

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2019-060
November 2018

**DIXIE COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2017-18 fiscal year, Michael A. Thomas served as Superintendent of the Dixie County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Crystal M. Bush	1
Charles Farmer	2
Paul Gainey, Vice Chair	3
Timothy Alexander, Chair	4
Dwayne Rollison	5

The team leader was M. Cecilia Brown and the audit was supervised by Glenda K. Hart, 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.

This report and other reports prepared by the Auditor General are available at:

FLAuditor.gov

Printed copies of our reports may be requested by contacting us at:

State of Florida Auditor General

Claude Pepper Building, Suite G74 • 111 West Madison Street • Tallahassee, FL 32399-1450 • (850) 412-2722

DIXIE COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Dixie County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2016-094. Our operational audit disclosed the following:

Finding 1: Required background screenings were not always performed for applicable instructional and noninstructional employees and contractor workers.

Finding 2: District records did not document verification that the 5 charter school teachers who received Florida Best and Brightest Teacher Scholarship awards totaling \$4,800 during the 2017-18 fiscal year were eligible for those awards. In addition, the District awarded a scholarship of \$800 to a District-employed Pre-K teacher who did not meet the classroom teacher statutory definition to be eligible for the award.

Finding 3: District controls over the management of contractual services agreements need enhancement to ensure that contracts contain all the necessary provisions, contracts are approved by the Board before services are rendered, and satisfactory receipt of the services is documented by personnel with direct knowledge of the services prior to payment.

Finding 4: The District did not timely and prominently post on its Web site the required official budget information for the 2017-18 fiscal year as prescribed by State law.

Finding 5: Some unnecessary information technology (IT) user access privileges existed that increased the risk that unauthorized disclosure of sensitive personal information of students may occur.

Finding 6: The District continues to lack a written, comprehensive IT disaster recovery plan.

BACKGROUND

The Dixie 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 Dixie County. The governing body of the District is the Dixie 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 four elementary, middle, and high schools; sponsored one charter school; and reported 2,170 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Background Screenings

State law¹ requires each person hired or contracted to serve in an instructional or noninstructional capacity who is permitted access on school grounds when students are present or who has direct contact with students to undergo background screenings. In addition, State law² provides that contractor workers who are permitted access on school grounds when students are present, who have direct contact with students, or who have access or control of school funds must undergo a level 2 background screening³ at least once every 5 years.

Pursuant to State law,⁴ noninstructional contractors may be exempt from the background screening requirements if the contractors are under the direct supervision of a school district employee or contractor who has had a criminal history check and meets the statutory screening requirements. State law⁵ requires the District to verify the results of a noninstructional contractor's background screening using the shared system implemented by the Florida Department of Law Enforcement (FDLE).

To promote compliance with the statutory background screening requirements, the District Finance Department is responsible for ensuring that contractor workers who have access to school grounds undergo required background screenings every 5 years. For previously screened contractor workers, the District relies on contractors and District personnel in the schools and departments where the contractors work to ensure required background screenings are obtained. For new contractor workers, District personnel rely on personnel in the departments that will receive the contracted services to send the workers to the Finance Department for background screenings before services are performed. However, the District did not maintain a comprehensive list of contractor workers to ensure that contractor worker background screenings were obtained and evaluated at least once every 5 years.

For the period July 2017 through January 2018, we identified 11 contractor workers who had direct contact with students and were not exempt from the background screening requirements. The 11 workers provided various services pursuant to eight contracts including therapy, alcohol and drug testing, contractual teaching, and maintenance services. To determine whether required background screenings had been timely obtained, we examined District records in March 2018 for the 11 workers and found that a therapist and an alcohol and drug testing worker had not received a background screening in the past 5 years. The District contracted with the therapist in August 2017 to provide services for the remainder of the 2017-18 fiscal year and the therapist had obtained a local background screening in December 2013 by a previous governmental entity employer. However, the screening only addressed local criminal arrests in the current county of residence and lacked the level 2 background screening requirements at

¹ Section 1012.32(2) Florida Statutes.

² Sections 1012.56(10), 1012.465, and 1012.467, Florida Statutes.

³ A level 2 background screening includes fingerprinting for Statewide criminal history records checks through the Florida Department of Law Enforcement (FDLE) and national criminal history records checks through the Federal Bureau of Investigation (FBI).

⁴ Section 1012.468, Florida Statutes.

⁵ Sections 1012.467(2)(f) and 1012.467(7)(a), Florida Statutes.

the State and national levels. In addition, the alcohol and drug testing worker received her most recent documented background screening in July 2010 which, as of July 2018, was 8 years ago. Our review of the FDLE shared system disclosed that the worker's screening was inadvertently deleted from the background screening system in July 2011 and, as a result, the worker did not receive the background screening that was due in July 2015.

Subsequent to our audit inquiry, the District obtained the required level 2 background screening for the therapist in March 2018, or 8 months after the contract date and, for the other contractor worker, in April 2018, almost 3 years after the 5-year period had elapsed. Absent effective controls to ensure that required background screenings are timely performed, there is an increased risk that contractor workers with unsuitable backgrounds may have direct contact with students.

Recommendation: **The District should take immediate action to identify contractor workers who have not obtained the required background screenings, ensure that the screenings are promptly obtained and evaluated, and make decisions, as necessary, based on evaluations of the screenings. We also recommend that, in the future, the District ensure that required background screenings are performed for District contractor workers at least once every 5 years. Such action should include maintenance of a comprehensive list of contractor workers to monitor and ensure that contractor worker background screenings are obtained and evaluated at least once every 5 years.**

Finding 2: Best and Brightest Teacher Scholarships

The Florida Legislature established the Florida Best and Brightest Teacher Scholarship Program to reward classroom teachers who achieved high academic standards during their own education. Pursuant to State law,⁶ to be eligible for a \$6,000 scholarship, a classroom teacher must have scored at or above the 80th percentile on a college entrance examination based on the national percentile ranks in effect when the teacher took the assessment and have been evaluated as highly effective pursuant to State law⁷ in the school year immediately preceding the year in which the scholarship will be awarded or, if the teacher is a first-year teacher who has not been evaluated pursuant to State law, must have scored at or above the 80th percentile on a college entrance examination based on the national percentile ranks in effect when the teacher took the assessment. In addition, State law provides for a \$1,200 or \$800 scholarship for a classroom teacher who was evaluated as highly effective or effective, respectively, pursuant to State law in the school year immediately preceding the year in which the scholarship will be awarded.

District personnel are responsible for determining teacher eligibility for the scholarships and annually submitting the number of eligible teachers to the Florida Department of Education (FDOE). The FDOE then disburses scholarship funds to the District for each eligible classroom teacher to receive a scholarship as provided in State law. To demonstrate eligibility for a \$6,000 scholarship, District-employed teachers are required to submit to the District an official record of his or her college entrance examination score demonstrating that the teacher scored at or above the 80th percentile based on the national percentile ranks in effect when the teacher took the assessment. District personnel

⁶ Section 1012.731, Florida Statutes.

⁷ Section 1012.34, Florida Statutes. Section 1012.34(3)(a), Florida Statutes, requires the evaluation to include consideration of student performance.

determine whether District-employed teachers were evaluated as highly effective or effective based on prior school year performance assessments. Pursuant to State law,⁸ once a classroom teacher is deemed eligible for this award by the District, the teacher shall remain eligible as long as he or she remains employed by the District as a classroom teacher at the time of the award and receives an annual performance evaluation rating of highly effective. The scholarships are only awarded to “classroom teachers” defined by State law⁹ and Pre-K instructors are not included within that definition.

According to District personnel, charter schools are required to submit to the District the number of charter school teachers determined to be eligible for the scholarships. However, the District had not established procedures to verify that scholarships are only awarded to eligible charter school classroom teachers.

During the 2017-18 fiscal year, the District awarded scholarships totaling \$142,800 to 112 District-employed teachers and scholarships totaling \$4,800 to 5 charter school teachers. To determine whether the recipients met the eligibility requirements for the scholarships, we requested for examination District records supporting the eligibility of 42 scholarship recipients (37 District-employed teachers and 5 charter school teachers) who were awarded a total of \$73,200. We found that the 5 charter school scholarship recipients received \$800 and \$1,200 awards totaling \$4,800 based on charter school governing Board meeting minutes and e-mail communications provided by the charter school principal to the District. Since the District had not established procedures for verifying the eligibility of charter school scholarship recipients, we requested for examination, and the District obtained from the charter school, documentation that confirmed the 5 charter school classroom teachers were evaluated as effective or highly effective based, in part, on student performance for the 2016-17 fiscal year. However, our procedures do not substitute for the District’s responsibility to establish adequate monitoring controls over scholarship recipient eligibility.

In response to our inquiry, District personnel indicated that they were not required to verify charter school teacher eligibility. However, absent District verification of the eligibility of charter school teachers, there is an increased risk that the District will award scholarships to ineligible recipients.

Our discussions with District personnel also disclosed that the District awarded an \$800 award to a District Pre-K teacher, although the teacher did not meet the “classroom teacher” statutory definition for the award and was, therefore, ineligible for the award. In response to our inquiry, District personnel stated they were not aware Pre-K teachers did not meet the classroom teacher statutory definition.

Absent effective procedures to limit scholarships to District-employed and charter school classroom teachers, as defined in State law, with qualifying college entrance exam scores and highly effective or effective evaluation ratings in the preceding school year, there is an increased risk that scholarships will be awarded to ineligible recipients.

Recommendation: **The District should enhance procedures to ensure that scholarships are awarded to eligible recipients who are classroom teachers, as defined in State law, and supported, as applicable, by highly effective or effective evaluations based, in part, on student performance. Such procedures should include documented verifications of the eligibility of charter school recipients. In addition, the District should document the eligibility of the one Pre-K**

⁸ Section 1012.731(3)(b), Florida Statutes.

⁹ Section 1012.01(2), Florida Statutes.

teacher who received a Program scholarship totaling \$800 or refund the FDOE for the award and take appropriate actions to recover the improper award payment.

Finding 3: Contract Management

Effective contract management ensures that contract provisions establish required services and related costs and, prior to payment, the documented satisfactory receipt of contracted services by personnel with direct knowledge of the services. State law¹⁰ provides that the Board is the contracting agent for the District and the Board routinely enters into contracts for services. The District has designed and implemented internal controls to ensure that payments are generally consistent with contract terms and conditions.

For the period July 2017 through January 2018, the District paid a total of \$1.12 million for contractual services. To determine the propriety of these payments, we examined District records supporting 30 selected payments totaling \$145,800 related to 29 contracts. We found that policies and procedures for payments for professional services with the Dixie County Sheriff's Office (Sheriff's Office) for school resource officer (SRO) services and a consultant for lobbying on behalf of the Dixie County District School Board could be enhanced. We expanded our audit procedures to evaluate District records supporting the SRO and lobbyist consultant services and related payments for the entire 2017-18 fiscal year and found that:

- Pursuant to State law,¹¹ the Board entered into a \$72,000 fixed-price contract with the Sheriff's Office for SRO services at two District schools for the period August 2017 through May 2018. The contract identified the contracted SROs' daily work locations as Dixie County High School and Ruth Rains Middle School and stated that the SROs would respond as needed to the District's two elementary schools. The contract indicated that the SROs would work all student contact school days and required SRO availability for athletic events and after-school activities, as needed.

For the 2017-18 fiscal year, the District paid two equal installments of \$36,000 in October 2017 and January 2018, respectively, to the Sheriff's Office based on invoices approved for payment by the Assistant Superintendent for Finance and Business Services (Assistant Superintendent). However, the Assistant Superintendent did not have direct knowledge that the services were received and, because payments were made before some SRO services were received, the District prepaid \$34,400 for 86 school days. In addition, District personnel with direct knowledge of the SRO services did not maintain sign-in, sign-out sheets or other records to demonstrate that the SRO services were satisfactorily received on all student contact days and for athletic events and after-school activities. According to District personnel, they relied on the Sheriff's Office to ensure that the SROs worked the contracted hours. Notwithstanding, District reliance on the Sheriff's Office procedures provides limited assurance that the services were received as expected.

- The Board entered into a 3-year consulting contract with a registered lobbyist for consulting services for the period July 14, 2014, through June 30, 2017, and agreed to pay the consultant \$3,000 per month during that period. Our examination of District records disclosed that, after contract termination on June 30, 2017, the District continued to pay the consultant \$3,000 a month from July 2017 through January 2018 for a total of \$21,000 without a renewed contract approved by the Board. In February 2018, the Board approved a contract renewal with the lobbyist to begin

¹⁰ Section 1001.41(4), Florida Statutes.

¹¹ Section 1006.12, Florida Statutes.

on February 1, 2018, and end January 31, 2019. However, the contract renewal did not establish deliverables or require other documentation to evidence the dates and times of specific activities performed by the consultant.

The monthly invoices of \$3,000 submitted for payment by the consultant and paid by the District also did not identify the services provided for the District or the times and dates of those services. The invoices were approved for payment by the Assistant Superintendent. Subsequent to audit inquiry, in October 2018 the District obtained an e-mail report from the lobbyist that described activities undertaken by lobbyist on behalf of the Board during the 2017-18 fiscal year. The activities included reporting to the Superintendent, the Board, and District personnel on legislative items of special interest to the District and advocating legislative issues and concerns on behalf of the District to the Governor's office, legislators, and legislative staff. However, the report did not detail specific dates and times worked and, as of October 2018, the Board had not approved any contract amendments to authorize these deliverables.

Absent effective procedures for ensuring timely Board approval of contracts before services are rendered, ensuring that service deliverables and related costs are included in contracts, and documenting satisfactory receipt of contracted services by personnel with direct knowledge of the services prior to payment, there is an increased risk that the District may overpay for such services, the services may not be received consistent with the Board's expectations, and any overpayments that occur may not be timely detected or recovered.

Recommendation: **The District should ensure that Board approval is obtained for contracts before contractual services begin, and that service deliverables and related costs are included in the contracts. In addition, District contract management procedures should be enhanced to ensure and document, prior to payment, the satisfactory receipt of services by personnel who have direct knowledge of the services.**

Finding 4: Budget Transparency

To promote responsible spending, more citizen involvement, and improved accountability, it is important for the District to provide easy access to its budget and related information. Pursuant to State law,¹² the District must post on its Web site a plain language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public. The information must be prominently posted on the District's Web site in a manner that is readily accessible.

At the time of our review in June 2018, the District posted the proposed and tentative budget on its Web site as required but had not prominently posted the Board-adopted official budget for the 2017-18 fiscal year. In response to our inquiry, District personnel indicated the Board-adopted official budget was posted to its Web site on September 29, 2017, after it was approved, but due to a technical error the official budget was not available on the Web site at the time of our review. Subsequent to our inquiry, in June 2018 the District posted the Board-adopted official budget for the 2017-18 fiscal year to the District Web site.

Providing the required budgetary transparency enhances citizen involvement and the ability to analyze, monitor, and evaluate budget outcomes.

¹² Section 1011.035(2), Florida Statutes.

Recommendation: The District should ensure that the official budget is timely and prominently posted on its Web site.

Finding 5: Information Technology – User Access Privileges

The Legislature has recognized in State law¹³ 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 individuals from accessing information unnecessary for their assigned job duties and provide for periodic evaluations of assigned information technology (IT) access privileges to help prevent individuals from accessing sensitive personal information inconsistent with their responsibilities.

Pursuant to State law,¹⁴ the District identifies each student using a Florida education identification number obtained from the Florida Department of Education (FDOE). However, student SSNs are maintained within the District management information system (MIS).¹⁵ 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 provide student transcripts to colleges, universities, and potential employers based on student-authorized requests. Board policies¹⁶ allow designated District school personnel access to student records to perform administrative, supervisory, or instructional responsibilities that serve a legitimate educational purpose in accordance with applicable Florida Statutes, State Board of Education rules, and Federal laws, and District employees are required to certify that they will comply with these requirements. District personnel indicated that periodic evaluations of IT user access privileges to student information are performed to help monitor these privileges; however, although we requested, District records were not provided to evidence that such evaluations had been performed.

As of March 2018, the District MIS contained the sensitive personal information of 10,451 former and 1,837 current District students and 42 District employees had access to the student information. As part of our audit, we observed various MIS computer screens and requested District personnel to confirm that the 42 employees needed this access to perform their assigned responsibilities. Our observations and the District's response indicated that 30 District employees did not need access to sensitive personal student information. These employees included elementary and middle school guidance counselors, principals, Federal grant administrators, and other District-level employees, who had assigned responsibilities that required access to student demographic data but did not require access to the sensitive personal information of students. Additionally, we determined that 1 of the 12 employees who required access to current student information did not require access to former student information to perform assigned responsibilities. However, that employee had such access because, according to District personnel, the MIS did not have a mechanism to differentiate employee access to current student information from access to former student information.

¹³ Section 119.071(5)(a), Florida Statutes.

¹⁴ Section 1008.386, Florida Statutes.

¹⁵ The North East Florida Educational Consortium (NEFEC) provides student records data processing services for the District and maintains student information, including student SSNs, in the District MIS.

¹⁶ Board Policy 5.19, Student Records.

In response to our inquiry, District personnel indicated that their periodic evaluations had not previously identified that the sensitive personal information of students were unnecessarily accessible with the student demographic data. Subsequent to our inquiry, in April 2018 the District performed and documented an evaluation of IT user access privileges and removed the unnecessary access to sensitive personal information of students for the 30 employees.

According to District personnel, the 11 employees who needed access to both the information of current and former students and the 1 employee who only needed access to the information of current students had a need for continuous access to this information. Notwithstanding, although we requested, District records were not provided to demonstrate that these 12 users needed continuous access to this information or that occasional access could not be granted only for the time needed. The existence of unnecessary access privileges increases the risk of unauthorized disclosure of student SSNs and the possibility that sensitive personal information may be used to commit a fraud against District students or others.

Recommendation: **The District should continue efforts to ensure that only employees who have a demonstrated need are granted access privileges to sensitive personal student information, including SSNs. Such efforts should include:**

- Documented, periodic evaluations of assigned IT user access privileges to determine whether such privileges are necessary and to ensure 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.
- Consultation with NEFEC to upgrade the District MIS to differentiate access privileges to current student information from access privileges to former student information.

Finding 6: Information Technology – Disaster Recovery Plan

An important element of an effective internal control system over IT operations is a disaster recovery plan to help minimize data and asset loss in the event of a major hardware or software failure. A disaster recovery plan should identify key recovery personnel and critical applications, provide for backups of critical data sets, and provide a step-by-step plan for recovery. In addition, plan elements should be tested periodically to disclose any areas not addressed and to facilitate proper conduct in an actual disruption of IT operations.

The District participates in the NEFEC and obtains certain IT services, such as financial, payroll, and other critical applications. NEFEC developed an IT disaster recovery plan whereby member districts agreed to serve as alternate-processing sites for each other in the event of a disaster that interrupts critical IT operations. In addition, the District prepared an IT disaster recovery plan in March 2017 that was submitted to and approved by the FDOE, Division of Technology and Innovation. However, our evaluation of the plan disclosed that the plan was not comprehensive and lacked certain necessary critical elements and details as the plan did not:

- Identify or prioritize the District's critical data, processes, and applications. The District should identify such data, processes, and applications for restoration in priority order given the timing of the disaster and the estimated prolonged outage. For example, District management may identify

critical applications such as finance, human resources, student records, and other necessary applications for priority restoration.

- Provide detailed backup procedures or schedules of critical data. Detailed instructions should include identification of critical data sets to be backed up, frequency of backups, storage location, and how data will be accessed during a disaster.
- Detail specific procedures to be followed when NEFEC is inoperable or other events interrupt District operations and affect the recovery and restoration of finance, human resources, and other critical applications. Procedures may include, but are not limited to, detailed instructions for connection to a NEFEC recovery site should NEFEC become inoperable; identification of any critical infrastructure components, software, or supplies necessary for a recovery and the applicable vendor contacts; and detailed instructions for set up and configuration in the event less-experienced personnel must be relied upon for recovery operations.

The District had an alternate site agreement with another NEFEC school district; however, District personnel had not tested their ability to access and run critical applications and processes from the alternate site in the event of a disaster. The absence of critical elements and details from the District disaster recovery plan and the lack of annual testing of the plan may hinder District efforts to minimize the impact of, and timely recover from, a disaster or a disruption of operations. Similar findings were noted in our report Nos. 2016-094 and 2015-094.

Recommendation: **The District should enhance the District disaster recovery plan to include necessary critical elements and details and ensure the plan is tested annually.**

PRIOR AUDIT FOLLOW-UP

Except as noted in Finding 6, the District had taken corrective actions for the findings included in our report No. 2016-094. Finding 6 was also noted as Finding 5 and finding No. 1 in report Nos. 2016-094 and 2015-094, respectively.

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 October 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 reports No. 2016-094.
- 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, and selected District actions taken prior and subsequent thereto. 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 therefore, 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 to 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 update access privileges to selected critical ERP systems for finance and HR application functions resulting in the review of the appropriateness of access privileges granted for 30 user accounts.

- Reviewed District procedures to prohibit former employee access to electronic data files. We also reviewed access user privileges for 4 employees who separated from District employment during the period July 2017 through February 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 to document the District's 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 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.
- Interviewed District personnel and reviewed supporting documentation to evaluate whether the District effectively monitored charter schools.
- 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).
- Examined District records to determine whether the District had developed an anti-fraud policy and procedures to provide guidance to employees for communicating known or suspected fraud to appropriate individuals. Also, we examined District records to determine whether the District had implemented appropriate and sufficient procedures to comply with its anti-fraud policy.
- 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 \$5.3 million and transfers totaling \$85,000 for the period July 1, 2017, to March 8, 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 \$3.5 million and \$52,000, respectively, to determine compliance with the restrictions imposed on the use of these resources.
- Reviewed Workforce Development funds expenditures totaling \$78,031 for the audit period and examined supporting 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).

- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, we examined the access privileges of the 42 employees who had access to sensitive personal student information to evaluate the appropriateness and necessity of the access privileges based on the employees' assigned job responsibilities.
- 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 2015-16 fiscal years were timely performed pursuant to State Board of Education (SBE) Rule 6A-1.087, Florida Administrative Code (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.
- Examined District records to determine whether required charter school audits for the 2016-17 and 2015-16 fiscal years were timely performed pursuant to Section 218.39(1)(e), Florida Statutes, and whether the audit reports were presented to the Board.
- From the population of 5 industry certifications eligible for the 2016-17 fiscal year performance funding, examined each certification to determine whether the District maintained documentation for student attainment of the industry certifications.
- From the compensation payments totaling \$9.8 million to 457 employees during the audit period, examined District records supporting compensation payments totaling \$33,137 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.
- Examined District records for the audit period 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, for the 15 applicable personnel included in our compensation testing.
- Examined District records for the audit period for 45 employees selected from the population of 457 employees and 11 contractor workers selected from the population of 76 contractor workers to assess whether personnel and contractor workers 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 from July 1, 2017, through February 13, 2018, 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, and tested documentation related to 32 of the 220 volunteers identified.
- Examined District records supporting the eligibility of:
 - 37 selected District-employed recipients of the Florida Best and Brightest Teacher Scholarship Program awards from the population of 112 District teachers who received scholarship awards totaling \$142,800 during the audit period.
 - The 5 charter school recipients of scholarship awards totaling \$4,800 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 Florida Department of Education (FDOE) accurate information about the number of classroom teachers and the list of principals, as required by Section 1012.731(4), Florida Statutes, and whether the District timely awarded the correct amount to each eligible principal.

- 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.
- Reviewed District procedures for bidding and purchasing health insurance to determine compliance with Section 112.08, Florida Statutes.
- From the population of 11 payments totaling \$1,005 paid to employees for other than travel and payroll payments during the period from July 2017 through January 2018, examined documentation to determine whether such payments were reasonable, adequately supported, for valid District purposes, and were not contrary to Section 112.313, Florida Statutes.
- For the one significant construction project with expenditures totaling \$10 million and in progress during the audit period, examined District records supporting 14 selected payments totaling \$4.3 million to determine whether District procedures for monitoring payments were adequate and payments were sufficiently supported.
- Reviewed the District 5-year Facilities Work Plan for the audit period and determined whether the District maintained records that supported the information reported in the plan.
- From the population of purchasing card (P-card) transactions totaling \$119,202 during the period July 2017 through June 2018, examined documentation supporting 30 selected transactions totaling \$9,451 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 one cardholder who separated from District employment during the audit period.
- Determined whether rebate revenues for the audit period totaling \$1,905 for the P-card program were allocated to the appropriate District funds.
- 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 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.
- Examined copies of the most recent annual fire safety, casualty safety, and sanitation inspection reports to determine if deficiencies were timely corrected and that inspection reports were presented to the Board as required.

- 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 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. Specifically, from the population of non-salary expenditures totaling \$16.9 million for the audit period, we examined documentation related to selected 30 payments for general expenditures totaling \$65,017.
- From the population of 77 contract expenditures totaling \$1.1 million during the period from July 2017 to January 2018, examined supporting documentation, including the contract documents, for 30 selected payments totaling \$145,800 related to 29 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.
- 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

DIXIE DISTRICT SCHOOLS

**16077 NE 19 Highway
Cross City, Florida 32628-0890
Phone (352) 498-6131
FAX (352) 498-1308
Mike Thomas, Superintendent
www.dixie.k12.fl.us**

Our schools will provide a quality learning environment by providing opportunities through educational planning and community partnerships that ensures student success.

Chairman of Board

Timothy Alexander

Vice Chairman of Board

Paul Gainey



Board Members

Crystal Bush

Lacey Corbin

Chuck Farmer

November 27, 2018

Sherrill F. Norman, CPA

Auditor General

853 SW Sisters Welcome Road

Lake City, Florida 32025

Dear Ms. Norman:

Pursuant to Section 11.45(4)(d), Florida Statutes, we are required to submit to you a written statement of explanation concerning all the findings, including our actual and proposed corrective actions. Below is our response to the preliminary and tentative audit findings and recommendations in your audit for fiscal year ended June 30, 2018.

Finding Number 2018-1: Background Screenings.

District Response: The district has taken immediate action to identify contract workers across the district that require background screenings, ensure that screenings are promptly obtained and evaluated, and make decisions based on the evaluations of the screenings. The district will ensure that required background screenings are performed for all district contractors at least once every 5 years. The district has included maintenance of a comprehensive list of contract workers to monitor and ensure that contract worker background screenings are obtained and evaluated at least once every five years. The contact for this is Tonya Howell, Assistant Superintendent of Finance and Business Services.

Finding Number 2018-2: Best and Brightest Teacher Scholarships.

District Response: The district has at this time already enhanced procedures to ensure that scholarships are awarded to eligible recipients who are classroom teachers, as defined in State Law, and supported, as applicable, by highly effective or effective evaluations. These district procedures include, as recommended, verification of the eligibility of all teachers including charter school recipients. The district has determined the one Pre-K teacher that received a Best and Brightest Scholarship was not eligible and the district has taken appropriate action to recover these funds. The recovery of funds will be refunded to FLDOE by November 30, 2018. The contact for this is Buddy Schofield, Director of Elementary and Secondary Education.

Finding Number 2018-3: Contract Management.

District Response: The district will ensure that School Board approval is obtained for contracts prior to implementation of contractual services and that service deliverable and related costs are included in the contracts. District contract management procedures have been enhanced to ensure and document by knowledgeable personnel that satisfactory services have been received by the district prior to payment of contract invoices. The contact for this is Tonya Howell, Assistant Superintendent of Finance and Business Services.

Finding Number 2018-4: Budget Transparency

District Response: The district will ensure that the official budget is promptly and timely posted to the district's web site. The contact for this is Tonya Howell, Assistant Superintendent of Finance and Business Services.

Finding Number 2018-5: Information Technology-User Access Privileges

District Response: The district will continue efforts to make sure that only employees who have demonstrated a need are granted access privileges to sensitive personal student information. There will be documented reports and periodic evaluations of assigned IT user access privileges. The district will use this information to determine whether such privileges are necessary and to direct timely removal of any inappropriate or unnecessary access privileges detected. Those individuals that only need occasional access to sensitive personal student information will be granted access only for the time of need. The district will consult with NEFEC to upgrade the district MIS to differentiate access privileges to current student information from access privileges to former student information. The contact for this is Buddy Schofield, Director of Elementary and Secondary Education.

Finding Number 2018-6: Information Technology-Disaster Recovery Plan

District Response: The district will enhance the district disaster recovery plan to include essential critical elements and details and ensure the plan is tested annually. The contact for this is Jerry W. Evans, Director of Safety, Facilities, and Special Projects.

Respectfully,

A handwritten signature in blue ink that reads "Mike Thomas". The signature is fluid and cursive, with "Mike" on the first line and "Thomas" on the second line.

Mike Thomas, Superintendent
Dixie District Schools