



Frederick County Public Schools School Activity Funds

Comments on Internal Control and Other
Suggestions for Your Consideration and
Required Communications

June 30, 2024

Frederick County Public Schools
School Activity Funds

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Independent Auditor's Report on Comments on Internal Control and Other Suggestions

Honorable Members of the
Frederick County School Board
Winchester, Virginia

In planning and performing our audit of the combined statement of cash receipts and disbursements of the Frederick County Public Schools School Activity Funds (the "Activity Funds") for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered its 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 Activity Funds' internal control. Accordingly, we do not express an opinion on the effectiveness of the Activity Funds' 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 were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 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. The material weaknesses are included in the attached report and are appropriately designated.

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.

Additionally, during our audit we became aware of certain matters that provide opportunities for improving your accounting system and/or operating efficiency. Our comments and suggestions regarding these matters are included in the attached report. Since our audit is not designed to include a detailed review of all systems and procedures, these comments should not be considered as being all-inclusive of areas where improvements might be achieved. It is our hope that these suggestions will be taken in the constructive light in which they are offered.

We have already discussed many of these comments and suggestions with management, 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. Lastly, our review of the status of prior year comments and suggestions is included with the current year comments for each school.

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
August 1, 2024

**Frederick County Public Schools
School Activity Funds**

**Comments on Internal Control and
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GENERAL COMMENTS

Cash Receipts (Material Weakness)

Due to the decentralized nature of cash collections, it is not practical or cost beneficial to establish adequate internal accounting controls to ensure that all cash receipts are recorded. This is a common situation among school activity funds and similar organizations.

Segregation of Duties (Material Weakness)

In general, internal controls are designed to safeguard assets and help prevent losses from employee dishonesty or error. A fundamental concept of internal control is the separation of duties. The basic premise of this concept is that no one employee should have access to both collecting cash receipts and making cash disbursements, or to all phases of a transaction. Due to the limited size of the staff at the Schools, a proper separation cannot be established and maintained.

**Frederick County Public Schools
School Activity Funds**

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June 30, 2024

SUMMARY OF CURRENT YEAR COMMENTS AND SUGGESTIONS

Schools with no findings noted:		James Wood High School Millbrook High School Sherando High School James Wood Middle School Admiral Richard E. Byrd Middle School Robert E. Aylor Middle School Frederick County Middle School Apple Pie Ridge Elementary School Gainesboro Elementary School Redbud Run Elementary School Armel Elementary School Bass-Hoover Elementary School Ewendale Elementary School Indian Hollow Elementary School Greenwood Mill Elementary School Middletown Elementary School Orchard View Elementary School Stonewall Elementary School Jordan Springs Elementary School Northwestern Regional Education Program Dowell J. Howard Center
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Communication with Those Charged with Governance at Audit Conclusion

Honorable Members of the
Frederick County School Board
Winchester, Virginia

We have audited the combined statement of cash receipts and disbursements of the Frederick County Public Schools School Activity Funds (the “Activity Funds”) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 10, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Activity Funds 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 2024. We noted no transactions entered into by the Activity Funds 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.

The financial statement disclosure is 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.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

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 auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letters dated June 24, 2024 to July 5, 2024, depending on the field work date of the particular school activity fund audit. An example of such a representation letter is attached.

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 Activity Funds’ financial statement or a determination of the type of auditor’s 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.

Other Audit Findings or Issues

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

Other Matters

We were engaged to report on the individual school statements of cash receipts and disbursements, which accompany the combined financial statement but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the cash basis of accounting, the method of preparing it has not changed from the prior period, 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.

Restriction on Use

This information is intended solely for the use of Members of the Frederick County School Board and management of the Frederick County Public Schools School Activity Funds and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia

August 1, 2024

Attachment

[Client's Letterhead]

DATE OF FIELD WORK

Brown, Edwards & Company, L.L.P.
Certified Public Accountants
3906 Electric Road
Roanoke, Virginia 24018-4513

This representation letter is provided in connection with your audit of the statement of cash receipts and disbursements of **INSERT SCHOOL NAME** School Activity Funds as of June 30, 2024, and for the year then ended and the related notes to the financial statement for the purpose of expressing an opinion as to whether the financial statement presents fairly, in all material respects, the cash receipts and disbursements of the **INSERT SCHOOL NAME** School Activity Funds, in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of **DATE OF FIELD WORK**, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 10, 2024, including our responsibility for preparation and fair presentation of the financial statement in accordance with the basis of cash receipts and disbursements and for preparation of the supplementary information in accordance with applicable criteria.
- 2) The financial statement referred to above is fairly presented in conformity with the basis of cash receipts and disbursements.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed.
- 6) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statement as a whole. A list of the uncorrected misstatements are noted below: **[REMOVE IF NO PAJE's]**
- 7) Guarantees, whether written or oral, under which **INSERT SCHOOL NAME** is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 8) We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statement, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- 9) All material transactions have been recorded in the accounting records and are reflected in the financial statement.
- 10) We have disclosed to you the results of our assessment of the risk that the financial statement may be materially misstated as a result of fraud.
- 11) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
- a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statement.
- 12) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statement communicated by employees, former employees, regulators, or others.
- 13) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 14) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, assessments, or any other matters during the year ended June 30, 2024 and through the date of this letter.
- 15) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—Specific

- 16) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 17) We have taken timely and appropriate steps to remedy identified and suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us. **[REMOVE IF NO FRAUD]**
- 18) We have a process to track the status of audit findings and recommendations.
- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 20) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 21) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statement.

- 23) As part of your audit, you assisted with the preparation of the financial statement and related note. We acknowledge our responsibility as it relates to those non audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related note.
- 24) We have satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 25) We have complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
- 26) The financial statement properly classifies all funds and activities.
- 27) With respect to the detail school reports:
 - a) We acknowledge our responsibility for presenting the detail school reports in accordance with the basis of cash receipts and disbursements which is a basis of accounting other than accounting principles generally accepted in the United States of America, and we believe the detail school reports, including its form and content is fairly presented the basis of cash receipts and disbursements which is a basis of accounting other than accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the detail school reports have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the detail school reports are not presented with the audited financial statement, we will make the audited financial statement readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

School Activity Fund—Specific

- 28) School activity funds are used solely in accordance with the purpose for which such funds are collected.
- 29) Projects for raising school activity funds contribute to the educational experience of pupils and do not conflict with the instruction program.
- 30) Funds derived from the student body as a whole are used to benefit the student body as a whole. Generally, school activity funds are spent in such a way as to benefit those pupils who are in school and who have contributed to the accumulation of such fund.
- 31) Student representation is encouraged in the management of funds raised by the student body and spent for its behalf, subject to faculty supervision.
- 32) School activity funds are managed in accordance with the best business practices, including sound budgetary and accounting procedures.
- 33) Student body business is conducted in such a manner as to offer maximum competition with commercial concerns.
- 34) The principal, through his or her representatives, participates in the preparation, modification, and interpretation of the policies, regulations, and procedures affecting student body affairs.
- 35) Disbursement and receipt ledgers are complete and include, as applicable, non-check disbursements (i.e. wire transfers or other electronic means of payment) and credit or debit card disbursements.

Signed:

Principal

Signed:

Secretary/Bookkeeper