

**Lee County Trauma Services District
 Audit Findings
 September 30, 2023**

The following comments and recommendations were noted in connection with our audit of the System’s consolidated financial statements as of and for the year ended September 30, 2023.

Category	Definition
Control Deficiency	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.
Significant Deficiency	A deficiency or 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.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the System ’s financial statements will not be prevented or detected and corrected on a timely basis.

Category	Description and Recommendation
<p>Control Deficiency:</p> <p>Existence, Completeness, and Accuracy of the Transfer and Depreciation of Completed Capital Projects</p> <p>Reference No. 2023-003**</p> <p><i>** Reference Nos. 2023-001 and 2023-002 relate to the System and do not apply to the Trauma District. Refer to separate System report.</i></p>	<p>Management performs a year-end analysis of all completed capital projects placed in service during the fiscal year and records an adjustment to transfer the project costs to the appropriate capital asset class (e.g., buildings, etc.) and to record estimated depreciation of those transferred assets from the date placed in service through year-end. The individual assets from those project costs are entered into the fixed asset subledger the following fiscal year. In performance of our testing, BDO identified two assets that were completed and placed in service during the year ended September 30, 2022 but were not included in the prior year transfer and depreciation adjustment, resulting in a misclassification of capital assets and an understatement of depreciation expense that was “trued-up” during the year ended September 30, 2023. Additionally, certain completed capital projects for the Trauma District, and the estimated depreciation expense, were overstated in the prior year as the actual assets transferred were assigned longer useful lives than estimated. In consideration of the significant volume and material dollar amounts of capital asset acquisitions and construction, for both the System and Trauma District, it is probable material misclassifications of capital assets by asset class and misstatements of depreciation expense will continue to occur.</p> <p>We recommend that accounting personnel continue to work with capital projects personnel to refine the current process to ensure that all capital projects are supported by, and reconciled to, individual asset invoices, contracts, or other supporting documentation, and that assets placed in service are timely identified, transferred and entered into the fixed asset subledger and depreciated in the proper period. We recommend that management consider performing the review and reconciliation on a monthly or quarterly basis during the year rather than at the end of each fiscal year.</p>

Lee County Trauma Services District
Exhibit 1
Special District Component Unit Reporting (Unaudited)

Category	Description and Recommendation
<p>Control Deficiency:</p> <p>Reconciliation of Payroll Reports to Reported Compensation Expense</p> <p><i>Reference No. 2023-004</i></p>	<p>During the year ended September 30, 2023, the System implemented the cloud-based version of its general ledger payroll module. After the implementation, management was unable to generate or obtain year-to-date payroll reports and information previously used to reconcile and support recorded compensation expense. Management was ultimately able to reconcile recorded annual compensation and related benefit expenses from the payroll reports to the general ledger within an acceptable margin of error.</p> <p>We recommend that accounting personnel continue to work with the software vendor to design routine system reporting with information sufficient to reconcile compensation and benefits earned and paid per the payroll registers to the related general ledger recorded expense and to design and implement a formal payroll reconciliation process on a monthly and annual basis.</p>