

**REVIEW OF
DISTRICT SCHOOL BOARD,
CHARTER SCHOOL, AND
CHARTER TECHNICAL CAREER CENTER
AUDIT REPORTS FOR THE
FISCAL YEAR ENDED JUNE 30, 2023**

Pursuant to Section 11.45(7)(b), Florida Statutes



Sherrill F. Norman, CPA
Auditor General

The team leader was Dylan T. Hunter, and the review was supervised by Gina Bailey, CPA.
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REVIEW OF DISTRICT SCHOOL BOARD, CHARTER SCHOOL, AND CHARTER TECHNICAL CAREER CENTER AUDIT REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SUMMARY

State law¹ requires all charter schools and charter technical career centers (hereafter collectively referred to as charter schools) and certain district school boards to provide for annual financial audits conducted by independent certified public accountants (CPAs). Audit reports are required to be filed with us within 45 days after delivery of the audit report to the charter school or district school board's governing body, but no later than 9 months after the end of the fiscal year.²

During the fiscal year ended June 30, 2023, there were 67 district school boards and 720 charter schools in operation in the State of Florida. Pursuant to State law,³ we reviewed the 2022-23 fiscal year audit reports filed with us through May 7, 2024, including audit reports for 20 district school boards⁴ and 713 charter schools, and determined that the information was generally presented in accordance with generally accepted accounting principles (GAAP) and the audit reports generally complied with generally accepted government auditing standards (GAGAS) and Rules of the Auditor General.⁵ However, we noted the following instances in which audit reports were not filed, not filed timely, or not prepared in accordance with all applicable requirements:

Finding 1: Four district school boards and 24 charter schools did not timely file the required audit report with us and, as of May 31, 2024, another 6 charter schools had not filed audit reports with us.

Finding 2: Our completeness reviews of the audit reports disclosed instances of noncompliance with certain requirements, primarily related to the independent auditor's reports and financial statement note disclosures.

Finding 3: Our comprehensive reviews of 20 district school board audit reports and selected charter school audit reports disclosed certain instances of noncompliance with GAAP and GAGAS.

¹ Section 218.39(1), Florida Statutes.

² Section 218.39(7), Florida Statutes.

³ Section 11.45(7)(b), Florida Statutes.

⁴ Of the 67 district school boards, 20 were subject to 2022-23 fiscal year financial audits conducted by CPAs other than the Auditor General.

⁵ Chapters 10.800 and 10.850, Rules of the Auditor General.

BACKGROUND

State law⁶ requires annual financial audits of each charter school and charter technical career center (hereafter collectively referred to as charter schools) and district school board. State law⁷ defines a financial audit as an examination of financial statements in order to express an opinion on the fairness with which the statements are presented in conformity with generally accepted accounting principles (GAAP) and an examination to determine whether operations are properly conducted in accordance with legal and regulatory requirements. Financial audits must be conducted in accordance with auditing standards generally accepted in the United States and generally accepted government auditing standards (*Government Auditing Standards* issued by the Comptroller General of the United States).⁸

State law establishes several other requirements that independent certified public accountants (CPAs) must follow when conducting financial audits of charter schools and district school boards. For example, the CPAs performing these financial audits must:

- Prepare a management letter that is included as a part of the financial audit report.⁹
- Discuss with the appropriate officials all findings that will be included in the financial audit report.¹⁰
- Conduct the audits in accordance with the Rules of the Auditor General.¹¹

Additionally, State law¹² requires the appropriate entity officer to provide a written statement of explanation or rebuttal concerning the audit findings, including corrective action to be taken. The officer's written statement is to be filed with the entity's governing body within 30 days after the delivery of the findings.

To assist auditors in complying with the requirements of generally accepted government auditing standards (GAGAS) and applicable laws, rules, and regulations, and pursuant to State law,¹³ we developed rules¹⁴ and audit report review guidelines that provide, among other things, procedural guidance for CPAs to follow to ensure compliance with financial audit requirements. The rules require that the scope of a financial audit include: an examination of the financial statements in order to express an opinion on them; an examination to determine whether operations are properly conducted in accordance with legal and regulatory requirements; an examination of any additional financial information necessary to comply with GAAP; and, when applicable, the additional activities necessary to determine compliance with Federal Uniform Guidance.¹⁵ The rules were adopted in consultation with the Board of Accountancy, and the rules and guidelines are available on our Web site.

⁶ Sections 11.45(2)(d) and 218.39(1), Florida Statutes.

⁷ Section 218.31(17), Florida Statutes.

⁸ *Government Auditing Standards* incorporate by reference the auditing standards generally accepted in the United States (i.e., *American Institute of Certified Public Accountants Statements on Auditing Standards*).

⁹ Section 218.39(4), Florida Statutes.

¹⁰ Section 218.39(5), Florida Statutes.

¹¹ Section 218.39(7), Florida Statutes.

¹² Section 218.39(6), Florida Statutes.

¹³ Section 11.45(8), Florida Statutes.

¹⁴ Chapters 10.800 and 10.850, Rules of the Auditor General.

¹⁵ Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

FINDINGS AND RECOMMENDATIONS

Finding 1: Noncompliance – Audit Report Filing Requirements

State law¹⁶ requires district school boards and charter schools to file with us the audit report and a written response to any report or management letter findings within 45 days after delivery of the audit report to the entity's governing body, but no later than 9 months after the end of the fiscal year. As district school boards and charter schools have a June 30 fiscal year end,¹⁷ the reports are to be filed with us no later than March 31 each year.

For the 2022-23 fiscal year, 20 district school boards and 720 charter schools were required to file financial audit reports with us. Table 1 quantifies, as of May 31, 2024, the number of district school boards and charter schools that did not comply with the 2022-23 fiscal year audit report filing requirements.

Table 1
Noncompliance with Audit Report
Filing Requirements

Description of Noncompliance	District School Boards	Charter Schools
Audit required but report not filed.	-	6
Audit report filed more than 45 days after the report was delivered to the entity's governing body and after March 31, 2024.	1	5
Audit report filed within 45 days after the report was delivered to the entity's governing body but after March 31, 2024.	2	3
Audit report filed by March 31, 2024, but more than 45 days after the report was delivered to the entity's governing body.	1	16

Regarding the noncompliance shown in Table 1:

- 6 of the 720 charter schools¹⁸ in operation during the 2022-23 fiscal year did not file the required audit report with us and, pursuant to State law,¹⁹ we notified the Legislative Auditing Committee (LAC).
- 1 district school board (Miami-Dade County District School Board) and 5 charter schools (City of Hialeah Educational Academy; Crossroad Academy; Tallahassee Classical School; Wakulla's Coast Charter of Arts, Science and Technology; and Waypoint Charter Academy) did not file the required audit report with us within 45 days after delivery of the audit report to the entity's

¹⁶ Section 218.39(7), Florida Statutes.

¹⁷ Charter schools that close or are terminated before June 30 must file reports with us no later than 9 months after their respective closure or termination date.

¹⁸ The 6 charter schools that did not file an audit report were: Alpha International Academy, Championship Academy of Distinction High School, Championship Academy of Distinction West Broward, Mater Academy at Mount Sinai, Mater Academy East Middle School, and Putnam Edge High School.

¹⁹ Section 218.39(8), Florida Statutes.

governing body or by March 31, 2024. The six audit reports were filed with us from 67 to 164 days after the 45-day deadline and 8 to 52 days after March 31, 2024.

- 2 district school boards (Clay County District School Board and Duval County District School Board) and 3 charter schools (Amikids Maritime Academy, Collegiate High at Northwest Florida State, and Palm Pointe Educational Research School at Tradition) filed the required audit report with us within 45 days after delivery of the audit report to the entity's governing board but 8 to 37 days after March 31, 2024.
- Although audit reports for 17 district school boards and 706 charter schools were filed with us by March 31, 2024, the reports for 1 of the 17 district school boards and 16 of the 706 charter schools were filed 52 to 497 days after the delivery of the audit report to the entity's governing body. A listing of these entities that shows the number of days each entity's audit report was filed late is included as **EXHIBIT A** to this report.

District school boards and charter schools that fail to provide for financial audits may be subject to consequences prescribed by State law.²⁰ Timely audits are necessary to ensure that management and those charged with governance are promptly informed of control deficiencies and financial-related noncompliance. Additionally, timely filed audit reports provide for timely review by appropriate Federal and State oversight agencies.

Recommendation: Management of the district school boards and charter schools should ensure that audits are timely completed, and audit reports are filed in accordance with State law.

Finding 2: Completeness Reviews

We performed completeness reviews of the 20 district school board and 713 charter school audit reports filed with us as of May 7, 2024,²¹ to determine whether the audit reports included the financial statements, note disclosures, reports, and other items required by GAAP and the Rules of the Auditor General, and the extent to which the audit reports complied, for selected significant matters, with GAAP, GAGAS, and Rules of the Auditor General. State law²² requires us to request from the district school boards and charter schools any significant items omitted from audit reports. The district school boards and charter schools are to provide us with the requested items no later than 45 days after the date of our request.

Most of the audit reports subjected to our completeness reviews included audited financial statements and the required notes thereto, the required independent auditor's reports on the financial statements and on internal control over financial reporting and compliance (compliance report), and the independent accountant's report of district school board compliance with investment requirements in State law, as applicable. Additionally, most of the reports reviewed were generally presented in accordance with GAAP, GAGAS, and Rules of the Auditor General. However, we noted certain instances of noncompliance, many of which related to independent auditor's reports and financial statement note disclosures. For example:

- The independent auditors for 76 (11 percent) of the 687 applicable charter school audit reports we reviewed did not opine on all opinion units or opined on opinion units (i.e., aggregate remaining

²⁰ Section 11.40(2), Florida Statutes.

²¹ We reviewed the 713 charter school audit reports filed with us by May 7, 2024. Crossroad Academy did not file its audit report with us until May 22, 2024, and, therefore, that report was not included in our completeness reviews.

²² Section 11.45(7)(b), Florida Statutes.

fund information) that did not exist on the financial statements. Consequently, these audit opinions did not correctly identify the opinion units upon which the auditor should have opined.

- The independent auditor's reports on the financial statements for 26 (33 percent) of the 79 applicable charter school audit reports we reviewed did not address the auditor's responsibility for the supplementary information presented.
- The management letter for 3 (7 percent) of the 43 applicable charter school audit reports did not include a statement as to whether or not corrective actions had been taken to address significant findings and recommendations reported in the preceding audit report.

EXHIBIT B to this report provides, by entity type, a summary of the deficiencies disclosed by our completeness reviews along with comparative prior year information.

We also noted that the audit reports for 21 charter schools omitted significant items. We sent letters to the charter schools requesting the items and concurrently provided copies of the letters to the respective entity auditors. The items requested included, for example, the submittal checklist identifying the date the auditor delivered the report to the entity and required disclosures to clarify whether audit findings from the preceding financial audit report had been corrected and identification of any uncorrected audit findings from the two preceding financial audit reports.

As of June 4, 2024, 4 charter schools (Gulfstream L.I.F.E. Academy, Highly Inquisitive and Versatile Education (HIVE) Preparatory School, Lincoln-Marti Charter Schools Hialeah Campus, and Optima Classical Academy) had not provided the requested items, although more than 45 days had elapsed since the dates of our requests. Pursuant to State law,²³ we notified the LAC of these 4 entities that did not respond to our requests.

External parties rely on audits to provide independent assessments of the accuracy and completeness of the financial statements, as well as to provide a means for evaluating the effectiveness of an entity's internal controls and the extent to which an entity has complied with applicable laws, rules, regulations, contractual requirements, and bond covenants. Accordingly, to enable the reader to form appropriate conclusions related to an audited entity, it is important that the components of the audit report, such as the independent auditor's reports and management letter, financial statements, and notes to financial statements, be presented in accordance with GAAP, GAGAS, and Rules of the Auditor General.

Recommendation: Charter schools and their auditors should ensure that audit reports contain all the required information presented in accordance with applicable requirements.

Finding 3: Comprehensive Reviews

In addition to completeness reviews, we performed comprehensive reviews of selected audit reports for the 2022-23 fiscal year and noted certain errors and deficiencies. Specifically, we reviewed:

- Audit reports for the 20 district school boards and 60 selected charter schools to determine the extent of compliance, on a comprehensive basis, with GAAP, GAGAS, and Rules of the Auditor General, and noted deficiencies pertaining to financial statements, note disclosures, and required supplementary information (RSI). For example, the audit reports for 6 (30 percent) of the

²³ Section 11.45(7)(b), Florida Statutes.

20 district school boards and 11 (18 percent) of the 60 charter schools contained nonrounding mathematical errors.

- Audit reports for the 20 district school boards and the 42 charter schools that obtained Federal single audits to determine the extent of compliance, on a comprehensive basis, with Federal Uniform Guidance,²⁴ and noted deficiencies. For example, the schedule of expenditures of Federal awards included with the audit reports for 4 (10 percent) of the 42 charter schools did not indicate the significant accounting policies used in preparing the schedule.

EXHIBIT C to this report provides a summary, by entity type, of the deficiencies disclosed by our comprehensive reviews. Because of the limited number of reports reviewed for each entity type, **EXHIBIT C** does not present comparative prior year information.

Recommendation: Management of district school boards and charter schools should ensure that financial statements, note disclosures, and schedules of expenditures of Federal awards are presented in accordance with GAAP and Uniform Guidance, as applicable.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this project were to determine whether the district school board and charter school audit reports filed with us for our review:

- Complied with generally accepted governmental auditing standards (GAGAS), generally accepted accounting principles (GAAP), and Rules of the Auditor General.²⁵
- Were prepared by independent certified public accountants (CPAs) properly licensed by the Florida Board of Accountancy.

The scope of this project included completeness and comprehensive reviews of the financial audit reports prepared by independent CPAs and filed with us by May 7, 2024, for 20 district school boards and 713 charter schools for the fiscal year ended June 30, 2023.

Our review was necessarily limited to the contents of the audit reports filed with us and did not extend to an examination of the CPAs' working papers or a determination of whether the auditors followed all GAGAS in the actual conduct of the audits. Because our review was limited to the contents of the audit reports filed with us, the review cannot be used as the basis for determining the extent of an entity's compliance with applicable laws, rules, regulations, charters, contractual requirements, or bond covenants. Likewise, our review would not disclose whether the auditor reported all instances of noncompliance or reportable internal control deficiencies noted during the audit, or whether certain required financial disclosures were completely omitted from the audit report.

To assist with the conduct of our review, we established a completeness review checklist and various comprehensive review checklists with evaluation criteria from our rules and report review guidelines (as discussed in the **BACKGROUND** section of this report). Due to the number of reports included in this review, we applied the comprehensive review checklists to the district school board and selected charter

²⁴ Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

²⁵ Chapters 10.800 and 10.850, Rules of the Auditor General.

school audit reports. Specifically, for the district school board and charter school audit reports filed with us we completed:

- A comparison of the dates the audit report was delivered to the entity's governing body and the date the audit report was filed with us to determine, for each of the 20 district school board and 714 charter school audit reports filed with us by May 31, 2024, whether the audit report was filed with us no later than 45 days after delivery to the entity's governing body and no later than 9 months after the end of the entity's fiscal year.
- Completeness review checklists for the 20 district school board and 713 charter school audit reports filed with us through May 7, 2024, to determine whether the audit reports included items required by, and the extent to which the audit reports complied with, GAAP, GAGAS, and the Rules of the Auditor General.
- Comprehensive review checklists for selected audit reports filed with us through May 7, 2024. Specifically, we completed comprehensive review checklists for:
 - The financial statements, financial statement note disclosures, and required supplementary information for the 20 district school board and 60 selected charter school audit reports.
 - Federal Uniform Guidance²⁶ reporting requirements for the 20 district school board audit reports and 42 applicable charter school audit reports.

AUTHORITY

Section 11.45(7)(b), Florida Statutes, requires the Auditor General to review, in consultation with the Florida Board of Accountancy, all district school board, charter school, and charter technical career center financial audit reports prepared by independent certified public accountants (CPAs) and filed pursuant to Section 218.39, Florida Statutes. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our review of district school board, charter school, and charter technical career center audit reports prepared by independent CPAs for the fiscal year ended June 30, 2023.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name "Sherrill" and last name "Norman" clearly legible.

Sherrill F. Norman, CPA
Auditor General

²⁶ Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

EXHIBIT A

DISTRICT SCHOOL BOARD AND CHARTER SCHOOL 2022-23 FISCAL YEAR AUDIT REPORTS FILED BY MARCH 31, 2024, BUT MORE THAN 45 DAYS AFTER REPORT WAS DELIVERED TO THE ENTITY'S GOVERNING BODY

	District School Board	Number of Days Audit Report	
		Filed After Delivery to Entity's Governing Body	Filed Late
1	Hernando County District School Board	81	36
Charter School			
1	Academy of Environmental Science	118	73
2	Alfred Adler Elementary School	56	11
3	Apalachicola Bay Charter School	76	31
4	Bright Futures Academy ^a	497	452
5	Cape Coral Charter School Authority	159	114
6	Florida State University School	65	20
7	Gulf Coast Elementary School	52	7
8	Imagine Schools Chancellor Campus	171	126
9	Innovation Montessori High School	185	140
10	Innovation Montessori Ocoee	185	140
11	Marco Island Academy	62	17
12	Ocali Charter Middle School	171	126
13	Pepin Academies of Pasco County	79	34
14	Sarasota Academy of the Arts	162	117
15	The Island School	180	135
16	The One Room School House Project	169	124

17 Total Number of Audit Reports Not Filed Within 45 Days After the Report was Delivered to the Entity's Governing Body (Reports were Filed by March 31, 2024)

^a The school voluntarily ceased operations on August 5, 2022. Consequently, the 2022-23 fiscal year audit report was for the period July 1, 2022, through August 31, 2022.

EXHIBIT B

SUMMARY OF DEFICIENCIES NOTED DURING COMPLETENESS REVIEWS OF 2022-23 FISCAL YEAR AUDIT REPORTS

Description of Deficiencies	District School Board Audit Reports ^a				Charter School Audit Reports ^b			
	Number of Reports to Which Criteria Applied	Number of Reports with Deficiencies	Percent	Prior Fiscal Year Percent	Number of Reports to Which Criteria Applied	Number of Reports with Deficiencies	Percent	Prior Fiscal Year Percent
Auditor's Report on the Financial Statements: The opinion on the financial statements did not correctly identify the applicable opinion units upon which the auditor should have opined.	20	-	-	-	687	76	11	10
The introductory paragraph of the report did not correctly identify the individual opinion units.	20	-	-	-	687	76	11	10
The report did not disclose the auditor's responsibility for the supplementary information presented.	20	-	-	-	79	26	33	50
Management Letter The management letter did not include a statement as to whether or not corrective actions had been taken to address significant findings and recommendations made in the preceding audit report.	7	-	-	-	43	3	7	20
Notes to Financial Statements: The notes did not include a description of the type of investments authorized by legal or contractual provisions.	20	4	20	5	29	14	48	32
The notes did not include the fair value of investments.	20	1	5	-	29	4	14	16
The notes did not include a description of the applicable investment risk categories by investment type.	20	1	5	-	29	7	24	20
The notes did not identify the governmental funds typically used to liquidate long-term liabilities.	20	1	5	-	149	68	46	28
The notes did not disclose the purposes of interfund balances.	20	-	-	-	499	77	15	12
The notes did not disclose a description of the principal purposes of the school's interfund transfers.	20	-	-	-	419	48	11	10

^a A total of 20 district school board audit reports were included in our completeness reviews.

^b A total of 713 charter school audit reports were included in our completeness reviews.

EXHIBIT C

SUMMARY OF DEFICIENCIES NOTED DURING COMPREHENSIVE REVIEWS OF 2022-23 FISCAL YEAR AUDIT REPORTS

Description of Deficiencies	District School Board Audit Reports ^a			Charter School Audit Reports ^a		
	Number of Reports to Which Criteria Applied	Number of Reports with Deficiencies	Percent	Number of Reports to Which Criteria Applied	Number of Reports with Deficiencies	Percent
Financial Statements: Financial statements contained mathematical errors (not related to rounding).	20	3	15	60	8	13
Notes to Financial Statements: The notes did not disclose the interfund balances by showing amounts due from other funds, by individual major fund, and by nonmajor governmental funds, nonmajor enterprise funds, and internal service funds, in the aggregate, and by fiduciary fund type.	20	-	-	32	4	13
The notes did not disclose the policy for calculation for depreciation expense.	20	-	-	59	4	7
The notes did not disclose the nature and extent of the restrictions for restricted cash shown on the balance sheet or statement of net position.	9	5	56	-	-	-
Schedule of Expenditures of Federal Awards: The schedule of expenditures of federal awards did not include notes that described the significant accounting policies used in preparing the schedule.	20	-	-	42	4	10

^a Finding 3 and the **OBJECTIVES, SCOPE, AND METHODOLOGY** section of this report identify the number of district school board and charter school audit reports we selected for comprehensive reviews.