

**PASCO COUNTY  
DISTRICT SCHOOL BOARD**

---

**Operational Audit**



## BOARD MEMBERS AND SUPERINTENDENTS

Board members and the Superintendents who served during the 2012-13 fiscal year are listed below:

	<u>District No.</u>
Allen Altman	1
Joanne Hurley, Chair to 11-19-12	2
Cynthia Armstrong, Vice Chair to 11-19-12, Chair from 11-20-12	3
Alison Crumbley, Vice Chair from 11-20-12	4
Steve Luikart	5

Heather Fiorentino, Superintendent to November 19, 2012

Kurt Browning, Superintendent from November 20, 1012

The audit team leader was Eric Davis, CPA, and the audit was supervised by Janice Priolo, CPA. For the information technology portion of this audit, the audit team leader was William Y. Marshall, and the supervisor was Heidi G. Burns, CPA, CISA. Please address inquiries regarding this report to Gregory L. Centers, CPA, Audit Manager, by e-mail at [gregcenters@aud.state.fl.us](mailto:gregcenters@aud.state.fl.us) or by telephone at (850) 412-2863.

This report and other reports prepared by the Auditor General can be obtained on our Web site at [www.myflorida.com/audgen](http://www.myflorida.com/audgen); by telephone at (850) 412-2722; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

**PASCO COUNTY**  
District School Board

**EXECUTIVE SUMMARY**

Our operational audit disclosed the following:

**CASH CONTROLS**

**Finding No. 1:** Controls over electronic funds transfers could be enhanced.

**PERSONNEL AND PAYROLL**

**Finding No. 2:** The Board had not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Section 1012.22(1)(c)4.b., Florida Statutes.

**PROCUREMENT**

**Finding No. 3:** Controls over procurement of and payments for contractual services needed to be enhanced.

**Finding No. 4:** Controls over the use of purchasing cards could be strengthened.

**FACILITIES ADMINISTRATION AND MONITORING**

**Finding No. 5:** Controls over facilities construction and maintenance activities could be enhanced.

**RECORD KEEPING**

**Finding No. 6:** The District needed to enhance controls over the warehouse and transportation department inventories by adequately separating asset custody and record keeping responsibilities or implementing adequate compensating controls.

**ADULT GENERAL EDUCATION**

**Finding No. 7:** The District needed to strengthen its controls to ensure the accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education.

**VIRTUAL INSTRUCTION PROGRAM**

**Finding No. 8:** Controls over virtual instruction program (VIP) operations and related activities could be enhanced by developing and maintaining comprehensive, written VIP policies and procedures.

**Finding No. 9:** The District's VIP provider contract was deficient in that the contract did not include, contrary to State law, agreed-upon student-teacher ratios, the provider's responsibilities for VIP debt, and other measures to promote effective VIP processes.

**Finding No. 10:** Procedures could be enhanced to ensure that VIP students and their parents are notified about the availability of computing resources and that qualified VIP students are provided computing resources.

**INFORMATION TECHNOLOGY**

**Finding No. 11:** Some inappropriate information technology (IT) access privileges existed.

**Finding No. 12:** District IT security controls related to user authentication needed improvement.

**BACKGROUND**

The Pasco County School District (District) is part of the State system of public education under the general direction of the Florida Department of Education, and is governed by State law and State Board of Education rules. Geographic boundaries of the District correspond with those of Pasco County. The governing body of the District is

the Pasco County District School Board (Board), which is composed of five elected members. The elected Superintendent of Schools is the executive officer of the Board.

During the 2012-13 fiscal year, the District operated 79 elementary, middle, high, and specialized schools; sponsored 5 charter schools; and reported 66,417 unweighted full-time equivalent students.

The results of our audit of the District’s financial statements and Federal awards for the fiscal year ended June 30, 2013, will be presented in a separate report.

**FINDINGS AND RECOMMENDATIONS**

**Cash Controls**

**Finding No. 1: Electronic Funds Transfers**

Section 1010.11, Florida Statutes, requires each school board to adopt written policies prescribing the accounting and control procedures under which funds are allowed to be moved by electronic transaction for any purpose including direct deposit, wire transfer, withdrawal, investment, or payment. This law also requires that electronic transactions comply with the provisions of Chapter 668, Florida Statutes, which discusses the use of electronic signatures in electronic transactions between school boards and other entities. In addition, State Board of Education (SBE) Rule 6A-1.0012, Florida Administrative Code (FAC), authorizes the District to make electronic funds transfers (EFTs) provided adequate internal control measures are established and maintained, such as a written agreement with a financial institution that contains manual signatures of employees authorized to initiate EFTs. SBE Rule 6A-1.0012, FAC, also requires the District to maintain documentation signed by the initiator and authorizer of EFTs to confirm the authenticity of EFTs.

Board Policy 6106 authorizes the use of EFTs, which must be secured with appropriate safeguards, and the Superintendent to establish procedures that provide for proper accounting and control of EFTs. Also, Board Policy 6107 authorizes the use of electronic signatures and the Superintendent to require District staff and other persons who use electronic signatures to do so in compliance with State law. In addition, the District established written procedures that generally evidence compliance with SBE Rule 6A-1.0012, FAC.

During the 2012-13 fiscal year, the District regularly used EFTs to make electronic disbursements for workers’ compensation and property self-insurance payments, debt services payments, the purchasing card program, purchases and sales of investments, and direct deposit of employee pay and other payroll related activity, such as union dues. According to District records, cash and cash equivalents and investments totaling \$282.8 million were available for electronic transfer at June 30, 2013. The Board established banking agreements with each of two banks, two State Board of Administration (SBA) investment agreements, and seven investment agreements with other financial institutions to provide various services, such as EFTs; however, controls over the EFT process could be enhanced as follows:

- District records indicated that one finance department budget specialist could initiate EFTs, and authorize EFTs of other employees designated to initiate EFTs. However, contrary to SBE Rule 6A-1.0012, FAC, the budget specialist’s name was not listed on the two banking agreements or the seven investment agreements other than the two SBA agreements.
- One investment agreement dated March 2012 did not provide for an appropriate separation of duties as it authorized two finance department employees to designate other individuals to perform EFT’s, change the accounts that received EFT’s, and initiate and authorize EFTs. One of these finance department employees

also could initiate and approve journal entries and both were responsible for the preparation of bank and investment account reconciliations. Subsequent to our inquiry, the District updated this agreement to remove these privileges from the two employees.

- Three investment agreements contained outdated information by authorizing former employees and an employee that no longer worked in the finance department to initiate and authorize EFT transactions. For example, one of these agreements allowed initiation and authorization of EFTs by an employee that discontinued employment with the District in March 2010 and the former director of finance services that transferred to the technology and information services department in July 2011.
- Four investment agreements omitted manual signatures of the employees authorized to initiate transactions, three omitted the manual signature of the Board chair, and one omitted the manual signature of the Superintendent, contrary to SBE Rule 6A-1.0012, FAC.

While the District had established certain controls over EFTs, such as management review of EFT transactions, and our tests did not disclose any EFTs for unauthorized purposes, the use of EFT agreements that contain outdated information, exclude required information, or allow inappropriate separation of duties increases the risk of misappropriation of funds without timely detection.

---

**Recommendation:** The District should enhance its procedures to ensure that EFT agreements are timely updated for changes in personnel, appropriately separate the duties of initiating and authorizing EFTs, and contain required signatures.

---

<b>Personnel and Payroll</b>
------------------------------

**Finding No. 2: Compensation and Salary Schedules**

Section 1001.42(5)(a), Florida Statutes, requires the Board to designate positions to be filled, prescribe qualifications for those positions, and provide for the appointment, compensation, promotion, suspension, and dismissal of employees, subject to the requirements of Chapter 1012, Florida Statutes. Section 1012.22(1)(c)4.b., Florida Statutes, provides, that, for instructional personnel, the Board must provide differentiated pay based upon district-determined factors, including, but not limited to, additional responsibilities, school demographics, critical shortage areas, and level of job performance difficulties.

While compensation of instructional personnel is typically subject to collective bargaining, the Board had not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Section 1012.22(1)(c)4.b., Florida Statutes. Such a documented process could specify the factors to be used as the basis for determining differentiated pay, the process for applying the factors, and the individuals responsible for making such determinations.

District personnel indicated that the Board could not establish differentiated pay through a policy as such factors must be collectively bargained pursuant to Florida statutes. Also, District personnel indicated that the District had not recently had any critical shortage areas that would require differentiated pay. However, without a Board-established documented process for determining which instructional personnel are to receive differentiated pay, the District may be limited in its ability to demonstrate that the various differentiated pay factors are consistently considered and applied. A similar finding was noted in our report No. 2011-072.

---

**Recommendation:** The Board should establish a documented process for identifying instructional personnel entitled to differentiated pay using the factors prescribed in Section 1012.22(1)(c)4.b., Florida Statutes.

---

<b>Procurement</b>
--------------------

**Finding No. 3: Contractual Services**

The District is required, pursuant to SBE Rule 6A-1.012, FAC, to request bids or proposals from three or more sources for purchases exceeding \$50,000. Pursuant to SBE Rule 6A-1.012(6), FAC, in lieu of requesting three bids or proposals, the District may make purchases at or below the unit prices in contracts awarded by another school board when the vendor awarded the contract permits purchases by the District at the same terms, conditions, and unit prices awarded in such contract, and the purchases are to the District's economic advantage. Also, SBE Rule 6A-1.012(14), FAC, allows an exemption to the competitive bid requirements when acquiring information technology, such as equipment, software, and related materials, as defined in Section 282.0041(14), Florida Statutes.

The Board routinely enters into contracts for services, and internal controls have been designed and implemented to ensure payments are consistent with contract terms and conditions. To determine the propriety of payments for contractual services during the 2012-13 fiscal year, we reviewed District monitoring procedures, tested expenditures totaling \$993,925.69 for 15 contracts, and noted procedures could be enhanced, as follows:

- The Board entered into two separate semi-annual contracts, each totaling \$66,925, with a company to provide programming personnel experienced with the District's information technology. District records indicated that these contracts were directly negotiated with this company, not competitively bid, as District personnel considered this to be an acquisition of information technology. However, the definition of information technology per Section 282.0041(14), Florida Statutes, does not include personnel services. As such, District records did not evidence the basis for not competitively bidding the contracts pursuant to SBE Rule 6A-1.012, FAC. Absent competitive solicitation of information technology services, District records did not evidence that the District obtained these services at the lowest price consistent with desired quality.

The District made payments totaling \$133,850 to the company for the above contracts and the contracts required that the programming personnel work on-site. The services to be provided included analysis, training, programming, and related services. However, the contract did not establish the analysis, programming, and related service dates and times or the number of District employees to receive training. Effective contract management requires contract terms that describe the nature and timing of deliverables and procedures to ensure satisfactory receipt of deliverables before payments are made.

- In July 2009, the Board approved a bid award and related contract for food service collection bank courier services. The initial contract was from July 2009 to July 2012 and provided for a fixed fee per deposit pick-up. In June 2012, the Board renewed the contract through July 6, 2013, and, for the 2012-13 fiscal year the District paid the company \$101,002.76. However, the payments included costs from a 6 percent fuel surcharge, not specified in the contract and which District personnel indicated should not have been paid, resulting in questioned costs of \$5,588.39.
- In May 2011, the Board approved tax-sheltered annuity consulting services with a company based on a contract competitively negotiated by another school board that required an annual fee of \$4.37 per employee for the 2012-13 fiscal year. In June 2012, the Board approved renewal of the services with the company, and approved a summary of the contract that required an annual fee of \$4.64 per employee. However, for the 2012-13 fiscal year, District records indicated that payments to the company totaling \$50,662.24 were based on an annual fee of \$4.92 per employee and an unexecuted copy of a contract with the company. As such, payments in excess of the July 2012 Board-approved annual fee resulted in \$2,913.12 of questioned costs for the 2012-13 fiscal year. Although SBE Rule 6A-1.012, FAC, allows the District to make purchases using bids of other school boards, it does not relieve the District from its responsibility to ensure payments are consistent with rates established by the competitive selection process of other school boards.

---

**Recommendation:** The District should enhance controls over expenditures to ensure that services are obtained pursuant to a competitive selection process, as required; contracts describe the nature and timing of deliverables; and procedures confirm satisfactory receipt of deliverables at agreed-upon prices prior to payment. In addition, the District should document the allowability of \$8,501.51 of questioned costs or seek recovery of any overpayments, as appropriate.

---

**Finding No. 4: Purchasing Cards**

The District uses purchasing cards to expedite the payment of certain purchases in an efficient manner, such as transportation supplies, produce, and travel-related expenditures. Purchases made with purchasing cards are subject to the same rules and regulations that apply to other District purchases and are subject to additional purchasing card guidelines set forth in the purchasing card manual. The additional guidelines require, among other things, that cardholders provide documentation within three days of incurring a charge, and that each department submit bi-monthly reports, documenting supervisory review and approval of charges, along with associated documentation to the accounts payable department according to a set schedule. The financial institution that processes purchasing card transactions for the District provides the District monthly statements showing transactions for each purchasing card, and the financial institution limits the District’s time for disputing charges or credits to 60 days after the statement date.

During the 2012-13 fiscal year, the District assigned 881 purchasing cards to employees, and purchasing card expenditures totaled \$7.1 million. Our tests of purchasing card expenditures and 23 bi-monthly reports for 13 departments that supported those expenditures disclosed 6 transportation department reports with purchases totaling \$20,063.38 and credit memos totaling \$14,563.64 that were unsupported at the time of payment to the financial institution. As of June 30, 2013, purchasing card charges totaling \$6,215.64 and credit memos totaling \$1,667.60 associated with these 6 reports were unsupported beyond the 60-day limit to dispute charges or credits, including purchasing card charges of \$1,019.53 that were unsupported for 236 days. District personnel indicated that while the accounts payable department attempted to obtain supporting documentation, the transportation department did not always provide documentation timely. Without timely support, the District’s ability to satisfactorily resolve disputed charges or credits may be limited.

---

**Recommendation:** The District should enhance monitoring procedures over purchasing cards to ensure that purchases are timely documented.

---

**Facilities Administration and Monitoring**

**Finding No. 5: Facilities Management**

The construction services department is responsible for managing construction and renovation projects and providing Districtwide inspection services. During the 2012-13 fiscal year, the construction services department employed 12 full-time employees, and the department’s operating cost was \$953,788. Also, during this fiscal year, the District had expenditures totaling \$28 million for capital projects fund construction and renovation projects and, as shown on the District’s Five-Year Facilities Work Plan as approved by the Board on September 17, 2013, the District planned to spend an additional \$192 million on construction and renovation projects over the next five fiscal years. At June 30, 2013, the historical cost of the District’s educational and ancillary facilities was \$1.4 billion and, as shown in

the Florida Department of Education's (FDOE) Florida Inventory of School Houses data, District facilities and relocatables had average ages of 21 and 25 years, respectively.

The maintenance services department is responsible for ensuring facilities are safe and suitable for their intended use. The maintenance services department performed heating, ventilation, air conditioning (HVAC), electrical, plumbing, and other maintenance-related jobs. During the 2012-13 fiscal year, this department employed 126 employees and the department's operating cost was \$10.6 million.

Given the significant commitment of public funds to construct and maintain educational facilities, it is important that the District establish written policies and procedures for evaluating the effectiveness and efficiency of facility operations at least annually using performance data and established benchmarks, and establishing documented processes for evaluating facilities construction methods and maintenance techniques to determine the most cost-effective and efficient method or technique. In addition, performance evaluations could include established goals for facilities and maintenance operations, and measurable objectives or benchmarks that are clearly defined, to document the extent to which goals and accountability for construction services and maintenance services department employees are achieved. While our review indicated that District procedures were generally adequate, we noted enhancements could be made, as follows:

- **Alternative Construction Methods or Maintenance Techniques.** The District primarily awards construction contracts to design professionals and construction contractors using the construction manager at risk method. In addition, maintenance-related jobs, such as HVAC replacement and repair, are routinely performed by maintenance services personnel based on safety and suitable priorities. District personnel indicated that they had not established written policies and procedures for evaluating the various construction methods or maintenance-related job techniques and, while they consider alternative methods and techniques, they have not documented evaluations of the various approaches to determine, for each major construction project or significant maintenance-related job, which would be most cost-effective and beneficial. Without Board-approved policies and procedures, and documented evaluations, there is an increased risk that the District may not use the most cost-effective and beneficial construction method or maintenance technique.
- **Accountability.** The District's construction services and maintenance services departments have established short-term and long-term goals; however, these goals did not address accountability for these departments. For example, the goals for the construction services department included established timelines for completion of new facilities, operational procedures to manage projects, methodologies for processing information, and professional development. Maintenance services department goals included focusing on employee safety, timely response, quality workmanship, customer satisfaction, and maintaining reasonable cost. However, the goals of these departments did not sufficiently identify cost-effectiveness or efficiency outcomes.

To further identify cost-effectiveness or efficiency outcomes, the District could set goals such as completing construction or maintenance projects that meet or exceed building code industry standards at the lowest possible cost. Progress in attaining the goals could be measured by developing accountability systems to monitor work orders for return assignments or corrective action because an aspect of a project did not initially meet building code requirements, and to compare project costs to industry standards for similar work. Additional goals could include setting benchmark timeframes for routine projects or jobs, and progress towards meeting the goals could be measured by comparing project or job completion times to industry standards for similar work. Establishing goals that focus on accountability and measurable objectives and benchmarks could assist the District in determining whether its construction services and maintenance services departments are operating as cost-effectively and efficiently as possible.



**Recommendation:** The District should develop written policies and procedures requiring periodic evaluations of alternative facilities construction methods and significant maintenance-related job techniques, and document these evaluations. Also, the District should develop additional goals and objectives for the construction services and maintenance services departments to identify cost-effectiveness or efficiency outcomes for department personnel.

**Record Keeping**

**Finding No. 6: Inventories**

At June 30, 2013, the General Fund and Special Revenue – Food Service Fund inventories totaled \$3,575,051, and \$1,223,200, respectively. Included in these reported inventories were central warehouse inventories totaling \$1,019,250 consisting of purchased food and nonfood items, such as classroom and janitorial supplies, and transportation inventories totaling \$417,126 consisting of motor vehicle repair parts.

Our review disclosed an inappropriate separation of duties for certain personnel responsible for the central warehouse and transportation inventories. Two employees in the central warehouse and ten transportation department employees had unrestricted access to the physical inventory within their respective departments and maintained the related perpetual inventory records. While the Director of Food, Nutrition, and Distribution Services independently reviewed and approved the July through October 2012 warehouse inventory adjustments, this practice was discontinued in December 2012 with implementation of a new enterprise resource planning system. Further, District procedures did not provide for other controls, such as independent reconciliations of physical inventories in the warehouse and transportation department to perpetual records. While our analytical procedures and tests did not disclose any errors or fraud associated with the above control deficiencies, given the inadequate separation of duties and lack of controls to compensate for the deficiencies, there is an increased risk that errors or fraud could occur and not be timely detected. Similar findings were noted in our report Nos. 2008-074 and 2011-072.

**Recommendation:** The District should enhance its procedures to provide for an adequate separation of duties associated with the warehouse and transportation departments’ inventories to the extent practical with existing personnel or implement adequate compensating controls.

**Adult General Education**

**Finding No. 7: Adult General Education Classes**

Section 1004.02(3), Florida Statutes, defines adult general education, in part, as comprehensive instructional programs designed to improve the employability of the State’s workforce. The District received State funding for adult general education, and proviso language in Chapter 2012-118, Laws of Florida, Specific Appropriation 106, required that each school district report enrollment for adult general education programs identified in Section 1004.02, Florida Statutes, in accordance with the FDOE instructional hours reporting procedures.

FDOE procedures stated that fundable instructional contact hours are those scheduled hours that occur between the date of enrollment in a class and the withdrawal date or end-of-class date, whichever is sooner. FDOE procedures also provided that school districts develop a procedure for withdrawing students for nonattendance and that the standard for setting the withdrawal date shall be six consecutive absences from a class schedule, with the withdrawal date reported as the day after the last date of attendance. Additionally, for students who have six consecutive

absences, but re-enroll in the same class and continue to attend without an additional six consecutive absences, the instructional hours may be reported from the initial date of enrollment to the end of the reporting survey.

For the 2012-13 fiscal year, the District reported to the FDOE 300,536 instructional contact hours for 2,617 students enrolled in 4,531 adult general education classes. Our review of 1,672 hours reported for 15 students enrolled in 30 adult general education classes disclosed:

- The District did not procedurally withdraw one student from two classes, although the student had six consecutive absences in each of the classes, and the District made certain data entry errors relating to the student's classes. As a result, the District over-reported 54 hours. Our extended review of all hours reported for these two classes disclosed, for 24 additional students, an additional 1,332 hours were over-reported based on similar data entry errors. Given the number of errors, the full extent of the class hours over-reported was not readily available.
- The District under-reported 111 hours for another student that withdrew from class and subsequently re-enrolled, and the hours reported were erroneously accumulated from the re-enrollment date instead of the initial enrollment date.
- The District over-reported 21 hours for a student that was not withdrawn for six consecutive absences.

Since future funding may be based, in part, on enrollment data reported to the FDOE, it is important that the District reports data correctly. A similar finding was noted in our report No. 2011-072.

---

**Recommendation:** The District should strengthen its controls to ensure accurate reporting of instructional contact hours for adult general education classes to the FDOE. The District should also determine the extent of adult general hours misreported and contact the FDOE for proper resolution.

---

<b>Virtual Instruction Program</b>
------------------------------------

---

**Finding No. 8: Virtual Instruction Program Policies and Procedures**

---

Pursuant to Section 1001.41(3), Florida Statutes, school districts are responsible for prescribing and adopting standards and policies to provide each student the opportunity to receive a complete education. Education methods to implement such standards and policies may include the delivery of learning courses through traditional school settings, blended courses consisting of both traditional classroom and online instructional techniques, participation in a virtual instruction program (VIP), or other methods. Section 1002.45, Florida Statutes, establishes the requirements for VIPs and requires school districts to include mandatory provisions in VIP provider contracts; make available optional types of virtual instruction; provide timely written parental notification of VIP options; ensure the eligibility of students participating in VIPs; and provide computer equipment, Internet access, and instructional materials to eligible students.

District records (e.g., pupil progression plans, parent guides, and staff and student handbooks) identified certain instruction methods, the basis for eligibility in instructional programs, and enrollment and withdrawal information; however, the District did not have comprehensive, written VIP policies and procedures to identify the processes necessary to ensure compliance with statutory requirements, document personnel responsibilities, provide consistent guidance to staff during personnel changes, ensure sufficient and appropriate training of personnel, and establish a reliable standard to measure the effectiveness and efficiency of operations.

District personnel indicated that Florida statutes did not require the District to have a separate set of policies and procedures for VIP and that the absence of a single volume containing such policies and procedures is not indicative of a lack of structure. However, documented policies and procedures would promote compliance with the VIP

statutory requirements and evidence management's expectations of key personnel and communicate management's commitment to, and support of, effective controls. For example, policies and procedures could require school district personnel to confirm the Florida teaching certificates with the FDOE and to survey a sample of parents to confirm that the contracted VIP teachers were the teachers who provided the services. Further, the absence of comprehensive, written VIP policies and procedures may have contributed to the instances of the District's noncompliance and control deficiencies identified in Findings Nos. 9 and 10.

---

**Recommendation:** The District should develop and maintain comprehensive, written VIP policies and procedures to enhance the effectiveness of its VIP operations and related activities.

---

**Follow-up to Management's Response:**

*The District's response indicates that there is no expectation of a separate set of policies and procedures related to its VIP program and that policies and procedures which govern the operation of District schools are contained in District manuals available to each school. However, the point of our finding is that the District's policies and procedures did not identify the processes necessary to ensure compliance with VIP statutory requirements, document VIP personnel responsibilities, provide consistent guidance to VIP staff during personnel changes, ensure sufficient and appropriate training of VIP personnel, and establish a reliable standard to measure VIP effectiveness and efficiency of operations.*

---

**Finding No. 9: Provider Contracts**

---

Section 1002.45(4), Florida Statutes requires that each contract with a FDOE-approved VIP provider contain certain provisions. For example, contracts must require that approved providers be responsible for all debts of the VIP if the contract is not renewed or terminated, specify the authorized reasons for contract termination, specify a method for resolving conflicts among parties, and require the approved provider to comply with all requirements of Section 1002.45, Florida Statutes. The District entered into a contract with a FDOE-approved VIP provider; however, the contract contained deficiencies and lacked some statutorily-required provisions as discussed below:

- The contract did not require the provider to comply with all requirements of Section 1002.45, Florida Statutes. As this law contains specific program requirements, such as student eligibility and compulsory attendance requirements, excluding such requirements from the contract may limit the District's ability to ensure compliance with these requirements in the event of a dispute.
- The contract did not include an agreed-upon student teacher ratio. This is contrary to Section 1002.45(2)(a)7.<sup>1</sup>, Florida Statutes (2012), which requires that FDOE-approved VIP providers publish student-teacher ratios and other instructional information in all contracts negotiated pursuant to Section 1002.45, Florida Statutes. Further, the District did not establish student-teacher ratio thresholds for contracted VIP classes to allow for evaluations of the reasonableness of such ratios. Without establishing such ratios or ratio thresholds in the contracts or documenting evaluations of the reasonableness of the ratios, the number of students in VIP classes may exceed District expectations and the District's ability to monitor the quality of the providers' virtual instruction may be limited.
- The contract lacked a provision requiring the provider to utilize only teachers certified to teach in Florida. Section 1002.45(2)(a)3., Florida Statutes, requires all instructional personnel of District-approved VIP providers to be Florida-certified teachers under Chapter 1012, Florida Statutes. The inclusion of such a provision could help ensure that students receive the level of educational instruction intended by statute.

---

<sup>1</sup> Renumbered as Section 1002.45(2)(a)8., Florida Statutes

- The contract lacked a provision requiring the provider to be responsible for all debts of the VIP if the contract was not renewed or was terminated, contrary to Section 1002.45(4)(e), Florida Statutes. The inclusion of such a provision would strengthen the District's position in the event of a challenge by the provider.
- The contract did not provide for the District to monitor the provider's compliance with contract terms. Without such a provision in the contract, the District may be limited in its ability to perform such monitoring. Such monitoring could include confirmation or verification that the VIP provider protected the confidentiality of student records and supplied students with necessary instructional materials.
- The District's FDOE-approved provider maintains significant amounts of education data used to support the administration of the VIP and to meet District reporting needs to ensure compliance with State funding, information, and accountability requirements as set forth in State law. Accordingly, it is essential that accurate and complete data maintained by the provider on behalf of the District be available in a timely manner. However, the contract included no provision for data quality requirements. Inclusion of data quality requirements would help ensure that District expectations for the timeliness, accuracy, and completeness of education data are clearly communicated to the provider.
- The contract contained requirements for the provider to implement, maintain, and use appropriate, administrative, technical, or physical security measures to the full extent required by Title 20, Section 1232g, United States Code, The Family Rights and Privacy Act, to maintain the confidentiality of education records. However, the contract did not specify any minimum required security controls that the District expected to be in place to protect the confidentiality, availability, and integrity of critical and sensitive education data.

---

**Recommendation:** The District should establish or enhance procedures to ensure that statutorily required and other necessary provisions are included in contracts with FDOE-approved VIP providers.

---



---

#### **Finding No. 10: Computing Resources**

---

Section 1002.45(3)(d), Florida Statutes, requires the District to provide all necessary equipment, such as computers, monitors, and printers, and Internet access for online instruction to full-time VIP students who are eligible for free or reduced price school lunches, or who are on the direct certification list, and who do not have a computer or Internet access in the student's home.

District personnel indicated that, to communicate the availability of VIP computing resources, information is communicated online and in written application procedures, such as frequently asked question documents addressing the availability of technology assistance. However, as District records did not evidence direct communication with families, and relied on families to review online information and the frequently asked questions documents, eligible students may not have been aware that computing resources required to successfully complete VIP courses were available. Consequently, the District provided computers to only 4 of the 236 students that participated in VIP courses, none of which were provided District assistance with Internet access.

Without appropriately notifying parents of students in VIPs of the availability of computer equipment and Internet access, students may not have had the computing resources required to successfully complete VIP courses.

---

**Recommendation:** The District should enhance its procedures to ensure that VIP students and their parents are properly notified of the availability of computing resources and that qualified VIP students are provided these computing resources.

---

---

---

<b>Information Technology</b>
-------------------------------

---

---

---

**Finding No. 11: Access Privileges**

---

Access controls are intended to protect data and information technology (IT) resources from unauthorized disclosure, modification, or destruction. Effective access controls provide employees access to IT resources based on a demonstrated need to view, change, or delete data and restrict employees from performing incompatible functions or functions inconsistent with their assigned job responsibilities. Periodic reviews of assigned IT access privileges are necessary to ensure that employees can only access IT resources that are necessary to perform their assigned job responsibilities and that assigned access privileges enforce an appropriate separation of incompatible responsibilities.

Our test of selected access privileges to the District's human resources (HR) application disclosed some access privileges that were unnecessary or that permitted employees to perform incompatible functions. Specifically, seven Information Services (IS) employees with programming responsibilities had access privileges to critical functions within the application, including the ability to update direct deposit information and create payroll runs. These same employees also had access privileges to critical security administration functions within the application, including updating user accounts and user profiles that were unnecessary to their assigned responsibilities. An additional IS employee with data entry responsibilities had the ability to adjust time sheets and salary records. District management indicated that the District's Enterprise Resource Planning HR application was being implemented and would eliminate the IS employees' access privileges described above.

Although the District had certain compensating controls in place (e.g., supervisory monitoring of employee activities and expenditure monitoring), the existence of these inappropriate or unnecessary access privileges increased the risk of unauthorized disclosure, modification, or destruction of District data and IT resources. A similar finding was noted in our report No. 2011-072.

---

---

**Recommendation:** The District should continue its efforts to implement the new HR application and ensure that access privileges are compatible with assigned job responsibilities and promote an appropriate separation of incompatible responsibilities.

---

---

---

---

**Finding No. 12: Security Controls – User Authentication**

---

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit disclosed that certain District security controls related to user authentication needed improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising District data and IT resources. However, we have notified appropriate District management of the specific issues. Without adequate security controls related to user authentication, the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. A similar finding was communicated to District management in connection with our report No. 2011-072.

---

---

**Recommendation:** The District should improve IT security controls related to user authentication to ensure the continued confidentiality, integrity, and availability of District data and IT resources.

---

---

**PRIOR AUDIT FOLLOW-UP**

Except as discussed in the preceding paragraphs, the District had taken corrective actions for findings included in previous audit reports. The following table provides information on District recurring audit findings:

Current Fiscal Year Finding Numbers	Operational	
	2009-10 Fiscal Year Audit Report and Finding Numbers	2006-07 Fiscal Year Audit Report and Finding Numbers
2	Audit Report No. 2011-072, Finding No. 3	NA
6	Audit Report No. 2011-072, Finding No. 7	Audit Report No. 2008-074, Finding No. 1
7	Audit Report No. 2011-072, Finding No. 9	NA
11	Audit Report No. 2011-072, Finding No. 10	NA
12	Audit Report No. 2011-072, Finding No. 11	NA

NA – Not Applicable (Note: Above chart limits recurring findings to two previous audit reports.)

**OBJECTIVES, SCOPE, AND METHODOLOGY**

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida’s citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from April 2013 through September 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in previous audit reports.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

For those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

The scope and methodology of this operational audit are described in Exhibit A. Our audit included the selection and examination of records and transactions occurring during the 2012-13 fiscal year. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

**AUTHORITY**

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



David W. Martin, CPA  
Auditor General

**MANAGEMENT'S RESPONSE**

Management's response is included as Exhibit B.



**EXHIBIT A**  
**AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Information Technology (IT) access privileges and separation of duties.	Tested selected IT access privileges over the operating system, database, network, and application to determine the appropriateness and necessity based on the employees' job duties and user account functions and adequacy with regard to preventing the performance of incompatible duties.
IT data loss prevention.	Reviewed written security policies, procedures, and programs in effect governing the classification, management, and protection of sensitive and confidential information.
IT logical access controls and user authentication.	Reviewed selected operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
IT program change management controls.	Reviewed IT procedures for requesting, testing, approving, and implementing changes to business systems.
IT audit logging and monitoring.	Reviewed supporting documentation to determine whether logging and monitoring controls were in place in accordance with IT best practices.
IT security incident response.	Reviewed the District's written policies and procedures, plans, and forms related to security incident response and reporting.
Monitoring of charter schools.	Interviewed District personnel and reviewed supporting documentation to determine if the District effectively monitored charter schools.
Fraud policy and related procedures.	Examined written policies and procedures related to the District's fraud policy and related procedures.
Journal entry procedures	Tested selected journal entries for proper approval and propriety.
Financial condition.	Applied analytical procedures to determine whether the percent of the General Fund total unassigned and assigned fund balances at June 30, 2013, to the fund's revenues was less than the percents specified in Section 1011.051, Florida Statutes. Analytical procedures were also applied to determine the reasonableness and ability of the District to make its future debt service payments.
Earmarked capital project resources.	Determined, on a test basis, whether nonvoted capital outlay tax levy proceeds, impact fees, and local government infrastructure sales tax funds, were expended in compliance with the restrictions imposed on the use of these resources.
Restrictions on use of Workforce Development funds.	Tested workforce development expenditures to determine whether the District used funds for authorized purposes (i.e., not used to support K-12 programs or District K-12 administrative costs).

**EXHIBIT A (CONTINUED)**  
**AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Adult general education program enrollment reporting.	Examined supporting documentation on a test basis to determine whether the District reported instructional contact hours in accordance with Florida Department of Education requirements.
Statements of financial interest requirements of Section 112.3145(2), Florida Statutes.	Determined whether the District Superintendent, Board members, and certain purchasing agents filed statements of financial interest in accordance with law.
Conflicts of Interest	Determined whether the District had established policies and procedures to avoid potential conflicts of interest with vendors who are doing business with the District.
Transparency.	Determined whether the District Web site included the proposed, tentative, and official budgets pursuant to Section 1011.035(2), Florida Statutes.
Budgetary controls.	Determined whether District procedures for preparing the budget were sufficient to ensure that all potential expenditures were budgeted. Also, examined supporting documentation to determine whether budgets and amendments to budgets were prepared and adopted in accordance with applicable laws and State Board of Education rules.
Authorized signatures on banking and investment agreements.	Reviewed authorized signatures for all banking and investment agreements for timely changes in response to personnel changes.
Inventories.	Reviewed the District's controls over safeguarding warehouse, maintenance, and transportation parts inventories.
Investments.	Determined whether the Board established investment policies and procedures as required by Section 218.415, Florida Statutes, and whether investments during the fiscal year were in accordance with those policies and procedures.
Self-insurance for employee health, pharmacy, worker's compensation, and property and casualty.	Interviewed District personnel and reviewed supporting documentation to determine whether third-party administrators were properly selected and that programs were approved by the Office of Insurance Regulation when applicable. Tested claims processed by third-party administrator for employee health and pharmacy.
Severance pay.	Reviewed severance pay provisions in selected contracts to determine whether the District was in compliance with Florida Statutes.
Bonuses.	Determined whether employee bonuses were paid in accordance with Section 215.425(3), Florida Statutes.
Compensation and salary schedules	Examined supporting documentation to determine whether the Board established a documented process for identifying instructional personnel and school administrators entitled to differentiated pay based upon district-determined factors, including, but not limited to, additional responsibilities, school demographics, critical shortage areas, and level of job performance difficulties. Also tested selected employee compensation payments for propriety and support.

**EXHIBIT A (CONTINUED)**  
**AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Bus drivers.	Determined whether District procedures were adequate to ensure that bus drivers were properly licensed and monitored.
Purchase of software applications.	Determined whether the District evaluated the effectiveness and suitability of the software application prior to purchase and if the purchase was performed through the competitive vendor selection process. Also, determined if the deliverables met the terms and conditions of the contract.
Use of State sales tax exemption for direct purchase of construction materials.	Tested significant construction projects to determine whether the District made use of its sales tax exemption to make direct purchases of materials, or documented its justification for not doing so.
Selection process and insurance for architects and engineers.	Tested significant or representative major construction projects in progress during the audit period to determine whether architects and engineers engaged during the audit period were properly selected and, where applicable, had evidence of required insurance.
Educational facility floor plans.	Interviewed District personnel and reviewed supporting documentation to determine whether floor plans for all newly constructed or remodeled educational facilities were submitted to law enforcement and fire agencies by October 1 pursuant to Section 1013.13, Florida Statutes.
Procurement procedures.	Tested selected transactions to determine the propriety of expenditures and compliance with District policies and procedures.
Purchasing card transactions.	Tested transactions to determine whether purchasing cards were administered in accordance with District policies and procedures. Also, tested former employees to determine whether purchasing cards were timely canceled upon termination of employment.
Electronic funds transfers and payments.	Reviewed District policies and procedures relating to electronic funds transfers and vendor payments. Tested supporting documentation to determine if selected electronic funds transfers and payments were properly authorized and supported, and complied with State Board of Education Rule 6A-1.0012, Florida Administrative Code.
Charter school administrative fee.	Examined records to determine whether the District properly withheld the charter school administrative fee pursuant to Section 1002.33(20)(a), Florida Statutes.
Charter school fiscal viability.	Determined whether the District evaluated the charter school application for the fiscal viability of the charter school and the competency of the staff responsible for operating the charter school before the charter was granted using the FDOE evaluation instrument required by Section 1002.33(6)(b), Florida Statutes, and Section 6A-6.0786, Florida Administrative Code.

**EXHIBIT A (Continued)**  
**AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Charter school audits.	Reviewed the audit reports for District sponsored charter schools to determine whether the required audit was performed.
Direct-support organizations and charter school audits.	Determined whether audits of the District’s direct-support organization and charter schools were performed pursuant to Chapters 10.700 and 10.850, Rules of the Auditor General, and Section 1001.453, Florida Statutes.
Charter school expedited review.	Reviewed District procedures to determine whether they were sufficient and appropriate to determine whether its charter schools and charter technical career centers were required to be subjected to an expedited review pursuant to Section 1002.345, Florida Statutes.
Construction processes.	Examined records and evaluated construction planning processes to determine whether processes were comprehensive, including consideration of restricted resources and other alternatives to ensure the most economical and effective approach, and met District short-term and long-term needs.
Construction administration.	For selected major construction projects, tested payments and supporting documentation to determine compliance with District policies and procedures and provisions of law and rules. Tested selected construction project records to determine whether contractors were awarded construction projects in accordance with applicable laws and rules. Also, for construction management contracts, determined whether the District monitored the selection process of architects and engineers, construction managers, and subcontractors by the construction manager.
Evaluating maintenance department staffing needs.	Reviewed procedures for evaluating maintenance department staffing needs. Determined whether such procedures included consideration of appropriate factors and performance measures that were supported by factual information.
Consultant contracts.	Tested selected consultant contracts to determine compliance with competitive selection requirements, whether the District contracted with its employees for services provided beyond that provided in the salary contract contrary to Section 112.313, Florida Statutes, and whether the contract clearly specified deliverables, time frames, documentation requirements, and compensation. Also tested selected payments for proper support and compliance with contract terms.

**EXHIBIT A (Continued)**  
**AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Virtual instruction programs (VIPs) parent options.	Reviewed District records to determine whether the District provided the VIP options required by State law and provided parents and students with information about their rights to participate in VIPs as well as timely written notification of VIP enrollment periods.
VIP fees.	Reviewed District accounting records to ensure that the District refrained from assessing registration or tuition fees for participation in the VIPs.
VIP Sunshine State Standards.	Reviewed records to determine whether VIP curriculum and course content was aligned with Sunshine State Standards and whether the instruction offered was designed to enable students to gain proficiency in each virtually delivered course of study.
VIP instructional materials.	Reviewed student records and, on a test basis, determined whether the District ensured that VIP students were provided with all necessary instructional materials, and with the computing resources necessary for program participation for those eligible students that did not already have such resources in their home.
VIP background screenings.	For Florida Department of Education (FDOE)-approved VIP providers for which the District contracted, verified whether the District obtained a list of provider employees and contracted personnel, who could have direct contact with students, for whom background screenings were completed in accordance with Section 1012.32, Florida Statutes.
VIP eligibility.	Tested student records to determine whether students enrolled in VIPs met statutory eligibility requirements.
VIP participation requirements.	Tested student records to determine whether students enrolled in VIPs met statutory participation requirements, including compulsory attendance and State assessment testing requirements.
VIP FDOE-approved contract provisions.	For District-contracted FDOE-approved VIP providers, determined whether contracts with the providers contained provisions required by State law, including: (1) a detailed curriculum plan; (2) a method for satisfying graduation requirements; (3) a method for resolving conflicts; (4) authorized reasons for contract terminations; (5) a requirement that the provider be responsible for all debts of the VIP should the contract be terminated or not renewed; and (6) a requirement that the provider comply with Section 1002.45, Florida Statutes. Also, reviewed contracts to determine whether provisions were included to address compliance with contract terms, the confidentiality of student records, monitoring of the providers' quality of virtual instruction, data quality, and the availability of provider accounts and records for review and audit by the school districts and other external parties.
VIP FDOE-approved contract fees.	Reviewed contract fee provisions, inquired as to how fees were determined, and reviewed payments made by the school districts to FDOE-approved providers for services rendered.

**EXHIBIT B**  
**MANAGEMENT'S RESPONSE**



**DISTRICT SCHOOL BOARD OF PASCO COUNTY**

Kurt S. Browning, Superintendent of Schools

7227 Land O' Lakes Boulevard • Land O' Lakes, Florida 34638

December 6, 2013

David W. Martin, CPA  
Auditor General  
Claude Pepper Building  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Mr. Martin:

We appreciate the efforts of your professional staff in analyzing the District School Board of Pasco County's operations.

The following paragraphs enumerate various actions the District will take and provides clarification applicable to certain findings and recommendations listed in the preliminary and tentative audit finding letter dated November 6, 2013:

**Finding No. 1 - Electronic Funds Transfers**

The District will enhance its procedures to ensure that bank and investment account signature cards and designation of authority are reviewed and updated annually at the time of Board reorganization and as necessary for changes in personnel.

**Finding No. 2: Compensation and Salary Schedules**

Based on Chapter 447 of Florida Statutes, the District School Board of Pasco County is unable to unilaterally determine the compensation, including differentiated pay, for organized employees that are represented by a duly certified labor organization. As specified in Board Policy 3410, "pursuant to statutory requirements and **subject to negotiations**, the adopted salary schedule shall provide differentiated pay based upon District-determined factors."

As such, the District has properly negotiated additional compensation for teachers who take on additional responsibilities or who have been determined, through the collective bargaining process, to have a higher degree of job performance difficulty. The amounts of this additional compensation and process for determining eligibility are clearly articulated in Addendum B of the Instructional Master Contract.

The District has also negotiated recruitment and retention supplements and performance pay supplements for teachers who elect to serve at one of the District's high-needs Differentiated Accountability schools. The amounts of these supplements depend on the needs of the

**EXHIBIT B (Continued)**  
**MANAGEMENT'S RESPONSE**

David W. Martin, CPA  
Auditor General  
December 6, 2013  
Page 2

identified school, and are again subject to negotiation each year. The amounts of these additional supplements and the process for determining eligibility are clearly articulated in the Memorandum of Understanding section of the Instructional Master Contract.

To date, the District and its certified labor organization have not identified any areas to be designated as critical shortage areas in need of the additional compensation. The District is again reviewing existing staffing levels and vacancy rates, and the Superintendent's staff will take any appropriate recommendations for future critical shortage areas to the bargaining table so that an appropriate differentiated pay amount can be properly negotiated.

**Finding No. 3 – Contractual Services**

The District will enhance its procedures related to the competitive selection process and will establish procedures to ensure that the nature, timing and the satisfactory receipt of deliverables are properly documented prior to payment.

**Finding No. 4 – Purchasing Cards**

The District will enhance its procedures to ensure that purchasing card purchases are properly documented.

**Finding No. 5: Facilities Management**

The District will review its procedures to ensure that the evaluation of alternative facilities construction methods are conducted as well as the development of additional goals to identify cost-effectiveness or efficiency outcomes for the Construction Services and Maintenance Services Departments.

**Finding No. 6 - Inventories**

Compensating controls have been enhanced to ensure a separation of duties associated with warehouse and transportation inventories.

**Finding No. 7: Adult General Education Classes**

Ongoing communication with appropriate Florida Department of Education adult education program and data personnel will continue to address the collection, submission and needed revisions of required student enrollment data used for future district adult education funding. Every effort will be made to improve consistent implementation of District-wide data collection procedures to correct the findings cited in this report.

**Finding No. 8: Virtual Instruction Program Policies and Procedures**

Florida Statutes and Florida Department of Education technical assistance documents do not set forth any expectation that District Virtual Instruction Programs have a separate set of policies and procedures. The policies which govern the operation of the District's schools are contained in the School Board Policies. The District procedures that govern the implementation of the Board-approved policies are contained in the District's manuals provided to each school.

**EXHIBIT B (Continued)**  
**MANAGEMENT'S RESPONSE**

David W. Martin, CPA  
Auditor General  
December 6, 2013  
Page 3

**Finding No. 9: Provider Contracts**

The Virtual Instruction Program vendors use standard contracts across the State and the deficiencies noted in the contracts were not identified until late in fiscal year 2012-2013. The contracts for fiscal year 2013-2014 will meet the statutory requirements.

**Finding No. 10 - Computing Resources**

The District provided equipment and internet service for students who met the eligibility requirements for such assistance. The Statute does not bar us from exercising discretion in providing materials and hardware to other students to enable them to access a free and appropriate education.

**Finding No. 11: Information Technology – Access Privileges**

The Technology and Information Services Department will continue to refine access privileges of employees within the new Enterprise Resource Planning HR/Payroll system to ensure that assigned privileges match individual job responsibilities and provide for an appropriate separation of duties.

**Finding No. 12: Information Technology – Security Controls – User Authentication**

Additional user authentication controls are being implemented with the new Enterprise Resource Planning system. The District is committed to providing appropriate security controls to protect the confidentiality, integrity, and availability of data and IT resources.

We appreciate the opportunity to respond to these findings. After reviewing our response, please advise me if you need further clarification or action on our part.

Sincerely,



Kurt S. Browning  
Superintendent of Schools