



**DESOTO COUNTY DISTRICT SCHOOL BOARD**

**INTERNAL FUNDS FINANCIAL STATEMENT**

**FOR THE YEAR ENDED JUNE 30, 2017**

**DESOTO COUNTY DISTRICT SCHOOL BOARD**  
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June 30, 2017

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# Wicks, Brown, Williams & Co., CPA's LLP

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## INDEPENDENT AUDITOR'S REPORT

To the DeSoto County District School Board  
Arcadia, Florida

### Report on the Financial Statement

We have audited the accompanying combined statement of cash receipts, disbursements, transfers, and balances - internal funds of the DeSoto County District School Board for the year ended June 30, 2017, and the related notes to the financial statement, which collectively comprise the DeSoto County District School Board's internal funds basic 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 this financial statement in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on this 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 of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's 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 entity'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 entity'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 the School Board, as well as evaluating the overall presentation of the financial statement.

DeSoto County District School Board (continued)

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

***Opinion***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts, disbursements, transfers and balances - internal funds of the DeSoto County District School Board for the year ended June 30, 2017, on the basis of accounting described in Note 1.

***Other Matters***

***Basis of Accounting***

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The DeSoto County District School Board prepares its internal funds financial statement on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

***Emphasis of Matter***

As discussed in Note 1, the financial statement presents only the internal funds and is not intended to present fairly the financial position and results of operations of the DeSoto County District School Board, in conformity with accounting principles generally accepted in the United States of America.

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the combined statement of cash receipts, disbursements, transfers, and balances - internal funds taken as a whole. The combining statement of cash receipts, disbursements, transfers and balances - internal funds is presented for purposes of additional analysis and is not a required part of the basic financial statement.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2017, on our consideration of the DeSoto County District School Board's internal funds' 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 results of that testing, and not to provide an

DeSoto County District School Board (continued)

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 DeSoto County District School Board's internal funds' internal control over financial reporting and compliance.

Wicks, Brown, Williams & Co CPA's LLP  
Wicks, Brown, Williams & Co., CPA's LLP  
Sebring, Florida

October 18, 2017

**DeSoto County District School Board**  
**COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,**  
**TRANSFERS, AND BALANCES - INTERNAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

CASH AND CASH EQUIVALENTS - JULY 1, 2016	<u>\$ 332,301</u>
RECEIPTS:	
Athletics	148,155
Music	68,586
Class, clubs, departments	286,937
Trust funds	197,283
General	17,016
Total receipts	<u>717,977</u>
DISBURSEMENTS:	
Athletics	132,581
Music	68,505
Class, clubs, departments	282,259
Trust funds	176,115
General	12,953
Total disbursements	<u>672,413</u>
TRANSFERS:	
Athletics	(1,245)
Music	-
Class, clubs, departments	4,169
Trust funds	847
General	(3,771)
Total transfers	<u>-</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2017	<u><u>\$ 377,865</u></u>

The accompanying notes are an integral part of this financial statement.

**DESOTO COUNTY DISTRICT SCHOOL BOARD**  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2017

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

***Basis of Presentation:***

The internal funds of the DeSoto County District School Board ("District") are comprised of seven individual funds. There is one fund each for the five schools in the District and one each for the Adult Education Program and the Early Childhood Center. This financial statement presents only the internal funds and is not intended to present fairly the financial position and results of operations of the DeSoto County District School Board, in conformity with generally accepted accounting principles. The internal funds are included in the District's annual financial report as a fiduciary fund type – agency funds.

***Basis of Accounting:***

It is the policy of the District to account for the internal funds of the schools on a cash basis of accounting. Accordingly, the internal funds increase when cash receipts are recorded, and decrease when cash disbursements are recorded. Any noncash transactions are not recognized.

***Cash and Cash Equivalents:***

Cash and cash equivalents are defined to include cash funds on hand and demand deposits.

**NOTE 2 - DEPOSITS AND INVESTMENTS:**

District policies require that all internal funds be deposited into qualified public depositories approved by the District. Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At year end, all deposits were entirely insured by federal depository insurance or guaranteed by qualified public depositories in Florida pursuant to Chapter 280.07, Florida Statutes.

**DESOTO COUNTY DISTRICT SCHOOL BOARD**  
**COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,**  
**TRANSFERS AND BALANCES - INTERNAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	DESOTO HIGH	DESOTO MIDDLE	WEST ELEMENTARY	MEMORIAL ELEMENTARY
CASH AND CASH EQUIVALENTS - JULY 1, 2016	\$ 142,294	\$ 32,228	\$ 50,156	\$ 39,201
<b>RECEIPTS:</b>				
Athletics	113,734	34,421	-	-
Music	20,840	47,746	-	-
Class, clubs, departments	143,946	49,775	40,519	38,985
Trust funds	16,797	8,631	11,076	12,490
General	5,519	2,158	3,085	2,899
Total receipts	300,836	142,731	54,680	54,374
<b>DISBURSEMENTS:</b>				
Athletics	102,627	29,954	-	-
Music	25,032	43,473	-	-
Class, clubs, departments	146,300	44,308	39,971	39,278
Trust funds	15,473	9,972	10,816	10,166
General	4,347	1,027	1,355	1,119
Total disbursements	293,779	128,734	52,142	50,563
<b>TRANSFERS:</b>				
Athletics	(1,245)	-	-	-
Music	-	-	-	-
Class, clubs, departments	2,726	-	1,500	-
Trust funds	300	-	-	-
General	(1,781)	-	(1,500)	-
Total transfers	-	-	-	-
CASH AND CASH EQUIVALENTS - JUNE 30, 2017	\$ 149,351	\$ 46,225	\$ 52,694	\$ 43,012

See Independent Auditor's Report.



<u>NOCATEE ELEMENTARY</u>	<u>ADULT EDUCATION</u>	<u>EARLY CHILDHOOD</u>	<u>TOTAL</u>
\$ 41,951	\$ 22,200	\$ 4,271	\$ 332,301
-	-	-	148,155
-	-	-	68,586
12,488	-	1,224	286,937
14,660	132,029	1,600	197,283
1,326	1,784	245	17,016
<u>28,474</u>	<u>133,813</u>	<u>3,069</u>	<u>717,977</u>
-	-	-	132,581
-	-	-	68,505
11,241	-	1,161	282,259
12,922	115,608	1,158	176,115
2,968	961	1,176	12,953
<u>27,131</u>	<u>116,569</u>	<u>3,495</u>	<u>672,413</u>
-	-	-	(1,245)
-	-	-	-
(57)	-	-	4,169
57	490	-	847
-	(490)	-	(3,771)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 43,294	\$ 39,444	\$ 3,845	\$ 377,865

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

To the DeSoto County District School Board  
Arcadia, 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 combined statement of cash receipts, disbursements, transfers and balances - internal funds of the DeSoto County District School Board for the year ended June 30, 2017, and the related notes to the financial statement, which collectively comprise the DeSoto County District School Board's internal funds basic financial statement, and have issued our report thereon dated October 18, 2017.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the DeSoto County District School Board's internal control over financial reporting (internal control) for internal funds 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 each school's internal control over internal funds. Accordingly, we do not express an opinion on the effectiveness of each school's internal control over internal funds.

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 DeSoto County District School Board's combined statement of cash receipts, disbursements, transfers and balances - internal funds 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 deficiencies in internal control that we consider to be material weaknesses. However, as reported in the Schedule of Findings and Responses, we did identify certain deficiencies in internal control that we consider to be significant deficiencies.

The DeSoto County District School Board (continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the combined statement of cash receipts, disbursements, transfers and balances - internal funds of the DeSoto County District School Board 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*.

We noted certain matters that we have reported to the DeSoto County District School Board in a separate letter dated October 18, 2017.

**DeSoto County District School Board's Response to Findings**

DeSoto County District School Board's response to the findings identified in our audit is described in the previous paragraphs. DeSoto County District School Board's response was not subjected to the auditing procedures applied in the audit of the financial statements 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 results 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wicks Brown, Williams & Co, CPA's LLP*  
Wicks, Brown, Williams & Co., CPA's LLP  
Sebring, Florida

October 18, 2017

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## MANAGEMENT LETTER

The DeSoto County District School Board  
Arcadia, Florida

### Report on the Financial Statement

We have audited the combined statement of cash receipts, disbursements, transfers and balances – internal funds of the DeSoto County District School Board for the year ended June 30, 2017, and have issued our report thereon dated October 18, 2017.

### *Auditor's Responsibility*

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.

### *Other Reporting Requirements*

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of a Financial Statement Performed in Accordance with *Government Auditing Standards*. Disclosures for that report, which is dated October 18, 2017 are reported in the Schedule of Findings and Responses under the heading Significant Deficiencies and should be considered in conjunction with this management letter.

### *Prior Audit Findings*

As part of the audit process, we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of corrective actions that have been taken to address findings and recommendations made in the preceding annual financial audit report are reported in the Schedule of Findings and Responses under the heading Status of Prior Year Findings.

### *Other Matters*

During our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding these matters are reported in the Schedule of Findings and Responses under the heading Management Letter Comments.

The DeSoto County District School Board (continued)

***Purpose of this Letter***

Our management letter is intended solely for the information and use of the Florida Auditor General, the School Board, management, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

***DeSoto County District School Board's Response to Findings***

DeSoto County District School Board's response to the findings identified in our audit is described in the previous paragraphs. DeSoto County District School Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various School Board personnel. We will be pleased to discuss it in further detail at your convenience and to assist you in implementing the recommendations.

Sincerely,

*Wicks, Brown, Williams & Co. CPA's LLP*  
Wicks, Brown, Williams & Co., CPA's LLP  
Sebring, Florida

October 18, 2017

**DESOTO COUNTY DISTRICT SCHOOL BOARD**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**STATUS OF PRIOR YEAR FINDINGS**

Prior Year Findings		Current Year Status			Current Year Finding #	2015-2016 Year Finding #
		Cleared	Partially Cleared	Not Cleared		
DeSoto High School	Internal Control			X	2017-001	2016-1
DeSoto High School	Internal Control			X	2017-003	2016-2
DeSoto High School	Internal Control			X	2017-004	2016-3
DeSoto High School	Internal Control			X	2017-005	2016-4
DeSoto High School	Internal Control			X	2017-006	2016-5
Memorial Elementary School	Internal Control			X	2017-013	2016-6
Memorial Elementary School	Internal Control	X			N/A	2016-7

**CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

**Significant Deficiencies**

**2017-001, Completion of student activity operating reports (DeSoto High School)**

**Condition:** Our audit procedures noted seven instances where student activity operating reports were not completed by the sponsor at the conclusion of the fundraiser or event. These student activity operating reports were prepared and provided to us once we made the bookkeeper aware of the uncompleted reports. The audit procedures performed on these seven student activity reports noted no exceptions.

**Criteria or specific requirement:** The Financial and Program Cost Accounting for Florida Schools (“Red Book”), Chapter 8, Section III, 2.3(e) states “A financial report shall be filed with the principal’s office at the close of each fundraising activity.”

**Effect:** The misappropriation of assets would not be discovered or discovered in a timely manner.

**Cause:** Due to employee turnover in the bookkeeper position at the high school, the responsibility of ensuring the student activity operating reports are completed at the conclusion of the fundraiser or event was not communicated to the new bookkeeper.

**Recommendation:** Establish a monitoring process to ensure the timely completion of student activity operating reports by sponsors for fundraisers and events and when turnover occurs in the bookkeeper position this responsibility should be communicated.

**Views of Responsible Officials:** DeSoto High School agrees with the finding and new procedures are in place to assure that there will be no reoccurrence in 2017-2018. Any fundraiser that has a profit and loss will have a final student activity operating report prepared at the conclusion of the event.

**DESOTO COUNTY DISTRICT SCHOOL BOARD**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Significant Deficiencies (continued)**

**2017-002, Completion of student activity operating reports (DeSoto Middle School)**

**Condition:** Our audit procedures noted four instances where student activity operating reports were not completed by the sponsor at the conclusion of the fundraiser or event. These student activity operating reports were prepared and provided to us once we made the bookkeeper aware of the uncompleted reports. The audit procedures performed on these four student activity reports noted no exceptions.

**Criteria or specific requirement:** The Financial and Program Cost Accounting for Florida Schools (“Red Book”), Chapter 8, Section III, 2.3(e) states “A financial report shall be filed with the principal’s office at the close of each fundraising activity.”

**Effect:** The misappropriation of assets would not be discovered or discovered in a timely manner.

**Cause:** Due to employee turnover in the bookkeeper position at the middle school, the responsibility of ensuring the student activity operating reports are completed at the conclusion of the fundraiser or event was not communicated to the new bookkeeper.

**Recommendation:** Establish a monitoring process to ensure the timely completion of student activity operating reports by sponsors for fundraisers and events and when turnover occurs in the bookkeeper position this responsibility should be communicated.

**Views of Responsible Officials:** DeSoto Middle School agrees with the finding and procedures are in place to make sure Student Activity Reports are completed in a timely manner. Training was conducted at the beginning of the 2017-2018 school year to explain the procedures and further training will occur through the school year by the bookkeeper if there are new sponsors coming in.

**Management Letter Comments**

**DESOTO HIGH SCHOOL**

**2017-003, Controls Over Athletic Ticket Sales Other than Football**

**Condition:** Sporting events that have small amounts of admissions collected have only one individual responsible for selling and taking tickets at the event.

**Criteria or specific requirement:** Chapter 8, Section I, 11 of the Red Book states “An adequate system of internal controls shall be maintained in order to safeguard the assets of the school internal funds.”

**Effect:** The misappropriation of ticket sale proceeds could occur because one individual is selling tickets and taking tickets.

**Cause:** Because there is no segregation of duties between the individual selling tickets and collecting admission fees and the individual taking tickets at the entrance to the event.

**DESOTO COUNTY DISTRICT SCHOOL BOARD**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Management Letter Comments (continued)**

DESOTO HIGH SCHOOL (CONTINUED)

**Recommendation:** All sporting events should have two individuals at the entrance to the event; one individual to provide tickets and collect money and one individual to collect tickets at the entrance to the event. We also recommend that both the ticket seller and ticket taker sign the ticket sales report to document each individual's participation.

**View of Responsible Officials:** DeSoto High School agrees with the finding. While this does allow an individual to have sole access to gate proceeds without adequate accountability, DeSoto High School always provides an administrator for each home athletic event. Because of the reduction in our budget, it is not practical for DeSoto High School to pay another person to take tickets at the gate of sporting events that have small amounts of admissions. Instead, the administrator on duty at the athletic event will estimate the attendance and the next day the bookkeeper will compare the administrator's estimate to the total number of tickets sold from the ticket sales report. Also, DeSoto High School has started asking student volunteers to help with the ticket taking at the event entrance of the smaller events.

**2017-004, Timeliness of Deposits**

**Condition:** Our audit procedures noted three instances in which a deposit was not done within five days of receipt of the Report of Monies Collected Form. The deposits ranged from 6 days to 14 days from the date of the Report of Monies Collected Form to the date of the validated deposit slip.

**Criteria or specific requirement:** Chapter 8, Section III, 1.4 (c) of the Red Book states, "All money collected must be deposited intact to a depository as frequently as feasible and as dictated by sound business practices. In any event, funds collected must be deposited within five (5) working days after receipt."

**Effect:** Monies that have been collected and are not deposited to the bank are not available for disbursement and are not being adequately safeguarded.

**Cause:** Turnover in the internal accounts bookkeeper position.

**Recommendation:** We recommend that deposits to the bank be made within five days of receipt of the money.

**Views of Responsible Officials:** DeSoto High School agrees with the finding. Steps are in place to assure that deposits are being made to the bank within five days of receipt of the money.



**DESOTO COUNTY DISTRICT SCHOOL BOARD**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Management Letter Comments (continued)**

DESOTO HIGH SCHOOL (CONTINUED)

**2017-005, Payments Made in Excess of Available Funds**

**Condition:** We noted that twelve accounts had negative account balances that ranged from \$89 to \$7,862 at the end of the year; of which seven are related to sports teams.

**Criteria or specific requirement:** Chapter 8, Section I, 10 of the Red Book, states "Purchases from internal accounts shall not exceed the resources of the applicable student activity/project account, except for items acquired for resale or items authorized by district school board rules."

**Effect:** Purchases are being made when there are not enough available resources to pay for the purchase, resulting in certain internal fund accounts having negative balances and, therefore, borrowing from accounts with positive balances.

**Cause:** The bookkeeper is not monitoring available funds as purchase orders are printed. The software control that prevents a purchase order from being printed is available but has been disabled because purchase orders for items purchased for resale are not able to be printed.

**Recommendation:** We recommend the District establish a procedure that would prevent a purchase order from being printed and a purchase being made if an internal fund account did not have enough available resources to pay for the purchase.

**Views of Responsible Officials:** DeSoto High School agrees with the finding. A new procedure to prevent purchase orders from being approved that do not have available funds at that time or an explanation as to when the funds will arrive by way of a fundraiser or donations has been put into place.

**2017-006, Principal's Advance Approval of Purchases**

**Condition:** Our audit procedures noted nine instances in which purchase orders were prepared and approved by the principal after the actual purchase taking place.

**Criteria or specific requirement:** Chapter 8, Section III 3.2(a) of the Red Book states "a signed commitment from the principal or designee(s) must be on file before any purchase is made."

**Effect:** Purchases that were not authorized in advance are being made.

**Cause:** Lack of understanding of the policy by teachers, sponsors, and coaches.

**Recommendation:** To ensure that the use of internal funds is properly authorized in advance we recommend that a purchase order signed by the principal or designee be on file before any purchase is made in accordance with Chapter 8, Section III 3.2(a) of the Red Book.

**Views of Responsible Officials:** DeSoto High School agrees with the finding and will make sure that a purchase order signed by the principal or designee is on file prior to any purchase being made.

**DESOTO COUNTY DISTRICT SCHOOL BOARD**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Management Letter Comments (continued)**

DESOTO HIGH SCHOOL (CONTINUED)

**2017-007, Proper Completion of Report of Monies Collected Forms**

**Condition:** Our audit procedures noted three instances, two for car washes and another for donations collected outside a local store, that did not have the signatures of two individuals at the event.

**Criteria or specific requirement:** Management's policy requires when the amounts collected at a fundraiser, where items are not resold, requires cash collected be verified by two individuals at the conclusion of the event.

**Effect:** There is an opportunity of fundraiser proceeds being misappropriated when the amounts collected at a fundraiser, where items are not resold, are not verified by two individuals at the conclusion of the event.

**Cause:** Lack of understanding of the established policy by teachers, sponsors, and coaches.

**Recommendation:** We recommend management's policy be followed for fundraising events requiring verification of funds by two individuals at the event.

**Views of Responsible Officials:** DeSoto High School agrees with the finding and has the recommended procedure in place for the 2017-2018 school year.

**2017-008, Timeliness of bank reconciliations**

**Condition:** Our audit procedures noted bank reconciliations for three out of twelve months were not completed on a timely basis. The October 31, 2016 bank reconciliation was completed on December 6, 2016; the March 31, 2017 bank reconciliation was completed on May 11, 2017, and the April 30, 2017 bank reconciliation was completed June 19, 2017.

**Criteria or specific requirement:** Chapter 8, Section II, 8 of the Red Book states "bank statements shall be reconciled as soon as received, preferably by a person other than the person who receives and disburses funds."

**Effect:** Not performing reconciliations timely could result in possible financial losses occurring from fraudulent transactions not being detected and reported to the financial institution in a timely manner.

**Cause:** Turnover in the internal accounts bookkeeper position.

**Recommendation:** We recommend that monthly bank reconciliations be prepared as soon as bank statements are received.

**Views of Responsible Officials:** DeSoto High School agrees with the finding and has a policy in place that bank reconciliations must be completed within a 30 day period of receiving the bank statement.

**DESOTO COUNTY DISTRICT SCHOOL BOARD**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Management Letter Comments (continued)**

DESOTO MIDDLE SCHOOL

**2017-009, Timeliness of bank reconciliations**

**Condition:** Our audit procedures noted bank reconciliations for three out of twelve months were not completed on a timely basis. The November 30, 2016 and December 31, 2016 bank reconciliations were completed February 14, 2017 and the March 31, 2017 bank reconciliation was completed May 26, 2017.

**Criteria or specific requirement:** Chapter 8, Section II, 8 of the Red Book states "bank statements shall be reconciled as soon as received, preferably by a person other than the person who receives and disburses funds."

**Effect:** Not performing reconciliations timely could result in possible financial losses occurring from fraudulent transactions not being detected and reported to the financial institution in a timely manner.

**Cause:** Turnover in the internal accounts bookkeeper position.

**Recommendation:** We recommend that monthly bank reconciliations be prepared as soon as bank statements are received.

**Views of Responsible Officials:** DeSoto Middle School agrees with the finding and procedures will be put in place to ensure that bank statements are done in the time frame recommended.

**2017-010, Principal's Advance Approval of Purchases**

**Condition:** Our audit procedures noted four instances in which purchase orders were prepared and approved by the principal after the actual purchase taking place. We also noted one instance in which no purchase order was attached to the supporting documentation for the purchase.

**Criteria or specific requirement:** Chapter 8, Section III 3.2(a) of the Red Book states "a signed commitment from the principal or designee(s) must be on file before any purchase is made."

**Effect:** Purchases that were not authorized in advance are being made.

**Cause:** Lack of understanding of the established policy by teachers, sponsors, and coaches.

**Recommendation:** To ensure that the use of internal funds is properly authorized in advance we recommend that a purchase order signed by the principal or designee be on file before any purchase is made in accordance with Chapter 8, Section III 3.2(a) of the Red Book.

**Views of Responsible Officials:** DeSoto Middle School agrees with the finding and procedures will be put in place to ensure that no purchases can be made before a purchase order is finalized. In addition, the check voucher will include a copy of check, purchase order and invoice.

**DeSOTO COUNTY DISTRICT SCHOOL BOARD**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Management Letter Comments (continued)**

DeSOTO MIDDLE SCHOOL (CONTINUED)

**2017-011, Payments Made in Excess of Available Funds**

**Condition:** We noted that four accounts had negative account balances that ranged from \$15 to \$944 at the end of the year.

**Criteria or specific requirement:** Chapter 8, Section I, 10 of the Red Book, states "Purchases from internal accounts shall not exceed the resources of the applicable student activity/project account, except for items acquired for resale or items authorized by district school board rules."

**Effect:** Purchases are being made when there are not enough available resources to pay for the purchase, resulting in certain internal fund accounts having negative balances and, therefore, borrowing from accounts with positive balances.

**Cause:** The bookkeeper is not monitoring available funds as purchase orders are printed. The software control that prevents a purchase order from being printed is available but has been disabled because purchase orders for items purchased for resale are not able to be printed.

**Recommendation:** We recommend the District establish a procedure that would prevent a purchase order from being printed and a purchase being made if an internal fund account did not have enough available resources to pay for the purchase.

**Views of Responsible Officials:** DeSoto Middle School agrees with the finding. Procedures will be in place for the principal to be notified of the balance in the account prior to approving any purchases. There will be no accounts in the negative at the end of the school year.

**2017-012, Proper Completion of Report of Monies Collected Forms**

**Condition:** Our audit procedures noted six instances where the bookkeeper did not sign the report of monies collected form. We noted three instances where the teacher or sponsor and the bookkeeper did not date the report of monies collected form. We also noted three instances where the students' names were not listed individually on the report of monies collected form.

**Criteria or specific requirement:** The School District of DeSoto Internal Accounts Manual states, "A three-part monies collected form shall be completed by each teacher or sponsor. It shall be filled out correctly listing each student's name and amount collected, signed and dated, and turned in promptly to the school office. The bookkeeper shall verify the money collected, sign and date the monies collected form, and generate a deposit."

**Effect:** No corroboration or verification when monies are transferred between the bookkeeper as receptor and teachers, sponsors, and coaches as remitter.

**Cause:** Turnover in the internal accounts bookkeeper position and lack of understanding of the established policy by bookkeeper, teachers, sponsors, and coaches.

**DESOTO COUNTY DISTRICT SCHOOL BOARD**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Management Letter Comments (continued)**

DESOTO MIDDLE SCHOOL (CONTINUED)

**Recommendation:** We recommend the School Board policy be followed for the proper completion of the report of monies collected forms.

**Views of Responsible Officials:** DeSoto Middle School agrees with the finding. All individuals handling monies at the school have been trained to make sure that monies collected forms are completed correctly, signed and dated and turned in promptly to the school bookkeeper. At which time, the bookkeeper shall verify the money collected, sign and date the form and prepare a deposit to the bank.

MEMORIAL ELEMENTARY SCHOOL

**2017-013, Principal's Advance Approval of Purchases**

**Condition:** Our audit procedures noted two instances in which purchase orders were prepared and approved by the principal after the actual purchase taking place.

**Criteria or specific requirement:** Chapter 8, Section III 3.2(a) of the Red Book states "a signed commitment from the principal or designee(s) must be on file before any purchase is made."

**Effect:** Purchases that were not authorized in advance are being made.

**Cause:** Lack of understanding of the established policy by teachers, sponsors, and coaches.

**Recommendation:** To ensure that the use of internal funds is properly authorized in advance we recommend that a purchase order signed by the principal or designee be on file before any purchase is made in accordance with Chapter 8, Section III 3.2(a) of the Red Book.

**Views of Responsible Official:** Memorial Elementary School agrees with the finding and will make sure that a purchase order signed by the principal or designee is on file prior to any purchase being made.