

HENDRY COUNTY DISTRICT SCHOOL BOARD

**SCHOOL INTERNAL ACCOUNTS FUND
AUDITED FINANCIAL STATEMENT**

YEAR ENDED JUNE 30, 2022



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**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
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INDEPENDENT AUDITORS' REPORT

Board Members
Hendry County District School Board
LaBelle, Florida

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related notes to the financial statements, as listed in the table of contents.

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, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School Internal Accounts Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2022, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School Internal Accounts Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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. Such information 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. The 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 GAAS. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023, 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 School Internal Accounts 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
March 10, 2023

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
BALANCE SHEET
JUNE 30, 2022**

ASSETS

Cash	\$ 1,115,931
Investments	<u>147,571</u>
Total Assets	<u><u>\$ 1,263,502</u></u>

FUND BALANCE

Restricted	<u><u>\$ 1,263,502</u></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, 2022**

REVENUES

Local Sources:

Other:

Athletics	\$ 431,928
Music	28,758
Classes, Clubs, Departments	881,693
Trust Funds	47,080
General	539,553
Total Revenues	1,929,012

EXPENDITURES

Current:

Other:

Athletics	391,041
Music	36,498
Classes, Clubs, Departments	760,265
Trust Funds	43,520
General	569,255
Total Expenditures	1,800,579

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

128,433

Fund Balance – Beginning of Year

1,135,069

FUND BALANCE - END OF YEAR

\$ 1,263,502

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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 STATEMENTS
JUNE 30, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS

Clewiston High School invests its excess cash resources in certificates of deposit. At June 30, 2022, investments consist of certificates of deposit maturing on January 21, 2023, November 3, 2023, September 30, 2025, and October 24, 2026.

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, 2022, 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 (SCERMP), 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
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE BY SCHOOL
YEAR ENDED JUNE 30, 2022**

	LaBelle High	Clewiston High	LaBelle Middle	Clewiston Middle	Central Elementary	Eastside Elementary	Westside Elementary
REVENUES							
Local Sources:							
Other:							
Athletics	\$ 219,491	\$ 152,443	\$ 32,463	\$ 27,531	\$ -	\$ -	\$ -
Music	8,419	13,079	1,775	3,147	-	-	-
Classes, Clubs, Departments	96,271	334,341	32,691	81,873	86,608	63,557	60,845
Trust Funds	16,697	3,293	6,208	-	20,233	392	257
General	27,512	9,394	10,011	50,526	16,766	55,753	29,980
Total Revenues	<u>368,390</u>	<u>512,550</u>	<u>83,148</u>	<u>163,077</u>	<u>123,607</u>	<u>119,702</u>	<u>91,082</u>
EXPENDITURES							
Current:							
Other:							
Athletics	184,641	160,093	22,349	23,958	-	-	-
Music	11,201	14,920	2,737	4,632	-	-	158
Classes, Clubs, Departments	100,048	241,950	27,556	60,446	80,594	61,477	64,123
Trust Funds	15,093	10,550	2,872	-	14,823	-	-
General	22,657	8,139	19,517	46,520	19,272	58,506	47,051
Total Expenditures	<u>333,640</u>	<u>435,652</u>	<u>75,031</u>	<u>135,556</u>	<u>114,689</u>	<u>119,983</u>	<u>111,332</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	34,750	76,898	8,117	27,521	8,918	(281)	(20,250)
Fund Balance - Beginning 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>
FUND BALANCE - END OF YEAR	<u>\$ 152,232</u>	<u>\$ 693,621</u>	<u>\$ 94,495</u>	<u>\$ 106,302</u>	<u>\$ 60,102</u>	<u>\$ 30,650</u>	<u>\$ 20,013</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, 2022**

	LaBelle Elementary	Country Oaks Elementary	Upthegrove Elementary	LaBelle Adult	Clewiston Adult	Total
REVENUES						
Local Sources:						
Other:						
Athletics	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 431,928
Music	-	2,338	-	-	-	28,758
Classes, Clubs, Departments	11,580	57,277	53,979	-	2,671	881,693
Trust Funds	-	-	-	-	-	47,080
General	28,787	6,343	19,087	24,605	260,789	539,553
Total Revenues	<u>40,367</u>	<u>65,958</u>	<u>73,066</u>	<u>24,605</u>	<u>263,460</u>	<u>1,929,012</u>
EXPENDITURES						
Current:						
Other:						
Athletics	-	-	-	-	-	391,041
Music	990	1,460	400	-	-	36,498
Classes, Clubs, Departments	15,289	56,901	51,881	-	-	760,265
Trust Funds	-	-	182	-	-	43,520
General	21,714	1,555	17,306	27,522	279,496	569,255
Total Expenditures	<u>37,993</u>	<u>59,916</u>	<u>69,769</u>	<u>27,522</u>	<u>279,496</u>	<u>1,800,579</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,374	6,042	3,297	(2,917)	(16,036)	128,433
Fund Balance - Beginning 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>
FUND BALANCE - END OF YEAR	<u>\$ 25,883</u>	<u>\$ 18,701</u>	<u>\$ 38,987</u>	<u>\$ 9,139</u>	<u>\$ 13,377</u>	<u>\$ 1,263,502</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 (the Fund), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated March 10, 2023.

Report on 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001, 2022-002, 2022-003, 2022-004, and 2022-005 that we consider to be material weaknesses.

Report on 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

Government Auditing Standards requires the auditor to perform limited procedures on the Hendry County District School Board’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Hendry County District School Board’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
March 10, 2023

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2022**

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Current Year Status
<p>2021-001 <u>Timeliness of Receipts</u> 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.</p>	Material Weakness	Not Cleared
<p>2021-002 <u>Propriety of Disbursements</u> Disbursements were made for items that are considered unallowable expenditures of internal funds.</p>	Material Weakness	Cleared
<p>2021-003 <u>Documentation of Disbursements and Receipts</u> Redbook and District policies were not consistently followed. Instances noted include:</p> <ul style="list-style-type: none"> - Supporting documentation for one disbursements 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 of faculty member. 	Material Weakness	Partially Cleared
<p>2020-004 <u>Fundraising Reports</u> Fundraising reports were not used as set forth by School Board internal fund policy and Redbook Chapter 8.</p>	Material Weakness	Not Cleared
<p>2021-005 <u>General Ledger Journal Entries</u> 5 Journal Entries of the 10 tested had no evidence of review and approval by the Principal prior to being posted by the bookkeeper.</p>	Material Weakness	Not Cleared

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2022-001 – Cash 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:

Central Elementary School, Clewiston Adult School, Clewiston High School, Clewiston Middle School, Country Oaks Elementary School, Eastside Elementary School, Labelle Elementary School, Labelle High 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. We also noted some monies collected forms did not contain all required information to be able to determine that compliance requirements were met, others did not contain the dual signatures required by Redbook, and some did not agree to supporting documentation. Out of 173 items tested, 98 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. Monies collected forms should contain the signature of both the teacher/sponsor who collected the money as well as the bookkeeper receipting the money in the office.

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. All forms should contain the appropriate signatures to ensure the amount of funds turned in the office are appropriately receipted and recorded in the accounting records.

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

2022-001 – Cash Receipts (continued)

Views of Responsible Officials:

Central Elementary School response: When collecting funds from students, we ask that teachers turn in the funds that day and that all deposits collected are turned in within 5 business days. Bookkeeper will document in instances where there are discrepancies of dates for deposits with a note on the deposit form (i.e., teacher forgot to turn in at the end of the day, teacher was out sick, etc.).

Clewiston Middle School response: An old form was used. The new modified form should help resolve this matter to see when money is turned into the bookkeeper.

Country Oaks Elementary response: An old monies collected form was being used, which did not provide space for dual signatures. The Finance Department provided a new form (mid FY23) that reflects dual signatures must be obtained and is being followed.

Eastside Elementary School response: We will continue to train teachers and event coordinators to turn in money, make frequent deposits, and double check required documents.

Labelle Elementary School response: Because there were instances where dates were left off of the submission form, there will be a system established where both administrators check the paperwork once it is submitted. By having three people double check that all pieces of the financial documentation are signed and dated correctly, errors should be avoided.

Labelle Middle School response: LMS received an updated Monies Collected Form which clarifies "Actual Date Collected" and "Received by" signature and date. The Bookkeeper will destroy all older versions to ensure only the current version is used. The LMS bookkeeper has attended multiple training sessions this school year. There will be an additional upcoming training session in April and August. These events have provided clarification to correct procedural errors. During pre-week training for the upcoming school year, the Bookkeeper will provide refresher training to all staff regarding procedures for collecting and turning in money.

Labelle High School response: Teachers and/or Sponsors should turn in money within one (1) business day. Date should be the day they turned it in to the office, as well as the day the receipt was written. The bookkeeper will make sure deposits are made to the bank within five (5) business days. If a circumstance arises, she will make proper documentation.

Westside Elementary School response: General interest from the Bank, the practice is to do a receipt. Bookkeeper will correct the process of doing a receipt and begin monthly bank interest as a Journal Entry. Additionally, the Bookkeeper will continue to stress to Teachers that a date must be on every Monies Collected Form that is turned into the front office, along with a receipt dated correctly.

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

2022-002 – Disbursements

Type of Finding:

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

Schools:

LaBelle Elementary School

Condition:

One check requisition form was not signed by the principal to document approval to make payment.

Criteria:

Check requisition forms should be signed by the principal to document their agreement that the expenditure is an allowable use of internal account money, account coding is accurate, and appropriate supporting documentation is provided to support the expenditure.

Cause:

The principal may have been unavailable, or the document may have been overlooked.

Effect:

Funds could have been used for purposes not allowed by the Red Book or District policy.

Recommendation:

School personnel should ensure that all check requisition forms are authorized by the school principal before payment is made.

Views of Responsible Officials:

Labelle Elementary School response: Due to the fact that there was one check requisition not signed by two authorized signatures, both administrators will schedule time weekly to sign checks together. By establishing these routine, and double-checking signatures, we can ensure that all checks will be properly signed.

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

2022-003 – Fundraising Reports and Activities

Type of Finding:

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

Schools:

Central Elementary School, Clewiston High School, Clewiston Middle School, Eastside Elementary School, Labelle Elementary School, Labelle Middle School, Labelle High 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:

Central Elementary School response: This year we will make sure all activity/fundraiser forms are completed prior and upon the completion of any fundraisers the fundraiser report will be completed. We will make sure at the end of the month we go back and double check all documentation is present.

Labelle Elementary School response: To ensure that all fundraising paperwork is signed prior to any fundraising activity, the bookkeeper and principal will implement a system to double check forms. At the end of each month, a review will be conducted of fundraising forms to confirm proper documentation. Additionally, staff will be trained at the beginning of the 2022-2023 school year on the importance of having these forms filled out prior to any activity.

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

2022-003 – Fundraising Reports and Activities (continued)

Views of Responsible Officials (continued):

Labelle Middle School response: World's Finest Choc. Bars, CLA noted the activity report only listed the expense of the tour buses they were fundraising for as an expense. CLA determined expense via filtering the GL for "World's Finest Chocolate" and summing the total of all monies collected forms with the fundraiser within the description. Regarding the 50-cent discrepancy in Revenue reported, the LMS Bookkeeper pulled the ACTIVITY REPORT and it lists Total Receipts: as \$8150.50. This matches deposits entered into skyward. Upon further review, the LMS Bookkeeper entered the tour buses expenditure in the Product Cost line, and did not enter the product cost on the Activity Report. This will be corrected for future fundraising activities.

Labelle High School response: We will make sure the teacher and/or sponsor turning in the money signs the receipt of money form along with the bookkeeper.

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

2022-004 – Ticket Inventory

Type of Finding:

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

Schools:

Labelle High School

Condition:

A perpetual inventory of tickets was not maintained as required by School Board internal fund policy and Red Book Chapter 8.

Criteria:

Red Book Chapter 8 requires that tickets be pre-numbered and that the school maintain a perpetual inventory of tickets. The inventory should show the beginning and ending numbers of all documents acquired and used.

Cause:

The school was not able to provide records to reconcile the tickets in inventory at the beginning of the year, tickets used, and tickets remaining at the end of the year.

Effect:

Lack of control over tickets could lead to lost revenue or misappropriation of assets.

Recommendation:

Each school should maintain a perpetual inventory of tickets are required by Red Book and School Board policy.

Views of Responsible Officials:

Labelle High School response: A picture of the tickets was not taken at the end of the previous year. New tickets were ordered this year and a picture was taken of new rolls and a picture will be taken at the end of the year of the remaining tickets.

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

2022-005 – General Ledger Journal Entries

Type of Finding:

Material Weakness in Internal Control Over Financial Reporting.

Schools:

Eastside Elementary School, Clewiston Adult School, Clewiston High School, Clewiston Middle School, Country Oaks Elementary School, Labelle Middle School, Labelle High School, Westside Elementary School

Condition:

In a sample of 10 journal entries, we noted the following:

- We were unable to locate supporting documentation for 6 entries.
- The support for two entries was a system printout, and the documentation did not include other information necessary to understand the nature and purpose of the entry.
- One entry contained appropriate supporting documentation, but it did not contain evidence of review and approval by an authorized member of management.

Criteria:

Journal entry procedures should include segregated duties for preparation, review, and approval. Supporting documentation should be maintained for all journal entries and should contain sufficient detail to understand the nature and purpose of the entry.

Cause:

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

Effect:

Inappropriate or unauthorized 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:

Country Oaks Elementary School response: Prior staff were not following journal entry procedures. The current bookkeeper is ensuring journal entries are being signed by the principal and supporting documentation attached.

Labelle Middle School response: Splitting Boys and Girls Basketball Account, No supporting documents found, the LMS Bookkeeper entered an explanation in Skyward. We will consult with our finance department for guidance on how that should be correctly documented and make any necessary corrections.

Labelle High School response: Always put the reason for a voided check on the journal entry. It has been brought to my attention that in the past supporting documentation was not required. It would be beneficial to know exactly what supporting documentation should be attached.

**HENDRY COUNTY DISTRICT SCHOOL BOARD
SCHOOL INTERNAL ACCOUNTS FUND
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Overall District Management Response:

During the 2021-2022 fiscal year, the Finance Department updated several forms, policies and procedures, put together process documentation for bookkeepers, and provided training opportunities in attempt to reduce findings the district has seen year after year. In January of 2022, the District hired an Administrator of Finance who is an expert in school internal funds and has led much of the process improvement efforts.

Process documentation put together and provided to bookkeepers include:

1. Overall internal account procedures
2. Monies collected process
3. Purchasing request process

Forms were updated to provide better clarity on their purpose and signatures/dates required.

1. Pre-requisition for Purchases
2. Approval of Fundraises
3. Financial Report of Fundraising Activities
4. Field Trip and Activity Scheduler
5. Monies Collected

Training opportunities included:

- One on one trainings with bookkeepers (principals also invited) during February and March of 2022 on all topics related to internal funds.
- Year-end training on April 1st (Labelle) and April 4th (Clewiston) to include topics on internal funds.
- Additional one on one trainings offered in May 2022.

The Finance Department continues process improvement efforts and training opportunities for bookkeepers and principals as well as establishing open lines of communication to provide support.