

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2019-109
January 2019

**COLLIER COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2017-18 fiscal year, Dr. Kamela Patton served as Superintendent of the Collier County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Kelly Lichter	1
Stephanie Lucarelli, Vice Chair from 11-21-17	2
Erika Donalds, Vice Chair through 11-20-17	3
Eric Carter	4
Roy M. Terry, Chair	5

The team leader was Cesar A. Mayorga, and the audit was supervised by Deirdre F. Waigand, 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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COLLIER COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Collier County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2016-068. Our operational audit disclosed the following:

Finding 1: District records did not always evidence that impact fee proceeds were used only for authorized purposes, resulting in questioned costs of \$14 million.

Finding 2: District school bus driver monitoring procedures continue to need improvement.

Finding 3: District records did not document verification that the 118 charter school teachers who received Florida Best and Brightest Teacher Scholarship awards totaling \$264,000 during the 2017-18 fiscal year were eligible for those awards.

BACKGROUND

The Collier 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 Collier County. The governing body of the District is the Collier 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 56 elementary, middle, high, and specialized schools; sponsored 6 charter schools; and reported 46,306 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Impact Fees

Impact fees are collected by local governments for use in funding the infrastructure necessitated by new growth and development. Pursuant to a Collier County (County) ordinance,¹ in 1992 the District and the County entered into an interlocal agreement to establish certain procedures for the transfer and expenditure of impact fee proceeds. The County ordinance and the interlocal agreement provide that proceeds from the educational impact fees are for the purpose of capital improvements for new or expanded educational facilities and for debt service for bonds or similar debt instruments issued for capital uses authorized under the agreement. The funds cannot be used for operations and maintenance and must be spent in a manner that benefits the feepayer.

The District accounts for impact fee activities in the Capital Projects – Impact Fees Fund. For the 2017-18 fiscal year, District impact fee proceeds totaled \$16.3 million and impact fee transfers to other funds totaled \$14 million. To determine the propriety of the impact fee uses, we examined District records

¹ Collier County Ordinance No. 92-33.

supporting all impact fee transfers. Our examination disclosed that the transfers did not appear to be for authorized purposes as the \$14 million was used to service previous debt, most of which was incurred more than 10 years ago, rather than for infrastructure necessitated by new growth.

Specifically, the transfers were to District debt service funds for the debt service requirements of the Certificate of Participation Series (COPS) 2005A, 2010, 2014A, and 2015, the proceeds of which were used to refund COPS 2002, 2006, and 2007. Consequently, it is not apparent that the transfers were reasonably connected to recent feepayers. The Florida Supreme Court has opined that “the local government must demonstrate a reasonable connection, or rational nexus, between the expenditures of the funds collected and the benefits accruing to the subdivision. In order to satisfy this requirement, the ordinance must specifically earmark the funds collected for use in acquiring capital facilities to benefit the new residents.”²

In response to our inquiries, District personnel indicated that they believed the impact fee use was allowable under the interlocal agreement. Notwithstanding this response, District records did not evidence that use of impact fee proceeds to service debt incurred in previous fiscal years met the rational nexus test by directly relating that use to the educational infrastructure needs of the residents of the new residential developments. Consequently, the impact fee transfers totaling \$14 million represent questioned costs.

Recommendation: The District should ensure that impact fee proceeds are expended only for authorized purposes. Additionally, the District should either document to the Florida Department of Education the allowability of the impact fee transfers totaling \$14 million to the debt service funds or restore those funds to the 2017-18 fiscal year Capital Projects – Impact Fees Fund.

Follow-Up to Management’s Response

Management stated in the written response that “District records evidence that the use of impact fee proceeds to service debt incurred in previous fiscal years met, and in accordance with constitutional scrutiny, the rational nexus test. Under this test, the District’s usage of impact fees were rationally related to the legitimate government purpose of applying the proceeds to the educational infrastructure needs of the residents of the new residential developments. . . . Furthermore, the educational facilities built in prior years provide student stations to accommodate new student growth.” Notwithstanding this response, although we requested, District records were not provided to demonstrate that the transfers from the 2017-18 fiscal year impact fees were specifically earmarked for the educational infrastructure needs of the residents of the new residential developments that paid the impact fees. Accordingly, we continue to question the allowability of the transfers.

Finding 2: School Bus Drivers – Licenses and History Records

State law³ requires school bus drivers to possess valid commercial driver licenses and provides the Florida Department of Highway Safety and Motor Vehicles (FDHSMV) the authority to suspend or revoke driver licenses for various reasons. For example, pursuant to State law,⁴ the FDHSMV is to suspend the

² St. Johns County v. Northeast Florida Builders Association, Inc., 583 So. 2d 635 (Fla. 1991).

³ Sections 322.27 and 1012.45(1), Florida Statutes.

⁴ Section 324.021, Florida Statutes.

driver licenses of motor vehicle owners if FDHSMV records do not evidence that the vehicle owner maintained the required insurance coverage. State Board of Education (SBE) rules⁵ require that the District at least annually ensure that personnel, prior to transporting students on school buses, hold valid commercial driver licenses with passenger and school bus endorsements and be physically capable of operating the vehicles as determined by a physician and documented on a Florida Department of Education (FDOE) physical examination form. SBE rules⁶ also require the District to obtain and review the school bus drivers' FDHSMV history records prior to initial employment and the first day of the fall semester. Thereafter, the District is to continuously screen bus driver records using automated weekly updates.

As part of our audit, we evaluated District school bus driver monitoring procedures and found that, while District personnel periodically reviewed school bus driver history records, the District did not have procedures to verify that bus drivers maintain the required insurance. During the 2017-18 fiscal year, the District employed 322 school bus drivers. We requested for examination District records supporting the bus driver licenses and history records for 30 selected drivers and found that:

- District personnel were notified through an FDHSMV automated weekly update on April 3, 2018, that 1 District bus driver's license would be suspended on April 20, 2018, for lack of required insurance and required the driver to obtain the insurance to avoid license suspension. However, the driver did not take immediate action and the driver's license was suspended April 20, 2018, through May 18, 2018. During this period, the District allowed the driver to drive daily bus routes for a total of 21 days. Prior to our inquiry, the school bus driver obtained and provided proof of insurance to the FDHSMV and the driver's license was restored.
- District personnel did not verify 4 school bus driver's FDHSMV history records before the drivers transported students during the 2017-18 fiscal year. District records demonstrating verification of the drivers' history records were dated June 26, 2018, or 314 days after the first day of the 2017 Fall Semester. In response to our inquiry, District personnel indicated that the District had not established procedures to verify that all bus drivers were included in the history records provided by the FDHSMV. Our further examination of FDHSMV records disclosed that the 4 drivers did not have any histories with expired, suspended, or revoked licenses.

Absent District procedures to verify, before individuals operate school buses, that the drivers are licensed and have appropriate driving histories, there is an increased risk of bus accidents that jeopardize the safety of students riding District buses. To promote school bus safety and reduce the risk of potential accidents, it is essential for District personnel to timely and appropriately monitor bus driver licenses and FDHSMV history records. A similar finding was noted in our report No. 2016-068.

Recommendation: The District should enhance bus driver monitoring procedures to ensure that only those individuals who are licensed and have appropriate driving histories operate school buses and transport students. As part of the periodic review of school bus driver history records, the District should verify that all bus drivers are included in the history records provided by FDHSMV and that bus drivers maintain the required insurance. The District should also take immediate action to verify that all school bus drivers are properly licensed and have appropriate driving histories.

⁵ SBE Rule 6A-3.0141(3), Florida Administrative Code (FAC).

⁶ SBE Rule 6A-3.0141(4), FAC.

Finding 3: Florida Best and Brightest Teacher Scholarship Program

The Florida Legislature established the Florida Best and Brightest Teacher Scholarship Program⁷ to reward classroom teachers⁸ who achieved high academic standards during their own education. Classroom teachers eligible for a \$6,000 scholarship award 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 law⁹ 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. Also, pursuant to State law,¹⁰ 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.

District personnel are responsible for determining teacher eligibility for the scholarships and annually submitting the number of eligible teachers to the FDOE. The FDOE then disburses scholarship funds to the District for each eligible classroom teacher to receive a scholarship as provided in State law. To demonstrate eligibility for a \$6,000 scholarship, District-employed teachers are required to submit to the District an official record of his or her college entrance examination score evidencing that the teacher scored at or above the 80th percentile based on the national percentile ranks in effect when the teacher took the assessment. According to District personnel, charter schools are required to submit to the District the number of charter school teachers determined to be eligible for the scholarships. However, the District had not established procedures to verify that scholarships are only awarded to eligible charter school classroom teachers.

During the 2017-18 fiscal year, the District awarded scholarships totaling \$3 million to 2,432 District-employed teachers and scholarships totaling \$264,000 to 118 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 23 scholarship recipients (18 District-employed teachers who received \$117,200 and 5 charter school teachers who received \$27,200) who were awarded a total of \$144,400. Subsequent to our request, the District obtained from the respective charter school eligibility documentation for the 5 charter school scholarship recipients.

Our examination of the documentation provided indicated that the 18 District-employed scholarship recipients and 4 of the 5 charter school scholarship recipients were eligible to receive the scholarships.

⁷ Section 1012.731, Florida Statutes.

⁸ Section 1012.01(2), Florida Statutes, defines classroom teachers as K-12 staff members assigned the professional activity of instructing students in courses in classroom situations, including basic instruction, exceptional student education, career education, and adult education, including substitute teachers.

⁹ Section 1012.34, Florida Statutes. Section 1012.34(3)(a), Florida Statutes, requires the evaluation to include consideration of student performance.

¹⁰ Section 1012.731(3)(b), Florida Statutes.

However, for 1 charter school scholarship recipient of a \$6,000 award, the college entrance examination board score report provided did not include a national percentile, was dated prior to the available examination archive data provided by the FDOE, and was 101 points below the minimum score to be at the 80th percentile for any year with available archive data. Without evidence that the charter school teacher scored at or above the 80th percentile on a college entrance examination, the charter school did not demonstrate that the teacher was eligible to receive the \$6,000 award.

In response to our inquiries, District personnel indicated that they relied on charter school personnel to determine the eligibility of charter school teachers. However, absent District verification of the eligibility of charter school teachers, there is an increased risk that scholarships will be awarded to ineligible recipients.

Recommendation: To ensure that scholarships are awarded only to eligible recipients, the District should:

- Enhance procedures to document verifications that scholarships are awarded to eligible charter school teachers based on qualifying college entrance examination scores pursuant to State law.
- Take appropriate actions to demonstrate the charter school teacher's eligibility to the FDOE or recover from the charter school teacher the scholarship award totaling \$6,000 and refund that amount to the FDOE.
- Determine the propriety of the other 113 scholarships totaling \$236,800 awarded to charter school teachers and, for any scholarships awarded to ineligible recipients, take appropriate actions to recover and refund the amounts improperly awarded to the FDOE.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for applicable findings included in our report No. 2016-068, except that Finding 2 was also noted in report No. 2016-068, as Finding 1.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

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

The objectives of this operational audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned

responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.

- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2016-068.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, weaknesses in management's internal controls, instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included transactions, as well as events and conditions, occurring during the 2017-18 fiscal year audit period, and selected District actions taken prior and subsequent thereto. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed District information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, systems development and maintenance, network 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 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:
 - Examined 15 critical finance functions to determine the appropriateness and necessity based on the employee's job duties.
 - Examined 4 critical HR functions to determine the appropriateness and necessity based on the employee's job duties.
- Reviewed District procedures to prohibit former employee access to electronic data files. We also reviewed access user privileges for 23 of the 586 employees who separated from District employment during the audit period to determine whether the access privileges had been timely deactivated.
- Evaluated Board security policies and District procedures governing the classification, management, and protection of sensitive and confidential information.
- Determined whether a comprehensive IT disaster recovery plan was in place, designed properly, operating effectively, and had been recently tested.
- Examined selected operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Determined whether a comprehensive, written IT risk assessment had been developed to document the District's risk management and assessment processes and security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.
- Evaluated Board policies and District procedures and examined supporting documentation to determine whether audit logging and monitoring controls were configured in accordance with IT best practices.
- Evaluated the adequacy of District procedures related to security incident response and reporting.
- Interviewed District personnel and reviewed supporting documentation to evaluate whether the District effectively monitored charter schools.
- Examined Board, committee, and advisory board meeting minutes to determine whether Board approval was obtained for policies and procedures in effect during the audit period and for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- Examined District records to determine whether the District had developed an anti-fraud policy and procedures to provide guidance to employees for communicating known or suspected fraud to appropriate individuals. Also, we examined District records to determine whether the District had implemented appropriate and sufficient procedures to comply with its anti-fraud policy.
- Analyzed the District's General Fund total unassigned and assigned fund balances at June 30, 2018, to determine whether the total was less than 3 percent of the fund's 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 \$57.5 million and transfers totaling \$84 million during the audit period 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 \$12.1 million and \$84 million, respectively, to determine compliance with the restrictions imposed on the use of these resources.
- From the population of \$11.6 million total workforce education program funds expenditures for the audit period, selected 20 expenditures totaling \$1.2 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 134 industry certifications eligible for the 2016-17 fiscal year performance funding, examined 25 selected certifications to determine whether the District maintained documentation for student attainment of the industry certifications.
- From the population of 251,386 contact hours for 1,780 adult general education instructional students during the audit period, examined District records supporting 3,722 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 including social security numbers. Specifically, from the population of 1,172 (DocVault), 626 (Focus), and 372 (TERMS) District employees (with some overlap between the three systems) who had access to sensitive personal student information, examined the access privileges of 32 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 the one employee contract with severance pay provisions to determine whether the severance pay provision complied with Section 215.425(4), Florida Statutes.
- From the compensation payments totaling \$375.6 million to 5,840 employees during the audit period, examined District records supporting compensation payments totaling \$1.3 million to 30 selected employees to determine whether their rate of pay was accurate and whether supervisory personnel reviewed and approved reports of time worked.
- From the population of 3,156 instructional personnel and 140 school administrators compensated a total of \$186.6 million during the audit period, examined documentation for 25 selected employees who were paid a total of \$1.6 million to determine whether the District had developed adequate performance assessment procedures for instructional personnel and school administrators based on student performance and other criteria in accordance with Section 1012.34(3), Florida Statutes. 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 audit period for 20 employees and 20 contractors selected from the population of 6,792 employees and 6,163 contractors to assess whether individuals who had direct contact with students were subjected to the required fingerprinting and background screening.
- Examined Board policies, District procedures, and related records for 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:
 - 18 selected District-employed recipients of the Florida Best and Brightest Teacher Scholarship Program awards from the population of 2,432 District teachers who received scholarship awards totaling \$2,982,000 during the audit period.
 - 5 selected charter school recipients from the population of 118 charter school teachers who received scholarship awards totaling \$264,000 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 the District's policies. We also determined whether the District had procedures for reconciling health insurance costs to employee, retiree, and Board-approved contributions.
- Reviewed District procedures for bidding and purchasing health insurance to determine compliance with Section 112.08, Florida Statutes. 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.
- For the five significant construction projects with expenditures totaling \$15.1 million and in progress during the audit period, examined documentation for a construction management entity (CME) guaranteed maximum price (GMP) contract and related expenditures of \$4.5 million to determine compliance with Board policies and District procedures and provisions of State laws and rules. Also, for the CME GMP contract and related expenditures, 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 three selected payments totaling \$489,537 to determine whether District procedures for monitoring payments were adequate and payments were sufficiently supported.

- From the population of purchasing card (P-card) and credit card transactions totaling \$6.5 million during the audit period, examined documentation supporting 30 selected transactions totaling \$35,561 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 16 cardholders who separated from District employment during the audit period.
- Reviewed the audit reports received during the audit period for the six District-sponsored charter schools to determine whether the required audits were performed. We also determined whether the 2016-17 fiscal year audits of the charter schools were performed pursuant to Chapters 10.700 and 10.850, Rules of the Auditor General, and Section 1001.453, Florida Statutes.
- Evaluated District procedures for allocating Title I funds to ensure compliance with Section 1011.69(5), Florida Statutes. We examined District records to determine whether the District identified eligible schools, including charter schools, limited Title I allocations to eligible schools based on the threshold established by the District for the 2016-17 school year or the Statewide percentage of economically disadvantaged student and distributed all remaining funds to all eligible schools in accordance with Federal law and regulation.
- Examined District records and evaluated District procedures to determine whether the District distributed the correct amount of local capital improvement funds to its eligible charter schools by February 1, 2018, pursuant to Section 1013.62(3), Florida Statutes.
- Examined District records and evaluated construction planning processes for the audit period to determine whether processes were comprehensive, included consideration of restricted resources and other alternatives to ensure the most economical and effective approach, and met District short-term and long-term needs.
- Evaluated District procedures for identifying facility maintenance needs and establishing resources to address those needs. We also compared maintenance plans with needs identified in safety inspection reports, reviewed inspection reports for compliance with Federal and State inspection requirements, evaluated District efforts to timely resolve any deficiencies identified during inspections, and tested the work order system for appropriate tracking of maintenance jobs.
- Evaluated District procedures for determining maintenance department staffing needs. We also determined whether such procedures included consideration of appropriate factors and performance measures that were supported by factual information.
- Determined whether non-compensation expenditures were reasonable, correctly recorded, adequately documented, for a valid District purpose, properly authorized and approved, and in compliance with applicable State laws, rules, contract terms and Board policies; and applicable vendors were properly selected. Specifically, from the population of non-compensation expenditures totaling \$246.9 million for the audit period, we examined documentation relating to 40 payments for general expenditures totaling \$13.9 million.
- From the population of 104 consultant contracts totaling \$8.5 million during the audit period, examined supporting documentation, including the contract documents, for 30 selected payments totaling \$2 million related to 25 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, expenditures, and student outcomes for each participating school.
- Examined Florida Department of Highway Safety and Motor Vehicles and District records for 30 bus drivers selected from the population of 322 District bus drivers to assess whether District procedures were adequate to ensure that District's bus drivers were properly licensed and monitored during the audit period.
- For four 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 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 the four 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.
- 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
Collier County Public Schools

"Today's Learners - Tomorrow's Leaders"

January 7, 2019

Honorable Sherrill F. Norman
Auditor General
Claude Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

We are in receipt of your preliminary and tentative audit findings for the year ended June 30, 2018. Pursuant to the provisions of Section 11:45(4)(d), Florida Statutes, we respectfully submit the following statements concerning the preliminary and tentative findings.

Response No 1: Impact Fees

The District disagrees with the Auditor General finding. Use of impact fee proceeds to service debt incurred in previous fiscal years does address the capital educational needs of current and future student enrollment related to growth. New residential developments for whom the 2017-18 fiscal year impact fee proceeds were collected provided new students with a student station.

Pursuant to a Collier County (County) ordinance, in 1992 the District and the County entered into an inter-local agreement to establish certain procedures for the transfer and expenditure of impact fee proceeds. The County ordinance and the inter-local agreement provide that proceeds from the educational impact fees are for the purpose of capital improvements for new or expanded educational facilities and for debt service for bonds or similar debt instruments issued for capital uses authorized under the agreement. The funds cannot be used for operations and maintenance and must be spent in a manner that benefits the fee payer. The District, therefore, has acted in accordance with County Code Ordinances which have never been subject to legal challenge.

The District contends that District records evidence that the use of impact fee proceeds to service debt incurred in previous fiscal years met, and in accordance with constitutional scrutiny, the rational nexus test. Under this test, the District's usage of impact fees were rationally related to the legitimate government purpose of applying the proceeds to the educational infrastructure needs of the residents of the new residential developments. Consequently, the impact fee transfers totaling \$14 million represent legitimate costs. Furthermore, the educational facilities built in prior years provide student stations to accommodate new student growth.

Response No 2: School Bus Drivers – Licenses and History Records

The District will implement additional reviews and procedures to further enhance current practices regarding review of school bus driver history records. The District will also take immediate action to verify that all current school bus drivers are properly licensed and have appropriate driving histories.

Response No 3: Florida Best and Brightest Teacher Scholarship Program

The District has updated the procedure to collect the required documentation for verification of Charter School employees' eligibility for the Best and Brightest Scholarship.

The District has taken appropriate action to verify the documentation and recover the scholarship award totaling \$6,000 from the Charter School teacher subsequently refunding the FDOE.

The District will be collecting all qualifying documentation of the 113 Charter School employees to verify their award eligibility or to take appropriate action to recover and refund any amounts improperly awarded to the FDOE.

Sincerely,

Kamela Patton, Ph.D.
Superintendent

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