

# 2020

School Board of Leon County

Internal Accounts

## Financial Statement and Independent Auditor's Report

June 30, 2020

**FINANCIAL STATEMENT  
AND  
INDEPENDENT AUDITOR’S REPORT**

**SCHOOL BOARD OF LEON COUNTY  
INTERNAL ACCOUNTS  
LEON COUNTY, FLORIDA**

**JUNE 30, 2020**

**TABLE OF CONTENTS**

<b>Independent Auditor’s Report</b> .....	1-2
<b>Statement of Fiduciary Net Position</b> .....	3
<b>Notes to Financial Statement</b> .....	4-5
<b>Other Reports</b>	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with <i>Government Auditing Standards</i> .....	6-7
Management Letter .....	8-14
Management’s Response .....	15-17

## INDEPENDENT AUDITOR'S REPORT

Leon County District School Board  
Leon County, Florida

### Report on the Financial Statement

We have audited the accompanying statement of fiduciary net position of the Leon County Public Schools Internal Accounts (the Internal Accounts) as of June 30, 2020, and the related note to the financial statement as listed in the table of contents.

### Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by 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.

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## INDEPENDENT AUDITOR'S REPORT

### Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the Internal Accounts as of June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note 1, the accompanying financial statement presents only the fiduciary net position of the Internal Accounts, and does not present fairly the financial position of the Leon County District School Board (the District), as of June 30, 2020, 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.

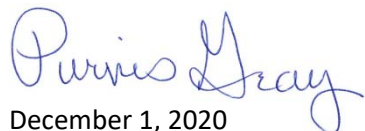
As more fully described in Note 2 to the financial statements, the District may be negatively impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2020, on our consideration of the Internal Accounts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 Internal Accounts' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Internal Accounts' internal control over financial reporting and compliance.

### Restriction on Use

Our report is intended solely for the information and use of management, the Leon County District School Board, and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



December 1, 2020  
Tallahassee, Florida

**STATEMENT OF FIDUCIARY NET POSITION**  
**SCHOOL BOARD OF LEON COUNTY INTERNAL ACCOUNTS**  
**JUNE 30, 2020**

	<b>Agency Funds</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 4,450,259
Accounts Receivable	28,936
<b>Total Assets</b>	<u>4,479,195</u>
 <b>Liabilities</b>	
Due to District General Fund	58,545
Due to Students and Student Organizations	4,420,650
<b>Total Liabilities</b>	<u>4,479,195</u>
 <b>Net Position</b>	 <u><u>\$ -</u></u>

See accompanying notes.

**NOTES TO FINANCIAL STATEMENT  
SCHOOL BOARD OF LEON COUNTY INTERNAL ACCOUNTS  
LEON COUNTY, FLORIDA**

**Note 1 - Summary of Significant Accounting Policies**

The financial statement of the Leon County Public Schools Internal Accounts (the Internal Accounts) of the Leon County District School Board (the District) has been prepared to conform to generally accepted accounting principles (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Pursuant to Florida Statutes, Section 1001.51(11)(f), the Superintendent of Schools is responsible for keeping records and accounts of all financial transactions in the manner prescribed by the State Board of Education. The following is a summary of the more significant of these policies:

**Reporting Entity**

The District and its Governing Board are organized and operated under Section 4, Article IX, of the Constitution of Florida and Chapter 1001 of the Florida Statutes. The District's boundaries are coterminous with those of Leon County. Management of the District is independent of county and city governments. The membership of the Governing Board of the District consists of five members elected by county-wide vote for overlapping four-year terms. The appointed Superintendent of Schools acts as the executive officer for the District.

For financial reporting purposes, the accompanying financial statement includes only the activity accounted for in the Internal Accounts of the School Board and does not purport to present financial position and results of operations for the District as a whole. The District does, however, prepare an entity-wide annual financial report which also includes the Internal Accounts, which can be obtained from the District's administrative offices.

The Internal Accounts are a single fiduciary fund of the District as follows:

■ **Fiduciary Fund Type**

- **Agency Fund**—to account for resources of the Internal Accounts, which are used to administer monies collected at the District's schools in connection with school, student athletic, class, and club activities and financial aid fee collections and expenditures. The fund is made up of all of the internal account activity of the School Board's forty-five centers, communities, and elementary, middle, and high schools, and are unbudgeted public funds under the control and supervision of the School Board, with individual school principals having day-to-day responsibility over their respective schools.

The collection and disbursement of internal accounts is performed in accordance with Florida Statutes, School Board rules, and the financial and program cost accounting and reporting for Florida Schools Manual, published by the Florida Department of Education.

The District accounts for student activity funds in an agency fund because the fund is custodial in nature and does not measure the results of operations.

**Basis of Accounting**

The accompanying financial statement is prepared on the accrual basis of accounting.

**NOTES TO FINANCIAL STATEMENT  
SCHOOL BOARD OF LEON COUNTY INTERNAL ACCOUNTS  
LEON COUNTY, FLORIDA**

**Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits, money market funds, and certificates of deposit held at qualified public depositories. Qualified public depositories of public funds are required to provide collateral each month pursuant to Chapter 280.04, Florida Statutes. The collateral is held by the Florida Division of Treasury under the provisions of the *State of Florida Public Depository Act*. Any loss not covered by the pledged securities and Federal Deposit Insurance Corporation (FDIC) deposit insurance would be assessed by the Florida Division of Treasury and paid by the other public depositories. Therefore, any amount of the Agency Fund's demand deposits in excess of FDIC protection would be fully insured or collateralized.

**Accounting Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**Accounts Receivable**

Accounts receivable are reported at estimated net realizable value, net of allowance for uncollectible accounts.

**Encumbrances**

Encumbrance accounting, under which purchase orders are recorded to reserve an applicable appropriation, is used by the Internal Accounts.

**Risk Management**

The Internal Accounts are exposed to various risks of loss related to theft of, damage to, and destruction of assets. The District provides commercial insurance to cover these risks of the Internal Accounts.

**Due to District General Fund**

Due to District General Fund consists of payroll and other expenses paid for by the District on behalf of an individual school.

**Upcoming Accounting Pronouncements**

Governmental Accounting Standards Board Statement No. 84 (GASB 84), *Fiduciary Activities*, will be effective for the District's fiscal year ending June 30, 2020. This statement establishes specific criteria for identifying activities that should be reported as fiduciary activities. It also adds the custodial fund classification to replace agency funds, and requires the presentation of a Statement of Changes in Fiduciary Net Position for custodial funds. Management is in the process of reviewing its agency funds to ensure they continue to meet the criteria established by GASB 84 and ensuring all the necessary data can be obtained from the accounting system in order to prepare the additional statements.

**Note 2 - COVID-19**

The COVID-19 pandemic has created economic disruptions throughout the country as of the date of our report causing significant declines in the financial markets and economic activity overall. The ultimate effect of these items is expected to be significant but not quantifiable at this time.

## **OTHER REPORTS**



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

Leon County District School Board  
Leon County, Florida

We have audited, 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, the statement of fiduciary net position of the Leon County Public Schools Internal Accounts (the Internal Accounts) as of June 30, 2020, and the related note to the financial statement, and have issued our report thereon dated December 1, 2020. Our report on the financial statement included a paragraph explaining that the financial statement includes only the fiduciary net position of the Internal Accounts and does not include the financial position of the Leon County District School Board (the District).

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Internal Accounts' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Internal Accounts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Internal Accounts' 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 statement 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Leon County District School Board  
Leon County, Florida

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Internal Accounts' financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

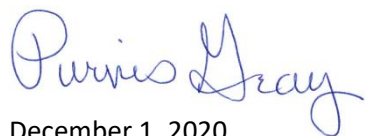
We noted certain matters that we reported to management in the accompanying management letter dated December 1, 2020.

**Internal Accounts' Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying management's response. The District's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Internal Accounts' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Internal Accounts' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



December 1, 2020  
Tallahassee, Florida

## MANAGEMENT LETTER

Leon County District School Board  
Leon County, Florida

### Report on the Financial Statement

We have audited the financial statement of the Leon County Public Schools Internal Accounts (the Internal Accounts) as of and for the year ended June 30, 2020, and have issued our report thereon dated December 1, 2020. Our report on the financial statement included a paragraph explaining that the financial statement includes only the fiduciary net position of the Internal Accounts and does not include the financial position of the Leon County District School Board (the District).

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.800, *Rules of the Auditor General*.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, dated December 1, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.804(1)(f)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except as noted below:

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2018-19 FY Findings #	2017-18 FY Findings #
20-01	19-01	18-02
20-02	19-02	18-03
20-03	19-03	18-04
20-04	19-04	18-05
20-05	19-05	18-06

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## MANAGEMENT LETTER

### Financial Condition

Section 10.804(1)(f)2., *Rules of the Auditor General*, requires us to communicate whether or not the Internal Accounts have met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Internal Accounts did not meet any of the conditions described in Section 218.503(1), Florida Statutes. Sections 10.804(1)(f)5.a. and 10.805(7), *Rules of the Auditor General*, require that we apply financial condition assessment procedures for the Internal Accounts. This does not apply to the Internal Accounts.

Section 10.804(1)(f)3., *Rules of the Auditor General*, requires that we communicate recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### Transparency

Section 10.804(1)(f)6., *Rules of the Auditor General*, requires that we communicate results of our determination as to whether the Internal Accounts maintain on its website the information specified in Section 1011.035, Florida Statutes. (Section 1011.035, Florida Statutes, provides that district school boards include a plain language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public). This does not apply to the Internal Accounts.

### Additional Matters

Section 10.804(1)(f)4., *Rules of the Auditor General*, requires us to communicate non-compliance with provisions of contracts or grant agreements, or abuse, that has occurred, or is likely to have occurred, that has an effect on the financial statement that is less than material but warrants the attention of those charged with governance. In connection with our audit, we have the following recommendations:

#### **20-01 - Segregation of Duties Over Receipting Function**

One of the basic tenets of a sound internal control is the segregation of incompatible duties among employees. The premise is that to minimize control issues, duties should be segregated among employees so that individuals do not perform all of the accounting functions for a single area. During our audit of the internal accounts, we identified instances where the bookkeeper is the sole individual responsible for receiving cash, depositing cash, and recording transactions into the general ledger. This condition is common across internal accounts in school districts across the State of Florida and is not unique to the District. The District has recognized this weakness and has established and implemented controls to mitigate this risk, including monthly review and approval of the principal's report and the bank reconciliation by each principal and the Internal Audit Department.

We recommend that the District continue its existing efforts to mitigate the segregation of duties issue, and continue to emphasize the importance of controls over cash receipting and bank deposits. Additionally, we recommend that each school assign an unrelated individual to cross-check total monies collected against the validated deposit slip after the deposits have been made.

## MANAGEMENT LETTER

### 20-02 - Internal Accounts - Disbursements

During the course of testing performed at 15 individual schools, we noted the following exceptions to District purchasing/disbursement policies:

#### ■ **Check Disbursements**

- Level 3 approval by the District Purchasing Department was not present for disbursements exceeding \$1,500 (1 instance at 1 location).
- No purchase order was created for disbursements where an individual item exceeds \$100 or the invoice total exceeds \$500 (5 instances at 2 locations).
- Supporting documentation for disbursement was not maintained or was otherwise unavailable (i.e. bookkeeping staff was unable to locate the disbursement support) (6 instances at 1 location).
- Residual returned to bookkeeper from advance or payment to school for prior purchases was miscalculated, resulting in due to/due from recipient (1 instance at 1 location).
- A portion of the supporting documentation for the disbursement could not be located (1 instance at 1 location).

#### ■ **P-Card Disbursements**

- Lack of documentation for approval of purchase over individual purchase limit (2 instances at 2 locations).
- Lack of documentation for approval of monthly spending exceeding monthly limit (1 instance at 1 location).
- Lack of approved P-Card Requisition Form (5 instances at 2 locations).
- Lack of full adherence to sign-out/sign-in procedures for P-Cards (3 locations).
- Card Requisition Form lacked one or more required signatures (6 instances at 2 locations).
- Purchase exceeded approved amount on the P-Card Requisition Form (2 instances at 1 location).

To be in compliance with the District's internal accounts manual, we recommend the following:

- Each school should maintain documentation to support the purchases and related disbursements made, and all documentation evidencing disbursements should be retained and filed in a manner that makes it easily accessible.
- A purchase order should be utilized when a purchase of an individual item exceeds \$100, or a total invoice is \$500 or more, and each purchase order should have documented approval by the principal before the purchase is made. Any excess over the approved spending limit on a purchase order should be documented and rectified prior to the final purchase via a fully approved purchase order price revision. Furthermore, each purchase order exceeding \$1,500 should be submitted to the District's Purchasing Department for approval.

## **MANAGEMENT LETTER**

- In general, every purchase should be made using a purchasing card or check issued by the school. If a purchasing card is used, the Internal Accounts P-Card Requisition Form should be completed by personnel and approved by the principal prior to each use. P-Card users should restrict spending to the approved limit per the P-Card Requisition form for each use. Reimbursements from internal accounts to employees are prohibited with the exception of gas and travel reimbursements. All internal accounts purchases should be processed using a school check or the Internal Accounts P-Card. Staff should make every effort to plan in advance for their school-specific expenditures. All reimbursements allowed under this policy should be adequately supported prior to disbursement of funds. Store charge accounts should not be used.

### **20-03 - Internal Accounts - Receipts**

During the course of testing performed at 15 individual schools, we noted the following exceptions to District cash receipts policy:

- Monies collected by faculty/staff (including ticketed event funds collected) were not remitted to the bookkeeper timely (next day) per policy (30 instances at 6 locations).
- Monies remitted to the bookkeeper were not deposited timely (within 3 business days) per policy (13 instances at 5 locations).
- Pre-numbered receipt in order but dated incorrectly (1 instance at 1 location).
- Receipt is an e-funds receipt. As there is no written policy in place for these items, processing of the items is not subject to any specific guidance (3 instances at 1 location).
- Bookkeeper was unable to locate and provide receipt book and/or supporting documentation for the transaction selected for testing (18 instances at 4 locations).
- Bookkeeper unable to locate and provide portion(s) of supporting documentation related to transaction selected for testing (3 instances at 2 locations).
- Fundraiser approval form was not completed for fundraising activity (2 instances at 2 locations).
- No receipt was present for monies collected exceeding \$5 limit (5 instances at 3 locations).
- Date on Report of Monies Collected pre-dates receipt date (3 instances at 2 locations).
- Total of supporting receipts documents do not equal total on Report of Monies Collected/Deposit slip (3 instances at 2 locations).

To be in compliance with the District's internal accounts manual, we recommend the following:

- Monies collected should always be remitted to the bookkeeper no later than the next school day, and all funds collected by the bookkeeper should be deposited within three school days of receipt. Additionally, a deposit should be made on the last day of each week so that cash is not kept in the schools over the weekend where possible, and a deposit should be made on the last day of each month to facilitate the closing of that month's books.

## **MANAGEMENT LETTER**

- Each school should retain all applicable supporting documentation for cash receipts and such documentation should be filed in a manner that makes it easily accessible.
- Fundraiser approval forms should be completed and should show evidence of event approval prior to the date of the event for any fundraising event to be engaged in for the benefit of a school program or the general student population.
- Receipts and ROMC should be reviewed prior to completion of deposit for completeness and accuracy. Pre-numbered receipts should be utilized in order, with the reason for any gaps documented.

### **20-04 - Internal Accounts - Ticketed Events**

During the course of testing performed at 15 individual schools, we noted the following exceptions to District policy related to ticketed events:

- Amounts remitted for ticketed event ticket sales were not correct based on a recalculation using the beginning and ending ticket numbers recorded for the event, and no explanation was documented for the variance in the ticket sales log (3 instances at 1 location).
- Amounts collected at ticketed events were not receipted by the bookkeeper on the next business day (3 instances at 1 location).

To be in compliance with the District's internal accounts manual, we recommend the following:

- Ticket sales logs need to be maintained for each individual ticketed event occurring during the year. If a variance is noted between cash collected and cash expected (based on number of tickets sold), the variance should be investigated and an explanation for the variance included on the ticket sales log for the event. Amounts collected for ticketed events should be receipted by the bookkeeper no later than the next business day.

### **20-05 - Internal Accounts - Bank Statements and Reconciliations**

During the course of testing performed at 15 individual schools, we noted the following exceptions to District policy related to bank account reconciliations:

- Bank account reconciliations were not performed and approved by the principal within 15 days of the end of the statement month (46 instances at 13 locations).
- Bank reconciliation was performed but lacked the bookkeeper/principal's signature evidencing preparation/approval (2 instances at 2 locations).

### **MANAGEMENT LETTER**

- Bank reconciliation contains approval of signature of principal and/or bookkeeper but is not dated for preparation date (1 instance at 1 location).
- Bank statement received date signoff preceded statement date, or similar signature date discrepancy noted (1 instance at 1 location).
- Bookkeeper unable to provide signed and approved bank reconciliations (1 instance at 1 location).
- Bank statement was not signed and/or dated upon opening (6 instances at 2 locations).

To be in compliance with the District's internal accounts manual, we recommend the following:

- All bank statements should be signed and dated by the individual opening the statement at the actual receipt date. The principal should open the original bank statement and perform a cursory review of the statement prior to submission to the bookkeeper for reconciliation.
- All cash accounts should be reconciled and approved by the principal within 15 days of the end of the statement month (by the 15<sup>th</sup> of the following month). To this end, we suggest that schools, which routinely receive their bank statements later than the 7<sup>th</sup> day of the following month, contact their financial institutions to attempt to implement a process which would allow for timely receipt of bank statements.
- Original signed and approved bank statements and reconciliations should be filed in a manner that makes them easily accessible.

#### **20-06 - Internal Accounts - Fee Accounts**

During the course of testing performed at 15 individual schools, we noted the following exceptions to District policy related to fee accounts:

- An unreasonable accumulation of prior years' fees occurred in one or more fee accounts (1 instance at 1 location).
- An expense was posted against a primary budget line account rather than the specific fee account to which collected funds were posted. This is indicative of improper account posting (1 instance at 1 location).
- Fees were collected for an activity/item not purchased and were not refunded to current students, or excessive fees collected and not refunded (4 instances at 3 locations).



## MANAGEMENT LETTER

To be in compliance with the District's internal accounts manual, we recommend the following:

- Fee accounts should be reviewed regularly to ensure that fees collected are being used for the purposes for which they were collected, during the school year in which they were collected, with the exception of certain summer programs which span multiple school years.
- All fee-related transactions should be processed and posted only through fee-specific GL codes in order to maintain the integrity of the funding sources/ budgeted expenditures.

### 20-07 - Internal Accounts - General Findings

During the course of testing performed at 15 individual schools, we noted the following exceptions to District policy related to general controls and policies:

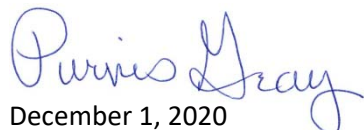
- Budgets were not being maintained for one or more classes or clubs (1 instance at 1 location).
- Inventory reports are not maintained for items purchased for resale (ongoing at 3 locations).
- Budgets not prepared for fundraisers (1 instance at 1 location).
- Turnover of staff resulted in inability to answer questions regarding procedures followed in the prior school year and produce requested supporting documentation for a significant number of transactions (1 instance at 1 location).
- Bookkeeper does not have an updated Internal Accounts Procedures Manual (1 instance at 1 location).

To be in compliance with the District's internal accounts manual, we recommend the following:

- All internal accounts locations should adhere to District policies related to recordkeeping, budgeting, and proper use of internal funds at all times.
- In the event of a pending turnover in staff, procedures should be in place to ensure appropriate maintenance of and access to supporting documentation for transactions occurring prior to the turnover.

### Purpose of this Letter

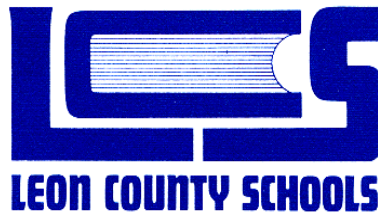
Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the School Board of Leon County members, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.



December 1, 2020  
Tallahassee, Florida

BOARD CHAIR  
Georgia "Joy" Bowen

BOARD VICE CHAIR  
Darryl Jones



BOARD MEMBERS  
Alva Swafford Striplin  
Rosanne Wood  
DeeDee Rasmussen

SUPERINTENDENT  
Rocky Hanna

December 1, 2020

Auditor General's Office  
Local Government Section  
Claude Denson Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

To Whom It May Concern:

The Leon County School Board's external audit firm, Purvis Gray & Company, has concluded the audit of School Internal Accounts for the fiscal year ending June 30, 2020.

School Internal Funds are the funds collected and expended within the school including, but not limited to fundraising proceeds, student fees, athletic ticket sales, PTO, PTA and Booster group funds. Each school principal in conjunction with the school financial accountant manage all internal account transactions for their respective school.

The information below details the District's management responses and/or corrective actions to address each of the comments.

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#### **20-01 – Segregation of Duties over Receipting Function**

The District continues to emphasize the need for the segregation of duties, and will continue to work with school sites to correct this issue. Most schools have a very limited office staff available to meet this criteria, but it is communicated to them to make this a priority.

#### **20-02 – Internal Accounts – Disbursement**

The Finance Department provides training every year to all bookkeepers. These trainings are held two to four times yearly. Items listed in this finding are covered in these trainings. The Finance Department has employees that are assigned to monitoring and training bookkeepers in all proper procedures. We will continue to monitor and emphasize the importance of following all Internal Accounts procedures.

##### **P-Card Disbursements**

See above response. In addition to the above response, Finance will work with the Purchasing Department to provide additional training in the processing of P-card purchases and payments.

#### **20-03 – Internal Accounts Receipts**

The Finance Department provides training every year to all bookkeepers. These trainings are held two to four times yearly. Items listed in this finding are covered in these trainings. The Finance Department has employees that are assigned to monitoring and training bookkeepers in all proper procedures. We will continue to monitor and emphasize the importance of following all Internal Accounts procedures.

#### **20-04 – Internal Accounts Ticketed Events**

The Finance Department provides training every year to all bookkeepers. These trainings are held two to four times yearly. Items listed in this finding are covered in these trainings. The Finance Department has employees that are assigned to monitoring and training bookkeepers in all proper procedures. We will continue to monitor and emphasize the importance of following all Internal Accounts procedures.

#### **20-05 – Internal Accounts Bank Statements and Reconciliations**

The Finance Department provides training every year to all bookkeepers. These trainings are held two to four times yearly. Items listed in this finding are covered in these trainings. The Finance Department has employees that are assigned to monitoring and training bookkeepers in all proper procedures. We will continue to monitor and emphasize the importance of following all Internal Accounts procedures.

#### **20-06 – Internal Accounts Fee Accounts**

The Finance Department provides training every year to all bookkeepers. These trainings are held two to four times yearly. Items listed in this finding are covered in these trainings. The Finance Department has employees that are assigned to monitoring and training bookkeepers in all proper procedures. The Finance employee that monitors the Internal Accounts reviews these balances every year and informs the Principal

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that refunds must be processed. We will continue to monitor and emphasize the importance of following all Internal Accounts procedures.

**20-07 – Internal Accounts General Findings**

The Finance Department provides training every year to all bookkeepers. These trainings are held two to four times yearly. Items listed in this finding are covered in these trainings. The Finance Department has employees that are assigned to monitoring and training bookkeepers in all proper procedures. We will continue to monitor and emphasize the importance of following all Internal Accounts procedures.

Respectfully,



Rocky Hanna  
Superintendent

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