

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2019-051
November 2018

**WAKULLA COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2017-18 fiscal year, Robert Pearce served as Superintendent of the Wakulla County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Verna Brock	1
Melisa Taylor, Vice Chair	2
Becky Cook, Chair	3
Greg Thomas	4
JoAnn Daniels	5

The team leader was Stacy P. Boyd and the audit was supervised by Edward A. Waller, CPA.

Please address inquiries regarding this report to Micah E. Rodgers, CPA, Audit Manager, by e-mail at micahrodgers@aud.state.fl.us or by telephone at (850) 412-2905.

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WAKULLA COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Wakulla County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2016-083. Our operational audit disclosed the following:

Finding 1: District procedures did not ensure that dependents of employees and retirees were eligible to participate in the District health insurance plan.

Finding 2: District controls over legal services could be enhanced.

Finding 3: Some unnecessary information technology (IT) user access privileges existed that increased the risk that unauthorized disclosure of the sensitive personal information of students may occur.

Finding 4: The District had not established a comprehensive security awareness training program, increasing the risk that District data and IT resources may be compromised.

BACKGROUND

The Wakulla 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 Wakulla County. The governing body of the District is the Wakulla 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 2017-18 fiscal year, the District operated 4 elementary, 2 middle, 1 high, and 2 specialized schools; sponsored 1 charter school; and reported 5,159 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Health Insurance – Premiums and Participant Eligibility

During the 2017-18 fiscal year, the District provided health insurance for District employees and their dependents and contributed \$3 million toward the health insurance premium costs. For the 2017-18 fiscal year, the District health insurance plan insured 466 employees, 111 retirees, and 868 dependents. Eligible dependents include spouses, qualifying children, and qualifying grandchildren if under the legal custody of the employee or retiree. Pursuant to State law,¹ retirees who elect to continue participation in the District's health insurance plan pay a premium cost of no more than the premium cost applicable to active employees. To ensure that only eligible dependents participate in the District health insurance plan, procedures to obtain and verify documentation supporting dependent eligibility are necessary.

Employees and retirees may enroll in the District health insurance plan upon employment, upon retirement, and during open enrollment periods, and make changes to their insurance beyond the

¹ Section 112.0801, Florida Statutes.

enrollment periods for certain qualifying events such as marriage, divorce, death, or birth of a dependent. The District contracted with a management service company to, for example, provide an administration guide to communicate how the insurance plan operates, amend plan documents, and assist District employee reenrollments prior to the plan year anniversary dates. District personnel were responsible for verifying certain enrollment qualifying events such as marriage, divorce, death, or birth of a dependent.

The District required employees and retirees making changes to dependent insurance benefits beyond the initial enrollment and the open enrollment periods to provide evidence of dependent eligibility including documentation such as marriage certificates, tax returns, and birth certificates. However, during initial and open enrollment the District did not require employees and retirees purchasing health insurance for their dependents to provide such evidence. Instead, according to District personnel, they relied entirely on the management service company to verify dependent eligibility during initial enrollment and open enrollment. However, the contract did not require the management service company to obtain and verify dependent eligibility. In addition, although District records evidenced that District personnel reconciled health insurance billings to payroll records to ensure that insurance premiums were only for eligible employees and retirees, the District had not established procedures to periodically verify that the dependents of health insurance plan participants continue to be eligible for plan services.

Without dependent eligibility verification procedures, there is an increased risk that the dependents receiving insurance benefits may not be eligible for those benefits. In addition, claims for ineligible dependents could result in future increases in health insurance premium costs paid by the District, District employees, and the District's participating retirees.

Recommendation: The District should amend the contract with the management service company to require documented verifications that, upon enrollment, dependents are eligible for District health insurance plan services or enhance District procedures to perform and document such verifications. The District should also establish procedures to periodically verify and document that the dependents of health insurance plan participants continue to be eligible for plan services.

Finding 2: Contractual Services

State law² sets forth that the Board is the contracting agent for the District. Board policies³ state that purchases of services shall be the responsibility of the Superintendent and that each purchase shall be based upon a purchase order signed by the Superintendent or his designee. Effective service procurements require and ensure that contracts or other documents embody all provisions and conditions for procured services. The use of a well-written, complete, and properly executed contract or purchase order protects the interests of both parties by defining the services to be performed and the basis for payment. In addition, the District is responsible for establishing controls to ensure that payments to contractors are for services performed in accordance with agreed-upon terms.

For the period July 1, 2017, through April 27, 2018, the District paid \$2.7 million for various contractual services. As part of our audit, we examined District records supporting 30 selected contractual services

² Section 1001.41(4), Florida Statutes.

³ Board Policy 7.70 - Purchasing and Bidding.

payments totaling \$769,838 to determine the propriety of the payments. While we found that the District designed and implemented internal controls that generally ensure payments are consistent with documented terms and provisions, we identified certain control deficiencies related to payments totaling \$6,528 to a law firm for legal services.

We expanded our audit procedures to examine District records supporting legal services provided by the law firm and the related payments for the entire 2017-18 fiscal year. We found that, during the 2017-18 fiscal year, the Chief Financial Officer documented verification that the legal services were received and approved payments totaling \$21,042 to the law firm. However, although we requested, District records, such as a contract document, purchase order, or other documentation that defined the services to be performed and the basis for payment were not provided. According to District personnel, the legal services were for general legal inquiries and assistance related to the Florida Best and Brightest Teacher and Principal Scholarship programs.

In response to our inquiries, District personnel indicated that the Superintendent authorized the law firm services on an as-needed basis. Notwithstanding this response, without properly executed contracts or purchase orders, District records do not evidence compliance with Board policies and there is an increased risk of misunderstandings between parties, that services received may not be consistent with District expectations, and for overpayments to occur.

Recommendation: The District should enhance procedures to ensure that contractual services procurements comply with Board policies and that contract documents, purchase orders, or other documentation contain the essential elements of the contractual services arrangements, such as the nature of the services to be performed and the amount that should be paid for the services.

Finding 3: Information Technology User Access Privileges

The Legislature has recognized in State law⁴ that social security numbers (SSNs) can be used to acquire sensitive personal information, the release of which could result in fraud against individuals or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining the confidential status of such information. Effective controls restrict employees from accessing information unnecessary for their assigned job responsibilities and provide for documented, periodic evaluations of information technology (IT) user access privileges to help prevent personnel from accessing sensitive personal information inconsistent with their responsibilities.

Pursuant to State law,⁵ the District identified each student using a Florida education identification number obtained from the Florida Department of Education (FDOE). However, student SSNs are included in the student records maintained within the District management information system (MIS).⁶ Student SSNs are maintained in the District MIS to, for example, register newly enrolled students and transmit that information to the FDOE through a secure-file procedure and to provide student transcripts to colleges, universities, and potential employers based on student-authorized requests. The *District Personnel Handbook* requires that access to student records be severely restricted and only those staff who have

⁴ Section 119.071(5)(a), Florida Statutes.

⁵ Section 1008.386, Florida Statutes.

⁶ The Panhandle Area Educational Consortium (PAEC) provides student records data processing services for the District and maintains student information, including student SSNs, in the District MIS.

a job duty that requires continuing access should be authorized inquiry only access. The *District Personnel Handbook* also requires that only those having a direct, legitimate educational interest in a student may view, access or otherwise make use of student information. According to District personnel, periodic evaluations of IT user access privileges to student information are performed every 2 years to help monitor these privileges; however, although we requested, District personnel did not provide documented evidence of the performance of such evaluations.

As of May 2018, the District MIS contained sensitive personal information for 22,649 former and 2,997 current District students. In total, 207 employees had continuous IT user access privileges to the former students' information and 677 employees had continuous IT user access privileges to the current students' information. We evaluated the appropriateness and necessity of these access privileges based on the employees' assigned job responsibilities and found that 141 of the 207 employees with access privileges to former student information and 610 of the 677 employees with access privileges to current student information did not need such access. The employees with unnecessary access privileges included, for example, teachers, guidance counselors, and human resources personnel. According to District personnel, a data field containing the information was inadvertently made available to users who did not require access. Subsequent to our inquiry, in May 2018 District personnel removed access to the sensitive personal information of students for these 751 employees.

According to District personnel, continuous access to former student information was needed by 66 employees and continuous access to current student information was needed by 67 employees. Notwithstanding, although we requested, District records were not provided to demonstrate that these 133 employees needed continuous access to the former or current student information or that occasional access could not be granted for the specific time needed. The existence of unnecessary access privileges increases the risk of unauthorized disclosure of sensitive personal information of students and the possibility that the information may be used to commit a fraud against District students and others.

Recommendation: The District should continue efforts to ensure that only those employees who have a demonstrated need to access sensitive personal information of students have such access. Such efforts should include documented, periodic evaluations of the necessity for IT user access privileges and the timely removal of any inappropriate or unnecessary access privileges detected. If an individual only requires occasional access to sensitive personal student information, the privileges should be granted only for the time needed.

Finding 4: Information Technology Security Awareness Training Program

A comprehensive security awareness training program apprises new employees of, and reemphasizes to other employees, the importance of preserving the confidentiality, integrity, and availability of data and IT resources entrusted to them. The program should educate employees, for example, about maintaining Internet security to protect IT resources against attacks over the Internet and the necessity of preserving significant nonpublic records. Significant nonpublic records (e.g., student records and other records that contain sensitive information) are included in the data maintained by the District's MIS.

The *District Personnel Handbook* requires District employees to annually attend District-sponsored Internet security training. According to District personnel, due to a transition in personnel responsible for the Internet security training, the District did not provide employees the required training during the

2017-18 fiscal year. In addition, the District had not established a comprehensive security awareness training program to educate employees about other necessary security measures to preserve significant nonpublic records. The lack of comprehensive security awareness training increases the risk for employees to compromise District data and IT resources.

Recommendation: The District should establish a comprehensive security awareness training program to ensure that employees participate in annual security awareness training and are aware of the importance of information handled and their responsibilities for maintaining data confidentiality, integrity, and availability.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for the findings included in our report No. 2016-083.

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 February 2018 to July 2018 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 safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2016-083.
- 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, weaknesses 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.

As described in more detail below, 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.

Our audit included transactions, as well as events and conditions, occurring during the 2017-18 fiscal year audit period. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically 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 management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed District information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, systems development and maintenance, network configuration management, system backups, and disaster recovery.
- Evaluated District procedures for maintaining and reviewing employee access privileges to District data and IT resources. We examined selected access privileges to the District's enterprise resource planning (ERP) system finance and human resources (HR) applications to determine the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties. We also examined the administrator account access privileges granted and procedures for oversight of administrative accounts for the network and applications to determine whether these accounts had been appropriately assigned and managed. Specifically, we:
 - Tested the eight roles that allowed update access privileges to selected critical ERP system finance application functions resulting in the review of the appropriateness of access privileges granted for 51 accounts.
 - Tested the three roles that allowed update access privileges to selected critical ERP system HR application functions resulting in the review of the appropriateness of access privileges granted for six accounts.
 - Tested the one default network administrator system groups that allow complete access to network resources resulting in the review of the appropriateness of administrator access privileges granted to two accounts for the network.
- Evaluated District procedures for protecting the sensitive personal information of students. Specifically, from the population of 207 employees with IT user access privileges to former student

information and 677 employees with IT user access privileges to current student information, we evaluated the appropriateness and necessity of the access privileges based on the employees' assigned job responsibilities.

- Evaluated District procedures to prohibit former employee access to electronic data files. Specifically, we reviewed selected access user privileges for the 81 employees who separated from District employment during the period July 1, 2017, through May 4, 2018, to determine whether the access privileges had been timely deactivated.
- Evaluated Board security policies and District procedures governing the classification, management, and protection of sensitive and confidential information.
- Determined whether a comprehensive IT disaster recovery plan was in place, designed properly, operating effectively, and had been recently tested.
- Examined selected operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Determined whether a comprehensive, written IT risk assessment had been developed and implemented to document District risk management and assessment processes and security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.
- Determined whether an adequate, comprehensive IT security awareness and training program was in place.
- Evaluated IT procedures for requesting, testing, approving, and implementing changes to the District business system.
- Evaluated Board policies and District procedures and examined supporting documentation to determine whether audit logging and monitoring controls were configured in accordance with IT best practices.
- Determined whether the Board approved the strategic technology plan in place.
- Reviewed District guidelines for computing resource use to determine whether the guidelines included appropriate controls, as applicable, over instant messaging.
- Evaluated the adequacy of District procedures related to security incident response and reporting.
- Evaluated the District data center physical access controls to determine whether vulnerabilities existed.
- Determined whether a fire suppression system had been installed in the District data center.
- Examined Board, committee, and advisory board meeting minutes to determine whether Board approval was obtained for policies and procedures in effect during the audit period and for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- Analyzed the District's General Fund total unassigned and assigned fund balances at June 30, 2018, to determine whether the total was less than 3 percent of the Fund's projected revenues, as specified in Section 1011.051, Florida Statutes. We also performed analytical procedures to evaluate the District's ability to make future debt service payments.
- From the population of expenditures totaling \$885,177 and transfers totaling \$611,093 during the period July 1, 2017, through April 25, 2018, from nonvoted capital outlay tax levy proceeds, Public Education Capital Outlay funds, and other restricted capital project funds, examined documentation supporting selected expenditures and transfers totaling \$840,000 and \$490,368, respectively, to determine compliance with the restrictions imposed on the use of these resources.

- Analyzed workforce education program funds expenditures totaling \$160,779, for the period July 1, 2017, through April 14, 2018, and examined documentation to determine whether the District used the funds for authorized purposes (i.e., not used to support K-12 programs or District K-12 administrative costs).
- From the population of 18,725 contact hours for 130 adult general education instructional students during the audit period, examined District records supporting 865 reported contact hours for 30 selected students to determine whether the District reported the instructional contact hours in accordance with State Board of Education (SBE) Rule 6A-10.0381, Florida Administrative Code (FAC).
- Examined the District Web site to determine whether the 2017-18 fiscal year proposed, tentative, and official budgets were prominently posted pursuant to Section 1011.035(2), Florida Statutes.
- Examined District records to determine whether required internal funds audits for the 2016-17 and 2 preceding fiscal years were timely performed pursuant to SBE Rule 6A-1.087, FAC, and Chapter 8 – School Internal Funds, *Financial and Program Cost Accounting and Reporting for Florida Schools* (Red Book), and whether the audit reports were presented to the Board.
- From the compensation payments totaling \$16.4 million to 834 employees during the period July 1, 2017, through March 31, 2018, examined District records supporting compensation payments totaling \$88,392 to 30 selected employees to determine the accuracy of the rate of pay and whether supervisory personnel reviewed and approved employee reports of time worked.
- From the population of 424 instructional personnel and 25 school administrators compensated a total of \$20.2 million during the audit period, examined documentation for 30 selected employees who were paid a total of \$1.6 million to determine whether the District had developed adequate performance assessment procedures for instructional personnel and school administrators based on student performance and other criteria in accordance with Section 1012.34(3), Florida Statutes, and determined whether a portion of each selected instructional employee's compensation was based on performance in accordance with Section 1012.22(1)(c)4., Florida Statutes.
- From the population of 770 employees and 241 vendors during the period July 1, 2017, through February 19, 2018, examined District records for 15 selected employees and 15 selected vendors to assess whether individuals who had direct contact with students were subjected to the required fingerprinting and background screening.
- Examined Board policies, District procedures, and related records for volunteers for the audit period to determine whether the District searched prospective volunteers' names against the Dru Sjodin National Sexual Offender Public Web site maintained by the United States Department of Justice, as required by Section 943.04351, Florida Statutes.
- Examined District records supporting the eligibility of:
 - 30 selected recipients of the Florida Best and Brightest Teacher Scholarship Program awards from the population of 255 District teachers who received scholarships awards totaling \$655,200 during the audit period.
 - One selected charter school recipient of the award from the population of seven charter school teachers who received scholarships awards totaling \$13,377 during the audit period.
- Evaluated District procedures to implement the Florida Best and Brightest Principal Scholarship Program pursuant to Section 1012.732, Florida Statutes. We also examined District records to determine whether the District submitted to the FDOE accurate information about the number of classroom teachers and the list of principals, as required by Section 1012.731(4), Florida Statutes.
- Evaluated Board policies and District procedures to ensure health insurance was provided only to eligible employees, retirees, and dependents and that, upon an employee's separation from

District employment, insurance benefits were timely canceled as appropriate based on the District's policies. We also determined whether the District had procedures for reconciling health insurance costs to employee, retiree, and Board-approved contributions.

- Examined documentation for the 52 payments totaling \$23,745 paid to employees for other than travel and payroll payments during the audit period July 1, 2017, through June 25, 2018, to determine whether such payments were reasonable, adequately supported, for valid District purposes, and were not contrary to Section 112.313, Florida Statutes.
- Reviewed District procedures for bidding and purchasing health insurance to determine compliance with Section 112.08, Florida Statutes. We also reviewed procedures for the reasonableness of procedures for acquiring other types of commercial insurance to determine whether the basis for selecting insurance carriers was documented in District records and conformed to good business practices.
- Examined documentation for the construction project expenditures totaling \$411,808 during the audit period to determine compliance with Board policies and District procedures and provisions of State laws and rules. Specifically, we:
 - Examined District records to determine whether the construction manager was properly selected.
 - Evaluated District procedures for monitoring subcontractor selection and licensure and examined District records to determine whether the District ensured subcontractors were properly selected and licensed.
 - Examined District records to determine whether architects were properly selected and adequately insured.
 - Determined whether the Board established appropriate policies and District procedures addressing negotiation and monitoring of general conditions costs.
 - Examined District records supporting the eight payments totaling \$411,808 to determine whether District procedures for monitoring payments were adequate and payments were sufficiently supported.
 - Examined District records to determine whether projects progressed as planned and were cost effective and consistent with established benchmarks, and whether District records supported that the contractors performed as expected.
 - Examined District records supporting the eight payments totaling \$411,808 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.
- From the population of purchasing card (P-card) transactions totaling \$2 million during the audit period July 1, 2017, through February 28, 2018, examined documentation supporting 30 selected transactions totaling \$325,514 to determine whether P-cards were administered in accordance with Board policies and District procedures. We also determined whether the District timely canceled the P-card for the cardholder who separated from District employment during the audit period.
- Evaluated District procedures for allocating Title I funds to ensure compliance with Section 1011.69(5), Florida Statutes. We examined District records to determine whether the District identified eligible schools, including charter schools, limited Title I allocations to eligible schools based on the threshold established by the District for the 2016-17 school year or the Statewide percentage of economically disadvantaged student, and distributed all remaining funds to all eligible schools in accordance with Federal law and regulation.

- Examined District records and evaluated District procedures to determine whether the District distributed the correct amount of local capital improvement funds to its eligible charter schools by February 1, 2018, pursuant to Section 1013.62(3), Florida Statutes.
- Examined District records and evaluated construction planning processes for the audit period to determine whether processes were comprehensive, included consideration of restricted resources and other alternatives to ensure the most economical and effective approach, and met District short-term and long-term needs.
- Evaluated District procedures for identifying facility maintenance needs and establishing resources to address those needs. We also compared maintenance plans with needs identified in safety inspection reports, reviewed inspection reports for compliance with Federal and State inspection requirements, evaluated District efforts to timely resolve any deficiencies identified during inspections, and tested the work order system for appropriate tracking of maintenance jobs.
- Evaluated District procedures for determining maintenance department staffing needs. We also determined whether such procedures included consideration of appropriate factors and performance measures that were supported by factual information.
- Determined whether non-compensation expenditures were reasonable, correctly recorded, adequately documented, for a valid District purpose, properly authorized and approved, and in compliance with applicable State laws, rules, contract terms and Board policies; and applicable vendors were properly selected. From the population of non-compensation expenditures totaling \$9.6 million during the period July 1, 2017, through June 21, 2018, we examined documentation relating to:
 - 30 payments for general expenditures totaling \$232,055.
 - 5 travel expenditures totaling \$595.
- From the population of 149 consultant contracts totaling \$2.7 million during the audit period July 1, 2017, through April 27, 2018, examined supporting documentation, including the contract documents, for 30 selected payments totaling \$769,838 related to 30 contracts to determine whether:
 - The District complied with competitive selection requirements.
 - The contracts clearly specified deliverables, time frames, documentation requirements, and compensation.
 - District records documented satisfactory receipt of deliverables before payments were made.
 - The payments complied with contract provisions.
- Examined District records for the audit period to determine whether the District provided the required number of Virtual Instruction Program options as required by Section 1002.45(1)(b), Florida Statutes.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

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.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



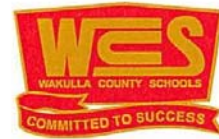
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JOANN DANIELS
DISTRICT V

November 9, 2018

Ms. Sherrill F. Norman, CPA
Auditor General
111 West Madison Street
Tallahassee, FL 32399

Dear Ms. Norman:

The preliminary and tentative findings and recommendations for the fiscal year ended June 30, 2018 have been reviewed. Our response to the findings and recommendations are as follows:

Finding No. 1: District procedures did not ensure that dependents of employees and retirees were eligible to participate in the District health insurance plan.

Response: The District will pursue a contractual agreement with our enrollment provider that will require collection of the required documentation related to the verification of eligibility of dependents participating in our health insurance plans. Once collected, the District anticipates that the enrollment software provided by the management service company will identify dependents added to our health insurance plans during open enrollment. With such information, the District can then verify that documentation was obtained and submitted to the Finance Office that supports the eligibility of that participant. Finally, the District will consult with our health insurance agents and other districts to determine a reasonable periodical cycle for complete verification of all dependents participating in District health insurance plans.

Finding No. 2: District controls over legal services could be enhanced.

Response: Subsequent to audit inquiry, the District did obtain contracts with both legal firms. Such contracts were submitted and approved by the Board.

Crawfordville Elementary • Medart Elementary • Riversink Elementary • Shadeville Elementary
Riversprings Middle School • Wakulla Middle School • Wakulla High School
Wakulla Education Center • Sopchoppy Education Center

Finding No. 3: Some unnecessary information technology (IT) user access privileges existed that increased the risk that unauthorized disclosure of the sensitive personal information of students may occur.

Response: The District concurs with the finding and has subsequently corrected access privileges to ensure that only employees who have demonstrated a need to access sensitive student data will have such access. To determine the necessity for IT privileges, district leadership will meet at the beginning of each school year, as documented by sign-in sheets, to review access privileges of all users of the student information system (SIS). Additionally, granting request for temporary access will be evidenced by email correspondence to and from the Chief Academic Officer. All evidential matter related to granting and reviewing access to the SIS will be maintained in the IT department. The timely removal of privileges of terminating employees will occur with Human Resources communicating with IT to discontinue access for such employees in adherence to the timeline published in the IT manual.

Finding No. 4: The District had not established a comprehensive security awareness training program, increasing the risk that District data and IT resources may be compromised.

Response: The District concurs with the finding. Recent changes in personnel within the District resulted in the oversight of conducting the security awareness training programs. Employees will participate in training that emphasizes the importance of information handled and their responsibilities to maintain data confidentiality, integrity, and availability. Documentation of employee attendance at such training will be maintained in the IT department.

The District accepts your comments and recommendations with regard to its 2017-2018 fiscal year audit report in a positive and constructive manner. All recommendations will be reviewed and considered for implementation during the 2018-2019 fiscal year. The District commends your staff on their courtesy and professionalism.

Sincerely,



Robert Pearce
Superintendent, Wakulla County School Board

RPP/rb