

WAKE COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2000

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes X no
- Reportable condition(s) identified
that are not considered to be
material weaknesses? ___yes X none reported

Noncompliance material to financial
statements noted? ___yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___yes X no
- Reportable condition(s) identified
that are not considered to be
material weaknesses? ___yes X none reported

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

Any audit findings disclosed that are
required to be reported in accordance
with Section 510(a) of Circular A-133? ___yes X no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
10.553	Child Nutrition Cluster
10.555	
84.165	Magnet School Assistance

Dollar threshold used to distinguish
between Type A and Type B Programs \$ 872,000

Auditee qualified as low-risk auditee? X yes ___no

(Continued)

WAKE COUNTY BOARD OF EDUCATION

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2000**

State Awards

Internal control over major State programs:

- Material weakness(es) identified? ___yes X no
- Reportable condition(s) identified
that are not considered to be
material weaknesses? Xyes ___ none reported

Noncompliance material to State awards? ___yes X no

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

Any audit findings disclosed that are required
to be reported in accordance with the State
Single Audit Implementation Act? ___yes X no

Identification of major State programs:

Program Name

State Public School Fund

Vocational Education:

State Months of Employment

Support Funds

Public School Building Bonds

Textbooks

Public School Building Capital Fund

Section II – Financial Statement Findings

None Reported

Section III – Federal Award Findings and Questioned Costs

None Reported

(Continued)

WAKE COUNTY BOARD OF EDUCATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Fiscal Year Ended June 30, 2000

Section IV – State Award Findings and Questioned Costs

N.C. Department of Public Instruction
Program Name: State Public School Fund

REPORTABLE CONDITION

00-1 Criteria: Terminated employees should receive the amount of vacation and longevity pay they have earned. Adequate internal control should be in place to ensure that the entity complies with this requirement.

Condition/Context: During our testing of payments due to terminated employees from the State Public School Fund, we found that two out of ten sampled terminated employees received an incorrect amount of accrued vacation, accrued longevity and/or regular pay. Internal control did not operate properly to ensure that correct termination payments were made. We discovered that all of the miscalculations related to miscalculations performed by one payroll technician for one school. We expanded our testing to recalculate sixteen additional items, which included 100% of the terminations at the identified school, and determined that the errors were isolated to this one school.

Effect: Incorrect termination payments were made.

Cause: Human error in computing termination payments and lack of sufficient supervisory review of termination payment calculations.

Questioned Costs: Known questioned costs, which were isolated to one specific school, do not exceed the \$10,000 reporting threshold.

Recommendation: We recommend that the Board implement proper procedures, including appropriate supervisory review of termination pay calculations, to ensure that all terminated employees receive the proper amount of accrued vacation, accrued longevity and/or regular pay.

Management Response: Management believes that procedures currently in place are appropriate to ensure the proper payment of vacation, longevity and regular pay upon termination. Management will increase the level of supervisory monitoring of the work of the identified payroll technician.