

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2019-087
December 2018

**COLUMBIA COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2017-18 fiscal year, Alex L. Carswell served as Superintendent of the Columbia County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Danny Green, Vice Chair from 11-14-17	1
Dana Brady-Giddens, Chair through 11-13-17	2
Steve Nelson	3
Keith Hudson, Vice Chair through 11-13-17, Chair from 11-14-17	4
Stephanie K. Finnell	5

The team leader was Cathy L. Bandy, CPA, and the audit was supervised by Glenda K. Hart, CPA.

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COLUMBIA COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Columbia County School District (District) focused on selected District processes and administrative activities and included a follow-up on applicable findings noted in our report No. 2016-146. Our operational audit disclosed the following:

Finding 1: The District disbursed Best and Brightest Teacher Scholarship Program awards totaling \$17,200 to 15 prekindergarten teachers who did not meet the statutory definition of a classroom teacher and, therefore were ineligible for the awards.

Finding 2: The District did not always promptly cancel the purchasing cards of individuals who separated from District employment.

Finding 3: District controls over the procurement of, and payment for, contractual services need improvement.

Finding 4: The District did not obtain documentation to support the eligibility of all dependents enrolled in the District health insurance plan. In addition, the District had not established procedures to document periodic verifications to ensure that dependent participants in the plan remain eligible.

Finding 5: The District did not timely correct safety deficiencies noted during the facility inspections.

Finding 6: Some unnecessary information technology (IT) user access privileges existed that increased the risk that unauthorized disclosure of the sensitive personal information of students may occur.

Finding 7: District IT controls related to data loss prevention continue to need improvement.

BACKGROUND

The Columbia 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 Columbia County. The governing body of the District is the Columbia 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 14 elementary, middle, high, and specialized schools; sponsored one charter school; and reported 10,077 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Florida Best and Brightest Teacher Scholarship Program

The Florida Legislature established the Florida Best and Brightest Teacher Scholarship Program¹ to reward classroom teachers² who achieved high academic standards during their own education. Classroom teachers eligible for a \$6,000 scholarship are those who 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 law³ 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 scholarship 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 and charter school 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 determine whether the teachers were evaluated as highly effective based on prior school year performance assessments. Pursuant to State law,⁴ once a classroom teacher is deemed eligible for an award by the District, the teacher shall remain eligible as long as he or she remains employed by the District or charter school as a classroom teacher at the time of the award and receives an annual performance evaluation rating of highly effective.

During the 2017-18 fiscal year, the District awarded scholarships totaling \$729,600 to 510 District-employed teachers and \$53,200 to 26 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 29 scholarship recipients (28 District-employed teachers and 1 charter school teacher) who were awarded scholarships totaling \$190,000. Our examination of District records disclosed that 15 District-employed scholarship recipients, awarded scholarships totaling \$17,200, were prekindergarten teachers who did not meet the statutory definition of a classroom teacher.

¹ Section 1012.731, Florida Statutes.

² Section 1012.01(2), Florida Statutes, defines classroom teachers as K-12 staff members assigned the professional activity of instructing students in courses as classroom situations, including basic instruction, exceptional student education, career education, and adult education, including substitute teachers.

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

⁴ Section 1012.731(3)(b), Florida Statutes.

In response to our inquiry, District personnel indicated that certain considerations were included in their decision to provide the scholarship to prekindergarten teachers. Specifically, since prekindergarten teachers were required to be coded as classroom teachers for accounting and payroll purposes and worked under the K-20 education code like adult education teachers, who were eligible for a scholarship, prekindergarten teachers were considered eligible for a scholarship. Notwithstanding this response, State law does not include prekindergarten teachers in the definition of classroom teachers, limits the definition of classroom teachers to K-12 personnel, and separately defines prekindergarten instructors.⁵

Consequently, the awards totaling \$17,200 were made to ineligible scholarship recipients. Absent effective procedures to limit scholarships to statutory defined classroom teachers, there is an increased risk that scholarships will be awarded to ineligible recipients.

Recommendation: The District should enhance procedures to ensure that scholarships are only awarded to eligible recipients who meet the classroom teacher statutory definition. In addition, the District should refund the FDOE for the awards totaling \$17,200 paid to the ineligible scholarship recipients and take appropriate actions to recover from those recipients the improper payments.

Finding 2: Purchasing Cards

The District established a Purchasing Card (P-card) program, which gives employees the convenience of purchasing items without using the standard purchase order process. P-cards are designed to provide a cost effective, convenient, and decentralized method for individuals to make certain business purchases on behalf of the District. P-card purchases are subject to the same rules and regulations that apply to other District purchases.

The District designated the Purchasing Director as the Program Administrator to oversee the P-card program and developed a *Purchasing Card Program Procedures Manual (P-Card Manual)* that addresses management controls over the issuance, use, and deactivation of P-cards. According to the *P-Card Manual*, department heads must immediately notify the Purchasing Director and Account Clerk if a cardholder separates from District employment or transfers between departments. The Purchasing Director is required to notify the bank of all card cancellations within 24 hours of cancellation.

We examined District records supporting the P-card cancellation for the six cardholders who separated from District employment during the 2017-18 fiscal year and found that the P-cards were not canceled until 18 to 462 days, or an average of 150 days, after the cardholder's employment separation dates. In response to our inquiry, District personnel indicated that department heads did not always timely notify the Purchasing Director of employment separations.

The District agreement with the bank that administers the P-card program allows the District 60 days to dispute charges and our examination of P-card activity for the six P-cards disclosed that no purchases were made after the cardholders' employment separation dates. However, untimely cancellation of P-card privileges increases the risk that such privileges could be misused by former employees or others and may limit the District's ability to satisfactorily resolve disputed charges.

⁵ Section 1002.51(6), Florida Statutes, defines prekindergarten instructors to include teachers who provide instruction to students in a prekindergarten program.

Recommendation: The District should ensure that P-card privileges are promptly canceled upon a cardholder's separation from District employment.

Finding 3: Contract Monitoring

Effective contract management ensures that, prior to payment, District personnel document verification that contract costs agree with invoice billings and that contracted services are satisfactorily received by employees who have direct knowledge of the services. The Board routinely enters into contracts for services, and internal controls have been designed and established to require and ensure payments are generally consistent with selected bids and contract terms. During the 2017-18 fiscal year, the Board contracted with 212 service providers and incurred expenditures totaling \$7.8 million for contractual services.

To determine the propriety of payments for contractual services, we examined District records supporting 33 selected payments totaling \$758,066 for 24 contracts, and noted improvements were needed for monitoring payments for propane gas and athletic training services. Specifically, we found that the Board:

- Competitively awarded a propane gas contract specifying that the gas price be based on the principal United States postings rate published in the *Butane-Propane Weekly Newsletter (Newsletter)* plus a designated markup price. The contract also required that the *Newsletter* accompany each invoice billing submitted to the District for pricing verification purposes. While the District paid approximately \$54,000 to the propane gas service provider, District records did not evidence that the service provider submitted the *Newsletter* to the District and, according to District personnel, independent verifications were not made to ensure the invoice billings and related payments agreed with the rate published in the *Newsletter* plus the designated markup price.
- Contracted for athletic training services with a university for a minimum of 25 hours per week at each of the two high schools at a total cost of \$45,358. While the contract required that invoices be submitted monthly to the Athletic Director, District records indicated that the District paid the contractor in two equal installments of \$22,679 in December 2017 and March 2018, respectively. According to District personnel, no employee with direct knowledge of the services documented satisfactory receipt of the services. In addition, based on the contract provisions and District payments, the District prepaid \$13,103 for 52 school days prior to services being rendered.

According to District personnel, the contract monitoring deficiencies occurred due to personnel changes in the Purchasing Department. Absent effective procedures to require and ensure that, prior to payment, District personnel document verification that contract costs agree with invoice billings and that contracted services are satisfactorily received by employees who have direct knowledge of the services, there is an increased risk that the District may overpay for services, the services may not be received consistent with the Board's expectations, and any overpayments that occur may not be timely detected and recovered.

Recommendation: The District should enhance procedures to ensure that, prior to payment, District records evidence that contract costs agree with invoice billings and that contracted services are satisfactorily received by employees who have direct knowledge of the services.

Finding 4: Health Insurance Plan Dependent Eligibility

For the period July 1, 2017, through March 31, 2018, the District provided health insurance for District employees and their dependents and contributed \$5.4 million toward health insurance premium costs.

As of March 31, 2018, the District health insurance plan insured 987 employees, 47 retirees, and 477 dependents. Pursuant to State law,⁶ retirees who elect to continue participation in the District's health insurance plan pay a premium cost of no more than the premium cost applicable to active employees. Eligible dependents include spouses, qualifying children, and qualifying grandchildren if under the legal custody of the employee or retiree. To ensure that only eligible dependents participate in the District health insurance plan, procedures to obtain and verify documentation supporting dependent eligibility are necessary.

To enroll in the District health insurance plan, employees and retirees are required to complete a benefit enrollment application that includes each insured dependent's name, social security number, and date of birth. The application is to be completed when an individual is hired, during open enrollment periods, or after a qualifying life event such as marriage, birth, or adoption. However, the District had not established procedures to require documented verification of evidence supporting dependent eligibility, such as birth and marriage certificates for child and spouse dependents. In addition, the District had not established procedures to document periodic verifications to ensure that dependents of health insurance plan participants continue to be eligible for plan services.

As part of our audit, we requested for examination District records supporting verifications of the eligibility of 64 dependents enrolled in the District health insurance plan. However, District records evidencing District actions to verify the 64 dependents' eligibility were not provided. According to District personnel, when employees and retirees made changes outside the open enrollment periods due to a qualifying event, such as a birth or marriage, the contracted health insurance provider required documentation evidencing the dependent's eligibility. District personnel also indicated that the health insurance provider did not require employees and retirees to provide documentation evidencing their dependents' eligibility upon employment or during open enrollment periods. Our examination of the health insurance provider contract disclosed that the contract did not require the health insurance provider to obtain and verify dependent eligibility. Although District records evidenced that District personnel reconciled health insurance billings to payroll records to ensure that insurance premiums were only for eligible employees and retirees, the District had not established procedures to periodically verify that the dependents of health insurance plan participants continue to be eligible for plan services.

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

Recommendation: The District should require and ensure, upon enrollment of a dependent into the District health insurance plan, verification of applicable documentation such as birth or marriage certificates. The District should also establish documented, periodic verification procedures to ensure that dependent participants in the plan continue to be eligible.

⁶ Section 112.0801, Florida Statutes.

Finding 5: Facility Inspections

State law⁷ requires the District to provide for periodic inspection of each educational and ancillary plant at least once during each fiscal year to determine compliance with standards of sanitation and casualty safety prescribed in the State Board of Education rules. In addition, fire safety inspections are required to be performed annually by persons certified by the Division of State Fire Marshal as being eligible to conduct fire safety inspections in public and ancillary plants.

During the 2017-18 fiscal year, the District obtained the required annual inspection for each of the 14 schools and 2 other ancillary plant facility sites. To determine whether the District took timely actions to correct facility deficiencies, we compared the 2017-18 fiscal year inspection reports for 8 selected schools with deficiencies noted for the 2 preceding years. We found that 50 safety deficiencies at 7 schools remained uncorrected for 2 or more years after the initial inspections. The safety deficiencies included, for example, blocked access to fire extinguishers, absence of clearly marked evacuation plans, obstructed means of egress, furnishings that did not meet flame-spread requirements, electrical and mechanical rooms used for storage, and doors not operating freely.

District personnel indicated that inspection reports were presented to the Board annually and that each cost center manager was responsible for requesting work orders to correct the noted deficiencies but that no one was designated to monitor the status, or ensure the timely correction, of all safety deficiencies at District facilities. Timely monitoring and correction of deficiencies noted in inspection reports regarding District facilities is important to reduce the risks to the occupants' health and safety and to avoid additional costs in the future.

Recommendation: The District should establish procedures to ensure that deficiencies identified in the annual facility inspection reports are timely corrected. To help facilitate timely corrective actions, we recommend that the District assign one employee the responsibility of monitoring the corrective actions for deficiencies identified at all District facilities and communicating the status of the actions to the Board.

Finding 6: Information Technology User Access Privileges

The Legislature has recognized in State law⁸ 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,⁹ the District identifies each student using a Florida education identification number obtained from the FDOE. However, student SSNs are maintained within the District management

⁷ Sections 1013.12(2), Florida Statutes.

⁸ Sections 119.071(5)(a), Florida Statutes.

⁹ Sections 1008.386, Florida Statutes.

information system (MIS).¹⁰ Student SSNs are maintained in the District MIS to, for example, register newly enrolled students and transmit that information to the FDOE through a secure-file procedure and to provide student transcripts to colleges, universities, and potential employers based on student-authorized requests. Board policies and procedures¹¹ 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 personnel did not provide documented evidence of the performance of such evaluations.

As of April 2018, the District MIS contained sensitive personal information of 43,774 former and 8,018 current District students, and 49 employees had continuous IT user access privileges to this information. We evaluated the appropriateness and necessity of these user access privileges based on the employees' assigned job responsibilities and found that 10 of the 49 employees with these privileges did not need such access. The employees with unnecessary access privileges included, for example, middle school principals, assistant principals, and guidance counselors, 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.

In addition, according to District personnel, the MIS did not have a mechanism to differentiate access privileges to current student information from access privileges to former student information and the employees who had access to both did not always have a demonstrated need for such access. Subsequent to our inquiry, in May 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 10 employees. District personnel indicated that continuous access to student information was needed by the other 39 employees; however, although we requested, District records were not provided to demonstrate that the employees needed continuous access or that occasional access could not be granted for the specific time needed.

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

Recommendation: The District should continue efforts to ensure that only those employees who have a demonstrated need to access the sensitive personal information of students have such access. Such efforts should include:

- **Documented, periodic evaluations of the necessity for IT user access privileges 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.**

¹⁰ The District contracts with a vendor to provide student records data processing services for the District and maintains student information, including SSNs, in the District MIS.

¹¹ Board Policy 5.15 and Student Records Manual, Section V.L.

- **An upgrade to the MIS to differentiate IT user access privileges to current student information from access privileges to former student information.**

Finding 7: Information Technology – Data Loss Prevention

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit disclosed that certain District IT security controls related to data loss prevention need improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising District data and IT resources. However, we have notified appropriate District management of the specific issues.

Without adequate security controls related to data loss prevention, the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. Similar findings were communicated to District management in connection with our report Nos. 2015-067 and 2016-146.

Recommendation: To ensure the continued confidentiality, integrity, and availability of District data and IT resources, the District should improve security controls related to data loss prevention.

PRIOR AUDIT FOLLOW-UP

The District had taken corrected actions for applicable findings included in our report No. 2016-146, except that Finding 7 was also included in our report Nos. 2016-146 as Finding 9 and 2015-067 as Finding 5.

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 August 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 applicable findings included in our report No. 2016-146.
- 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 the District's 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 data and 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 of the 119 employees.

- Evaluated Board security policies and District procedures governing the classification, management, and protection of sensitive and confidential information.
- Determined whether comprehensive IT data loss prevention and IT disaster recovery plans had been developed.
- 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.
- 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 for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- Analyzed the District's General Fund total unassigned and assigned fund balances at June 30, 2018, to determine whether the total was less than 3 percent of the fund's 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 \$2 million and transfers totaling \$2.1 million during the period July 2017 through April 2018, for 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 \$1.4 million and \$2.1 million, respectively, to determine compliance with the restrictions imposed on the use of these resources.
- From the population of \$289,715 total workforce education program expenditures for the audit period, selected 36 expenditures totaling \$79,930 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).
- From the population of 13,377 contact hours for the Fall 2017 Semester for 111 adult general education instructional students, examined District records supporting 4,374 reported contact hours for 30 selected students to determine whether the District reported the instructional contact hours in accordance with State Board of Education (SBE) Rule 6A-10.0381, Florida Administrative Code (FAC).
- Evaluated District procedures for protecting the sensitive personal information of students, such as social security numbers. Specifically, from the population of 49 individuals who had access to sensitive personal information of students, we examined the access privileges of these employees 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 2 preceding fiscal years were timely performed pursuant to SBE Rule 6A-1.087, FAC, and Chapter 8 – School Internal Funds, *Financial and Program Cost Accounting and Reporting for Florida Schools* (Red Book), and whether the audit reports were presented to the Board.
- From the compensation payments totaling \$52 million to 1,540 employees during the audit period, examined District records supporting compensation payments totaling \$33,858 to 30 selected employees to determine whether the rate of pay was accurate and supervisory personnel reviewed and approved their 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. We also determined whether a portion of each selected instructional employee's compensation was based, in part, on performance in accordance with Section 1012.22(1)(c)4., Florida Statutes.
- Examined District records for the period of July 2017 through February 2018 for 30 employees selected from the population of 1,467 employees and 30 contractor workers selected from the population of 89 contracted vendors to assess whether personnel and contractors who had direct contact with students were subjected to the required fingerprinting and background screening.
- Examined Board policies, District procedures, and related records for volunteers for the audit period to determine whether the District searched prospective volunteers' names against the Dru Sjodin National Sexual Offender Public Web site maintained by the United States Department of Justice, as required by Section 943.04351, Florida Statutes. Specifically, we tested documentation related to 30 volunteers selected from the population of 2,730 volunteers for the period of July 1, 2017, through February 12, 2018.
- Examined District records supporting the eligibility of:
 - 28 selected District recipients of Florida Best and Brightest Teacher Scholarship Program awards and 1 recipient of a Florida Best and Brightest Principal Scholarship Program award from the population of 510 District teachers and 1 principal who received scholarships awards totaling \$734,600 during the audit period.
 - 1 charter school teacher from the population of 26 charter school teachers and 1 charter school principal who received scholarships awards totaling \$57,200 during the audit period.
- Evaluated District procedures to implement the Florida Best and Brightest Principal Scholarship Program pursuant to Section 1012.732, Florida Statutes. We also examined District records to determine whether the District submitted to the FDOE accurate information about the number of classroom teachers and the list of principals, as required by Section 1012.731(4), Florida Statutes, 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 Board policies. We also determined whether the District had established 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. We also evaluated the reasonableness of acquiring other types of commercial insurance to determine whether the basis for selecting insurance carriers was documented in District records and conformed to good business practice.
- From the population of purchasing card (P-card) transactions totaling \$1.2 million during the audit period July 2017 through February 2018, examined documentation supporting 30 selected transactions totaling \$85,839 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 six cardholders who separated from District employment during the audit period.

- Reviewed Board policies and District procedures related to identifying potential conflicts of interest. For ten District employees required to file statements of financial interests, we reviewed Florida Department of State, Division of Corporation, records to determine if they had filed statements of financial interests and District records to identify any potential relationships with District vendors that represent a conflict of interest.
- Examined District records to determine whether required charter school audits for the 2015-16 and 2016-17 fiscal years were timely completed pursuant to Section 218.39(1)(e), Florida Statutes, and whether the audit reports were presented to the Board.
- 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 maintenance and 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.
- 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.
- 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 paid by checks totaling \$13.3 million for the period July 2017 through May 2018, we examined District records supporting 30 selected payments for general expenditures totaling \$1.2 million.
 - From the population of 131 ePayables totaling \$590,959 for the period July 2017 through February 2018, we selected 24 ePayables totaling \$426,547.
- From the population of 212 consultant contracts totaling \$7.8 million during the audit period, examined supporting documentation, including the contract documents, for 33 selected payments totaling \$758,066 related to 24 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.

- 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 and expenditures.
- Examined District records for the audit period to determine whether the District provided the required number of VIP options and properly informed parents and students about students' rights to participate in a 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



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December 17, 2018

Sherrill F. Norman, CPA
Auditor General, State of Florida
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mrs. Norman:

We are in receipt of the preliminary and tentative audit findings for the operational audit of the Columbia County District School Board. Our responses are below:

Finding 1: Florida Best and Brightest Teacher Scholarship Program. The District continues to believe that there is sufficient legal justification to include prekindergarten teachers in the distribution of these funds. District staff will reach out to FDOE to obtain clarification.

Finding 2: Purchasing Cards. The district is enhancing procedures to ensure cardholders are terminated timely.

Finding 3: Contract Monitoring. District staff are strengthening procedures over contract monitoring.

Finding 4: Health Insurance Plan Dependent Eligibility. We have never made it a practice of requiring documentation evidencing this eligibility. We are aware that our provider does request this documentation. Furthermore, we are a small enough district that we are aware of marriages and births within the district. Although we do believe this is creating additional work that will not impact the results of the manner in which we have been operating, we have set up our new enrollment system to gather this documentation for our review.

Finding 5: Facility Inspections. The District will continue to do as best we can to correct deficiencies. With the reduction in funding through the PECO program and the reduction of the Capital Outlay Millage, we are experiencing difficulties in keeping up with our facility needs.

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Finding 6: Information Technology User Access Privileges. The District will continue to monitor the access that is necessary for employees to complete their daily functions. We believe it is a necessity for data clerks at the schools to have continuous access to sensitive information rather than to call the security officer each time the need arises. We have no schedule for when a new student comes to a school and needs to be registered. The inefficiencies of having to request access when a new student arrives during the school year would be to the detriment of these new students.

Finding 7: Information Technology – Data Loss Prevention. This finding is noted and will be reviewed.

As always, the assistance and professionalism of the staff of the Auditor General's office is appreciated.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alex L. Carswell, Jr.", written in a cursive style.

Alex L. Carswell, Jr.