

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section II – Financial Statement Findings

2018-001 Print Shop Deficit Cash

Condition:

The Print Shop – Internal Service Fund had a deficit cash balance at year end totaling \$16,594 due to the following control weaknesses:

- 1) The District Print Shop failed to bill for all services provided causing significant decrease in revenues to cover costs
- 2) The District does not have monitoring procedures to review the financial information of the print shop throughout the year.

Context:

During our risk assessment, we noted a significant decrease in the revenues of the Print Shop that totaled \$52,462 while the expenses remained consistent. Upon further review of the process, and analysis of the revenues by entity we determined that the decrease was caused by inadequate billing procedures and lack of monitoring.

Criteria:

- 1) The District should have adequate policies and procedures in the print shop to ensure that the services provided are fully billed to ensure the revenues are adequate to meet the expenses.
- 2) In addition, the District should have internal control monitoring procedures to identify when a funds revenues are not meeting expense needs, and determine reasons for unexpected changes in revenues and expenses to ensure the fund has adequate cash.

Effect:

The Print Shop – Internal Service Fund revenues decreased \$52,462 and were not adequate to cover the expenses during the year causing the cash to be negative of \$16,594.

Cause:

- 1) The District had a change in personnel in fiscal year 2018, and was not provided adequate training on the billing for the activities of the fund. This was due to the District not having adequate internal control procedures and policies for billing the services provided by the print shop.
- 2) The District has not implemented monitoring procedures to analyze the activities of the Print Shop – Internal Service Fund on a timely basis.

Recommendation:

- 1) We recommend that the Print Shop – Internal Service Fund review the billing procedures, and implement additional policies and procedures to ensure that all services being provided as billed to the customers. In addition, determine if billing software should be purchased to help track these services.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

- 2) We recommend that the District implement monitoring procedures through monthly reviews of the fund financial statements, and periodic meetings with Print Shop – Internal Service Fund employees to ensure the fund is operating as it should and revenues are adequate to cover the expenses.

2018-002 Impact Aid Revenues

Condition:

The District reported an impact aid revenue voucher of the High School totaling \$394,692 in the Elementary Impact Fund causing these revenues and cash on the Trustee's Financials Statement (TFS) and the accounting system to be overstated, and understated in the High School Impact Aid Fund.

Context:

While testing the revenue vouchers of the Impact Aid Funds for the federal compliance, the auditor noted a significant difference in the Elementary and High School Impact Aid revenues.

Criteria:

The District should have adequate internal control procedures for revenues to ensure that they get recognized and reported in the correct fund.

Effect:

The revenues and cash of the Elementary Impact Aid Fund are overstated \$394,692, and the revenues and cash of the High School Impact Aid Fund are understated \$394,692 on the District's TFS and in their accounting records. This error does not affect the financial statements being reported as the funds were combined and reported in the General Fund under GASB 54.

Cause:

The District recorded the High School Impact Aid revenues received in the month of March 2018 in the Elementary Impact Aid Fund.

Recommendation:

We recommend that the District implement additional policies and procedures to reconcile the revenue vouchers being recorded for the impact aid fund to the Wells Fargo Accounts and revenue vouchers, and this documentation be attached as support to the revenue vouchers.

2018-003 Enrollment

Condition:

The underlying attendance records did not agree to the enrollment counts (Maefairs) reported to the Office of Public Instruction in the Fall Count during fiscal year 2018. The 1st and 2nd grades were overstated by 2 students, and the 6th grade was overstated by 1 student for a total of 5 overstatements in the Elementary School.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Context:

We compared the attendance register from the District's Infinite Campus system to the enrollment counts reported to OPI.

Criteria:

Adequate internal controls should be in place to accurately report enrollment counts and ensure the underlying attendance records agree to the reported counts.

Effect:

The District did not report accurate counts to the Office of Public Instruction based on the underlying attendance and overstated its Elementary enrollment by 5 students.

Cause:

The District does not have adequate controls in place to ensure the proper counts are reported accurately based on the underlying attendance records.

Recommendation:

We recommend the District implement controls to ensure the enrollment counts are accurate and the underlying attendance records agree to the amount reported.

2018-004 Management's Discussion and Analysis

Condition:

The District did not prepare a Management's Discussion and Analysis.

Context:

The District determined not to complete the Management Discussion and Analysis for the fiscal year due to time constraints.

Criteria:

Governmental Accounting Standards Board (GASB) statement #34 paragraph 8 requires, "The basic financial statements should be preceded by MD&A, which is required supplementary information (RSI). MD&A should provide an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions. The financial managers of governments are knowledgeable about the transactions, events, and conditions that are reflected in the government's financial report and of the fiscal policies that govern its operations. MD&A provides financial managers with the opportunity to present both a short and a long-term analysis of the government's activities."

Effect:

Noncompliance with Generally Accepted Accounting Principles.

Cause:

The District did not prepare a Management Discussion and Analysis for the audit report.

Recommendation:

Prepare a Management's Discussion and Analysis as part of the annual reporting process.

Rocky Boy School District 87 J & L

Contact Person:

Amanda Lamas – District Clerk / Business Manager

Expected Completion Date of Corrective Action Plan:

July 1, 2019

CORRECTIVE ACTION PLAN

FINDING 2018-001: Print Shop Deficit Cash

Response:

We understand during the transition of training the new Printshop operator, there may have been some confusion on what needs to be billed out. We have meet with the operator and supervisor and have determined not all printshop jobs were being billed. We have determined a new system needs to be put into place, to make sure all jobs are being billed and are being paid.

FINDING 2018-002: Impact Aid Revenues

Response:

It appears during the entry of this revenue voucher the clerk needed to be more aware of which funds were from elementary and for high school. We have a system in place to determine where funds need to be appropriated to. In the future we will make sure this process is being put into place.

FINDING 2018-003: Enrollment

Response:

We have a system in place when it comes to our Student Count for Spring and Fall. It seems the clerk and principals need to work more diligently with one another to make sure the correct students are being counted.

FINDING 2018-004: Management Discussion and Analysis

Response:

Due to the urgency of the audit report needing to be complete I was unable to complete the MD&A.

STATUS OF PRIOR AUDIT FINDINGS

FINDING 2017-001: Overstatement of Cash

Response:

I was not the clerk at the time of this audit, but I am glad no findings for this FY.