

## MANAGEMENT LETTER

To the Board of Directors  
Community Charter School of Excellence, Inc.  
a Charter School and Component Unit of the  
School District of Hillsborough County, Florida

### **Report on the Financial Statements**

We have audited the basic financial statements of Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida (the “School”), as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated October 8, 2018.

### **Auditor’s Responsibility**

We conducted our audit 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.

### **Other Reporting Requirements**

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated October 8, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.854(1)(e)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. In connection with our audit, refer to Exhibit A of this letter.

## **Official Title**

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity be disclosed in this management letter. The official title of the entity is Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida.

## **Financial Condition and Management**

Sections 10.854(1)(e)2, Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify specific condition(s) met. In connection with our audit, we determined that Community Charter School of Excellence, Inc., a charter school and component unit of the School District of Hillsborough County, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida. It is management's responsibility to monitor Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida 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.

## **Transparency**

Section 10.854(1)(e)7. and 10.855(13) Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Community Charter School of Excellence, Inc., a Charter School and Component Unit of the School District of Hillsborough County, Florida does not maintain on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes.

## **Other Matters**

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not have any such communications.

## **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 School Board of Hillsborough County, Florida, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Sottile & Company P.A.".

Sottile & Company P.A.

Tampa, Florida

October 8, 2018

**COMMUNITY CHARTER SCHOOL OF EXCELLENCE, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF THE  
SCHOOL DISTRICT OF HILLSBOROUGH COUNTY  
MANAGEMENT LETTER**

**EXHIBIT A**

**RECOMMENDATIONS TO MANAGEMENT  
(Associated with the June 30, 2018 Financial Statement Audit)**

**CURRENT YEAR RECOMMENDATIONS**

**Observation 2018-01:**

Criteria or Specific Requirement

Accounting Policies and Procedures Manual Needed.

Condition and context

Currently there are not proper procedures in place to inform Academy personnel and accounting consultants of the desired operating procedures and policies.

Effect

Academy personnel do not maintain proper supporting schedules, filing systems, and general ledger coding of transactions due to a significant deficiency.

Cause

Lack of descriptions of methods, procedures, and governmental accounting principles to be followed.

Recommendation

We recommend the School establish a standard accounting manual that will inform all employees and contractors in the financial reporting process of the desired operating procedures and policies. Such a manual will serve as an aid in training employees and contractors, monitor the performance of employees and contractors, and improve internal communication.

Views of Responsible Officials and Planned Corrective Actions

We concur.

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**Observation 2018-02:**

Criteria or Specific Requirement

Audit Planning and Assistance

Condition and context

At the time of the audit, the School's accounting records, supporting schedules, documents and other files were not in order and were in a general state of disarray.

Effect

Orderly accounting records and supporting documents should be maintained on a consistent basis so this information is readily available as a result of a significant deficiency.

Cause

Lack of descriptions of methods, procedures, and governmental accounting principles to be followed.

Recommendation

We recommend the School make efforts during the current year to improve the accounting process and the condition of the records and files.

Views of Responsible Officials and Planned Corrective Actions

We concur.Observation

**Observation 2018-03:**

Criteria or Specific Requirement

Accounting Discipline

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Condition and context

In the process of performing our audit, we noted there was a certain lack of review and reconciliation in many areas of the accounting function. Accounting tasks such as monthly reconciliations, cross checks, and reviews play a key role in providing the accuracy of accounting data and financial information that comprise interim and year-end financial statements.

Effect

The financial reporting of the School is materially misstated due in a material weakness.

Cause

Lack of proper reconciliations of permanent accounts, and reviews on a monthly and year-end basis.

Recommendation

We recommend the School establish effective review and reconciliation policies and procedures which are Governmental Accounting best practices as a customary part of the accounting process.

Views of Responsible Officials and Planned Corrective Actions

We concur.

**Observation 2018-04:**

Criteria or Specific Requirement

Verification of invoices to be paid.

Condition and context

We noted during the audit that there is not an effective verification system that services performed for the organization are complete and acceptable before issuing checks for the service. Cash disbursements for services performed for the organization should be held to the same standards as all other expenses. This practice will serve as a check and balance to ensure that payment is made only for approved services that have been properly fulfilled. Also, as with other disbursements, we recommend that the employee requesting payment should initial the invoice to verify that the service was performed.

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**EXHIBIT A**

Effect

Expenditures accepted as goods received or services performed which were not incurred may be paid are a significant deficiency.

Cause

The invoice has no sign of verification that the that the goods were received or service was performed.

Recommendation

We recommend the School ensure that payment is made only for approved services that have been properly fulfilled. Also, as with other disbursements, we recommend that the employee requesting payment should initial the invoice to verify that the service was performed.

Views of Responsible Officials and Planned Corrective Actions

We concur.

**Observation 2018-05:**

Criteria or Specific Requirement

Verification of invoices to be paid.

Condition and context

We noted during the audit that there is not an effective verification system that services performed for the organization are complete and acceptable before issuing checks for the service. Cash disbursements for services performed for the organization should be held to the same standards as all other expenses. This practice will serve as a check and balance to ensure that payment is made only for approved services that have been properly fulfilled. Also, as with other disbursements, we recommend that the employee requesting payment should initial the invoice to verify that the service was performed.

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**EXHIBIT A**

Effect

Expenditures accepted as goods received or services performed which were not incurred may be paid are a significant deficiency.

Cause

The invoice has no sign of verification that the goods were received or service was performed.

Recommendation

We recommend the School ensure that payment is made only for approved services or goods purchased which have been properly fulfilled. Also, as with other disbursements, we recommend that the employee requesting payment should initial the invoice to verify that the service was performed or the goods received.

Views of Responsible Officials and Planned Corrective Actions

We concur.

**Observation 2018-06:**

Criteria or Specific Requirement

Classification of Revenue.

Condition and context

During our audit procedures it was noted that there was confusion regarding how to classify various types of revenue.

Effect

Certain cash receipts were recorded as reductions of expenditures and other cash receipts were incorrectly recorded as capital outlay funding caused by a material weakness.

Cause

Lack of understanding by the contracted accounting function regarding the proper treatment of transactions in the Governmental Accounting function.



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Recommendation

We recommend that a better understanding be obtained regarding the proper classification of revenue, including the distinction between cash receipts regarding loan disbursements and reimbursements of certain expenditures, and that this understanding be clearly communicated to all employees, particularly the employees coding and recording the receipt of these revenues.

Views of Responsible Officials and Planned Corrective Actions

We concur.