

HENDRY COUNTY DISTRICT SCHOOL BOARD

**SCHOOL INTERNAL ACCOUNTS FUND
AUDITED FINANCIAL STATEMENT**

YEAR ENDED JUNE 30, 2021



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**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
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YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

Board Members
Hendry County District School Board
LaBelle, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the School Internal Accounts Fund of the Hendry County District School Board as of and for the year ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 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 statements referred to above present fairly, in all material respects, the financial position of the School Internal Accounts Fund of the Hendry County District School Board as of June 30, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the School Internal Accounts Fund and do not purport to, and do not, present fairly the financial position of the Hendry County District School Board as of June 30, 2021, 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.

During the fiscal year ended June 30, 2021, the Hendry County District School Board adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the Hendry County District School Board reported a restatement for the change in accounting principle (see Note 4.) Our auditors' opinion was not modified with respect to the restatement.

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 statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School Internal Accounts Fund's basic financial statements. The combining statement of revenues, expenditures, and changes in fund balance by school is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining statement of revenues, expenditures, and changes in fund balance by school 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 statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of revenues, expenditures, and changes in fund balance by school is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board Members
Hendry County District School Board

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, on our consideration of the School Internal Accounts Fund's 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 results of that testing, and not to provide an opinion on the effectiveness of the Fund's 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 29, 2021

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
BALANCE SHEET
JUNE 30, 2021**

ASSETS

Cash	\$ 984,163
Investments	150,906
Total Assets	<u>\$ 1,135,069</u>

FUND BALANCE

Restricted	<u>\$ 1,135,069</u>
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See accompanying Notes to Financial Statements.

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2021**

REVENUES

Local Sources:

Other:

Athletics	\$ 359,789
Music	20,917
Classes, Clubs, Departments	589,376
Trust Funds	182,530
General	<u>190,851</u>
Total Revenues	<u>1,343,463</u>

EXPENDITURES

Current:

Other:

Athletics	274,637
Music	16,220
Classes, Clubs, Departments	437,131
Trust Funds	75,589
General	<u>204,178</u>
Total Expenditures	<u>1,007,755</u>

**EXCESS (DEFICIENCY) OF REVENUES
OVER (UNDER) EXPENDITURES**

335,708

OTHER FINANCING SOURCES (USES)

Transfers Out - General Fund

(117,871)

CHANGE IN FUND BALANCES (DEFICIT)

217,837

Fund Balance – Beginning of Year, as Previously Reported

-

Change in Accounting Principle (See Note 4)

917,232

Fund Balance – Beginning of Year, as Restated

917,232

FUND BALANCE - END OF YEAR

\$ 1,135,069

See accompanying Notes to Financial Statements.

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The School Internal Accounts Fund of the Hendry County District School Board (the District) is comprised of 12 individual accounts. There is an account for each of the 12 schools in the District. The financial statements present only the School Internal Accounts Fund and are 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 School Internal Accounts Fund is included in the District's annual financial report as a special revenue fund.

Measurement Focus and Basis of Accounting

The financial statements are reported using the current financial resources measurement focus. Under this focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources." Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

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 School Internal Accounts Fund on the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

School Internal Accounts 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.

Fund Balance

The School Internal Accounts Fund reports only restricted fund balance. Restricted fund balance can only be spent for specific purposes because of constraints imposed by external providers (such as higher levels of government) or imposed by constitutional provisions or enabling legislation.

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transfers

Transfers are used to move the revenues from the fund that state law requires to collect them to the fund that state law requires to expend them.

NOTE 2 DEPOSITS AND INVESTMENTS

Clewiston Senior High invests its excess cash resources in certificates of deposit. At June 30, 2021, investments consist of certificates of deposit maturing on October 24, 2021, November 3, 2021, January 21, 2023, and September 30, 2025.

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, 2021, the entire amount of demand deposits is deposited in state of Florida qualified public depositories and is fully insured.

NOTE 3 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; third-party injuries and/or property damage; and natural disasters. The District is a member of the South Central Education Risk Management Program (SCREMP), a consortium under which seven district school boards have established a public entity risk sharing pool for property protection, general liability, automobile liability, workers' compensation, governmental crime, and other coverage deemed necessary by the members of the SCERMP. Section 1001.42(12)(k), Florida Statutes, provides the authority for the District to enter into such a risk management program. The interlocal agreement and bylaws of SCERMP provide that risk of loss is transferred to the consortium. SCERMP is self-sustaining through member contributions (premiums), and purchases coverage through commercial companies for claims in excess of specified amounts. Member school boards are also subject to supplemental contributions in the event of a deficiency, except to the extent that the deficiency results from a specific claim against a member school board in excess of the coverage available, then such deficiency is solely the responsibility of that member school board.

The Board of Directors for SCERMP is composed of superintendents, finance directors, or authorized representatives of all participating districts. Relation Insurance Services serves as the third-party administrator, insurance broker, and fiscal agent for SCERMP.

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2021**

NOTE 4 CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2021, the District adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by reporting the school internal accounts as a special revenue fund of the District. The internal accounts were previously reported as a fiduciary fund with assets and liabilities only as they were considered custodial in nature. Beginning net position has been restated to reflect this change.

Fund Balance – Beginning of Year, as Previously Reported	\$ -
Change in Accounting Principle	<u>917,232</u>
Fund Balance – Beginning of Year, as Restated	<u><u>\$ 917,232</u></u>

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE BY SCHOOL
YEAR ENDED JUNE 30, 2021**

	LaBelle High	Clewiston High	LaBelle Middle	Clewiston Middle	Central Elementary	Eastside Elementary	Westside Elementary
REVENUES							
Local Sources:							
Other:							
Athletics	\$ 137,546	\$ 195,760	\$ 8,329	\$ 18,154	\$ -	\$ -	\$ -
Music	6,200	11,890	518	1,500	-	-	-
Classes, Clubs, Departments	86,854	358,578	8,533	32,172	27,212	4,504	7,709
Trust Funds	25,503	4,186	-	816	12,519	20	-
General	22,589	6,299	8,581	46,503	13,970	48,512	26,337
Total Revenues	<u>278,692</u>	<u>576,713</u>	<u>25,961</u>	<u>99,145</u>	<u>53,701</u>	<u>53,036</u>	<u>34,046</u>
EXPENDITURES							
Current:							
Other:							
Athletics	141,106	103,860	9,325	20,346	-	-	-
Music	7,010	4,207	1,955	1,519	-	-	-
Classes, Clubs, Departments	105,305	200,274	7,568	25,806	25,082	7,285	8,547
Trust Funds	14,128	4,000	340	-	18,373	-	-
General	22,447	4,480	4,208	45,669	8,071	46,236	32,574
Total Expenditures	<u>289,996</u>	<u>316,821</u>	<u>23,396</u>	<u>93,340</u>	<u>51,526</u>	<u>53,521</u>	<u>41,121</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,304)	259,892	2,565	5,805	2,175	(485)	(7,075)
OTHER FINANCING SOURCES (USES)							
Transfers Out - General Fund	-	(9,407)	-	-	-	-	-
CHANGE IN FUND BALANCES (DEFICIT)	(11,304)	250,485	2,565	5,805	2,175	(485)	(7,075)
Fund Balance – Beginning of Year, as Previously Reported	-	-	-	-	-	-	-
Change in Accounting Principle (See Note 4)	128,786	366,238	83,813	72,976	49,009	31,416	47,338
Fund Balance – Beginning of Year, as Restated	<u>128,786</u>	<u>366,238</u>	<u>83,813</u>	<u>72,976</u>	<u>49,009</u>	<u>31,416</u>	<u>47,338</u>
FUND BALANCE - END OF YEAR	<u>\$ 117,482</u>	<u>\$ 616,723</u>	<u>\$ 86,378</u>	<u>\$ 78,781</u>	<u>\$ 51,184</u>	<u>\$ 30,931</u>	<u>\$ 40,263</u>

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE BY SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2021**

	LaBelle Elementary	Country Oaks Elementary	Upthegrove Elementary	LaBelle Adult	Clewiston Adult	Total
REVENUES						
Local Sources:						
Other:						
Athletics	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 359,789
Music	-	400	409	-	-	20,917
Classes, Clubs, Departments	16,378	14,840	32,596	-	-	589,376
Trust Funds	-	-	-	8,496	130,990	182,530
General	9,134	731	4,942	3,253	-	190,851
Total Revenues	<u>25,512</u>	<u>15,971</u>	<u>37,947</u>	<u>11,749</u>	<u>130,990</u>	<u>1,343,463</u>
EXPENDITURES						
Current:						
Other:						
Athletics	-	-	-	-	-	274,637
Music	150	939	440	-	-	16,220
Classes, Clubs, Departments	13,499	12,643	31,122	-	-	437,131
Trust Funds	-	-	-	4,892	33,856	75,589
General	11,031	2,106	13,785	1,912	11,659	204,178
Total Expenditures	<u>24,680</u>	<u>15,688</u>	<u>45,347</u>	<u>6,804</u>	<u>45,515</u>	<u>1,007,755</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	832	283	(7,400)	4,945	85,475	335,708
OTHER FINANCING SOURCES (USES)						
Transfers Out - General Fund	-	-	-	(3,828)	(104,636)	(117,871)
CHANGE IN FUND BALANCES (DEFICIT)	832	283	(7,400)	1,117	(19,161)	217,837
Fund Balance – Beginning of Year, as Previously Reported	-	-	-	-	-	-
Change in Accounting Principle (See Note 4)	22,677	12,376	43,090	10,939	48,574	917,232
Fund Balance – Beginning of Year, as Restated	22,677	12,376	43,090	10,939	48,574	917,232
FUND BALANCE - END OF YEAR	<u>\$ 23,509</u>	<u>\$ 12,659</u>	<u>\$ 35,690</u>	<u>\$ 12,056</u>	<u>\$ 29,413</u>	<u>\$ 1,135,069</u>



**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***

Board Members
Hendry County District School Board
LaBelle, 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 statements of the School Internal Accounts Fund of the Hendry County District School Board (Fund), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated October 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Fund'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 Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001, 2020-002, 2020-003, 2020-004 and 2020-005 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund’s financial statements are 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 financial statements. 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*.

Hendry County District School Board’s Response to Findings

Hendry County District School Board’s responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Hendry County District School Board’s responses were not subjected to the auditing procedures applied in the audit of the financial statements 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 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.



CliftonLarsonAllen LLP

Sebring, Florida
October 29, 2021

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2021**

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Current Year Status
<p>2020-001 <u>Timeliness of Receipts</u> <i>Cash receipts collected outside of the school office were not turned in to the school office within the one working day limit set forth by Red Book Chapter 8 and District policy. Additionally, receipts were not deposited in the bank within five business days as required by Red Book and District policy.</i></p>	Material Weakness	Not Cleared
<p>2020-002 <u>Propriety of Disbursements</u> <i>Disbursements were made for items that are considered unallowable expenditures of internal funds.</i></p>	Material Weakness	Not Cleared
<p>2020-003 <u>Documentation of Disbursements and Receipts</u> <i>Redbook and District policies were not consistently followed. Instances noted include:</i></p> <ul style="list-style-type: none"> - Supporting documentation for six disbursements and five receipts selected for testing was not maintained and available for review - 27 checks selected for testing were disbursed with a single signature 	Material Weakness	Not Cleared
<p>2020-004 <u>Fundraising Reports</u> <i>Fundraising reports were not used as set forth by School Board internal fund policy and Redbook Chapter 8. One school conducted a game of chance as a fundraiser.</i></p>	Material Weakness	Partially Cleared

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2021-001 – Timeliness of Receipts

Type of Finding:

Material Weakness in Internal Control Over Financial Reporting; Compliance with Florida DOE *Financial and Program Cost Accounting and Reporting for Florida Schools* (Red Book) Chapter 8.

Schools:

Clewiston High School, LaBelle High School, Clewiston Middle School, Central Elementary School, Clewiston Adult School, LaBelle Middle School, Westside Elementary School

Condition:

Cash receipts collected outside of the school office were not turned in to the school office within the one working day limit set forth Red Book Chapter 8 and District policy. Additionally, receipts were not deposited in the bank within five business days as required by Red Book and District policy. Out of 123 items tested, 36 receipts were not in compliance with Red Book and District policy.

Criteria:

Red Book 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 and deposited in the bank within five business days.

Cause:

Teachers and sponsors accumulate funds for several days before turning the money in to the front office and making a deposit. Bookkeepers do not make timely deposits.

Effect:

Misappropriation of funds may occur by error or fraud if receipts are not promptly turned in to the school office and secured until timely 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 and deposited to the bank within five business days, as outlined in District policy and Red Book Chapter 8.

Views of Responsible Officials:

District Finance staff will provide training to bookkeepers on the requirements set forth in the Red Book for school internal accounts. Additionally, Finance staff will perform periodic reviews to ensure compliance.

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

2021-002 – Propriety of Disbursements

Type of Finding:

Material Weakness in Internal Control Over Financial Reporting; Compliance with Red Book Chapter 8.

Schools:

Clewiston Middle School

Condition:

One of the twelve disbursements tested for Clewiston Middle School was made for items that are considered unallowable expenditures of internal funds.

Criteria:

Red Book Chapter 8 requires that funds disbursed be for the benefit of students or made from funds collected for a specific purpose. Internal accounts funds may not be used to purchase curricular related equipment, supplies, travel, professional services, technical services, or consultant services.

Cause:

School personnel may not understand the restrictions on use of internal accounts funds.

Effect:

Funds designed to be used for students or other specific purposes were used for purposes not allowed by the Red Book or District policy.

Recommendation:

School personnel should be trained on the allowable uses of internal funds. All funds disbursed should be within the guidelines outlined in the District policy and Redbook Chapter 8. Funds used for the benefit of teachers and faculty should only be spent from receipts derived from faculty and staff collections.

Views of Responsible Officials:

District Finance staff will provide training to bookkeepers on the requirements set forth in the Red Book for school internal accounts. Additionally, Finance staff will perform periodic reviews to ensure compliance.

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

2021-003 – Documentation of Disbursements and Receipts

Type of Finding:

Material Weakness in Internal Control Over Financial Reporting; Compliance with Red Book Chapter 8.

Schools:

Clewiston High School, Labelle High School, Labelle Adult School, Country Oaks Elementary School, Upthegrove Elementary School

Condition:

Red Book and District policies were not consistently followed. Instances noted include:

- Supporting documentation for one receipt selected for testing was not maintained and available for review.
- 3 checks selected for testing were disbursed with a single signature.
- 16 monies collected forms were only signed by one sponsor or faculty member.

Criteria:

- Red Book Chapter 8 requires that all money collected by the school must be substantiated by receipts and reports of monies collected.
- All checks must be signed with two signatures, one of whom must be the Principal.
- Monies collected forms should be signed by the class/club sponsor as well as the bookkeeper/principal to ensure all money collected is properly deposited and recorded.

Cause:

Supporting documentation, including monies collected forms and receipts, was not properly maintained. Authorization, reconciliation, and review procedures were not consistently followed.

Effect:

The risk of misappropriation of cash collected or unauthorized purchases increases when internal control processes over receipts and disbursements are not followed.

Recommendation:

We recommend retaining supporting documentation for receipts and disbursements and authorizing all disbursements as required by Red Book standards and District policies.

Views of Responsible Officials:

District Finance staff will provide training to bookkeepers on the requirements set forth in the Red Book for school internal accounts. Additionally, Finance staff will perform periodic reviews to ensure compliance.

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

2021-004 – Fundraising Reports & Activities

Type of Finding:

Material Weakness in Internal Control Over Financial Reporting; Compliance with Red Book Chapter 8.

Schools:

Clewiston High School, Clewiston Middle School, Labelle High School, Labelle Middle School, Labelle Elementary School, Country Oaks Elementary School

Condition:

Fundraising reports were not used as set forth by School Board internal fund policy and Red Book Chapter 8.

Criteria:

Red Book 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 schools have not fully implemented the requirements for documenting fundraising activities and tracking results of those 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. Principals should ensure that fundraising activities are allowable under Red Book. Upon completion of the fundraiser, a fundraising report should be filed with the Principals office, as outlined in the District Policy and by Red Book Chapter 8.

Views of Responsible Officials:

District Finance staff will provide training to bookkeepers on the requirements set forth in the Red Book for the school internal accounts. Additionally, Finance staff will develop one standardized form for all schools to use for fundraisers and will perform periodic reviews to ensure compliance.

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

2021-005 – General Ledger Journal Entries

Type of Finding:

Material Weakness in Internal Control Over Financial Reporting.

Schools:

Labelle High School, Clewiston Middle School, Clewiston Adult School, Country Oaks Elementary School, Central Elementary School

Condition:

5 journal entries of the 10 tested had no evidence of review and approval by the Principal prior to being posted by the bookkeeper.

Criteria:

Journal entry procedures should include segregated duties for preparation, review and approval.

Cause:

The schools have not fully implemented internal controls for documenting, reviewing and approving journal entries.

Effect:

Inappropriate journal entries may be posted to the accounting system.

Recommendation:

We recommend documenting each journal entry in a logical manner with supporting documentation. The documentation should include the reason for the entry, the date the entry was posted, signature of the preparer, and signature of the reviewer.

Views of Responsible Officials:

Finance staff will explore the option of having our new ERP system, Skyward, workflow journal entries to principals for approval. Additionally, Finance will perform periodic reviews to ensure compliance.