

**SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA
SCHOOL INTERNAL FUNDS**

**Financial Statement and
Supplemental Information with
Report of Independent Auditors**

**For the Year Ended
June 30, 2007**

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

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Report of Independent Auditors

The Honorable Members of the School Board
School Board of Sarasota County, Florida
Sarasota, Florida

We have audited the accompanying statement of fiduciary assets and liabilities of the School Board of Sarasota County, Florida (the "District"), School Internal Funds as of June 30, 2007. This financial statement is the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statement presents only the School Internal Funds and does not purport to, and does not, present fairly the financial position and results of operations of the District as of June 30, 2007, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fiduciary assets and liabilities of the District's School Internal Funds as of June 30, 2007 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2008 on our consideration of the District's School Internal Funds internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the statement of fiduciary assets and liabilities taken as a whole. The accompanying supplemental summary schedule of cash receipts and disbursements for the year ended June 30, 2007 is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Cherry, Bekaert & Holland, L.L.P.

St. Petersburg, Florida
January 23, 2008

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

**School Internal Funds
Statement of Fiduciary Assets and Liabilities
June 30, 2007**

	<u>Sarasota County Technical Institute (SCTI)</u>	<u>School Internal Funds (excluding SCTI)</u>	<u>Total School Internal Funds</u>
Assets			
Cash and certificates of deposit	\$ 1,239,702	\$ 3,675,471	\$ 4,915,173
Accounts receivable, net of allowance of \$57,884	137,653	244	137,897
Inventories	<u>132,441</u>	<u>-</u>	<u>132,441</u>
	<u>\$ 1,509,796</u>	<u>\$ 3,675,715</u>	<u>\$ 5,185,511</u>
Liabilities			
Accounts payable and other	\$ 2,129	\$ 69,418	\$ 71,547
Internal accounts payable	<u>1,507,667</u>	<u>3,606,297</u>	<u>5,113,964</u>
	<u>\$ 1,509,796</u>	<u>\$ 3,675,715</u>	<u>\$ 5,185,511</u>

The accompanying notes are an intergral part of this financial statement.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

**School Internal Funds
Notes to Financial Statement**

June 30, 2007

Note 1 – Summary of Significant Accounting Policies

Reporting Entity – The School Board of Sarasota County, Florida (the “District”), School Internal Funds are comprised of individual account balances of the 40 public schools (the “Schools”) and centers located within the geographical boundaries of the School Board of Sarasota County, Florida.

The governing body of the District is the Sarasota County District School Board and is composed of five elected members. The appointed Superintendent of the Schools is the executive officer of the District. The District is part of the State of Florida system of public education under the general direction and control of the State Board of Education.

The District’s School Internal Funds are included as agency funds in the District’s comprehensive annual financial report. The accompanying financial statement presents only the School Internal Funds and is 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.

Fund Accounting – In accordance with Florida Statutes, the District accounts for its School Internal Funds as an agency fund. This fund is organized into sub-funds to account for each School in the District. As a fiduciary fund type, the financial statement is prepared using the economic resources measurement focus and the accrual basis of accounting.

Recognition – The District’s School Internal Funds at the individual school level recognize cash receipts and cash disbursements using the cash basis of accounting during the year which are adjusted to the accrual basis of fiscal year end for these financial statements in accordance with accounting principles generally accepted in the United States of America.

Accounting Estimates – The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates.

Accounts Receivable – The School Internal Funds use the allowance method of accounting for doubtful accounts which is based upon the estimated collectibility based on historical collections. The allowance is charged when management determines a specific account receivable becomes uncollectible.

Inventories – Inventories consist of textbooks, supplies, and uniforms purchased for resale to students during the ordinary course of business. The inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out method, and market represents the lower of replacement cost or estimated net realizable value.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

**School Internal Funds
Notes to Financial Statement**

June 30, 2007

Note 2 – Cash and Certificates of Deposit

Florida Statutes authorize the District to invest in the State Board of Administration's investment pool, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and interest-bearing time deposits and savings accounts held in banks and savings and loans.

At June 30, 2007, book cash balances were \$2,040,091 as compared with bank cash balances of \$2,253,906. The differences between the book and bank balances are due to reconciling items, such as deposits in transit and outstanding checks. Deposits are covered by Federal depository insurance or by collateral pledged with the State Treasurer pursuant to Chapter 280, Florida Statutes. In the event of default by a participating financial institution (a qualified public depository), all participating institutions are obligated to reimburse the governmental entity for any losses.

Certificates of deposit with banks of \$2,875,082 bear interest ranging from .2% to 5.43% and have maturities of one year or less, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

Supplemental Information



**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***

The Honorable Members of the School Board
School Board of Sarasota County, Florida
Sarasota, Florida

We have audited the statement of fiduciary assets and liabilities of the School Board of Sarasota County, Florida (the "District"), School Internal Funds, as of and for the year ended June 30, 2007 and have issued our report thereon dated January 23, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's School Internal Funds financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described as Finding 2007-1, 2007-2 and 2007-3 in the accompanying Appendix A - Schedule of Findings and Responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

**School Internal Funds
Summary Schedule of Cash Receipts and Disbursements
For the Year Ended June 30, 2007**

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Alta Vista Elementary	\$ 10,683	\$ 75,877	\$ (76,070)	\$ 10,490
Ashton Elementary	130,937	167,683	(167,342)	131,278
Bay Haven School of Basics Plus	39,043	167,327	(137,543)	68,827
Brentwood Elementary	44,491	166,648	(174,350)	36,788
Cranberry Elementary	51,127	225,864	(215,137)	61,854
Emma E. Booker Elementary	59,974	38,718	(45,215)	53,477
Englewood Elementary	33,691	62,951	(75,941)	20,702
Fruitville Elementary	34,283	121,291	(123,025)	32,550
Garden Elementary	26,139	33,099	(31,044)	28,195
Glenallen Elementary	68,174	135,363	(155,125)	48,412
Gocio Elementary	66,454	82,132	(86,563)	62,023
Gulf Gate Elementary	74,593	115,729	(134,047)	56,275
Lakeview Elementary	163,734	301,119	(297,165)	167,688
Lamarque Elementary	1,593	213,708	(193,292)	22,009
Phillippi Shores Elementary	59,933	66,575	(66,075)	60,433
Southside Elementary	55,532	151,856	(160,666)	46,722
Tatum Ridge Elementary	15,769	236,281	(237,371)	14,678
Taylor Ranch Elementary	39,028	199,238	(170,367)	67,899
Toledo Blade Elementary	116,343	304,113	(327,600)	92,856
Tuttle Elementary	47,277	117,616	(135,709)	29,184
Venice Elementary	24,309	136,531	(125,622)	35,219
Wilkinson Elementary	34,531	78,200	(93,210)	19,521
Booker Middle	21,045	84,591	(81,119)	24,517
Brookside Middle	59,797	197,853	(205,260)	52,391
Heron Creek Middle	76,033	154,609	(145,890)	84,751
McIntosh Middle	47,453	171,505	(163,392)	55,566
Sarasota Middle	266,543	366,344	(336,316)	296,572
Venice Middle	79,749	113,950	(113,399)	80,301
Booker High	264,284	369,347	(425,895)	207,735
North Port High	132,947	611,227	(570,827)	173,347
Riverview High	512,961	658,971	(854,126)	317,806
Sarasota High	293,921	630,682	(630,235)	294,367
Venice High	379,003	648,645	(704,699)	322,948
Pineview School for the Gifted	261,176	846,243	(760,459)	346,960
Laurel Nokomis School	81,423	220,007	(220,690)	80,740
Phoenix Academy	3,698	22,020	(19,011)	6,707
Adult and Community Education	65,792	655,774	(648,859)	72,707
Cyesis	4,323	34,693	(24,185)	14,831
Oak Park	73,151	41,402	(38,410)	76,143
School Internal Funds excluding Sarasota County Technical Institute	\$ 3,820,937	\$ 9,025,782	\$ (9,171,248)	\$ 3,675,471
Sarasota County Technical Institute	1,366,074	2,645,917	(2,772,289)	1,239,702
Total - All School Internal Funds	\$ 5,187,011	\$ 11,671,699	\$ (11,943,537)	\$ 4,915,173

significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described as Finding 2007-1 and 2007-2 above to be material weaknesses.

In addition, we noted certain immaterial instances of internal control related matters that we reported to management of the District in a separate letter dated January 23, 2007 relating to specific school findings.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's School Internal Funds financial statement is 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 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance and certain other matters that we reported to management of the District in a separate letter dated January 23, 2007 relating to specific school findings.

The District's response to the findings identified in our audit is described in the accompanying Appendix A - Schedule of Findings and Responses. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the District, management, specific legislative or regulatory bodies, applicable federal and state agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bekaert & Holland, L.L.P.

St. Petersburg, Florida
January 23, 2007

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

School Internal Funds
Appendix A
Schedule of Findings and Responses
June 30, 2007

Material Weaknesses:

Finding No. 2007-1 Control Environment– Sarasota County Technical Institute (SCTI)

Criteria: The District is responsible for assessing risk and monitoring the financial activities of all schools to ensure internal controls are appropriately designed and that financial transactions are processed and recorded in compliance with the Red Book.

Condition: The District's monitoring of the financial activity of SCTI was minimal considering that the District was aware that: 1) SCTI's annual financial activity was significantly greater and more complex than the other schools and 2) a new accounting application, Financial Edge, was implemented in a prior year by the SCTI business manager that had limited accounting knowledge.

Cause: It appears the District did not adequately monitor or provide appropriate oversight of the financial activity of SCTI to ensure compliance with the Red Book provisions.

Effect: SCTI's financial transactions may not be processed, recorded and reported in accordance with the Red Book.

Recommendation: We recommend that the District establish appropriate monitoring and oversight of SCTI financial activity.

District's Response: The District believed providing SCTI with a business manager whose role was to perform the functions outlined above mitigated risk. As has come to light subsequent to the audit period, the individual serving in this capacity lacks the knowledge, skills and abilities to adequately perform these duties. Since SCTI's financial activities are unique from all other schools in the District, the Director of SCTI and the Chief Financial Officer will review the organizational structure and financial activities of SCTI. The purpose of this analysis will be to determine which financial activities should be performed at a District level and which will remain within the school's internal accounts. The Internal Accounts Specialist in the District's Finance office will be provided access to SCTI's General Ledger system (Financial Edge) and their student database system (SONIS) to provide greater financial oversight. In addition, an analysis and assessment of the software systems will be performed to ensure proper mapping of interface activities between the two programs.

Finding No. 2007- 2 Financial Reporting (SCTI)

Trial Balance and General Ledger Reports - SCTI

Criteria: Chapter 7 of the Red Book indicates that "monthly financial reports shall be made in approved written form to provide the school's administration with financial information necessary for decisions making." Best practices for financial reporting requires monthly and annual financial reports to be reconciled to subsidiary ledgers and reviewed for completeness and accuracy.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

School Internal Funds

Appendix A

Schedule of Findings and Responses (continued)

June 30, 2007

Condition: The initial SCTI trial balance provided for audit did not contain a complete and accurate accounting year end balances. We also noted that these amounts were not reconciled to subsidiary ledgers nor reviewed for completeness and accuracy. In addition, the "general ledger reports" that include the monthly and year-to-date activity of receipts and disbursement by function were not reviewed for accuracy and completeness.

Cause: The SCTI business manager has limited accounting knowledge. In addition, it appears the District did not adequately monitor or provide appropriate oversight of SCTI's internal control over financial reporting to ensure that amounts were reconciled to subsidiary ledgers and that accounting information was properly reported in monthly and annual reports.

Effect: Monthly and annual financial reports and trial balances may not be accurate.

Recommendation: We recommend that the District establish policies and procedures to ensure there are appropriate internal control over SCTI's financial reporting to ensure that financial reports are complete and accurate.

District's Response: As stated in the District's response to Finding No. 2007-1, the District believed SCTI's business manager was overseeing the daily financial activities of the school which would include preparing all subsidiary ledger reconciliations. As such, the District did not require subsidiary ledgers to be included with their monthly financial reports. The District will begin to require all subsidiary ledgers accompany the monthly financial reports to ensure they have been reconciled and that financial reports are complete and accurate. This activity will be included in the analysis of financial activities of SCTI, as stated previously, to determine whether this function will remain at the school or moved into the District's Finance office.

Cash -SCTI

Criteria: Chapter 7 of the Red Book indicates that 1) "an adequate system of internal controls shall be maintained in order to safeguard the assets for the school internal funds", 2) "all deposits must equal the total amount of money taken in and recorded on receipts for the period covered by the deposit", and 3) "bank statements shall be reconciled . . . preferably by a person other than the person who receipts and disburses funds."

Condition: The SCTI bookkeeper has the ability to perform the following functions: 1) take receipt of cash receipts (check and cash) collected from other SCTI individuals at various collection points 2) prepare deposits and deposit cash receipts 3) post cash receipts to the general ledger 4) receive and reconcile the bank statements and 5) print one time vendor checks with an electronic signature that does not go through purchasing approvals.

Cause: It appears the District has not performed a risk assessment of the manner in which SCTI's monies are collected, processed, recorded and reconciled in order to establish adequate internal controls.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

**School Internal Funds
Appendix A
Schedule of Findings and Responses (continued)
June 30, 2007**

Effect: A lack of segregation of duties could result in a misappropriation of cash receipts that may not be timely detected by management.

Recommendation: We recommend that the District established internal controls to ensure there is an appropriate segregation of duties over the collection, processing, recording and reconciliation of cash receipts. In addition, the bank reconciliation should be reviewed by the District.

District's Response: As stated in the District's response to Finding No. 2007-1, the Internal Accounts Specialist in the District's Finance office will be provided access to SCTI's general ledger system (Financial Edge). She will begin to prepare the monthly bank reconciliation for SCTI as she does for all other schools. The SCTI bookkeeper no longer has the ability to issue checks. The electronic signature has been eliminated and all checks require manual signature by two parties, one of which is SCTI's Director. In addition, it is the District's understanding that all monies and "monies collected" forms are turned into the Assistant Bookkeeper for counting and verification. The Assistant Bookkeeper prepares the daily deposit which is taken to the bank by the Head Bookkeeper. The Head Bookkeeper then records the cash receipt into the General Ledger system. The District will work with SCTI financial staff to provide greater segregation of duties with respect to the cash handling process to the extent it is fiscally feasible.

Inventory - SCTI

Criteria: An adequate system of internal controls for inventory provides for a proper segregation of accounting functions and a periodic reconciliation between the general ledger and the "point of sale" (POS) system.

Condition: The SCTI storekeeper has the ability to perform the following functions: 1) enter purchases and sales into the POS system, 2) initiate and record inventory adjustments and write-offs in the POS system, 3) handle cash register sales, 4) balance the cash drawer 5) initiate and post adjustments to the POS and general ledger and 6) perform fiscal year end physical inventory. This lack of segregation of duties results in the storekeeper having the ability to misappropriate assets without it being detected by the District. In addition, it appears that neither the SCTI business manager nor the District reviewed any of the storekeepers inventory records to verify accuracy and completeness.

The inventory at fiscal year end per the POS system, the general ledger and the physical inventory observations were not reconciled. In addition, there was no reconciliation performed during the year of the general ledger and the POS system.

Cause: The District did not adequately establish and monitor SCTI's internal controls over inventory.

Effect: A lack of segregation of duties and not performing periodic reconciliations between the general ledger and the POS system may result in inaccurate inventory records and a misappropriation of cash or inventory.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

School Internal Funds

Appendix A

Schedule of Findings and Responses (continued)

June 30, 2007

Recommendation: We recommend that internal controls be established to ensure there is an appropriate segregation of duties over inventory and that there are periodic reconciliations between the general ledger and the POS system.

District's Response: The District will require any adjustments made to inventory counts or costs by bookstore personnel be approved in advance by SCTI's business office and/or the Director. A form will be developed for bookstore personnel to make such requests, a copy of which will be forwarded to the Internal Accounts Specialist. In addition, the District will perform periodic spot checks of inventory balances and work with SCTI to establish reconciliation procedures between the general ledger and Point of Sale systems.

Accounts Receivable - SCTI

Criteria: Chapter 7 of the Red Book indicates that "an adequate system of internal controls shall be maintained in order to safeguard the assets for the school internal funds."

Condition: The SCTI accounts receivable balance did not include a calculation of an allowance for uncollectible accounts and was not reconciled to the subsidiary general ledger. We also noted that there was a portion of "other receivables", that were being billed by individual department heads, were not recorded in the subsidiary ledger nor the general ledger. Similar findings related to accounts receivable were also reported in the audit of internal accounts for the year ended June 30, 2006.

Cause: The SCTI business manager has limited accounting knowledge. The District did not adequately monitor or provide appropriate oversight of SCTI's internal control over financial reporting relating to accounts receivable to ensure that prior year's findings were addressed and that accounts receivable were complete and accurate.

Effect: The SCTI account receivable balance was not accurately reported in accordance with generally accepted accounting principles at fiscal year end.

Recommendation: We recommend that the District establish policies and procedures to ensure there are accounts receivable are appropriately recorded, reconciled and reviewed.

District's Response: As stated in the District's response to Finding No. 2007-1, the District believed SCTI's business manager was overseeing the daily financial activities of the school which would include reconciling accounts receivable balances to the subsidiary ledgers. The District will work with SCTI to centralize the billing process to eliminate individual department invoicing. An analysis of the nightly interface of the SONIS system to the general ledger will be performed to ensure all mapping and posting strategies are recorded properly. All receivables will be recorded in SCTI's Financial Edge general ledger system. The District will work with SCTI to provide periodic reconciliations between SONIS and other subsidiary ledgers to the General Ledger.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

**School Internal Funds
Appendix A
Schedule of Findings and Responses (continued)
June 30, 2007**

Significant Deficiency:

Finding No. 2007-3 Monies Collected - All Schools

Criteria: Chapter 7 of the Red Book indicates that “an adequate system of internal controls shall be maintained in order to safeguard the assets for the school internal funds”, and that “all deposits must equal the total amount of money taken in and recorded on receipts for the period covered by the deposit.”

Condition: We noted that the school bookkeepers are responsible for 1) taking receipt of cash receipts (check and cash) collected from individuals at various collection points 2) preparing deposits and deposit the cash receipts and 3) posting cash receipts to the general ledger. A budget analyst, at the District, prepares the bank reconciliations prepared by school bookkeepers (excluding SCTI) and reconciles the amounts posted to the general ledger. However, there is no internal control established to ensure that all monies submitted to the school bookkeepers' for deposit are actually deposited and properly recorded.

Cause: It appears the District has not established proper segregation of duties over monies collected, deposited and recorded.

Effect: Monies collected could be misappropriated by school bookkeepers without being timely detected by the school or District.

Recommendation: We recommend that the District 1) perform a risk assessment of the manner in which monies are collected, processed, recorded and reconciled and 2) establish appropriate internal controls to ensure that all monies collected are deposited and that any misappropriations would be detected timely.

District's Response: The District has performed a risk assessment of the cash handling procedures at our traditional schools. It has been determined that a segregation of bookkeeper duties is not financially feasible. The District will investigate the possibility of changing the “monies collected” form to a three-part NCR with one copy retained by the collector, one for the bookkeeper and one forwarded to the District office by the collector. No changes may be made to the form without the initials of both the collector and the bookkeeper. The District has taken steps to improve internal controls at collection points by requiring pre-numbered tickets for sporting or social event sales, issuance of receipts for childcare activities, media center receipts, etc. There are currently no controls in place at concession stands or in the classroom. It has been determined by the District, that the time deflected from student instruction to issue individual student receipts outweighs the risk associated with misappropriation.

SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

School Internal Funds
Appendix A
Schedule of Findings and Responses (continued)
June 30, 2007

Control Deficiency:

Finding No. 2007- 4 Scholarships - SCTI

Criteria: Chapter 7 of the Red Book indicates that “an adequate system of internal controls shall be maintained in order to safeguard the assets for the school internal funds”.

Condition: We noted that there were no subsidiary ledgers to account for scholarship activity.

Cause: The District did not provide proper oversight for accounting and reconciling scholarships.

Effect: Scholarships could be awarded that may not be in compliance with the donors restrictions or could result in a under or over funding of the scholarship award. The SCTI financial aid office and the Scholarship Committee may not have proper information to make accurate and effective scholarship award decisions.

Recommendation: We recommend that the District 1) perform a risk assessment of the manner in which scholarship monies are collected, processed, recorded and reconciled, 2) establish subsidiary ledgers for each individual scholarship fund and 3) establish appropriate internal controls to ensure that all scholarship monies are properly classified and expended.

District's Response: The District will work with SCTI to determine whether the financial activities associated with scholarships and trust fees will remain at the school or be brought into the District's Finance office. During this time a risk assessment will be performed by the District to establish appropriate procedures on the collection, processing, recording and reconciliation of all scholarships and trust fees. In addition, individual scholarship accounts will be established to maintain the integrity of each donor's restrictions.