

The background features a series of overlapping, semi-transparent blue geometric shapes, including triangles and trapezoids, that create a sense of depth and movement. The colors range from a light sky blue to a deep, dark navy blue. The shapes are layered, with some appearing to be in front of others, creating a dynamic, modern aesthetic.

Your Path to a
Worry-Free
Audit by
Exceeding the
Standard



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An audit is required every year

Charter School Requirements:

1002.33(j)2. Ensuring that the charter school has retained the services of a certified public accountant or auditor for the annual financial audit, pursuant to s. 1002.345(2), who shall submit the report to the governing body.

1002.33(j)3. 3. Reviewing and approving the audit report, including audit findings and recommendations for the financial recovery plan.

General Parts of the audit



Management
Discussion &
Analysis



Independent
Auditors Report
on Financials



Financial
Statement



Supplementary
Information



Report on
Internal Controls



Additional
Information

Auditors are required to report....

Material weaknesses - deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Significant deficiencies in internal controls - a deficiency, or 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.

Noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the financial statements.

Significant Findings for recent years

- ▶ 16% of schools had findings
- ▶ 208 findings total
- ▶ 38 of the findings were material weaknesses
- ▶ 18 of the findings were noncompliance
- ▶ 50% of the audit reports did not have information required by the Auditor General
- ▶ 35% of the reports had issues that were repeated from the year before

Financial Trends



7 audits questioned the school's ability to continue operations



8% schools reported a general fund deficit

Top 10 Significant Deficiencies

The next slides will review each of the top ten significant deficiencies with recommendations on how to avoid.

#1 - Cash Controls

- ▶ You must have policies and practices in place to ensure proper control of the school's funds.

Repeated Report Finding:

- ▶ *For multiple charter schools, the CPAs noted inadequate controls over cash.*
- ▶ *They noted control deficiencies included untimely prepared bank reconciliations and inadequately safeguarded cash collections.*
- ▶ *These deficiencies increase the risk that unauthorized disbursements or loss of cash could occur and not be timely detected.*

#2 - General Expenditures

You must adequately document your purchasing and decision making.

Repeated Report Finding:

- ▶ *For multiple charter schools, the CPAs noted purchasing and other disbursement control deficiencies, such as inadequate documentation to support expenditures.*
- ▶ *Lack of controls over purchasing and invoice payment functions could affect a charter school's ability to demonstrate the appropriate use of public resources.*

#3

Purchasing

- ▶ You should consider policies for purchasing:
 - ▶ Who approves purchases
 - ▶ Dollar limits on approvals
 - ▶ Signature levels on checks
 - ▶ How are decisions documented
- ▶ Comparing prices is important
 - ▶ Some grants will require it for \$500+
- ▶ Consider using RFPs for larger contracts

#4 - “RFP”s (Requests For Proposals)

- ▶ What is a Request for Proposal
- ▶ What types of services should we use this for?
 - ▶ Required for auditor
 - ▶ Required if you are an NSLP school for lunch services
 - ▶ Required if you are utilizing ERate service/reimbursement
- ▶ Samples available on the Charter Support Unit website:
 - ▶ Accounting Services, Alarm Monitoring, Auditor, Back Office Services, Insurance, Intercom System, Payroll “Processing Services, School Uniforms, Security Surveillance, and Transportation Services

#5 - Records Management

Accounting process must ensure you have reliable record of school funds.

Repeated Report Finding:

- ▶ *For multiple charter schools, recent CPAs noted that accounting and financial records were not properly and accurately maintained.*
- ▶ *Deficiencies included transactions either not posted or incorrectly posted to the accounting records and insufficient monitoring and review of account balances.*
- ▶ *Such recordkeeping deficiencies may affect the reliability of a charter school's records and related financial reports.*

#6 - Transparency

- ▶ Pay attention to Government in the Sunshine.
- ▶ Repeated Reports Found:
 - ▶ *For many charter schools, the CPAs noted that the charter schools did not maintain on their Web sites the information required by State law.*
 - ▶ *According to the reports, the schools' Web sites lacked required information such as school budgets, independent financial audit reports, and minutes of governing board meetings.*

#7 - Payroll and Personnel Admin

- ▶ Be very careful with payroll requirements.

- ▶ Repeated Reports Found:

- ▶ *For multiple charter schools, the CPAs noted inadequate controls, or noncompliance with applicable legal requirements related to payroll and personnel administration.*

- ▶ *For example, because of inadequate controls, some charter schools did not always calculate Florida Retirement System contributions using correct employee wage amounts.*

- ▶ *Such payroll and personnel control deficiencies affect a charter school's ability to comply with legal requirements associated with payroll and personnel obligations.*

#8 - Separation of Duties

- ▶ Make it so that no one can steal money without someone else noticing.
- ▶ Repeated Reports found:
- ▶ *For multiple charter schools, the CPAs noted that certain duties and responsibilities were not adequately separated.*
- ▶ *Consequently, the charter schools' ability to properly safeguard assets was limited and there was an increased risk that errors or fraud, should they occur, may not be timely detected.*
- ▶ *The CPA's recommended that, due to the small number of staff members and size of certain charter schools, the charter schools reassign duties and responsibilities or establish compensating controls.*

#9 - Budget Administration

- ▶ Approve your budget, and closely watch your Budget v. Actual statements

Repeated Reports Found:

- ▶ *For many few charter schools, the CPAs noted inadequate controls over budget administration that caused certain budgetary amounts to be over expended.*
- ▶ *Weaknesses in budgetary controls increase the risk of inefficient or inappropriate use of financial resources, which may result in a deteriorating financial condition*

Separation of Duties

- ▶ Try to divide up responsibilities as much as possible
 - ▶ Who collects money
 - ▶ Who records money
 - ▶ Who takes money to bank
 - ▶ Who receives invoices
 - ▶ Who writes checks
 - ▶ Who signs checks
 - ▶ Who reconciles the bank account
- ▶ If you don't have seven people, how can you build in checks and balances?



#10 - Miscellaneous Findings

- ▶ Utilize best practices.

Repeated Reports found:

- ▶ *For many charter schools, the CPAs noted various audit findings related to areas such as capital assets, significant delays in providing requested information to the auditor, and emergency preparedness.*
- ▶ *Other miscellaneous findings noted charter schools with financial position concerns, including those with total fund balance deficits.*



BEST PRACTICES

GASB - Practical Illustrations

[An in-depth look at accounting for government organizations](#)



Select and Implement an Accounting System

Determine needs based on growth plans

Outsource or In House

Identify Person Responsible for Implementation

Identify ALL Costs of Accounting System

Quickbooks ?

Data Safety

Adopt and Follow a Policy Manual



Policies: The Board's direction to staff on operations



Having a 'policy' protects the school and staff, especially from helicopter parents



Organize a structure to keep any/all policies approved

Policies to Adopt



Banking Policies



Purchasing



Accounts Payable



Cash Management



Fixed Asset Control



Records Management

Developing Policies and Procedures

Cash controls –

- refers to establishing and maintaining an adequate system of internal controls in order to safeguard cash and investments.

Capital assets

- should be marked or tagged to indicate ownership by the charter school, all acquisitions should be recorded, and a physical inventory should be conducted annually.

Payroll and personnel administration –

- Responsible payroll management is extremely important because failure to pay employee income taxes, federal social security, retirement benefits, or wages and salaries may result in a finding that the school is in a state of financial emergency.

School's Website - Required Posting

- ▶ Name/Contact for representative to facilitate parental involvement
- ▶ Names of governing board members
- ▶ Annual Budget
- ▶ Programs offered at the school
- ▶ Any EMO/CMO associated with the school
- ▶ Board Meeting Minutes posted quarterly
- ▶ Fortify FL
- ▶ Academic Performance
- ▶ Annual Audit
- ▶ School Grade

Board Policy - Basic Things To Remember

- ▶ All official acts must be taken at a public meeting
- ▶ No two board members may discuss anything that could potentially come before the Board outside of a public meeting
- ▶ Unilateral communication is okay, discussion is not
- ▶ Advisory committees are also subject to the sunshine laws
- ▶ Cannot use liaisons to circumvent the requirements

Stay Informed

The charter landscape changes frequently. Statutes are usually changed annually.

Pay attention to legislation that may change charter school operations.



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