

Auditor General Update  
Florida School Finance Officers Association  
June 2016

# Auditor General Update



- Introductions:
  - Micah Rodgers, Audit Supervisor:  
District School Boards - Planning and Review
  - Douglas Conner, Audit Coordinator:  
District School Boards

# Auditor General Update

- Annual Checkup – DSB Audits
- Standard Operational Audit Topics
- Laws and Rules Update
- GASB 68 Update
- Questions and Answers

# DSB Audit Annual Check-up...



# DSB Cycle Comparison

## 2011-12 Fiscal Year

- 55 DSB Audit Reports
  - 41 non-CAFRs
  - 6 CAFRs
  - 6 Separate Operational Reports for Each District with a CAFR
  - 2 Additional Operational Reports (Brevard and Miami-Dade)

## 2014-15 Fiscal Year

- 56 DSB Audit Reports
  - 40 non-CAFRs
  - 7 CAFRs
  - 8 Separate Operational (7 CAFR-related and Manatee)
  - 1 Separate Single Audit (Polk)

# DSB Audit Findings

## 2011-12 FY:

- 384 Findings  
(for 49 DSBs Audited)
  - ~8 per DSB
  - 7 Material Weaknesses
  - 0 Material Noncompliance
  - 15 Significant Deficiencies
  - 317 Additional Matters
  - 45 Federal
    - 5 MW/MNC
    - 40 SD/NC

## 2014-15 FY:

- 289 Findings  
(for 48 DSBs Audited)
  - ~6 per DSB
  - 3 Material Weaknesses
  - 0 Material Noncompliance
  - 7 Significant Deficiencies
  - 256 Additional Matters
  - 23 Federal
    - 8 MW/MNC
    - 11 SD/NC
    - 4 NC

# DSB Audits 2015-16 FY



- Scheduled to release 67 separate audit reports including:
  - 7 Comprehensive Annual Financial Reports (CAFRs)
  - 40 financial and Federal audits
  - 20 operational audits

# DSB Operational Audit Schedule

1. Brevard
2. Charlotte
3. Clay
4. Duval
5. Escambia
6. Flagler
7. Gadsden
8. Indian River
9. Leon
10. Madison
11. Manatee
12. Miami-Dade
13. Orange
14. Osceola
15. Palm Beach
16. Palm Beach  
Transportation
17. Pasco
18. Putnam
19. Santa Rosa
20. Washington



# Standard Operational Audit Topics

Topics are developed using a risk-based approach considering:

- Florida Statutes and General Appropriations Act
- Input from legislative staff
- Discussions with school district personnel
- AG experience
- Review of other auditor's reports
- Other input

# **Standard Operational Audit Topics**

- 1. Sunshine Law**
- 2. Anti-Fraud Policies and Procedures**
- 3. Financial Condition Assessments**
- 4. Charter School Terminations**
- 5. Charter School Expedited Review**

# **Standard Operational Audit Topics**

- 6. Transparency**
- 7. Auditor Selection**
- 8. School Internal Funds**
- 9. Use of PECO and Other Restricted Resources**
- 10. Construction Administration**

# Standard Operational Audit Topics

- 11. Major Purchases of Software Applications**
- 12. Adult General Education**
- 13. Workforce Development**
- 14. Severance Pay Arrangements**

# Standard Operational Audit Topics

- 15. Background Checks and Fingerprinting**
- 16. Supervisory Review and Approval of Time Worked**
- 17. School Volunteers**
- 18. Performance Assessments**
- 19. Purchasing and Credit Card Usage**



# **Standard Operational Audit Topics**

- 20. Employee Expense Reimbursements and Nonsalary Payments to Employees or Board Members**
- 21. Transfers of Cash or Extending Credit to Direct-Support Organizations (DSO) - Reimbursement of DSO Expenses**
- 22. Consultant Contracts**
- 23. Rebates Generated by Expenditures of Restricted Resources**

# **Standard Operational Audit Topics**

**24. Intensive Reading Instruction**

**25. Acquiring Commercial Insurance**

**26. Financial Administration and  
Monitoring (Facilities Management)**

**27. Virtual Instruction Programs**

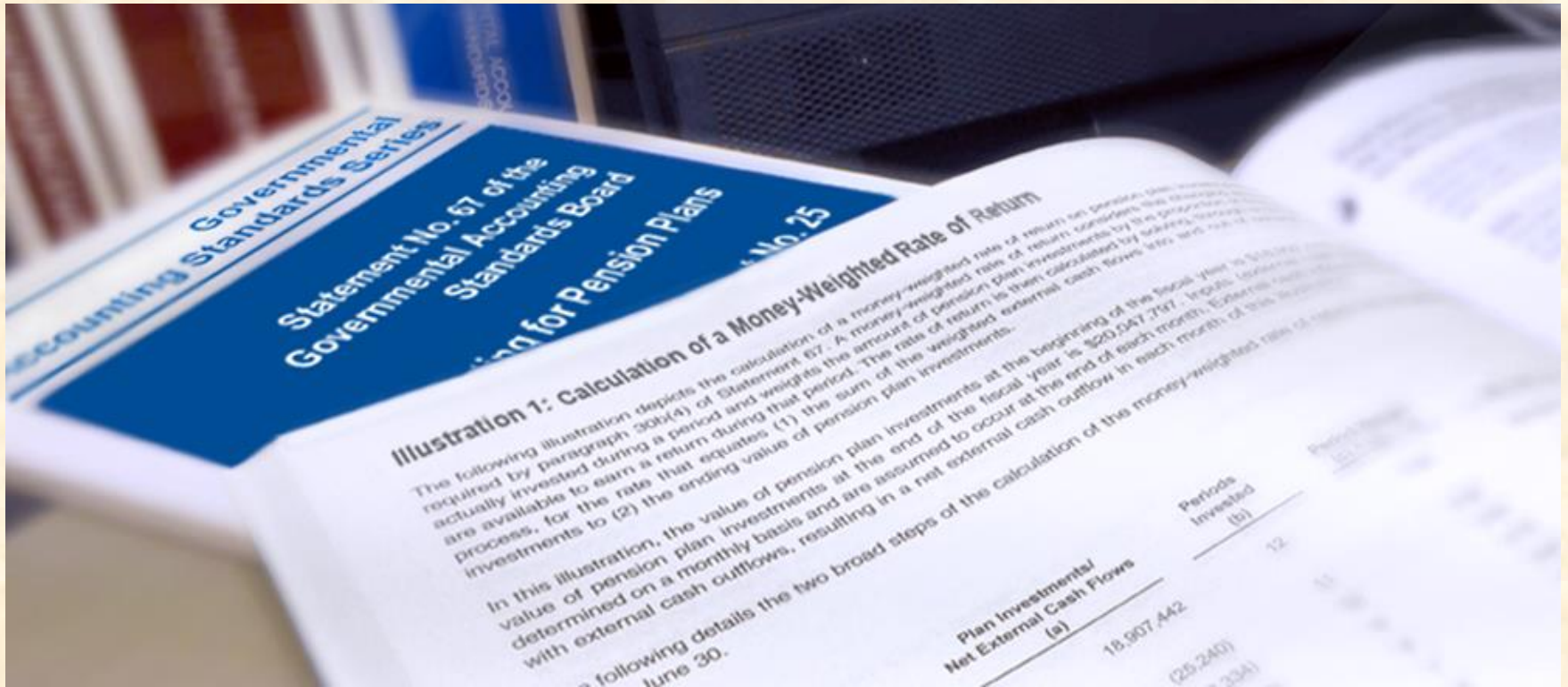
# Laws/Rules Update



# 2015-16 Fiscal Year Laws/Rules Update

- Chapter 2016-66, Laws of Florida (HB 5001) – General Appropriations Act
- Chapter 2016-237, Laws of Florida (CS/HB 7029) – Education

# GASB 68 Update



# Measurement and Valuation Dates

- Measurement Date should be no earlier than the end of the employer's prior fiscal year.
  - June 30, 2014, was used for the 2014-15 fiscal year
  - June 30, 2015, used for the 2015-16 fiscal year
- Valuation Dates
  - In the prior year, both the FRS and HIS plans had a valuation as of July 1, 2014
  - For the current year, the FRS has a valuation at July 1, 2015, and updated procedures were used to determine the HIS liabilities at July 1, 2015

# Net Pension Liability (NPL)

- FRS

Total FRS Pension Liability	\$161,370,735,088
FRS Fiduciary Net Position	<u>\$148,454,393,902</u>
FRS Net Pension Liability	<u>\$ 12,916,341,186</u>

- HIS

Total HIS Pension Liability	\$10,249,201,290
HIS Fiduciary Net Position	<u>\$ 50,774,315</u>
HIS Net Pension Liability	<u>\$10,198,426,975</u>

Source: Report No. 2016-097 pages 63 (FRS) and 66 (HIS)

# Current Portion of the Net Pension Liability (NPL)

- Current portion of NPL: Report a current portion of a LT liability when the pension plan's fiduciary net position is less than the amount of benefit payments expected to be paid within 1 year. (Report No. 2016-097, page 26)
  - FRS Fiduciary Net Position of \$148,454,393,902 is greater than the benefit payments expected of \$9,222,386,172 = No current portion
  - HIS Fiduciary Net Position of \$50,774,315 is less than the benefit payments expected of \$425,086,006
    - The difference of \$374,311,691 times the district's proportionate share is the current portion of the LT liability

# Required Supplementary Information

- Covered-employee payroll vs. Covered Payroll
  - GASB Statement No. 82, Pension Issues, was approved in March 2016
  - Prior to GASB Statement No. 82, GASB Statement No. 68 required presentation of covered-employee payroll, defined as payroll of employees who are provided with pensions through the pension plan
  - GASB Statement No. 82 requires presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based  
(Report 2016-097, page 46 Notes and page 73 RSI)

# Schedules of Employer Allocations and Pension Amounts by Employer

- Prior Year:

Report No. 2016-021 issued in October 2015

- Current Year:

Report No. 2016-184 issued in April 2016

- Because of the issue date, the deferred outflows related to contributions subsequent to the measurement date are not in the report.

# Questions, Comments, or Suggestions



# Contact Information

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