

# The School Board of Broward County, Florida

Auditor's Communication of 2016 Audit Results



Report to the Chairperson and Members of  
the School Board of Broward County, Florida and the Chairperson and  
Members of the Audit Committee

February 2, 2017



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February 2, 2017

Members of the School Board of Broward County, Florida  
Members of the Audit Committee  
Mr. Robert W. Runcie, Superintendent of Schools  
Fort Lauderdale, Florida 33301

Ladies and Gentlemen:

We are pleased to present this report related to our audit of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School Board of Broward County, Florida (the District), as of and for the year ended June 30, 2016. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Chairperson and Members of the School Board of Broward County, Florida, the Chairperson and Members of the Audit Committee, and the Superintendent of Schools, and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the District.

*RSM US LLP*

THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING

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## Required Communications

Generally accepted auditing standards (AU-C 260, The Auditor's Communication With Those Charged With Governance) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
<b>Our Responsibilities With Regard to the Financial Statement Audit</b>	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated May 9, 2016.
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
<b>Accounting Policies and Practices</b>	<p><b>Preferability of Accounting Policies and Practices</b></p> <p>Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p><b>Adoption of, or Change in, Accounting Policies</b></p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. During fiscal year 2016, the District adopted the following Governmental Accounting Standards Board (GASB) Statement.</p> <p><b>Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application</b></p> <p>This Statement, issued February 2015, was effective for the District beginning with its fiscal year ending June 30, 2016. This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements.</p> <p>Before the issuance of Statement No. 72, state and local governments have been required to disclose how they arrived at their measures of fair value if not based on quoted market prices. Under the new guidance, those disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments</p>

Area	Comments
<b>Significant or Unusual Transactions</b>	We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
<b>Alternative Treatments Discussed with Management</b>	There were no alternative treatments discussed with management.
<b>Management’s Judgments and Accounting Estimates</b>	Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached “Summary of Accounting Estimates.”
<b>Audit Adjustments</b>	Audit adjustments proposed by us and recorded by the District are listed in the attached “Summary of Recorded Audit Adjustments.”
<b>Uncorrected Misstatements</b>	Uncorrected misstatements are included as an attachment to the management representation letter provided in Exhibit B.
<b>Disagreements with Management</b>	We encountered no disagreements with management over the application of significant accounting principles, the basis for management’s judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
<b>Consultations with Other Accountants</b>	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
<b>Significant Issues Discussed with Management</b>	No significant issues arising from the audit were discussed or were the subject of correspondence with management.
<b>Difficulties Encountered in Performing the Audit</b>	We did not encounter any difficulties in performing the audit.
<b>Letter Communicating Significant Deficiencies and Material Weaknesses in Internal Control over Financial Reporting</b>	We have separately communicated regarding whether there were any significant deficiencies and material weaknesses in internal control over financial reporting identified during our audit of the basic financial statements and major federal awards, as required by the <i>Government Auditing Standards</i> and the Uniform Guidance. This communication is attached as Exhibit A.
<b>Material Written Communications Between Management and Our Firm</b>	Copies of material written communications between our firm and the management of the District, including the representation letter provided to us by management, are attached as Exhibit B.

## Summary of Significant Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the District's June 30, 2016 basic financial statements.

<b>Estimate</b>	<b>Accounting Policy</b>	<b>Management's Estimation Process</b>	<b>Basis for Our Conclusions on Reasonableness of Estimate</b>
<b>Accounting for Other Post Employment Benefits</b>	The District's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The net OPEB obligation/(asset) is reported for the difference between the annual required contribution and the actual contributions made by the District.	Management with input from its OPEB actuary developed the actuarial assumptions based on relevant criteria. Management reviewed and approved the financial statement estimates derived from the OPEB actuarial report.	We have audited the underlying data supporting the estimate, and believe the resulting estimate is reasonable.
<b>Actuarial Assumptions Used for the District's Self-Insurance Program (Risk Management)</b>	The District is self-insured for general and auto liability, and workers' compensation. The accrued liability for estimated claims represents an estimate of the eventual loss on claims including claims incurred but not yet reported.	Management with input from its risk actuaries developed the actuarial assumptions based on relevant criteria. Management reviewed and approved the financial statement estimates derived from the risk actuarial reports.	We have audited the underlying data supporting the estimate, and believe the resulting estimates are reasonable.

**Accounting for Pension Plans and the Related Net Pension Liabilities, including Amounts from the Florida Retirement System (FRS)**

Annual required contributions (ARC), net pension liabilities and related pension amounts are actuarially determined in accordance with the parameters established by the Government Accounting Standards Board.

The FRS's management, with input from its actuary, developed the actuarial assumptions based on relevant criteria. District Management is not involved in the selection and development of the actuarial assumptions. District management reviewed and approved the financial statement estimates derived from the pension plan's actuarial report and GASB 68 disclosure schedules provided by the FRS.

We have audited the underlying data supporting the estimate, and believe the resulting estimates are reasonable.

**Allowance for Doubtful Accounts**

All receivables (i.e. taxes receivable) are reported at net realizable value.

Receivables are analyzed for their collectability based on the creditors' ability to pay (i.e. financial condition, credit history, and current economic conditions).

We have audited the underlying data supporting the estimate and believe the resulting estimate is reasonable.

**Depreciation of Capital Assets**

Depreciation expense is recorded using the straight line method over the respective estimated useful life for each asset.

Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about the depreciation method and estimated useful lives of capital assets.

We have reviewed the methodology which appears properly and consistently applied and the resulting estimate appears reasonable.

# **The School Board of Broward County, Florida**

## **Recently Issued Accounting Standards**

### **Year Ended June 30, 2016**

The GASB has issued several statements not yet implemented by the District. The District's management has not yet determined the effect these Statements will have on the District's financial statements. However, the District plans to implement all standards by the required dates. The Statements which might impact the District are as follows:

***GASB Statement No. 74, Financial Reporting for Postemployment Benefits Other Than Pension Plans***

This Statement, issued June 2015, will be effective for the District beginning with its fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about post-employment benefits other than pensions (other post-employment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

***GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***

This Statement, issued June 2015, will be effective and have a material effect for the District beginning with its fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.



***GASB Statement No. 77, Tax  
Abatement Disclosures***

This Statement, issued August 2015, will be effective for the District beginning with its fiscal year ending June 30, 2017. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.

The gross dollar amount of taxes abated during the period

Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

***GASB Statement No. 80, Blending  
Requirements for Certain Component  
Units- an amendment of GASB  
Statement No. 14***

This Statement, issued January 2016, will be effective for the District beginning with its fiscal year ending June 30, 2017. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units.

***GASB Statement No. 82, Pension  
Issues***

This Statement, issued March 2016, will be effective for the District beginning with its fiscal year ending June 30, 2017. This Statement is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance. Specifically, the practice issues raised by stakeholders during implementation relate to GASB 67, 68, and 73.

**School Board of Broward County, Florida**  
**Summary of Recorded Audit Adjustments**  
**Year Ended June 30, 2016**

**Audit Adjustment (in 000's)**

	Dr	Cr
Depreciation expense	\$ 8,586	
Accumulated Depreciation		\$ 8,586

To properly reflect capital assets depreciation

**Exhibit A - Letter Communicating Significant Deficiencies and  
Material Weakness in Internal Control Over Financial Reporting**

# **The School Board of Broward County, Florida**

Single Audit Reports  
in Accordance With the Uniform Guidance  
Fiscal Year Ended June 30, 2016

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**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***

**Independent Auditor's Report**

To the Chairperson and Members of  
The School Board of Broward County, Florida

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The School Board of Broward County, Florida (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 22, 2016. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RSM US LLP*

Fort Lauderdale, Florida  
November 22, 2016

**Report on Compliance For Each Major Federal Program;  
Report on Internal Control Over Compliance; and  
Report on the Schedule of Expenditures of Federal  
Awards Required by the Uniform Guidance**

**Independent Auditor's Report**

Chairperson and Members of  
The School Board of Broward County, Florida

**Report on Compliance for Each Major Federal Program**

We have audited the School Board of Broward County, Florida's (the District) compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The District's basic financial statements include the operations of the discretely presented component units. Our audit, described below, did not include the operations of the discretely presented component units, because these component units engaged other auditors to separately perform an audit in accordance with the Uniform Guidance.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.



### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2016, and have issued our report thereon dated November 22, 2016, which contained unmodified opinions on the financial statements. Our audit report made reference to the use of other auditors with respect to the discretely presented component units. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*RSM US LLP*

Fort Lauderdale, Florida  
January 25, 2017, except for the Schedule of Expenditures of Federal Awards  
which is dated November 22, 2016

# The School Board of Broward County, Florida

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

Federal Grantor/Pass-Through Entity Program Title	CFDA Number	Pass-Through Grantor Number	Expenditures
<b>United States Department of Agriculture:</b>			
Indirect programs:			
Child Nutrition Cluster:			
Florida Department of Agriculture and Consumer Services:			
National School Lunch Program – Commodities	10.555(2)(A)	N/A	\$ 7,827,587
Florida Department of Education:			
School Breakfast Program (SBP)	10.553	321	17,146,493
National School Lunch Program (NSLP)	10.555	300	61,142,736
Summer Food Service Program for Children (SFSPC)	10.559	323-325	1,212,268
<b>Total Child Nutrition Cluster</b>			<b>87,329,084</b>
Florida Department of Education:			
Fresh Fruit and Vegetables Program	10.582	N/A	390,972
Florida Department of Health:			
Child and Adult Care Food Program	10.558	N/A	3,905,160
<b>Total United States Department of Agriculture</b>			<b>91,625,216</b>
<b>United States Department of Labor:</b>			
Indirect:			
CareerSource Broward:			
Workforce Investment Act – Youth Activities	17.259	N/A	831,293
<b>Total United States Department of Labor</b>			<b>831,293</b>
<b>United States Department of Education</b>			
Direct:			
Student Financial Aid Cluster:			
Federal Supplemental Education Opportunity Grants	84.007	N/A	145,663
Federal Pell Grant Program	84.063	N/A	4,752,775
<b>Total Student Financial Aid Cluster</b>			<b>4,898,438</b>
Magnet Schools Assistance	84.165	N/A	1,941,629
Safe and Drug-Free Schools and Communities - National Programs	84.184	N/A	685,077
Fund for the Improvement of Education	84.215	N/A	967,954
Transition to Teaching Program	84.350	N/A	185,452
Teacher Incentive Fund	84.374	N/A	11,860,940
High School Graduation Initiative	84.360	N/A	127,031
<b>Total Direct</b>			<b>20,666,521</b>

(Continued)

# The School Board of Broward County, Florida

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2016

Federal Grantor/Pass-Through Entity Program Title	CFDA Number	Pass-Through Grantor Number	Expenditures
Indirect:			
Florida Department of Education:			
Special Education Cluster:			
Special Education – Grants to States	84.027	262, 263	\$ 55,750,507
Special Education – Preschool Grants	84.173	266, 267	1,280,546
<b>Total Special Education Cluster</b>			<b>57,031,053</b>
Title I, Part A:			
Florida Department of Education:			
Title I, Part A	84.010	212, 223, 226	61,652,652
<b>Total Title I Part A</b>			<b>61,652,652</b>
School Improvement Grants:			
School Improvement Grants	84.377	126	1,382,975
<b>Total School Improvement Grants</b>			<b>1,382,975</b>
State Fiscal Stabilization Fund:			
ARRA – Race to the Top Incentive Grants, Recovery Act	84.395	RL111, RG411	10,211
<b>Total State Fiscal Stabilization Fund</b>			<b>10,211</b>
Education of Homeless Children and Youth:			
Education for Homeless Children and Youth	84.196	127	126,035
<b>Total Education of Homeless Children and Youth</b>			<b>126,035</b>
Adult Education – State Grant Program	84.002	191, 193, 194	2,532,163
Migrant Education – State Grant Program	84.011	217	104,341
Career and Technical Education – Basic Grants to States	84.048	151, 161	2,872,091
Charter Schools	84.282	298	951,992
21st Century Community Learning Centers	84.287	244	1,310,512
English Language Acquisition State Grants	84.365	102	5,325,976
Improving Teacher Quality State Grants	84.367	224, 225	9,849,264
<b>Total Indirect</b>			<b>143,149,265</b>
<b>Total United States Department of Education</b>			<b>163,815,786</b>

(Continued)

# The School Board of Broward County, Florida

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2016

Federal Grantor/Pass-Through Entity Program Title	CFDA Number	Pass-Through Grantor Number	Expenditures
<b>United States Department of Health and Human Services:</b>			
Direct:			
Public Health Service:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	\$ 58,115
Head Start	93.600	N/A	14,596,991
<b>Total Public Health Service</b>			<u>14,655,106</u>
Center For Disease Control:			
Cooperative Agreements to Support Comprehensive Schools Health: Cooperative Agreements to Promote Adolescent Health Through School Based HIV/STD Prevention and School-Based Surveillance	93.079	N/A	525,474
Injury Prevention and Control Research and State Community Based Programs	93.136	N/A	78,592
<b>Total Center for Disease Control</b>			<u>604,066</u>
<b>Total Direct</b>			<u>15,259,172</u>
Indirect:			
Florida Agency for Workforce Innovation:			
Child Care and Development Block Fund and Development Fund Cluster:			
Early Learning Coalition of Broward County, Inc:			
Child Care and Development Block Fund	93.575	N/A	295,632
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	262,344
<b>Total Child Care and Development Block Fund and Development Fund Cluster</b>			<u>557,976</u>
Florida Department of Children and Families:			
Temporary Assistance for Needy Families	93.558	N/A	233,890
<b>Total Florida Department of Children and Families</b>			<u>233,890</u>
Social Services Block Grant	93.667	N/A	713
<b>Total Indirect</b>			<u>792,579</u>
<b>Total United States Department of Health and Human Services</b>			<u>16,051,751</u>
<b>United States National Science Foundation:</b>			
Indirect:			
Florida Department of Education:			
Education and Human Resources	47.076	N/A	332,297
<b>Total United States National Science Foundation</b>			<u>332,297</u>
<b>United States Department of Homeland Security:</b>			
Indirect:			
Division of Emergency Management			
Disaster Grants – Public Assistance	97.036	N/A	123,481
<b>Total United States Department of Homeland Security</b>			<u>123,481</u>
<b>United States Department of Defense:</b>			
Direct:			
Army Junior Reserve Officers Training Corps	Unknown	N/A	1,458,430
Air Force Junior Reserve Officers Training Corps	Unknown	N/A	199,155
Marine Corps Junior Reserve Officers Training Corps	Unknown	N/A	143,602
Navy Junior Reserve Officers Training Corps	Unknown	N/A	328,421
<b>Total United States Department of Defense</b>			<u>2,129,608</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 274,909,432</u>

N/A - Not Applicable

See Notes to Schedule of Expenditures of Federal Awards.

## **The School Board of Broward County, Florida**

### **Notes to Schedule of Expenditure of Federal Awards**

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#### **Note 1. General**

The accompanying schedule of expenditures of federal awards (the Schedule) presents the expenditure activity of all federal awards of The School Board of Broward County, Florida (the District) for the year ended June 30, 2016. The District's reporting entity is defined in Note 1 of the District's basic financial statements. All federal awards received directly from federal and indirectly through state agencies, as well as amounts passed through other government agencies are included in the accompanying schedule of expenditures of federal awards.

#### **Note 2. Basis of Accounting**

The accompanying Schedule is presented using the modified accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the expenditures of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District. Some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

#### **Note 3. Subrecipient Awards**

Of the federal awards presented in the Schedule, the District did not provide any amounts to subrecipients.

#### **Note 4. Noncash Awards**

The National School Lunch Program includes \$7,468,847 of donated food used during the fiscal year. Donated foods are valued at fair value as determined at the time of the donation.

#### **Note 5. Indirect Cost Recovery**

The District did not recover its indirect costs using the 10% de minis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

# The School Board of Broward County, Florida

## Schedule of Findings and Questioned Costs

### Section I – Summary of Independent Auditor's Results

#### Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes

  X   No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes

  X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes

  X   No

#### Federal Awards

Internal control over major program:

Material weakness(es) identified? \_\_\_\_\_ Yes

  X   No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes

  X   None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes

  X   No

Identification of major programs:

#### Federal CFDA No

#### Name of Federal Program or Cluster

10.553, 10.555, 10.559

United States Department of Agriculture:  
Child Nutrition Cluster

10.558

United States Department of Agriculture:  
Child and Adult Care Food Program

84.010

United States Department of Education:  
Title I, Part A

84.365

United States Department of Education:  
English Language Acquisition State Grants

93.600

United States Department of Health and Human Services:  
Head Start

Dollar threshold used to distinguish between type A and type B programs:

\$3,000,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes

  X   No

(Continued)

**The School Board of Broward County, Florida**

**Schedule of Findings and Questioned Costs (Continued)**

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**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Awards Findings and Questioned Costs**

*A. Internal Control over Compliance*

None reported.

*B. Compliance*

None reported.

## The School Board of Broward County, Florida

### Summary Schedule of Prior Year Audit Findings

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#### I – Financial Statement Findings

No material weaknesses or significant deficiencies reported.

#### II – Federal Awards Findings and Questioned Costs

Finding #	Grant Title / Grant CFDA#	Finding Title / Condition	Status
2015-001	Department of Education - Title I Grants to Local Educational Agencies / 84.010	Material Noncompliance / Material Weakness	Partially Corrected *
2015-002	Department of Education - Federal Pell Grant Program / 84.063	Special Tests and Provisions – Enrollment Reporting / Noncompliance	Corrected

\* Status of PY Finding 2015-001 - The Title 1 2014-2015 Rank and Serve auditing finding is in the final stage of compliance. The Florida Department of Education (FDOE) officially agreed to a questioned cost of \$3,125,432.46 based on the approved award notification dated October 26, 2016, which was a reduction from the original finding of \$22,993,453. In order to finalize the audit finding, the District must adhere to the following conditions specified by the FDOE:

- The District must provide the FDOE a Rank and Serve analysis of expenditures by 1/31/17 and 6/30/17 for the 2016-17 award. The expenditure analysis should demonstrate that all Title I schools remain in rank order as prescribed in the Public School Eligibility Survey (PSES).
- The District must allocate the questioned costs of \$3,125,432.46 to the 161 schools that were underfunded in the 2014-15 school year. The allocation of these funds should be distributed from the 2015-16 roll-forward. The district must submit a revised Title I budget no later than 1/31/17, documenting the allocation of the funds to the designed schools.

The 2015-2016 schools' allocations were not impacted by the rank and serve issue because the schools' allocations were loaded in the district SAP system based on standard salary allocation and were later revised to include fringe benefits, as directed by the FDOE.



**Exhibit B - Material Written Communications between Management  
and Our Firm**



**THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA**

600 SE 3<sup>rd</sup> AVENUE, FLOOR 7 • FORT LAUDERDALE, Florida 33301 • Office: 754-321-2270 • Fax: 754-321-2289

ACCOUNTING & FINANCIAL  
REPORTING DEPARTMENT  
Erum Motiwala, Director  
754-321-2270  
www.browardschools.com

**The School Board of  
Broward County, Florida**

Abby M. Freedman, Chair  
Nora Rupert, Vice Chair

Robin Bartleman  
Heather P. Brinkworth  
Patricia Good  
Donna P. Korn  
Laurie Rich Levinson  
Ann Murray  
Dr. Rosalind Osgood

Robert W. Runcie  
Superintendent of Schools

November 22, 2016

RSM US LLP  
100 N.E. 3<sup>rd</sup> Avenue, Suite 300  
Fort Lauderdale, FL 33301

This representation letter is provided in connection with your audit of the primary government basic financial statements of the School Board of Broward County, Florida (the District) as of and for the year ended June 30, 2016 for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm to the best of our knowledge and belief, as of the date of this letter the following representations made to you during your audit.

*Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated May 9, 2016 and audit contract dated April 3, 2012 and amended December 2, 2015, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions, including those with component units for which the District is accountable, other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements, and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. There are no unasserted claims or assessments that our lawyers have advised us are probable of assertion and must be disclosed in accordance with GASB Statement No.10 and 62 beyond those accounted for in the District's risk retention estimated liabilities.
9. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private or to special assessment bond holders that is not disclosed in the financial statement.
10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
11. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made, if applicable:
  - a. To reduce receivables to their estimated net collectable amounts.
  - b. To reduce investments, and other assets which have permanently declined in value to their realizable values.
  - c. For risk retention, including uninsured losses or loss retentions (deductibles) attributable to events occurring through June 30, 2016, and/or for expected retroactive insurance premium adjustments applicable to periods through the date of this letter.
  - d. To record net pension liability and related pension amounts (deferred inflows and outflows) related to the School Board's defined benefit pension plans, based on valuations provided by the pension plans actuaries.
  - e. For post-retirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through June 30, 2016.
12. No provision is required to reduce obsolete, damaged, or excess inventories to their estimated net realizable values.
13. We have properly determined and reported the major governmental funds based on the required quantitative criteria.
14. We have satisfactory title to all owned assets.
15. Net position (net investment in capital assets; restricted; and unrestricted) and fund balances are properly classified and, when applicable, approved.
16. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
17. Capital assets are properly capitalized, reported, and depreciated.
18. We have informed you of all uncorrected misstatements.



## As of and for the year ended June 30, 2016

We believe that the effects of the uncorrected audit adjustments aggregated by you and summarized below are immaterial, both individually and in the aggregate to the financial statements taken as a whole. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the uncorrected adjustment or omission of accounting information that, in light of surrounding circumstances, makes it probable that, in the judgment of a reasonable person relying on the information would be changed or influenced by the omission or uncorrected adjustment.

Government-Wide

Governmental Activities: DESCRIPTION	ASSETS Dr/(Cr)	LIABILITIES Dr/(Cr)	NET POSITION Debit (Credit)	REVENUE Dr/(Cr)	EXPENSE Dr/(Cr)
Prior Year Misstatements					
Current Year Misstatements					
<u>Known Errors</u>					
To account for the overaccrual of health IBNR		7,602,641			(7,602,641)
To properly reflect lease revenue		(1,365,000)	1,725,000	(360,000)	
<b>SUBTOTAL</b>	<b>\$ -</b>	<b>\$ 6,237,641</b>	<b>\$ 1,725,000</b>	<b>\$ (360,000)</b>	<b>\$ (7,602,641)</b>
Effect of current year passed adjustments on net position			(7,962,641)		
Cumulative effect on net position			<u>\$ (6,237,641)</u>		

General fund: DESCRIPTION	ASSETS Dr/(Cr)	LIABILITIES Dr/(Cr)	NET POSITION Debit (Credit)	REVENUE Dr/(Cr)	EXPENSE Dr/(Cr)
Prior Year Misstatements					
Current Year Misstatements					
<u>Known Errors</u>					
To properly reflect accrue payroll taxes		(864,290)			864,290
To properly reflect lease revenue		(1,365,000)	1,725,000	(360,000)	
<b>SUBTOTAL</b>	<b>\$ -</b>	<b>\$ (2,229,290)</b>	<b>\$ 1,725,000</b>	<b>\$ (360,000)</b>	<b>\$ 864,290</b>
Effect of current year passed adjustments on net position			\$ 504,290		
Cumulative effect on net position			<u>\$ 2,229,290</u>		

*Information Provided*

19. We have provided you with:
- Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - Additional information that you have requested from us for the purpose of the audit;
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
20. All transactions have been recorded in the accounting records and are reflected in the financial statements.
21. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud and believe our systems of controls are sufficient to mitigate the risk that our financial statements may be materially misstated due to fraud.
22. We have no knowledge of allegations of fraud or suspected fraud, affecting the District's financial statements involving:
- Management.
  - Employees who have significant roles in the internal control.
  - Others where the fraud could have a material effect on the financial statements.
23. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements received in communications from employees, former employees, analysts, regulators, grantors or others.
24. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.
25. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
26. We have disclosed to you the identity of the District's related parties and all the related-party relationships and transactions of which we are aware.
27. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the District's ability to record, process, summarize, and report financial data.
28. We agree with the findings of specialists in evaluating our estimated liability for self insurance, the valuation and effectiveness assessment of our hedged derivatives, and the estimated liability for other post-employment benefit obligation, and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

29. The District participates in the Florida Retirement System (FRS), a State-administered cost sharing multiple employer defined benefit retirement plan. The District obtains all information regarding the FRS pension plans net pension liability and related pension amounts from the State of Florida and the State of Florida Auditor General.
30. The District relies on the audit reports received from the other auditors responsible for auditing the discretely presented component units, and has no knowledge of any matters which would impact those reports.
31. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

*Supplementary Information*

32. With respect to supplementary information presented in relation to the financial statements as a whole:
  - a. We acknowledge our responsibility for the presentation of such information.
  - b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
  - d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
33. With respect to the required supplementary information as required by Governmental Accounting Standards Board to supplement the basic financial statements including management's discussion and analysis and budgetary comparison schedules and schedules of funding progress:
  - a. We acknowledge our responsibility for the presentation of such required supplementary information.
  - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.

*Other Matters*

34. The District has complied with the provisions of Section 218.415, Florida Statutes regarding the investment of public funds.
35. The District is not in a state of emergency based upon the conditions described in Section 218.503(1), Florida Statutes.
36. Management has assessed the financial condition of the District and noted no deteriorating financial condition.



37. We have evaluated the requirements of GASB No. 72 and have properly implemented the requirement of the standards in the financial statements.
38. We have reviewed the financial statements provided by the Charter Schools and noted that there were discrepancies in the classification of net position. We will consult with the Charter Schools office to address this issue going forward.

#### *Compliance Considerations*

39. In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm that management:
  - a) Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
  - b) Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
  - c) Has identified and disclosed to us all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
  - d) Has identified and disclosed to us all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
  - e) Has identified and disclosed to us all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
  - f) Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
  - g) Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
  - h) Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.
  - i) Has a process to track the status of audit findings and recommendations.
  - j) Has identified for us previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented, if applicable.
  - k) Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.

- l) Acknowledges its responsibilities as it relates to non-audit services performed by us, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

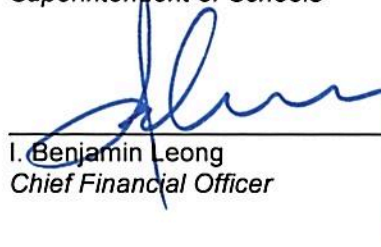
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The School Board of Broward County, Florida

A handwritten signature in blue ink, appearing to read "Robert W. Runcie", written over a horizontal line.

Mr. Robert W. Runcie  
*Superintendent of Schools*

A handwritten signature in blue ink, appearing to read "Benjamin Leong", written over a horizontal line.

I. Benjamin Leong  
*Chief Financial Officer*

A handwritten signature in blue ink, appearing to read "Erum Motiwala", written over a horizontal line.

Erum Motiwala, CPA  
*Director, Accounting and Financial Reporting*

# **The School Board of Broward County, Florida**

Management Letter  
June 30, 2016

## Contents

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Appendix B—Status of prior year’s recommendations to improve financial management	4

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**Management Letter Required by  
Chapter 10.800 of the *Rules of the  
Auditor General of the State of Florida***

To the Chairperson and Members of  
The School Board of Broward County, Florida

**Report on the Financial Statements**

We have audited the financial statements of The School Board of Broward County, Florida (the District), as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated November 22, 2016. We did not audit the financial statements of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units indicated above, is based solely on the reports of the other auditors. Our report does not address their respective internal control or compliance.

**Auditor's Responsibility**

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.

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Grant Guidance, and Schedule of Findings and Questioned Costs; and our Independent Accountant's Report on an examination conducted in accordance with *AICPA Standards for Attestation Engagements*, Section 601, regarding compliance requirements in accordance with Chapter 10.800, *Rules of the Auditor General*. Those reports and schedule, which are dated November 22, 2016 and January 25, 2017, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.804(1)(f)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The status of recommendations made in the preceding annual financial audit report has been noted in Appendix B to this report.

**Financial Condition**

Section 10.804(1)(f)2., *Rules of the Auditor General*, requires a statement be included as to whether or not the District has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

Pursuant to Sections 10.804(1)(f)5.a. and 10.805(6), *Rules of the Auditor General*, we applied financial condition assessment procedures for the district school board. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The assessment was done as of the fiscal year end.

#### **Transparency**

Section 10.804(1)(f)6., *Rules of the Auditor General*, requires the auditor to state whether or not the District complied with transparency requirements (Section 1011.035, *Florida Statutes*, provides that district school boards include a plain language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public). In connection with our audit, we believe that the District complied with transparency requirements.

#### **Other Matters**

Section 10.804(1)(f)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. These recommendations are disclosed in Appendix A under the heading "Current Year's Recommendations to Improve Financial Management."

Section 10.804(1)(f)4., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

#### **Purpose of This Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the District School Board members, and applicable members of management and is not intended to be and should not be used by anyone other than these specified parties.

*RSM US LLP*

Fort Lauderdale, Florida

November 22, 2016, except for issuance of Independent Auditor's Report on Compliance for Each Major Federal Program and the Report on Internal Control Over Compliance Report as to which the date is January 25, 2017.

## **The School Board of Broward County, Florida**

### **Appendix A—Current Year's Recommendations to Improve Financial Management Fiscal Year Ended June 30, 2016**

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#### **2016-01 User Access Reviews**

**Criteria:** Access rights to the District's relevant financial reporting applications or data are reviewed periodically by management.

**Condition:** There was no evidence of review and approval of user access rights for the Fairway Elementary location.

**Cause:** Approval signoff for user access review was not evident for sample school location.

**Effect:** Risks of improper or unauthorized user access could include unauthorized use, disclosure of proprietary information, modification, damage, or loss of data.

**Recommendation:** Management should consistently document the review performed over all user access rights, including the documentation of signature/approvals of whether or not access is appropriate for all users.

**Views of responsible officials and planned corrective actions:** Signoff for the District's relevant financial reporting application is currently reviewed only by one individual. Recommend additional user/backup to confirm the required receipt and signature of the forms.

**The School Board of Broward County, Florida**

**Appendix B—Status of Prior Year’s Recommendations to Improve Financial Management  
Fiscal Year Ended June 30, 2016**

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No.	Prior Years' Observations	Observation is Still Relevant Partially Implemented	Comment Addressed or No Longer Relevant
2015-01	User Access Reviews		X
2015-02	Account Provisioning, Deprovisioning and Modifications		X
2015-03	Review of Accounts Receivable and Due From Other Governments		X

For the fiscal year ended June 30, 2015, the State of Florida Auditor General performed a financial, operational, and federal single audit. The Auditor General's Report No. 2016-180 noted 12 findings under the category of Additional Matters that appear to be more operational in nature and are recommendations for improvement. As these matters are primarily operational in nature, the Office of the Chief Auditor of the School Board of Broward County has taken responsibility for following up on the current status and determining whether the District has taken the appropriate corrective action to address the findings. This follow up is currently in process and will be reported on directly by the Office of the Chief Auditor, as such these findings and the current status have been omitted from this management letter. Please refer to the separate report issued by the Office of the Chief Auditor for updated status of these findings when it is issued.



RSM US LLP

## Independent Accountant's Report

To the Chairperson and Members of  
The School Board of Broward County, Florida

We have examined the School Board of Broward County, Florida's (the District) compliance with Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended June 30, 2016. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2016.

This report is intended solely for the information and use of the Florida Auditor General, the District School Board members, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

*RSM US LLP*

Fort Lauderdale, Florida  
November 22, 2016

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING