 pages)
- Auditor suggestions to strengthen internal controls (2 pages)

There are four audit findings this year covering authorization of cash disbursements, fundraising reports, timeliness of receipts and review and timeliness of monthly reports. As indicated in "management responses", new procedures have been implemented to address the findings. There are three suggestions to strengthen internal controls relating to negative trust account balances, signature stamps and journal entries.

**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 \$10,200 will be paid proportionately from General Fund 900 allocations to the schools and recreation complex. The internal accounts' asset balance increased by \$62,247 in 2017-18 to \$359,735.

**Proposed Recommendation to School Board:**

Recommend approval of internal accounts audit report for FY 2017-18, communication letter and suggestions to strengthen internal controls.

**Action Required:**

Consent Agenda

**BOARD ACTION**

10/11/18  
Approved

**HARDEE COUNTY DISTRICT SCHOOL BOARD**

**INTERNAL FUND ACCOUNTS  
AUDITED FINANCIAL STATEMENT**

**YEAR ENDED JUNE 30, 2018**

**HARDEE COUNTY DISTRICT SCHOOL BOARD  
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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, 2018, 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, 2018, 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, 2018, 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 October 1, 2018, 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 solely 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 the effectiveness of the Hardee County District School Board's internal fund accounts 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  
October 1, 2018

**HARDEE COUNTY DISTRICT SCHOOL BOARD  
STATEMENT OF FIDUCIARY NET POSITION  
INTERNAL FUND ACCOUNTS – AGENCY FUND  
JUNE 30, 2018**

**ASSETS**

Cash and Cash Equivalents	\$ 358,539
Due from Others	<u>1,196</u>
Total Assets	<u><u>\$ 359,735</u></u>

**LIABILITIES**

Due to State	\$ 62
Due to Others	<u>359,673</u>
Total Liabilities	<u><u>\$ 359,735</u></u>

*See accompanying Notes to Financial Statement.*

**HARDEE COUNTY DISTRICT SCHOOL BOARD  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2018**

**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. At June 30, 2018, the Internal Funds held no investments.

**NOTE 2 DEPOSITS**

**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, 2018, 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, 2018**

	Hardee Senior High	Hardee Junior High	Wauchula Elementary	North Wauchula Elementary	Zolfo Springs Elementary	Bowling Green Elementary	Hilltop Elementary	Community Recreation Center	Total
<b>TOTAL ASSETS -</b>									
<b>JULY 1, 2017</b>	\$ 124,126	\$ 46,878	\$ 38,382	\$ 27,050	\$ 24,760	\$ 10,879	\$ 7,242	\$ 18,171	\$ 297,488
<b>RECEIPTS</b>									
Athletics	237,630	47,166	-	-	-	-	-	-	284,796
Music	76,876	10,585	-	-	-	-	-	-	87,461
Class, Club, Departments	195,434	77,226	59,076	38,727	43,107	14,128	27,133	32,708	487,539
Trust Funds	13,146	1,612	4,765	900	2,100	421	3,980	-	26,924
General	34,369	27,508	33,283	29,960	8,780	4,650	5,062	-	143,612
Total Receipts	557,455	164,097	97,124	69,587	53,987	19,199	36,175	32,708	1,030,332
<b>DISBURSEMENTS</b>									
Athletics	241,375	32,643	-	-	-	-	-	-	274,018
Music	78,301	11,493	-	-	-	-	-	-	89,794
Class, Club, Departments	188,592	68,957	58,552	39,585	40,121	6,606	26,872	21,240	450,525
Trust Funds	7,619	461	-	-	1,346	258	3,419	-	13,103
General	39,925	27,309	33,619	26,344	5,244	3,520	4,684	-	140,645
Total Disbursements	555,812	140,863	92,171	65,929	46,711	10,384	34,975	21,240	968,085
<b>TRANSFERS</b>									
Athletics	-	-	-	-	-	-	-	-	-
Class, Club, Departments	-	-	1,250	-	-	-	-	-	1,250
General	-	-	(1,250)	-	-	-	-	-	(1,250)
Total Transfers	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS -</b>									
<b>JUNE 30, 2018</b>	\$ 125,769	\$ 70,112	\$ 43,335	\$ 30,708	\$ 32,036	\$ 19,694	\$ 8,442	\$ 29,639	\$ 359,735



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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 STATEMENTS 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, 2018, 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 October 1, 2018.

**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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as 2018-001, 2018-002 and 2018-004 to be material weaknesses.

Hardee County District School Board  
Wauchula, Florida

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. We consider the deficiency described in the accompanying schedule of findings and responses as 2018-003 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 responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

### **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 Hardee County District School Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardee County District School Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Sebring, Florida  
October 1, 2018

**HARDEE COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2018**

**PRIOR YEAR**

Prior Year Findings		Current Year Status
2017-001 <u>Cash Disbursements</u> <i>Summary: The district was not able to provide supporting documentation for 5 disbursements selected for testing during the audit.</i>	Material Weakness	Not Cleared
2017-002 <u>Fundraising Reports</u> <i>Summary: For all but one school, fundraising reports were not used as set forth by School Board internal fund policy and Redbook Ch.8.</i>	Material Weakness	Not Cleared
2017-003 <u>Timeliness of Deposits</u> <i>Summary: One school was not depositing receipts into the bank within 5 days</i>	Significant Deficiency	Cleared

**HARDEE COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**CURRENT YEAR**

**2018-001 Authorization of Cash Disbursements**

**Type of Finding:**

Material Weakness in Internal Control over Financial Reporting

**Condition:**

Wauchula Elementary School had several instances where Redbook and District policies were not followed, and cash disbursements were not properly documented and authorized prior to payment.

Instances noted include:

- Checks were disbursed with a single signature.
- Checks were disbursed with the Principal's signature stamped, rather than manually signed.
- Disbursements with no check requisitions or purchase orders to document the Principal's approval prior to payment.
- Many cash disbursements contained no supporting invoices, and therefore overall propriety and compliance of expenditures cannot be determined.
- No process is in place for documenting and approving ACH transactions.
- Checks were written out of sequential order.
- No process exists for documenting and tracking NSF checks returned by the bank.

**Criteria:**

The Redbook and District policies require:

- All checks must be signed with two signatures, one of whom must be the Principal.
- Signed approval of the Principal must be on file before any purchase is made.
- Check requisitions and documentation must be maintained for all disbursements.
- Pre-numbered checks must be used to disburse funds, and they should be used sequentially to maintain proper internal control.
- Reasonable effort at collection of a returned check must be taken. A check can be declared uncollectible and written off the books only by the action of the School Board or designated officer.

**Cause:**

Redbook and District policies were not followed during the school year. Documentation was not retained for all disbursement transactions. Authorization procedures for ACH transactions are not established. Documentation and tracking procedures for NSF checks returned by the bank are not established.

**Effect:**

The risk of errors or unauthorized purchases is increased when disbursements are not properly authorized and documented and policies are not followed. Additionally, the risk of error in accounting for returned checks is increased when they are not documented and tracked, and student obligations may not be collected.

**Recommendation:**

We recommend authorizing and documenting all transactions as required by Redbook standards and District policies.

**HARDEE COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**Management Response:**

School staff agree with the finding and have made the following adjustments:

1. A detailed "Office Manager Handbook" has been created and provided to the office manager. The Handbook includes a step-by-step sequence of events for all internal account transactions.
2. The principal reviewed procedures with the office manager and made the following changes so that all transactions will be properly authorized and documented:
  - No check can be disbursed without two live signatures.
  - The principal's signature stamp is now maintained in the principal's office and she is the sole user of the stamp.
  - No check is signed without supporting documents attached at the time of the signing.
  - No check or ACH payment is initiated without the newly created Pre-Approval form signed by the principal, indicating which activity to use.
  - Checks written out of sequence will be eliminated as the office manager is now using the online check printing software fully and is using a "Check Sign-Out Log" as provided by the finance director to ensure a "double check" system before printing a bank check.
  - When a NSF check is returned from the bank, staff will complete a form and take other steps to recoup the funds.

**018-002 Fundraising Reports**

**Type of Finding:**

Material Weakness in Internal Control over Financial Reporting

**Condition:**

For four schools, fundraising reports were not used as set forth by School Board internal fund policy and Redbook Chapter 8.

**Criteria:**

Redbook Chapter 8 requires that each fundraising activity have the approval of the organization sponsor and the Principal prior to the activity. Additionally, a fundraising report must be filed with the Principal's office at the close of each fundraising activity.

**Cause:**

The bookkeepers have not fully implemented the requirements for documenting fundraising activities.

**Effect:**

Documented approval of each fundraiser provides the expectation for both the organization sponsor and Principal before the fundraising activity begins. Completing the fundraising report at the end of the event provides accountability for the money collected as well as ensuring that the fundraiser achieved the specified goal. Principals and organization sponsors cannot properly oversee and monitor fundraisers if the reports are not completed.

**Recommendation:**

Principals and organization sponsors should document their approval of all fundraisers. Upon completion of the fundraiser, a fundraising report should be filed with the Principals office, as outlined in the District Policy and by Redbook Chapter 8.

**Management Response:**

Schools will use a Fundraising Activity Request Form to document prior approval of each fundraiser and will use a Fundraising Activity Final Operating Report to summarize collections, expenses and profit/ loss for each fundraiser.

**HARDEE COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**2018-003 – Timeliness of Receipts**

**Type of Finding:**

Significant Deficiency in Internal Control over Financial Reporting

**Condition:**

Cash receipts collected outside of the school office were not turned in to the school office within the one (1) working day limit set forth Redbook Chapter 8 and District policy. Additionally, Wauchula Elementary School's receipts did not document the date cash was received in the front office, as required by Redbook and District policy.

**Criteria:**

Redbook Chapter 8 requires that funds collected outside the school office must be turned in to the front office no later than the next working day.

**Cause:**

Teachers and sponsors accumulate funds for several days before turning the money in to the front office.

**Effect:**

Misappropriation of funds collected may occur by error or fraud if receipts are not promptly turned into the school office and secured until deposit.

**Recommendation:**

All funds collected outside of the school office should be turned in to the front office no later than the next working day as outlined in District policy and Redbook Chapter 8. All schools should document the date funds are collected and received in the front office.

**Management Response:**

School staff will ensure that the date noted on money collected form indicates the day funds were turned into the office; that money collected outside of the main office is turned in no later than the next business day; and that fundraising sponsors know their obligation to submit money in a timely manner.

**HARDEE COUNTY DISTRICT SCHOOL BOARD  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**2018-004 Review and Timeliness of Monthly Reports**

**Type of Finding:**

Material Weakness in Internal Control over Financial Reporting

**Condition:**

For several schools, bank reconciliations and principal's reports were not prepared timely during the year. In some cases, the reconciliations and reports were not prepared until after fiscal year end. We also noted instances where the principal's review of the reconciliations and reports was not documented.

**Criteria:**

Redbook Chapter 8 requires that bank statements be reconciled as soon as received, preferably by a person other than the person who receives and disburses funds. Financial reports shall be made in approved written form to provide the Principal with financial information necessary for decision-making.

**Cause:**

Implementation of the new accounting software caused some bookkeepers to lag behind in monthly reporting. Additionally, not all reports were signed and dated by the preparer and reviewer to indicate timeliness.

**Effect:**

Errors, misstatements, or fraud may not be detected in a timely manner. For example, at Wauchula Elementary School, cash receipts deposited to the PTO account instead of Internal Funds account went undetected until fiscal year end when reconciliations were performed for the entire year.

**Recommendation:**

All reconciliation reports should be prepared monthly and indicate the preparer, reviewer, and the date that each was completed.

**Management Response:**

Starting in 2018-19, schools and the recreation center staff are submitting bank reconciliations and principal's reports monthly to the District Finance Department to review. The preparer and reviewer are both signing and dating the reconciliations and principal's reports.





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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, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the District'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 statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control. Our comments and suggestions regarding those matters are summarized below. A separate communication dated October 1, 2018, contains our written communication of significant deficiencies and material weaknesses in the District's internal control. This letter does not affect our communication dated October 1, 2018.

#### **Deficiencies in Internal Control**

We consider the following to be deficiencies in internal control.

##### **Negative Trust Account Balances**

At the High School, we noted two trust accounts with negative balances. The Redbook and District policies require that trust funds never have a deficit. We recommend the trust accounts be closely monitored to ensure that balances stay positive.

##### **Signature Stamps**

At Zolfo Springs Elementary School, the bookkeeper used the Principal's signature stamp on all checks and purchase orders, at the principal's request. Verbal or email approval was obtained by the bookkeeper for disbursements. Checks requiring manual signatures are generally subject to more careful scrutiny. We recommend using manual signatures on all purchase orders and checks. Additionally, only the principal or an individual with no access to cash should have access to the principal's signature stamp.

##### **Journal Entries**

The district does not have a uniform process for documenting and approving journal entries. We recommend the District implement a policy for all schools to follow regarding the processing, documentation, review, and approval of all journal entries.

We will review the status of these comments during our next audit engagement. We have already discussed many of these 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 these matters, or to assist you in implementing the recommendations.

\* \* \* \* \*

This communication is intended solely for the information and use of management, School Board members, 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  
October 1, 2018



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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, 2018, and have issued our report thereon dated October 1, 2018. 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 2018.

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 did not identify and we did not notify them of any uncorrected financial statement misstatements.

***Corrected misstatements***

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

- Error in posting a disbursement caused expenditures to be understated and beginning cash to be overstated by \$201.
- Wauchula Elementary School received a STEM designated donation from the Hardee County Education Foundation that was added to a general fund account. The designated donation should be held in a trust account. General receipts were overstated and trust receipts were understated by \$4,512. Per the Principal, none of the funds have been disbursed to date.

***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 October 1, 2018.

***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 internal account'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 October 1, 2018, 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 October 1, 2018.

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*

**CliftonLarsonAllen LLP**

Sebring, Florida  
October 1, 2018