

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2019-085
December 2018

**ALACHUA COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2017-18 fiscal year, Karen Clarke served as Superintendent of the Alachua County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
April M. Griffin, Vice Chair from 11-14-17	1
Eileen F. Roy	2
Dr. Gunnar F. Paulson, Chair from 11-14-17, Vice Chair through 11-13-17	3
Dr. Leanetta McNealy	4
Robert P. Hyatt, Chair through 11-13-17	5

The team leader was Philip B. Ciano, CPA, and the audit was supervised by Denita K. Tyre, 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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ALACHUA COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Alachua County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2016-079. Our operational audit disclosed the following:

Finding 1: The District needs to strengthen controls to ensure accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education. A similar finding was noted in our report No. 2016-079.

Finding 2: Controls over facilities maintenance and repair activities could be enhanced.

Finding 3: 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 4: The District IT disaster recovery plan was not up to date, increasing the risk that the District may be unable to continue critical IT operations or maintain availability of information systems data and resources in the event of a disruption of IT operations.

BACKGROUND

The Alachua 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 Alachua County. The governing body of the District is the Alachua County District School Board (Board), which is composed of five elected members. The appointed Superintendent of Schools is the Executive Officer of the Board. During the 2017-18 fiscal year, the District operated 22 elementary, 9 middle, 7 high, and 9 specialized schools/centers; sponsored 14 charter schools; and reported 29,042 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Adult General Education Courses

State law¹ defines adult general education, in part, as comprehensive instructional programs designed to improve the employability of the State's workforce. The District received State funding for adult general education, and the General Appropriations Act² proviso language requires each school district to report enrollment for adult general education programs in accordance with the Florida Department of Education (FDOE) instructional hours reporting procedures. State Board of Education (SBE) rules³ require that the

¹ Section 1004.02(3), Florida Statutes.

² Chapter 2017-70, Laws of Florida, Specific Appropriation 122.

³ SBE Rule 6A-10.0381(5), Florida Administrative Code.

District collect and maintain enrollment and attendance information on students based on minimum enrollment requirements for funding and mandatory withdrawal procedures for students for non-attendance. A minimum enrollment threshold of 12 hours of attendance for each program must be met before a student can be counted for funding purposes. Instructional contact hours are reported up to and including the last date of attendance but should not include any instructional contact hours reported for any period beyond the last date of actual attendance.

The District reported 35,653 instructional contact hours for adult general education classes provided to 344 students enrolled in 19 courses for the Fall 2017 Semester. District personnel indicated that they manually enter beginning and ending attendance dates from class rosters into an enterprise resource planning (ERP) system, which determines the instructional contact hours for reporting purposes.

As a part of our audit, we requested for examination District records supporting 414 contact hours reported for 10 students enrolled in 9 adult general education classes. We found that instructional contact hours were over reported a net total of 80 hours, including 99 over-reported hours (ranging from 4 to 68 hours) for 4 students and 19 under-reported hours (ranging from 1 to 7 hours) for 6 students. In response to our inquiry, District personnel indicated that the misreported hours occurred primarily because incorrect withdrawal dates from attendance rosters were entered into the District ERP system.

The full extent of the class hours that may have been misreported for the adult general education students for the 2017-18 fiscal year was not readily available. Since funding is based, in part, on enrollment data reported to the FDOE, it is important that the District report accurate data. A similar finding was noted in our report No. 2016-079.

Recommendation: The District should strengthen controls to ensure instructional contact hours for adult general education classes are accurately reported to the FDOE. The District should also determine the extent of the adult general education hours misreported for the 2017-18 fiscal year and contact the FDOE for proper resolution.

Finding 2: Facilities Maintenance

The District Facilities, Maintenance, Planning & Construction (Facilities) Department is responsible for maintenance and repair services of school and ancillary facilities, and performs or contracts for heating, ventilating, air-conditioning (HVAC); electrical; plumbing; and other maintenance-related services. During the 2017-18 fiscal year, the District reported expenditures totaling \$7.3 million for maintenance of plant facilities. At June 30, 2018, the historical cost of District educational and ancillary facilities was \$406 million and, according to the FDOE Florida Inventory of School Houses data, District facilities had an average age of 30 years.

During the 2017-18 fiscal year, the District solicited bids and awarded contracts for certain services to maintain and repair school and ancillary facilities. Service contracts with annual maximums for fixed-rate hourly labor included HVAC repair (\$155,000), painting (\$100,000), electrical (\$100,000), carpentry (\$73,000), HVAC cleaning and decontamination (\$63,000), and drywall and plastering (\$12,500).

Given the significant commitment of public funds to maintain educational facilities, it is important that the District establish written policies and procedures for evaluating the effectiveness and efficiency of facility operations at least annually and establish documented processes for evaluating maintenance techniques

to determine the most cost-effective and efficient maintenance methods or techniques. While the District's bid process provided some assurance that services were procured at the market rate, the District had not as of September 2018 established written policies and procedures for annually evaluating and documenting the cost-effectiveness of obtaining facility maintenance and repair contracted services versus using existing District personnel or hiring additional personnel to perform maintenance and repair services.

The Office of Program Policy Analysis and Government Accountability identified a similar finding in a performance audit report for the District that was issued August 31, 2018, and required by State law.⁴ The performance audit report noted that, although methods of providing services are often discussed among District administrators, there was no formal process for evaluating existing in-house services and activities to assess the feasibility of alternative methods of delivering services and there was no evidence that management evaluated contracted or privatized services to verify effectiveness and cost-savings achieved.

In response to our inquiry, District personnel indicated that they did not have the existing manpower, equipment, or, in some cases, expertise to accomplish certain tasks. Notwithstanding this response, absent a documented analysis of costs considering use of District personnel versus contracted services, there is an increased risk that cost-savings may not be achieved.

Recommendation: The District should develop written policies and procedures requiring and ensuring periodic documented evaluations of significant maintenance and repair services that consider the use of District personnel-provided services versus contracted services and the selection of the most effective and cost-saving services.

Finding 3: Information Technology User Access Privileges

The Legislature has recognized in State law⁵ 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 responsibilities and provide for documented, periodic evaluations of information technology (IT) user access privileges to help prevent individuals from accessing sensitive personal information inconsistent with their responsibilities.

Pursuant to State law,⁶ the District identified each student using a Florida education identification number assigned by the FDOE. However, student SSNs are included in the student records maintained within the District management information system (MIS). Student SSNs are maintained in the District MIS, for example, when registering new students and transmitting that information to the FDOE through a secure-file procedure and providing student transcripts to colleges, universities, and potential employers based on student-authorized requests. Board policies⁷ allow designated District school personnel access

⁴ Section 212.055(10), Florida Statutes.

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

⁶ Section 1008.386, Florida Statutes.

⁷ Board Policies 6111, *Internal Controls*, and 8359, *Confidentiality*.

to student records to perform administrative, supervisory, or instructional responsibilities that serve a legitimate educational purpose in accordance with applicable State law, State Board of Education rules, and Federal laws and employees who intentionally violate Board policies are subject to discipline, up to and including termination.

In July 2017, the District implemented a new MIS and, as part of the implementation, the District migrated student information, including SSNs, into the new system. District IT standard operations procedures require all District administrators who supervise employees to perform a biannual evaluation of the access level for each employee they supervise to verify the employees have the level of access required to perform their duties. District personnel indicated that the MIS Security Administrator received a weekly report of employees with access to sensitive personal information of students and school principals and department heads contacted the MIS Security Administrator to request security access changes as they became aware of needed changes.

As of August 2018, the District MIS contained sensitive personal information for 211,000 former and 29,000 current District students, and 220 individuals had IT user access privileges to student information, including student SSNs. According to District personnel, each school or center provides continuous access to the sensitive personal information of students for 2 to 11 employees at the respective school or center. An additional 12 employees (8 in Research and 4 in IT) had continuous access to student information for all schools and centers and 8 Santa Fe College employees had continuous access to the sensitive personal information of all District high school students for dual enrollment purposes. As part of our audit, we examined District procedures and other records and noted that:

- Subsequent to our inquiry, in September 2018 District personnel consulted with Santa Fe College personnel, concluded that the College personnel access to sensitive personal information of students was unnecessary, and removed these access privileges. In October 2018, the District also determined that the 4 IT employees did not require such access to perform their duties and removed those privileges. As of October 2018, District personnel were reevaluating the access privileges of the 8 Research Department employees. However, although we requested, District records were not provided to evidence that these 8 employees needed continuous access to the sensitive personal information of students.
- 160 employees, including high school employees such as principals, assistant principals, and data entry clerks, needed occasional access to the sensitive personal information of students because, according to District personnel, these employees assisted with enrolling students. District management explained that it was not practical, due to staff limitations, or efficient for school office operations to have employees request temporary access on an as-needed basis. Notwithstanding, although we requested, District records were not provided to evidence that these employees needed continuous access to such information.
- Certain employees also had access privileges to sensitive personal information of former students. For example, we noted in August 2018 that 38 high school employees occasionally needed access to current student information at the District high schools but did not need IT user access privileges to sensitive personal information of the 1,900 students who had graduated from their respective schools in 2018. A contributing factor for these inappropriate access privileges is that the District MIS did not include a mechanism to differentiate the access privileges to current and former student information. In response to our inquiry, District personnel indicated that once an employee is granted IT user access to a student's sensitive personal information, the employee continued to have such access even though the student transfers to another school, moves from the District, or graduates.

- While the District assigned user access privileges upon implementation of the new MIS in July 2017, District personnel indicated that, as of November 2018, a Districtwide documented evaluation of user access privileges, including access to student SSNs, had not been performed.
- Our examination of District MIS online screens in May 2018 disclosed a student profile screen that included an “Alias” field that generally displayed student SSNs followed by the letter “X”. In response to our inquiry, the MIS Security Administrator agreed that this screen allowed an undetermined number of employees to have access to student SSNs who did not need such access. Subsequent to our inquiry, in May 2018 the District removed this field from the profile screen.

The existence of unnecessary access privileges increases the risk of unauthorized disclosure of sensitive personal information and the possibility that such information may be used to commit a fraud against District students or others.

Recommendation: To ensure access to sensitive personal information of students is properly safeguarded, the District should:

- **Document the required biannual evaluations of assigned IT user access privileges to determine whether such privileges are necessary and timely remove any unnecessary access privileges detected. If an individual only requires occasional access to sensitive personal information, the privileges should be granted only for the time needed.**
- **Consult with the District MIS provider to upgrade the District MIS to include a mechanism to differentiate IT user access privileges to current student information from access privileges to former student information.**

Finding 4: Information Technology Disaster Recovery Plan

An important element of an effective internal control 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 to disclose any areas not addressed and to facilitate proper conduct in an actual disruption of IT operations.

The District developed an IT disaster recovery plan specifying the procedures for providing continuity, restoration, and recovery of critical data and systems; District procedures require that the plan is reviewed and updated every 6 months or as needed. The District entered into a formal agreement with a local utilities company to use the company’s facilities as an alternate processing site in the event of a catastrophic disaster that interrupts the District’s critical IT operations.

In January 2017, the District entered into an agreement to implement new finance, human resource, and student information system applications. The applications were fully implemented as of January 1, 2018; however, as of May 2018, the disaster recovery plan had not been updated for this new application. In addition, the offsite location for the District alternate processing facility had not been tested with the new applications to ensure the plan’s effectiveness.

In response to our inquiry, District personnel indicated that personnel responsible for implementation of the IT disaster recovery plan were aware that the plan needed to be changed but that changes had only partially been incorporated into the plan. As of September 2018, the District was in the process of updating the disaster recovery plan.

Without an up-to-date comprehensive disaster recovery plan that has been tested, there is an increased risk that the District may be unable to continue critical IT operations, or maintain availability of information systems data and resources, in the event of a disruption of IT operations.

Recommendation: District management should continue efforts to update the disaster recovery plan to ensure that the plan is relevant and applicable to resuming the operation of critical systems and minimizing the disruption of operations in the event of a disaster. Additionally, once updated, the District should test the plan.

PRIOR AUDIT FOLLOW-UP

Except as noted in Finding 1, the District had taken corrective actions for findings included in our report No. 2016-079.

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 November 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. 2016-079.
- 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 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 operations, system backups, and disaster recovery.
- Evaluated District procedures for maintaining and reviewing employee access to IT data and resources. We examined selected access privileges for 31 of the 47 users who had access privileges to the District's enterprise resource planning (ERP) system in the business services, purchasing, payroll, and personnel departments 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.
- Evaluated District procedures to prohibit former employee access to electronic data files. We also reviewed selected user access privileges for 24 of the 70 employees who separated from District employment during the period from July 2017 to 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.
- Evaluated the adequacy of District procedures related to security incident response and reporting.
- Evaluated the District data center's physical access controls to determine whether vulnerabilities existed.
- Interviewed District personnel and reviewed supporting documentation to evaluate whether the District effectively monitored charter schools.
- Reviewed District records and made inquiries of District personnel to determine whether the District gave any support or made any transfers or loans to an affiliated organization.
- Examined supporting documentation to determine whether required internal funds audits for the 2017-18 and 2 preceding 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.
- Evaluated District security policies and procedures governing the classification, management, and protection of sensitive and confidential information.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, we examined District records supporting the access privileges of individuals who had access to sensitive personal student information during the audit period to determine the appropriateness of and necessity for the access privileges based on the employees' assigned job responsibilities.
- 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).
- Determined whether Business Services performed internal control reviews and considered additional areas for review of operational and financial processes.
- 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 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.
- 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.
- From the population of expenditures totaling \$7.3 million and transfers totaling \$1.4 million during the period July 2017 through March 2018 from nonvoted capital outlay tax levy proceeds, examined documentation supporting 30 selected expenditures and transfers totaling

\$392,066 and \$154,779, respectively, to determine compliance with the restrictions imposed on the use of these resources.

- Evaluated the effectiveness of the District Extended Day Enrichment Program fee collection procedures and determined whether the Board authorized the program fees.
- Analyzed workforce development funds expenditures totaling \$411,638 during the period July 2017 through April 2018 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).
- Examined District records supporting adult general education instructional contact hours reported to the Florida Department of Education (FDOE) to determine whether the District reported the instructional contact hours in accordance with SBE Rule 6A-10.0381, FAC.
- Evaluated District policies and procedures for payments of accumulated annual and sick leave (terminal leave pay) to determine compliance with State law and Board policies. From the population of 223 former employees paid \$1,435,537 for terminal leave during the period July 2017 through April 2018, we examined District records for 22 selected former employees paid terminal leave pay totaling \$368,734 to determine whether the terminal leave pay was calculated in compliance with Sections 1012.61 and 1012.65, Florida Statutes, and Board policies.
- Evaluated severance pay provisions in the employee contract to determine whether the severance pay provisions complied with Section 215.425(4), Florida Statutes.
- From the compensation payments totaling \$143.3 million to 4,781 employees during the period July 2017 through May 2018, examined District records supporting compensation payments totaling \$52,230 to 30 selected employees to determine whether their rate of pay was accurate and supervisory personnel reviewed and approved their reports of time worked.
- Examined District records to determine whether the Board adopted a salary schedule with differentiated pay for both instructional personnel and school administrators based on District-determined factors, including, but not limited to, additional responsibilities, school demographics, critical shortage areas, and level of job performance difficulties in compliance with Section 1012.22(1)(c)4.b., Florida Statutes.
- From the population of 2,108 instructional personnel and 94 school administrators compensated a total of \$81 million during the audit period July 2017 through May 2018, examined supporting documentation for 30 selected employees who were compensated a total of \$1.3 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. We also determined whether a portion of each selected instructional employee's compensation shown on the grandfathered salary schedule was based on performance and differentiated pay factors in accordance with Section 1012.22(1)(c)4., Florida Statutes.
- Examined District records for the period July 2017 through March 2018 for 29 employees and 16 contractors selected from the population of 3,333 employees and 306 contractors 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 the audit period for school volunteers 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 Scholarship Program awards from the population of 1,419 District teachers who received scholarship awards totaling \$3.1 million during the audit period.
- 2 selected recipients of the award from the population of 71 charter school teachers who received scholarship awards totaling \$149,000 during the audit period.
- Evaluated the District's 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, 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.
- From the population of 96 vendors that were each paid in excess of the \$50,000 bid threshold, totaling \$30.2 million during the audit period, examined supporting documentation for payments to 9 vendors totaling \$8.7 million to determine compliance with SBE Rule 6A-1.012, FAC.
- Reviewed District procedures for bidding and purchasing health insurance to determine compliance with Section 112.08, Florida Statutes.
- Reviewed the financial records of the District self-insured health insurance program for the audit period to determine whether the program was fiscally sound.
- Reviewed District procedures for acquisition of an ERP software purchase with a cost of \$3.3 million (\$650,000 per year over 5 years) to determine whether the District evaluated the effectiveness and suitability of the software application prior to purchase, the purchase was made through the competitive vendor selection process, and deliverables met the contract terms and conditions.
- From the population of repair, renovation, and remodeling contractual services expenditures totaling \$9.4 million during the period July 2017 through March 2018, examined District records supporting ten selected expenditures totaling \$610,791 to determine whether the contractor was paid in accordance with the contract and the expenditures were reasonable based on the services provided.
- Examined copies of the most recent annual fire safety, casualty safety, and sanitation inspection reports of 58 schools, educational centers, and ancillary facilities to determine whether any imminent hazards were reported and deficiencies were timely corrected.
- Determined whether the District provided, by October 1, 2017, a copy of the floor plans and other relevant documents for each newly constructed or remodeled educational facility to the law enforcement agencies and fire departments within the District as required by Section 1013.13, Florida Statutes.
- Evaluated District procedures for monitoring and preventing student access to inappropriate Web sites using District-issued take-home electronic devices.
- From the population of purchasing card (P-card) transactions totaling \$4.2 million during the period July 2017 through December 2017, examined documentation supporting 30 selected transactions totaling \$164,214 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-cards for the four cardholders who separated from District employment during the audit period.

- Determined whether rebate revenues for the audit period totaling \$104,861 for the P-card program were allocated to the appropriate District funds.
- Reviewed Board policies and District procedures related to identifying potential conflicts of interest. For the ten District employees and elected officials required to file statements of financial interests, we reviewed Florida Department of State, Division of Corporation, records; statements of financial interests; and District records to identify any potential relationships with District vendors that represent a conflict of interest.
- 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 laws and regulations.
- 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.
- Evaluated District procedures for identifying facility maintenance needs and establishing resources to address those needs.
- 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. From the population of non-compensation expenditures totaling \$65.7 million for the period from July 2017 through May 2018, we examined documentation relating to:
 - 30 transactions for general expenditures totaling \$8,273.
 - 30 travel expenditures totaling \$6,242.
- From the population of 559 contractual services payments totaling \$4.3 million during the period July 2017 through March 2018, examined supporting documentation, including the contract documents for 32 selected payments totaling \$604,294 to determine whether:
 - The District complied with competitive selection requirements for applicable vendors.
 - 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.
- Reviewed District procedures for the purchase of IT equipment under State contracts to ensure amounts paid were less than retail price in the open market. Specifically, we evaluated procedures by examining District records supporting 2 selected purchases for a total of 2,042 desktop computers totaling \$1.4 million.
- Determined whether the District used supplemental academic instruction and research-based reading instruction allocations to provide, to the applicable schools, pursuant to Section 1011.62(9), Florida Statutes, an additional hour of intensive reading instruction to

students every day, schoolwide during the audit period. Also, we reviewed District records to determine whether the District appropriately reported to the FDOE, pursuant to the 2017 General Appropriations Act (Chapter 2017-234, Laws of Florida), the funding sources, expenditures, and student outcomes for each participating school.

- Examined District records for the audit period to determine whether the District properly informed parents and students about students' rights to participate in a virtual instruction program (VIP) and the VIP enrollment periods as required by Section 1002.45(1)(b) and (10), 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

BOARD MEMBERS

Tina Certain
Robert P. Hyatt
Leannetta McNealy, Ph.D.
Gunnar F. Paulson, Ed.D.
Eileen F. Roy

SUPERINTENDENT OF SCHOOLS

Karen D. Clarke



Mission Statement: We are committed to the success of every student!

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December 17, 2018

Honorable Sherrill F. Norman, CPA
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Re: Management Response to Preliminary and Tentative Operational Audit Findings dated
December 7, 2018

Dear Ms. Norman,

Following is our response to the referenced preliminary and tentative operational findings outlined in your December 7, 2018, correspondence.

Finding 1: The District needs to strengthen controls to ensure accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education. A similar finding was noted in our report No. 2016-079.

Management Response to Finding #1: The District has implemented the following two initiatives to correct reporting errors and improve reporting accuracy: 1) Google sheets is being used to record attendance. This word processing tool provides real-time monitoring of student attendance. The database manager (DBM) is now aware immediately when a student has been added to a class, their attendance, and their absences and withdrawals. This tool also allows the DBM to identify mistakes and take corrective action; 2) All teachers have been re-trained on proper procedures, including FDOE required attendance and withdrawal policies, and reporting accuracy is continually emphasized as a mission critical task.

Finding 2: Controls over facilities maintenance and repair activities could be enhanced.

Management Response to Finding 2: Staff is developing written procedures to analyze the cost effectiveness of utilizing in-house staff versus contracted services ("Make or Buy" decision). The procedures will include periodic evaluations of significant maintenance and repair services. Current staffing levels and costs, including overtime, will be important components of the analysis.

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

Management Response to Finding 3:

- Access to student SSN's for Santa Fe College staff has been terminated.
- Access to detailed student demographic information at each school, including student SSN's, will be limited to the school Database Manager only, as of 01-Jan-19. This access will be limited to the following essential registration information for General Profile Data: Address, Date of Birth, School Path, From the I Profile, Class Summary, Attendance, Schedule, Entry and Withdrawal, Discipline, Academic History, Test Scores, and Custom Forms
- The District's MIS provider's current security options do not allow us to limit access to only current students. The District's provider is aware of this issue and is currently working to address this issue with a new software release and update (PR 3607417).
- As indicated, the MIS system's "Alias" field has been removed from the profile screen.
- The District has been working with all departments to reevaluate access to the MIS system that is strictly necessary for those departments to effectively perform their work. Part of this process has been to develop a Security Access Log that documents who is assigned to what specific security groups. The log file is shared with the department chair or their designee. They are the only people who can add/edit/modify the file. Access will not be granted to any employee who is not on the security log. As spring semester approaches, the same document will be shared with each school administrator to sign off on and verify access for each employee at their respective school. These documents will be verified at least three times a year:
 - August - Prior to the beginning of the new school year.
 - October - After the school year has started and staff movement has settled
 - February - After the Spring semester has begun

Finding 4: The District IT disaster recovery plan was not up to date, increasing the risk that the District may be unable to continue critical IT operations or maintain availability of information systems data and resources in the event of a disruption of IT operations.

Management Response to Finding 4: On September 21st, 2018, the payroll department conducted a test of its disaster Recovery plan and was able to successfully complete a payroll. The Payroll department is updating its disaster recovery plan based on the results of the test. This District is continuing to move computing resources to the Google Cloud and have successfully restored backup files from the Google Cloud to our network. In January/February 2019, the District will complete the engineering and testing of splitting the District's main communication network. The target date to have a complete 100% redundant network site located at the GRU CoLo is April 2019. Failover testing will be conducted at that time.

Sincerely,



Karen D. Clarke
Superintendent

cc: File