

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2019-100
January 2019

**SARASOTA COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2017-18 fiscal year, Dr. Todd Bowden served as Superintendent of the Sarasota County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Bridget Ziegler, Chair from 11-28-17, Vice Chair through 11-27-17	1
Caroline Zucker, Chair through 11-27-17	2
Eric Robinson	3
Shirley Brown	4
Jane Goodwin, Vice Chair from 11-28-17	5

The team leader was Elba M. Guzik, CPA, and the audit was supervised by Rachel P. Sellers, 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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SARASOTA COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Sarasota County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2016-074. Our operational audit disclosed the following:

Finding 1: The District did not verify the licenses of subcontractors before they commenced work on the Suncoast Technical College South Campus and Brentwood Elementary School Cafeteria Replacement and HVAC Renovation Projects.

Finding 2: The District needs to enhance controls over monitoring and documenting the reasonableness of construction management entity general conditions costs.

Finding 3: District records did not document verification that the 18 charter school teachers who received Florida Best and Brightest Teacher Scholarship awards totaling \$119,275 during the 2017-18 fiscal year were eligible for those awards.

Finding 4: District records did not support the number of classroom teachers reported to and used by the Florida Department of Education to fund Florida Best and Brightest Principal Scholarship awards.

Finding 5: District controls over school resource officer services need enhancement.

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

Finding 7: District security controls related to IT user authentication need improvement. A similar finding was communicated to District management in connection with our report No. 2016-074.

BACKGROUND

The Sarasota 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 Sarasota County. The governing body of the District is the Sarasota 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 42 elementary, middle, high, and specialized schools; sponsored 11 charter schools; and reported 42,668 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Subcontractor Licenses

State law¹ provides that a construction management entity (CME) must consist of, or contract with, licensed or registered professionals for the specific fields or areas of construction to be performed. State law² also establishes certain certification requirements for persons engaged in construction contracting, including licensing requirements for specialty contractors such as electrical, air conditioning, plumbing, and roofing contractors.

The District had not established procedures requiring that verifications of subcontractor licenses be performed and documented before the subcontractors commence work on District facilities. In response to our inquiry, District personnel indicated that they verified the licenses of the 48 subcontractors who performed services for the Suncoast Technical College South Campus (North Port) and Brentwood Elementary School Cafeteria Replacement and HVAC Renovation (Brentwood) Projects; however, the license verifications were not documented.

Timely documented verifications that subcontractors are appropriately licensed provides the District assurance that the subcontractors who will be working on District facilities meet the qualifications to perform the work for which they are engaged. As part of our audit procedures, we determined through online licensing searches that 20 selected subcontractors paid a total of \$15.3 million for services on the North Port Project and the 10 subcontractors paid a total of \$568,089 for services on the Brentwood Project were properly licensed. However, our procedures do not substitute for the District's responsibility to implement adequate internal controls over subcontractor services.

Recommendation: The District should establish procedures to require and ensure that documentation is retained to demonstrate the verification of subcontractor licenses before the subcontractors commence work on District facilities.

Finding 2: General Conditions Costs

Guaranteed maximum price (GMP) contracts typically include provisions for general conditions costs that are not directly associated with a particular activity and may include costs relating to labor supervision, temporary offices and utilities, travel expenses, clean-up, permits, and testing. Established policies and procedures that provide appropriate guidance for effectively monitoring and documenting the reasonableness of general conditions costs are essential to ensure that potential cost savings are realized under GMP contracts. For contracts that include general conditions costs, appropriate policies and procedures include verifying that the general conditions costs are supported by detailed documentation, such as CME payroll records and CME paid invoices, and comply with the CME GMP contract.

The CME GMP contract amounts for the North Port and Brentwood Projects included provisions for general conditions costs totaling \$1.2 million and \$146,329, respectively, and CME pay requests

¹ Section 1013.45(1)(c), Florida Statutes.

² Chapter 489, Florida Statutes.

referenced these costs as they were incurred. However, District records lacked documentation of the North Port Project and Brentwood Project general conditions costs, such as CME payroll records for labor costs or copies of CME-paid invoices for CME vendor payments, to support the propriety of the general conditions costs billed and paid.

The District had not established policies or procedures for effectively monitoring and documenting the reasonableness of general conditions costs, therefore, as part of our audit, we requested for examination District records supporting eight selected payments to the North Port Project CME for general conditions costs totaling \$75,649. In response to our request, the District obtained from the CME records, such as CME invoices, to support general conditions costs totaling \$47,294. However, for the remaining costs totaling \$28,355, neither CME personnel payroll records, CME invoices, or other documentation was provided to support these costs. In response to our inquiries, District personnel indicated that these costs were incurred to pay for security due to theft at the construction site; however, records supporting such costs were not provided.

Absent appropriate policies and procedures, the District may be limited in its ability to monitor the general conditions costs, to determine the propriety of pay requests for general conditions costs, and to realize cost savings associated with general conditions costs in GMP contracts.

Recommendation: The District should establish policies and procedures for monitoring and documenting the reasonableness of general conditions costs. Such policies and procedures should require documentation of the receipt and review of sufficiently detailed documentation supporting the general conditions costs included in CME pay requests. In addition, the District should request that the CME provide documentation to support the general conditions costs totaling \$28,355 or seek reimbursement of these costs.

Finding 3: Florida Best and Brightest Teacher Scholarship Program

The Florida Legislature established the Florida Best and Brightest Teacher Scholarship Program to reward classroom teachers who achieved high academic standards during their own education. Pursuant to State law,³ to be eligible for a \$6,000 scholarship, a classroom teacher must have scored at or above the 80th percentile on a college entrance examination based on the national percentile ranks in effect when the teacher took the assessment and have been evaluated as highly effective pursuant to State law⁴ in the school year immediately preceding the year in which the scholarship will be awarded or, if the teacher is a first-year teacher who has not been evaluated pursuant to State law, must have scored at or above the 80th percentile on a college entrance examination based on the national percentile ranks in effect when the teacher took the assessment. In addition, State law provides for a \$1,200 or \$800 scholarship for a classroom teacher who was evaluated as highly effective or effective, respectively, pursuant to State law in the school year immediately preceding the year in which the scholarship will be awarded.

District personnel are responsible for determining teacher eligibility for the scholarships and annually submitting the number of eligible teachers to the Florida Department of Education (FDOE). The FDOE

³ Section 1012.731, Florida Statutes.

⁴ Section 1012.34, Florida Statutes. Section 1012.34(3)(a), Florida Statutes, requires the evaluation to include consideration of student performance.

then disburses scholarship funds to the District for each eligible classroom teacher to receive a scholarship as provided in State law.⁵ To demonstrate eligibility for the top tier scholarship award of \$6,000, an eligible teacher must submit to the District an official score report of his or her college entrance examination score demonstrating that the teacher scored at or above the 80th percentile based on the percentile ranks in effect when the teacher took the assessment. Pursuant to State law,⁶ once a classroom teacher is deemed eligible for this award by the District, the teacher shall remain eligible as long as he or she remains employed by the District as a classroom teacher at the time of the award and receives an annual performance evaluation rating of highly effective.

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

During the 2017-18 fiscal year, the District awarded teacher scholarships totaling \$3.4 million to 2,243 District-employed teachers and \$614,800 to 373 charter school teachers. To determine whether the teachers met the eligibility requirements for the scholarships, we requested for examination District records supporting the eligibility of 48 scholarship recipients (30 District-employed teachers and 18 charter school teachers) who were awarded a total of \$158,291. District records were provided to support the awards to the District-employed teachers and, subsequent to our inquiries, the District received appropriate records to support the eligibility of the 18 charter school teachers who received scholarship awards totaling \$119,275.

Absent District verification of the eligibility of charter school teachers before scholarships are disbursed, there is an increased risk that scholarships may be awarded to ineligible recipients.

Recommendation: The District should continue efforts to document verifications that scholarships are awarded to eligible charter school teachers based on college entrance examination scores reported on reliable and authentic records and, as applicable, highly effective or effective evaluations pursuant to State law.

Follow-Up to Management's Response

Management's response indicated that "the District believes eligibility for charter school teachers based on college entrance examination scores, and a highly effective or effective evaluation pursuant to State law, should be determined by the respective charter school's governing board and then reported in summary to the district for inclusion in the District's scholarship application." Management's response also indicated that "examination scores and the support of highly effective or effective evaluations are maintained by the charter school and should be accessed from the school site not the central office of the sponsoring school district." We agree that support for charter school teacher eligibility should be maintained by the charter school. However, as the sponsor of the District charter schools, the District is responsible for monitoring the schools and is not prohibited from reviewing records, including those maintained by the charter schools, to substantiate the eligibility of charter school scholarship recipients.

⁵ Section 1012.731, Florida Statutes.

⁶ Section 1012.731(3)(b), Florida Statutes.

Accordingly, we continue to recommend that the District enhance procedures to document verifications that Program scholarships are awarded to eligible recipients.

Finding 4: Florida Best and Brightest Principal Scholarship Program

The Florida Legislature established the Florida Best and Brightest Principal Scholarship Program to reward school principals who recruit and retain a high percentage of classroom teachers designated as Florida's best and brightest teacher scholars pursuant to State law.⁷ State law⁸ defines school principals as school principals or school directors who are staff members performing the assigned activities as the administrative head of a school and to whom have been delegated responsibility for the coordination and administrative direction of the instructional and noninstructional activities of the school.

To assist the FDOE in determining eligibility for the 2017-18 fiscal year principal scholarship awards, State law requires school districts to submit to the FDOE the number of classroom teachers, including charter school teachers, for each school during the 2016-17 fiscal year who were eligible for the teacher scholarship awards. State law⁹ also requires that, to be eligible for a scholarship, a principal must have served as school principal at his or her school for at least 2 consecutive school years including the current school year. The principal's school must also have a ratio of teachers awarded scholarships to other classroom teachers that is at the 80th percentile or higher for schools within the same group, Statewide, including elementary schools, middle schools, high schools, and schools with a combination of grade levels. A scholarship of \$5,000 must be awarded to every eligible school principal assigned to a Title 1 school and a scholarship of \$4,000 to every eligible school principal who is not assigned to a Title 1 school.

In December 2017, District personnel reported to the FDOE that there were 52 school principals, including principals for 41 District schools and 11 charter schools, who should be considered for the principal scholarship award. Based upon that information, during the 2017-18 fiscal year, the FDOE determined that 1 District and 7 charter school principals were eligible to receive a principal scholarship award and disbursed \$32,000 in scholarship funds to the District for those individuals.

Our examination of District records, such as District human resource and payroll records, disclosed that the records did not always support the reported number of classroom teachers eligible for scholarship awards. Specifically:

- For 6 of the 7 charter school principals the District reported 170 classroom teachers eligible for a scholarship award. However, District records only supported 155 eligible classroom teachers. The differences in the number of eligible teachers supported and those reported ranged from 1 to 6 teachers per charter school.
- District records were not provided to support the number of classroom teachers reported to the FDOE for the 40 District schools at which the principal was not awarded a scholarship.
- District records were not provided to support the number of classroom teachers reported to the FDOE for the 4 charter schools at which the principal was not awarded a scholarship.

⁷ Section 1012.731, Florida Statutes.

⁸ Section 1012.01(3)(c), Florida Statutes.

⁹ Section 1012.732, Florida Statutes.

In response to our inquiries, District personnel indicated that personnel turnover caused difficulty in locating support for the data reported to the FDOE. Absent accurate reporting of classroom teachers eligible for the teacher scholarships to the FDOE, there is an increased risk that principal scholarships may be awarded to ineligible recipients.

Recommendation: The District should enhance reporting procedures to ensure that the number of teachers eligible for the teacher scholarship awards are accurately reported to the FDOE to assist the FDOE with determining principal scholarship award eligibility and that documentation is available to support the reported information. The District should also determine to what extent the number of teachers eligible for the teacher scholarships were misreported and contact the FDOE for proper resolution in evaluating the impact on principal scholarship awards.

Follow-Up to Management’s Response

In the written response, Management indicated that “the District believed that reporting for the number of teacher scholarships awarded was accurate” and that “the principal reporting information was new for 2017-2018 and was confusing.” Notwithstanding, although we requested, District records were not provided to support the number of teachers reported to the FDOE to assist the FDOE in determining principal scholarship award eligibility. Accordingly, we continue to recommend that the District determine to what extent the number of teachers eligible for the teacher scholarships were misreported and contact the FDOE for proper resolution in evaluating the impact on principal scholarship awards.

Finding 5: Contractual Services

Effective contract management requires and ensures that contract provisions establish required service time and costs and that records are maintained to evidence satisfactory receipt of contractual services by personnel with direct knowledge of the services received before payments are made. For the period July 2017 through January 2018, the District paid \$5.1 million for contractual services.

As part of our audit, we examined District records supporting 30 selected payments totaling \$532,446 related to 30 contracts for that 7-month period. While District records indicated that the District designed and implemented internal controls that generally ensure payments are consistent with contract terms and provisions, we identified certain control deficiencies for contracting and monitoring 4 of the contracts, with related payments totaling \$57,795, for school resource officer (SRO) services.

We expanded our audit procedures to evaluate District procedures and records supporting SRO services and related payments for the entire 2017-18 fiscal year. We found that, pursuant to State law,¹⁰ the Board approved a contract with the Sarasota County Sheriff’s Office (SCSO) and three city police departments for 20 SROs to provide security services at 17 District schools. The 4 contracts identified the SROs’ daily work locations and assigned each SRO to a school on a full-time basis on the days and hours that school was in session. The contracts required the District to pay \$1.5 million annually for the contract period and the District made periodic payments for the services based on SCSO and city police department invoices. We also found that the District had not established procedures to require school personnel with

¹⁰ Section 1006.12, Florida Statutes.

direct knowledge of the SRO services to verify and document satisfactory receipt of the services prior to payment.

In response to our request for District records supporting payments for SRO services, District personnel indicated that the District relied on the SCSO and the city police departments to maintain time records for the SRO services. Subsequent to our inquiries, the District obtained SRO activity logs from the SCSO and three city police departments that supported the services included on the SCSO and city police department invoices. However, absent established procedures that require verification and documentation of the satisfactory receipt of contractual services before payments are made, there is an increased risk that expected services will not be received and any overpayments that may occur will not be timely detected.

Recommendation: The District should establish procedures to require and ensure that personnel with direct knowledge of SRO services verify and document receipt of the services before payments are made.

Follow-Up to Management’s Response

Management’s response indicated that “the District believes it to be redundant to require a timesheet from the SRO stationed at the school, particularly when the contract is not based upon hours worked and includes other items such as equipment, training, vehicles and supervision.” Our finding does not suggest that the District require a time sheet from the SRO, rather, the point of our finding is that, since the District paid for the SRO services, it is incumbent on District personnel to document confirmation that the services were received. Without documented confirmation, there is an increased risk that overpayments may occur or that the SRO services may not be satisfactorily received.

Finding 6: Information Technology – User Access

The Legislature has recognized in State law¹¹ 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,¹² 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 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 policies¹³ allow designated District school personnel

¹¹ Section 119.071(5)(a), Florida Statutes.

¹² Section 1008.386, Florida Statutes.

¹³ Board Policy 5.70 – *Registrar Manual Student Records*.

access to student records to perform administrative, supervisory, or instructional responsibilities that serve a legitimate educational purpose in accordance with applicable requirements in State law, State Board of Education rules, and Federal laws and District employees are required to certify that they will comply with these requirements. In addition, District personnel perform documented, periodic evaluations of IT user access privileges to sensitive personal information of students.

As of April 2018, the District MIS contained sensitive personal information for 385,476 students, including 42,400 current and 343,076 former District students and 119 employees had IT user access privileges to that information. As part of our audit, we inquired of District personnel and reviewed District records for 36 selected employees with IT user access privileges to current and former student SSNs. According to District personnel, 20 of the employees needed continuous access for time periods ranging from daily to weekly, an employee is granted IT user access privileges to sensitive personal information of students by school, and such access is not continued when the student transfers to another school, moves from the District, or graduates. However, regarding the other 16 employees, we:

- Identified 12 employees who did not have a demonstrated need for continuous access to current and former student SSNs. Subsequent to our inquiries, in April 2018 the District removed the 12 employees' user access privileges because the access granted was to be temporary and was no longer necessary.
- Noted that 4 employees occasionally needed access to provide backup for the school registrar; however, the 4 employees' IT user access privileges were continuous and not granted only for the time needed because District personnel did not consider these privileges during the periodic access privilege evaluations.

The existence of unnecessary IT user 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 current or former District students.

Recommendation: To ensure access to sensitive personal information of students is properly safeguarded, the District should enhance documented, periodic evaluations of the necessity of assigned IT user access privileges and timely remove any unnecessary access privileges detected. If an individual only requires occasional access to sensitive personal student information, the privileges should be granted only for the time needed.

Finding 7: Security Controls – User Authentication and Confidential Finding

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

Without adequate security controls related to user authentication, the risk is increased that the confidentiality, integrity, and availability of data and IT resources may be compromised. A similar finding related to user authentication was communicated to District management in connection with our report Nos. 2013-068 and 2016-074.

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

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for applicable findings included in our report No. 2016-074, except Finding 7 was also included in our report Nos. 2016-074 as Finding 11 and 2013-068 as finding No. 15.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

We conducted this operational audit from February 2018 to July 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2016-074.
- 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. 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, system backups, and disaster recovery.
- Evaluated District procedures for maintaining and reviewing employee access to IT resources. We examined selected access privileges to the District's enterprise resource planning (ERP) system finance and human resources (HR) applications to determine the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties. We also examined the administrator account access privileges granted and procedures for oversight of administrative accounts for the network and applications to determine whether these accounts had been appropriately assigned and managed. Specifically, we:
 - Tested the 14 roles that allowed update access privileges to selected critical ERP system finance application functions resulting in the review of the appropriateness of access privileges granted for 13 accounts.
 - Tested the 10 roles that allowed update access privileges to selected critical ERP system HR application functions resulting in the review of the appropriateness of access privileges granted for 4 accounts.
 - Tested the 3 default network administrator system groups that allow complete access to network resources resulting in the review of the appropriateness of administrator access privileges granted to 13 accounts for the network.
 - Evaluated selected access privileges to the District's ERP system and finance and HR applications to determine the appropriateness and necessity of the access privileges 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. Specifically, we reviewed access user privileges for 30 of the 137 employees who separated from District employment during the period July 1, 2017, through January 31, 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.

- Reviewed the agreement between the Board and the Sarasota County Data Center and examined payments totaling \$336,318 to the Sarasota County Data Center to determine whether the payments were made in accordance with the terms of the agreement.
- 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.
- Evaluated IT procedures for requesting, testing, approving, and implementing changes to the District's business system.
- Evaluated the adequacy of District policies and procedures related to security incident response and reporting.
- 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 District data center's physical access controls to determine whether vulnerabilities existed.
- Determined whether a fire suppression system had been installed in the District's data center.
- Interviewed District personnel and reviewed supporting documentation to evaluate whether the District effectively monitored charter schools.
- Examined Board, committee, and advisory board meeting minutes to determine whether Board approval was obtained for policies and procedures in effect during the audit period and for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- Analyzed the District's General Fund total unassigned and assigned fund balances at June 30, 2018, to determine whether the total was less than 3 percent of the fund's projected revenues, as specified in Section 1011.051, Florida Statutes. We also performed analytical procedures to evaluate the District's ability to make future debt service payments.
- From the population of expenditures totaling \$72.5 million and transfers totaling \$25.4 million during the period July 1, 2017, through June 4, 2018, from nonvoted capital outlay tax levy proceeds, Public Education Capital Outlay funds, and other restricted capital project funds, examined documentation supporting selected expenditures and transfers totaling \$8.7 million and \$13.6 million, respectively, to determine compliance with the restrictions imposed on the use of these resources.
- From the population of \$6.5 million total workforce education program funds expenditures for the period July 1, 2017, through January 31, 2018, selected 30 expenditures totaling \$1.1 million 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 111 industry certifications eligible for the 2016-17 fiscal year performance funding, examined 24 selected certifications to determine whether the District maintained documentation for student attainment of the industry certifications.

- From the population of 147,574 contact hours for 1,724 adult general education instructional students during Fall 2017 Semester, examined District records supporting 3,077 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 sensitive personal information of students, such as social security numbers. Specifically, from the population of 119 individuals who had access to sensitive personal information of students, we examined the access privileges of 36 selected employees to evaluate the appropriateness and necessity of the access privileges based on the employee's 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 the District established an audit committee and followed prescribed procedures to contract for audit services pursuant to Section 218.391, Florida Statutes, for the 2015-16 and 2016-17 fiscal years.
- 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.
- Examined District records supporting the payment of \$7,295, made during the audit period by the District to its direct-support organization, to determine the legal authority for the payment.
- Reviewed Board policies and District procedures and evaluated controls over the Transportation Department inventory to determine the adequacy of District controls for safeguarding inventory items.
- Evaluated severance pay provisions in one employee contract to determine whether the severance pay provisions complied with Section 215.425(4), Florida Statutes.
- From the population of compensation payments totaling \$152.4 million made to 6,375 employees during the period July 1, 2017, through January 31, 2018, examined District records supporting compensation payments totaling \$50,324 to 30 selected employees to determine whether the rate of pay was accurate and supervisory personnel reviewed and approved their reports of time worked.
- From the population of 3,215 instructional personnel and 122 school administrators compensated a total of \$152.6 million during the period July 1, 2017, through January 31, 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.
- From the population of 10,482 employees and 3,282 contractors for the audit period, examined District records for 30 employees and 10 contractors selected 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.

- Examined District records supporting the eligibility of:
 - 30 selected District-employed recipients of the Florida Best and Brightest Teacher Scholarship Program awards from the population of 2,243 District teachers who received scholarships awards totaling \$3.7 million during the audit period.
 - 18 selected charter school recipients of the awards from the population of 373 charter school teachers who received scholarships awards totaling \$614,800 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 Florida Department of Education (FDOE) accurate information about the number of classroom teachers and the list of principals, as required by Section 1012.731(4), Florida Statutes, and whether the District timely awarded the correct amount to each eligible principal.
- Evaluated Board policies and District procedures to ensure health insurance was provided only to eligible employees, retirees, and dependents and that upon an employee's separation from District employment, insurance benefits were timely canceled as appropriate. We also determined whether the District had procedures for reconciling health insurance costs to employee, retiree, and Board-approved contributions.
- From the population of 2,566 payments totaling \$561,259 paid to employees for other than travel and payroll payments for the period July 1, 2017, through January 31, 2018, examined documentation for 30 selected payments totaling \$6,306 to determine whether such payments were reasonable, adequately supported, for valid District purposes, and were not contrary to Section 112.313, Florida Statutes.
- Reviewed District procedures for bidding and purchasing health insurance to determine compliance with Section 112.08, Florida Statutes. We also reviewed procedures for the reasonableness of procedures for acquiring other types of commercial insurance to determine whether the basis for selecting insurance carriers was documented in District records and conformed to good business practice.
- Determined whether the District had established and implemented various school safety requirements in accordance with Section 1006.07, Florida Statutes; adopted and implemented policies and procedures that govern access to each educational facility and its students; and adopted and implemented policies and procedures to ensure educational facilities and sites are designed to enhance security and reduce vandalism through the use of Crime Prevention through Environmental Design principles.
- Selected and examined 30 bid awards supporting contract amounts totaling \$16 million from the population of 244 bid awards during 2017-18 fiscal year to determine whether the District complied with SBE Rule 6A-1.012, FAC.
- For two significant construction management contracts with guaranteed maximum prices of \$21.1 million and \$13.1 million, respectively; and expenditures totaling \$5.3 million in progress during the audit period, examined documentation for project expenditures of \$5 million to determine compliance with Board policies and District procedures and provisions of State laws and rules. Specifically, we:
 - Examined District records to determine whether the construction manager was properly selected.
 - Evaluated District procedures for monitoring subcontractor selection and licensure and examined District records to determine whether the District ensured subcontractors were properly selected and licensed.

- Examined District records to determine whether architects were properly selected and adequately insured.
- Determined whether the Board established appropriate policies and District procedures addressing negotiation and monitoring of general conditions costs.
- Examined District records supporting 33 selected payments totaling \$6 million to determine whether District procedures for monitoring payments were adequate and payments were sufficiently supported.
- Examined District records to determine whether projects progressed as planned and were cost effective and consistent with established benchmarks, and whether District records supported that the contractors performed as expected.
- Pursuant to Section 1013.64(6)(d)2., Florida Statutes, obtained the October 2017 report of District student station costs submitted to the FDOE. For the one construction project completed during the period January 1, 2017, through December 31, 2017, we examined District records to determine whether the October 2017 report accurately reported student station costs and complied with the student station cost limits established by Section 1013.64(6)(b)1., Florida Statutes.
- Examined documentation supporting the 22 Superintendent and Board Member travel expenses totaling \$6,040 to determine if expenses were supported and complied with Section 112.061, Florida Statutes.
- From the population of purchasing card (P-card) transactions totaling \$3.4 million for the period July 1, 2017, through March 28, 2018, examined documentation supporting 30 selected transactions totaling \$123,978 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 15 cardholders who separated from District employment during the period July 1, 2017, through April 1, 2018.
- Evaluated the sufficiency of District procedures to determine whether District charter schools were required to be subjected to an expedited review pursuant to Section 1002.345, Florida Statutes.
- Evaluated District procedures for allocating Title 1 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 1 allocations to eligible schools based on the threshold established by the District for the 2016-17 school year or the Statewide percentage of economically disadvantaged student; and distributed all remaining funds to all eligible schools in accordance with Federal law and regulation.
- Examined District records and evaluated District procedures to determine whether the District distributed the correct amount of local capital improvement funds to its eligible charter schools by February 1, 2018, pursuant to Section 1013.62(3), Florida Statutes.
- Examined District records and evaluated construction planning processes for the audit period to determine whether processes were comprehensive, included consideration of restricted resources and other alternatives to ensure the most economical and effective approach, and met District short-term and long-term needs.
- Evaluated District procedures for identifying facility maintenance needs and establishing resources to address those needs.
- Evaluated District procedures for determining maintenance department staffing needs. We also determined whether such procedures included consideration of appropriate factors and performance measures.
- Determined whether non-compensation expenditures were reasonable, correctly recorded, adequately documented, for a valid District purpose, properly authorized and approved, and in

compliance with applicable State laws, rules, contract terms and Board policies; and applicable vendors were properly selected. Specifically, from the population of non-compensation expenditures and E-payables totaling \$203.8 million and \$42.6 million for the period July 1, 2017, through May 25, 2018, and July 1, 2017, through January 31, 2018, respectively, we examined District records supporting:

- 30 selected payments for general expenditures totaling \$485,026.
- The competitive selection of 12 vendors with payments totaling \$147,999.
- From the population of 221 vendors and consultant contracts totaling \$5.1 million during the period July 1, 2017, through January 31, 2018, examined supporting documentation, including the contract documents, for 30 selected payments totaling \$532,466 related to 30 contracts to determine whether:
 - 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.
- From the population of payments totaling \$9.9 million for the period July 1, 2017, through April 30, 2018, made to 155 vendors for repairs and maintenance, relocatables, improvements other than buildings, and renovation and remodeling, examined 30 selected payments totaling \$2.8 million to determine whether the vendor was paid in accordance with the contract terms and conditions, and amounts paid were reasonable based on the services provided.
- Evaluated the adequacy of District Virtual Instruction Program (VIP) policies and procedures.
- For the two FDOE-approved VIP providers that contracted with the District for the audit period, determined whether the District obtained a list of provider employees and contracted personnel who had obtained background screenings in accordance with Section 1012.32, Florida Statutes.
- 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.
- Examined the contract documents for two FDOE-approved VIP providers to determine whether the contracts contained required statutory provisions. Also, we:
 - Examined the contract documents to determine whether provisions were included to address compliance with contract terms, the confidentiality of student records, and monitoring of the providers' quality of virtual instruction and data quality.
 - Examined the contract and other related records to determine whether the District documented the reasonableness of the student-teacher ratios established in the contract.
 - Examined contract fee provisions and inquired as to how fees were determined for services rendered.
- 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



Office of the Superintendent
www.SarasotaCountySchools.net
1960 Landings Blvd., Sarasota, FL 34231
941-927-9000 • Fax 941-927-2539

December 3, 2018

Sherrill F. Norman, CPA
Auditor General
Office of Auditor General
111 West Madison Street, Suite G74
Tallahassee, FL 32399-1450

Dear Ms. Norman:

The following responses are offered with respect to the preliminary and tentative audit findings report issued November 2, 2018, on the operational audit of the Sarasota County District School Board for the fiscal year ended June 30, 2018.

Finding No. 1: The District did not verify the licenses of subcontractors before they commenced work on the North Port and Brentwood Projects.

Response: As a best practice, the district pre-qualifies and collects the state and local required licenses of all prime contractors performing work directly contracted with the district. The contracted company is responsible for collection and verification of any subcontractor licenses performing work for them on the project. All licenses are held by the CME and are available upon request by the district. In the future, CME firms performing work for the district shall be required to furnish subcontractor licenses to the district for verification.

Finding No. 2: The District needs to enhance controls over monitoring and documenting the reasonableness of CME general conditions costs.

Response: The monitoring of the amounts charged by the CME for general conditions is done at the end of each pay period. The district requires the CME to submit a detailed financial project cost report for review by the district project manager for project cost tracking.

SarasotaCountySchools.net

Finding No. 3: District records did not document verification that the 18 charter school teachers who received Florida Best and Brightest Teacher Scholarship awards totaling \$119,275 during the 2017-18 fiscal year were eligible for those awards.

Response: The District believes eligibility for charter school teachers based on college entrance examination scores, and a highly effective or effective evaluation pursuant to State law, should be determined by the respective charter school's governing board and then reported in summary to the district for inclusion in the District's scholarship application. This is based upon the guidance provided by the Florida Department of Education (FDOE) that informs the school district to share the reporting criteria and spreadsheets to the charter school governing board to allow them to collect the required data and transmit to the school district's contact person to be included in the school district's transmission. The data sheets only require the governing board to provide the District with the numbers of teachers who are eligible. The examination scores and the support of highly effective or effective evaluations are maintained by the charter school and should be accessed from the school site not the central office of the sponsoring school district as with many other documents that may involve time keeping, and other school-controlled functions.

Finding No. 4: District records did not support the number of classroom teachers reported to and used by the Florida Department of Education to fund Florida Best and Brightest Principal Scholarship awards.

Response: The District believed that reporting for the number of teacher scholarships awarded was accurate. The principal reporting information was new for 2017-2018 and was confusing to not only Sarasota County Schools but many school districts across the state. The District relied upon information provided by the Florida Department of Education (FDOE). The FDOE sent out clarification guidelines Monday January 22, 2018 to further assist districts in reporting the correct information and allowed for any necessary revisions. At that time, Sarasota County Schools felt the original reported numbers were accurate, therefore it was not necessary for FDOE to be contacted or a resolution sought for the District. Several changes were reported and submitted on behalf of several charter schools. Again, we would note that eligibility for charter school teachers based on college entrance examination scores, and a highly effective or effective evaluation pursuant to State law, is reported to the district by the charter schools after being determined by the respective charter school's governing board. Guidance provided by DOE informs the school district to share the reporting criteria and spreadsheets to the charter school governing board to allow them to collect the required data and transmit to the school district's contact person to be included in the school district's transmission. The examination scores and the support of highly effective or effective are maintained by the charter school and should be accessed from the school site not the central office of the sponsoring school district, as with many other documents that may involve time keeping, and other school-controlled functions.

Finding No. 5: District controls over school resource officer services need enhancement.

Response: The District has contracts with four law enforcement agencies that involve a cost sharing arrangement for school resource officers (SRO), equipment, training, vehicles and, if applicable, officer supervision. These contracts define the work locations to be serviced and expected work day for the SRO, but do not contain hourly rates or any expectation of payment based upon hours worked. These contracts, similar to other professional services contracts such as independent auditing or program evaluation contracts, are written as two party agreements for a specific total dollar value. In this instance, the SRO contracts are payable over twelve months, which include periods of time when school is not in session. The contracts also clearly state that the SROs are employed by their respective law enforcement agencies and include provisions where time away from the worksite may be necessary for training or other emergencies without any modification in total payments due under the contract. Whenever an assigned SRO is not able to perform their duties, the school administrator is notified and another officer is sent to the school site by the law enforcement agency. The District has many contracts for services where payment is based upon hours worked and are written with an hourly rate. In these instances, the District always obtains written verification of hours worked prior to paying any invoice for service. The District believes that is not the case for the SRO contracts and also believes it to be redundant to require a timesheet from the SRO stationed at the school, particularly when the contract is not based upon hours worked and includes other items such as equipment, training, vehicles and supervision. In addition, verification of time worked by the SRO is obtainable from the respective law enforcement agency which was demonstrated and provided to the audit staff.

Finding No. 6: Some unnecessary information technology (IT) user access privileges existed that increased the risk that unauthorized disclosure of sensitive personal information of student may occur.

Response: While the total of the 16 users mentioned in the report would have been removed during the annually scheduled user access audit performed in the summer, all of these users did have reason to have access to sensitive personal information as a necessary job function at the school during the school year. The District does rely on timely communication from the schools to ensure user access is appropriate when changes are done between user access audit windows. The District will work with schools more than once a year evaluating the necessity of assigned users access to sensitive personal information in the Student Information System.

Finding No. 7: District security controls related to IT user authentication need improvement. A similar finding was communicated to District management in connection with our report No. 2016-074.

Response: Security controls for user authentication, logging, and monitoring of system activity were analyzed based on the results of the last operational audit. The results of the analysis did not identify any deficiencies in best practice with regard to confidentiality, integrity, and availability of District data and IT network resources. The District provided a multitude of documentation showing the variety of accredited organizations that are in exact alignment with the same best practices. The District considers that we have a very strong security control procedure.

As always, we appreciate the opportunity for review of our operational program procedures and wish to thank the Auditor General's staff for their professional and courteous manner in which they conducted the Operational Program audit.

If you need additional information, please feel free to contact Mitsi Corcoran, Chief Financial Officer at (941) 927-9000 ext. 31300 or via e-mail at mitsi.corcoran@sarasotacountyschools.net. We look forward to the release of the final audit report but do reserve the right to appeal as we deem appropriate.

Sincerely,



Dr. Todd Bowden
Superintendent

cc: Mitsi Corcoran, Chief Financial Officer