



# Pasco County Schools

Kurt S. Browning, Superintendent of Schools

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## Internal Audit

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DATE: February 21, 2017

TO: School Board of Pasco County

FROM: Mary Tillman CPA CIA, Director of Internal Audit

RE: Internal Accounts Audit 2014-15 – Part 1 – No Audit Findings for Certain Schools

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## INTERNAL AUDITOR'S REPORT ON FINANCIAL REPORTING

Pursuant to State Board of Education Rule 6A-1.087(2), Florida Administrative Code and School Board Policy #6830, an audit was conducted for the following Pasco County schools for the fiscal year ended June 30, 2015.

This report includes the results of audit for several Pasco County schools for the fiscal year 2014-15. The audits were conducted to determine compliance with certain District policies and procedures as well as good business practices that ensure accurate financial reporting.

Since moving to the ERP system Munis in April 2014, the internal accounts fund does not have a complete set of standard financial statements available. However, there is a Munis report titled *Account Summary Trial Balance* (Report #1) that includes balance sheet amounts. Audit steps were performed to verify material amounts on this report. Only balance sheet amounts are reported for internal accounts on the District's Comprehensive Annual Financial Report. Therefore, I determined that this report was adequate for me to base my opinion that the financial statements referred to above present fairly, in all material respects, the financial position of the Pasco schools' internal accounts for the fiscal year ended June 30, 2015 in conformity with accounting principles generally accepted in the United States of America.

Munis financial statements, including a Balance Sheet and a Statement of Revenues, Expenses and Fund Balances have been developed for monthly use by the schools starting in November 2016.

For more information on the methodology of the audit process please view:

[http://www.pasco.k12.fl.us/library/audit/AUDIT\\_METHODODOLOGY\\_INTERNAL\\_ACCOUNTS\\_2014-15.docx](http://www.pasco.k12.fl.us/library/audit/AUDIT_METHODODOLOGY_INTERNAL_ACCOUNTS_2014-15.docx)

Financial statements for the schools' internal accounts may be found on page 122-123.

[http://www.pasco.k12.fl.us/library/finance/cafr/Final\\_CAFR\\_Pasco\\_Schools\\_FY15.pdf](http://www.pasco.k12.fl.us/library/finance/cafr/Final_CAFR_Pasco_Schools_FY15.pdf)

Notes to financial statements are found here:

[http://www.pasco.k12.fl.us/library/audit/NOTES\\_TO\\_FIN\\_STMTS\\_INTERNAL\\_ACCOUNTS\\_2014-15.docx](http://www.pasco.k12.fl.us/library/audit/NOTES_TO_FIN_STMTS_INTERNAL_ACCOUNTS_2014-15.docx)

For more information on the audit process, please see the Internal Audit website.

The following schools have no audit findings for Fiscal Year 2014-15:

- Central Region
  - Denham Oaks Elementary
  - Double Branch Elementary
  - Seven Springs Elementary
  - Trinity Oaks Elementary
  
- Northwest Region
  - Hudson Elementary
  - Northwest Elementary
  - Bayonet Point Middle
  
- East Region
  - New River Elementary
  - Wesley Chapel High School
  
- Southwest Region
  - Richey Elementary
  - Anclote High

## **INTERNAL AUDITOR’S REPORT ON INTERNAL CONTROL AND COMPLIANCE**

### **Internal Control over Financial Reporting**

In planning and performing our audit of the schools’ balance sheet amounts, we considered the schools’ internal controls over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the balance sheet amounts reported, but not for the purpose of expressing an opinion on the effectiveness of the schools’ internal controls. Accordingly, we do not express an opinion on the effectiveness of the schools’ internal controls.

During our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, except as noted below. However, additional material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the schools’ balance sheet amounts reported are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of balance sheet amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We reported our findings and recommendations to the School administration in a separate management letter. The Principal’s response is listed below each of our comments; however, their responses were not reviewed as part of our audit.

## **MATERIAL WEAKNESS**

### **Segregation of Duties**

During the audit, we identified a control deficiency in internal control over financial reporting. The bookkeeper at the School has the primary responsibility for most of the accounting duties. As a result of this lack of segregation of duties, internal controls are weakened increasing the risk that a misappropriation of the School's assets could occur and not be detected in a timely manner. There are compensation controls that bolster the effect of the controls in place over financial reporting, such as monthly review and approval of the bank statements, reconciliations, and financial reports by the Principal. In addition, the School is required to submit these monthly reports to the Finance Services Department. Personnel at the Finance Services Department review these reports and any discrepancies noted are immediately researched and communicated to the School.

### **Prior Audit Follow Up**

We reviewed last year's findings and recommendations to ensure that the corrective action plans outlined in the principal's responses were implemented by the School during this audit period. Except as noted in this report, our audit tests disclosed that the School had taken corrective actions for audit findings included in previous audit reports.

For more information on the Report on Compliance and Internal Control over Financial Reporting view:

[http://www.pasco.k12.fl.us/library/audit/REPORT\\_ON\\_COMPLIANCE\\_INTERNAL\\_ACCOUNTS\\_2014-15.docx](http://www.pasco.k12.fl.us/library/audit/REPORT_ON_COMPLIANCE_INTERNAL_ACCOUNTS_2014-15.docx)