

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2019-161
March 2019

**HARDEE COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2017-18 fiscal year, Bob Shayman served as Superintendent of the Hardee County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Paul Samuels, Chair	1
Mildred Smith	2
Teresa Crawford	3
Garry McWhorter, Vice Chair	4
Thomas Trevino	5

The team leader was Pakeishia L. Johnson, and the audit was supervised by Mark A. Arroyo, CPA.

Please address inquiries regarding this report to Micah E. Rodgers, CPA, Audit Manager, by e-mail at micahrodgers@aud.state.fl.us or by telephone at (850) 412-2905.

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

FLAuditor.gov

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

State of Florida Auditor General

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

HARDEE COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Hardee County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2016-137. Our operational audit disclosed the following:

Finding 1: District records did not always evidence that ad valorem tax levy proceeds were used only for authorized purposes, resulting in questioned costs of \$137,922.

Finding 2: The District needs to strengthen controls to ensure the accurate reporting of instructional contact hours for adult education classes to the Florida Department of Education.

Finding 3: Required background screenings were not always timely performed for instructional and noninstructional employees.

Finding 4: District records did not demonstrate that the District conducted required searches of the names of prospective volunteers against the applicable registration information regarding sexual predators and sexual offenders.

Finding 5: Contrary to State law, the Board had not adopted instructional personnel grandfathered salary schedules for the 2014-15 through 2017-18 fiscal years that based compensation, in part, upon employee performance.

Finding 6: District controls over school resource officer services need enhancement.

Finding 7: Some unnecessary information technology user access privileges existed that increased the risk that unauthorized disclosure of sensitive personal information of students may occur.

BACKGROUND

The Hardee 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 Hardee County. The governing body of the District is the Hardee County District School Board (Board), which is composed of five elected members. The elected Superintendent of Schools is the Executive Officer of the Board. During the 2017-18 fiscal year, the District operated five elementary, a junior high school, a senior high school and reported 5,209 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Use of Ad Valorem Tax Levy Proceeds

State law¹ allows the District to levy ad valorem taxes for capital outlay purposes within specified millage rates subject to certain precedent conditions. Allowable uses of ad valorem tax levy proceeds include, among other things, funding new construction and remodeling projects and the purchase, lease-purchase, or lease of school buses and other specified motor vehicles. Ad valorem tax levy use for vehicles other than school buses is limited to driver's education vehicles, vehicles used for the maintenance or operation of plants and equipment, security vehicles, and vehicles used in storing or distributing materials and equipment.

The Florida Department of Education (FDOE) school bus specifications² set forth certain minimum requirements, including, but not limited to, size, mechanical features, and body design characteristics. For example, the minimum capacity of a school bus is 19 passengers and the school bus body must include specific design characteristics such as warning lights, student crossing and stop arms, and emergency exits.

The District accounts for ad valorem tax levy proceeds in the Capital Projects – Local Capital Improvement Fund (LCI Fund). For the 2017-18 fiscal year, the District had LCI Fund expenditures totaling \$947,158 and transfers totaling \$1,049,670. To determine the propriety of District uses of ad valorem tax levy proceeds, we examined District records supporting selected LCI Fund expenditures totaling \$367,272 and transfers totaling \$1,049,670. We found that expenditures totaling \$137,922 for six passenger vans did not appear consistent with allowable uses of ad valorem tax levy proceeds. In response to our inquiry, District personnel indicated that the six vans were purchased to transport students to academic and athletic events and that the vans were considered school buses. Notwithstanding this response, the vans have a maximum capacity of 8 passengers and did not include the specific design characteristics of school buses such as warning lights, student crossing and stop arms, and emergency exits. Since the vans did not meet the FDOE school bus specifications, the ad valorem tax levy expenditures totaling \$137,922 represent questioned costs.

Without adequate controls to ensure that ad valorem tax levy proceeds are expended for authorized purposes, the risk is increased that the District will violate the expenditure restrictions governing the use of the proceeds.

Recommendation: The District should enhance procedures to ensure that ad valorem tax levy proceeds are used only for authorized purposes. Such procedures should ensure District personnel who approve ad valorem tax levy use understand the restrictions associated with such use. In addition, the District should provide documentation to the FDOE supporting the allowability of the passenger van costs totaling \$137,922 or restore this amount to the LCI Fund.

¹ Section 1011.71, Florida Statutes.

² Florida School Bus Specifications Revised 2013.

Finding 2: Adult General Education Classes

State law³ defines adult general education, in part, as comprehensive instructional programs designed to improve the employability of the State's workforce. The District received State funding for adult general education, and General Appropriations Act⁴ proviso language requires each school district to report enrollment for adult general education programs in accordance with the FDOE instructional hours reporting procedures. State Board of Education (SBE) rules⁵ require the District to collect and maintain student enrollment and attendance information based on minimum enrollment requirements for funding and mandatory withdrawal procedures for students for non-attendance. A minimum enrollment threshold of 12 hours of attendance for each program must be met before a student can be counted for funding purposes. Instructional contact hours are reported up to and including the last date of attendance but should not include any instructional contact hours reported for any period beyond the last date of actual attendance.

For the 2017-18 fiscal year, the District reported 21,166 instructional contact hours for adult general education classes provided to 143 students enrolled in 34 classes. As part of our audit, we examined District records for 20 students enrolled in 13 classes for 5,079 contact hours. We found that, for 9 of these students, the instructional contact hours were over reported a net total 850 hours, including 886 over-reported hours (ranging from 3 to 335 hours) for 7 students and 36 under-reported hours for 1 student. In response to our inquiry, District personnel indicated that the instructional contact hours were inadvertently over reported because District personnel incorrectly overrode the attendance system for classes dropped or completed and District procedures had not been established to independently verify system overrides.

District personnel indicated that new procedures would be implemented to accurately account for classes dropped or completed. Although we requested, District records were not readily available to quantify the full extent of the class hours that may have been misreported for the adult general education students for the 2017-18 fiscal year. Since funding is based, in part, on enrollment data reported to the FDOE, it is important that the District report accurate data.

Recommendation: We recommend the District strengthen controls to ensure instructional contract hours for adult general education classes are accurately reported to the FDOE. Such procedures should include documented, independent verifications of system overrides. In addition, the District should also determine the extent of the adult general education hours misreported for the 2017-18 fiscal year and contact the FDOE for proper resolution.

Finding 3: Employee Background Screenings

State law⁶ requires that each person hired or contracted to serve in an instructional or noninstructional capacity who is permitted access on school grounds when students are present or who has direct contact

³ Section 1004.02(3), Florida Statutes.

⁴ Chapter 2017-70, Laws of Florida, Specific Appropriation 122.

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

⁶ Sections 1012.32, 1012.56(10), 1012.465, and 1012.467, Florida Statutes.

with students must undergo a level 2 background screening⁷ at least once every 5 years. To promote compliance with the statutory background screening requirements, District procedures require employees who have access to school grounds to undergo required background screenings.

According to District personnel, the Human Resources Department (HR Department) is responsible for ensuring that applicable employees undergo the required background screenings. To help ensure the screenings are timely, HR Department personnel are required to submit employee information into the Florida Department of Law Enforcement (FDLE) shared system of all employees who must undergo the required screenings. Each December, HR Department personnel generate from the FDLE shared system a report listing the employees who must be notified and screened in the upcoming calendar year. HR Department employees are to notify the employees and ensure that the screenings are obtained and evaluated. In addition, the District payroll system accumulates information and can generate a report to identify the employees who must undergo the required screenings.

For the 2017-18 fiscal year, the District employed 508 instructional and 401 noninstructional personnel. As part of our audit procedures, we compared District payroll records to the FDLE shared system report to identify employees who may not have received a background screening and scanned the FDLE shared system report to identify employees whose screenings appeared untimely. We requested for examination District background screening records for 31 of the employees we identified and found that:

- For 13 employees (5 instructional and 8 noninstructional), the required background screenings had not been performed at least once in the past 5 years. As of July 2018, 1 to 17 years had elapsed since 12 of the employees had obtained a background screening and 1 employee had not, of record, obtained a screening. Subsequent to our inquiry, as of January 2019, background screenings were obtained for 10 employees and no inappropriate backgrounds were noted. However, as of that date, 2 of the 13 employees had retired and 1 employee was on a leave of absence.
- For 8 other employees (5 instructional and 3 noninstructional), while background screenings were on file, the screenings were performed 2 to 6 months after the required 5-year period had elapsed.

In response to our inquiries, District personnel indicated that background screenings were not timely performed for the 21 employees because HR Department personnel mistakenly excluded the employees from the FDLE shared system report that identified when the screenings were due. Absent effective controls to ensure that required background screenings are timely performed, there is an increased risk that employees with unsuitable backgrounds may have direct contact with students.

Recommendation: The District should take immediate action to identify employees who have not obtained the required background screenings, ensure the screenings are promptly obtained and evaluated, and make personnel decisions, as necessary, based on evaluations of the screening results.

⁷ A level 2 background screening includes fingerprinting for Statewide criminal history records checks through the FDLE and national criminal history records checks through the Federal Bureau of Investigation.

Finding 4: School Volunteers

State law⁸ requires that, before making any decision to appoint a person to work as a volunteer at a place where children regularly congregate, the District conduct a background search of that person's name against the registration information regarding sexual predators and sexual offenders through the Dru Sjodin National Sexual Offender Public Web site (NSOPW) maintained by the United States Department of Justice. The NSOPW is a national database that provides sex offender data from public, state, territorial, and tribal sex offender registries in one national search Web site. If that site is not available, a search of the registration information regarding sexual predators and sexual offenders maintained by the FDLE (i.e., Florida Sexual Offenders and Predators Registry) is required. State law also provides that the search does not apply to District positions or appointments for which a level 2 background screening is conducted.

Pursuant to Board Policy rules,⁹ a school volunteer program exists to provide assistance and enrichment in classrooms and noninstructional support areas and requires compliance with State requirements. According to District personnel, during the 2017-18 school year, school volunteers were required to complete a registration form listing a valid driver's license, submit the registration form to the District, and be screened against the FDLE sex offender registry. However, District procedures did not require a background search against the registration information through the NSOPW for any of the 866 volunteer applicants during the 2017-18 school year who were not subjected to level 2 background screenings. Although we requested District records identifying the volunteers subjected to level 2 background screenings, District personnel indicated that they did not obtain or maintain records identifying those individuals or the related screening results.

Although FDLE registry searches provide some assurances, the data in the FDLE registry is not as extensive as the national sex offender data provided by the NSOPW. In response to our inquiry, District personnel indicated that they were unaware of the requirement to complete a background search through the NSOPW for volunteer applicants. NSOPW searches would provide greater assurance as to the suitability of the backgrounds of individuals and are essential given the risks associated with allowing individuals access to places where children regularly congregate.

As part of our audit, we extended our procedures to perform a search of the names of 30 selected volunteers' names against the NSOPW database and none of those volunteers were listed as a sexual predator or sexual offender. However, our procedures cannot substitute for management's responsibility to ensure, and document, that District schools perform the appropriate NSOPW searches of volunteer names and information in accordance with State law. Absent effective controls to ensure that background searches of school volunteers are performed in accordance with State law, there is an increased risk that volunteers with unsuitable backgrounds may have direct contact with students.

Recommendation: The District should take immediate action to identify those volunteers who work where children regularly congregate and have not obtained a level 2 background screening or had their names searched against the NSOPW registration information. For those volunteers

⁸ Section 943.04351, Florida Statutes.

⁹ Board Policy Rule 2.47 *School Volunteer Program*.

identified, the District should ensure that the screening or name search, as appropriate, is promptly conducted and the results are evaluated so that appropriate decisions may be made.

Finding 5: Instructional Personnel Grandfathered Salary Schedule

State law¹⁰ requires the Board to adopt for instructional personnel hired before July 1, 2014, a grandfathered salary schedule that bases a portion of each employee’s compensation upon performance demonstrated under State law.¹¹ The Board adopted instructional personnel grandfathered salary schedules for each of the 2014-15 through 2017-18 fiscal years and approved instructional personnel bargaining agreements for personnel compensation based on the grandfathered salary schedules. The grandfathered salary schedules and bargaining agreements set forth instructional personnel compensation based on instructional personnel experience and educational backgrounds; however, neither the grandfathered salary schedules nor the bargaining agreements based instructional personnel compensation, in part, on employee performance. In response to our inquiry, District personnel indicated that they were unaware of the requirement to include performance measures in the grandfathered salary schedules.

Table 1 shows the number of instructional personnel paid from the grandfathered salary schedules and the compensation of instructional personnel based on the grandfathered salary schedules.

**Table 1
Number of Instructional Personnel and Related Compensation
For the 2014-15 Through 2017-18 Fiscal Years**

Source	2014-15	2015-16	2016-17	2017-18
Number of Employees on Instructional Personnel Grandfathered Salary Schedule	216	192	175	168
Total Instructional Personnel Compensation Based on the Grandfathered Salary Schedule (in Millions)	\$9.6	\$8.7	\$8.1	\$8.1

Source: District records.

Absent grandfathered salary schedules that base a portion of each applicable employee’s compensation on performance, the District cannot demonstrate compliance with State law.

Recommendation: The Board should comply with State law by adopting instructional personnel grandfathered salary schedules that base each applicable employee’s compensation, in part, upon performance demonstrated under State law.

Finding 6: 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 2017-18 fiscal year, the District paid \$1.7 million for contractual services.

¹⁰ Section 1012.22(1)(c)5., Florida Statutes.

¹¹ Section 1012.34, Florida Statutes.

As part of our audit procedures, we examined District records supporting 14 selected payments totaling \$318,580 related to eight contracts for the 2017-18 fiscal year. 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 five of the contracts with related payments totaling \$166,198 for school resource officer (SRO) services.

Pursuant to State law,¹² the Board approved contracts with the Hardee County Sheriff's Office (HCSO) to provide four SROs for security services at two District schools. The contracts identified the SROs' daily work locations and assigned each SRO to the contracted school on a full-time basis on the days and hours that school was in session. The contracts required the District to pay \$42,986 per SRO annually for the contract period and the District made periodic payments for the services based on HCSO invoices. In response to our request for District records that demonstrated satisfactory receipt of SRO services, District personnel indicated that the District relied on the HCSO to maintain time records for the SRO services. Notwithstanding, the District had not established procedures to require and ensure school personnel with direct knowledge of the SRO services verified and documented satisfactory receipt of the services prior to payment.

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 and recovered.

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.

Finding 7: Information Technology User Access Privileges

The Legislature has recognized in State law¹³ that social security numbers (SSNs) can be used to acquire sensitive personal information, the release of which could result in fraud against individuals or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining such information. Effective controls restrict individuals from accessing information unnecessary for their assigned job responsibilities and provide for documented, periodic evaluations of employee access privileges to help prevent individuals from accessing sensitive personal information inconsistent with their responsibilities.

Pursuant to State law,¹⁴ the District identifies each student using a Florida education identification number obtained from the FDOE. However, student SSNs are maintained within the District student information system (SIS) to, for example, register newly enrolled students and transmit that information to the FDOE through a secure-file procedure. Student SSNs are also maintained so the District can provide student transcripts to colleges, universities, and potential employers based on student-authorized requests. Board policies¹⁵ allow designated District school personnel access to student records to perform

¹² Section 1006.12, Florida Statutes.

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

¹⁴ Section 1008.386, Florida Statutes.

¹⁵ Board Policy 5.50, *Student Records*.

administrative, supervisory, or instructional responsibilities that serve a legitimate educational purpose in accordance with applicable State law, State Board of Education rules, and Federal laws and District employees are required to certify that they will comply with these requirements. However, procedures had not been established to perform evaluations of access to the sensitive personal information to ensure that the access was based on a demonstrated need.

As of November 2018, the District SIS contained sensitive personal information for 28,670 former students and 5,587 current District students and a total of 144 District employees and contractors had continuous IT user access privileges to this information. As part of our audit, we examined District records supporting the access privileges for all employees and contractors who had access to both current and former student information. We found that 97 employees and 10 contractors, including principals, teachers, paraprofessionals, and nurses, did not have a demonstrated need for continuous access to that information. Subsequent to our inquiry, in November 2018 the District removed these 107 individuals' IT user access privileges to this information.

Also, as of November 2018, District personnel indicated that the remaining 37 employees needed continuous access to the sensitive personal information of students. However, although we requested, District records were not provided to demonstrate that these 37 users needed continuous access to both the information for current and former students or that occasional access could not be granted only for the time needed. District personnel indicated that, once access to sensitive personal information is granted, employees continue to have such access after students transfer to another school, move from the District, or graduate. District personnel also indicated that, although some employees may need access to current but not former student information, the District SIS did not include a mechanism to differentiate IT user access privileges to current student information from access privileges to former student information.

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

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

- Document periodic evaluations of IT user access privileges to determine whether such privileges are necessary and to ensure the timely removal of any inappropriate or unnecessary access privileges detected. If an individual only requires occasional access to the information, the privileges should be granted only for the time needed.
- Consult with the SIS provider regarding a District SIS upgrade to include a mechanism to differentiate IT user access privileges to current student information from access privileges to former student information.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for applicable findings included in our report No. 2016-137.

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 April 2018 to January 2019 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. 2016-137.
- 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 tested the 47 employee accounts allowed update access privileges to the Finance or HR application functions to determine the appropriateness of access privileges granted for the 47 accounts.
- Reviewed District procedures to prohibit former employee access to electronic data files. We also reviewed selected access user privileges for 1 of the 55 employees who separated from District employment during the period July 1, 2017, through May 17, 2018, to determine whether the access privileges had been timely deactivated.
- 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 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.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, we examined the access privileges of the population of 144 individuals who had access to sensitive personal student information to evaluate

the appropriateness and necessity of the access privileges based on the employee's assigned job responsibilities.

- Examined Board, committee, and advisory board meeting minutes to determine whether Board approval was obtained for policies and procedures in effect during the audit period and District records 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.
- 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.
- For the audit period, examined District budgets and budget amendments to determine whether they were prepared and adopted in accordance with State law and State Board of Education (SBE) rules.
- Examined District records to determine whether required school internal funds audit for the 2017-18 fiscal year was timely performed pursuant to SBE Rule 6A-1.087, Florida Administrative Code (FAC), and Chapter 8 – School Internal Funds, *Financial and Program Cost Accounting and Reporting for Florida Schools* (Red Book), and whether the audit report was presented to the Board.
- Examined District records to determine whether the required component unit audit for the 2017-18 fiscal year were timely performed pursuant to SBE Rule 6A-1.0013, FAC.
- From the population of expenditures totaling \$1.1 million and transfers totaling \$1.2 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 \$506,356 and \$1.2 million, respectively, to determine compliance with the restrictions imposed on the use of those resources.
- Evaluated District policies and procedures designed to ensure that all new renovation, remodeling, and maintenance projects conform to the Florida Building Code, Florida Fire Prevention Code, and other applicable building and safety codes.
- Examined leases of educational facilities and sites to determine that they complied with the provisions of Section 1013.15, Florida Statutes.
- Examined supporting documentation for all \$205,335 workforce education program funds expenditures for the audit period 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 21,166 contact hours for 143 adult general education instructional students during the audit period, examined District records supporting 5,079 reported contact hours for 25 selected students to determine whether the District reported the instructional contact hours in accordance with SBE Rule 6A-10.0381, FAC.
- Verified that for adult general education programs, the District assessed a block tuition at \$45 per half-year or \$30 per term, as required by Section 1009.22(3)(c), Florida Statutes.

- From the population of 15,093 payroll transactions totaling \$21.7 million during the period from July 2017 through April 2018, examined District records supporting compensation payments totaling \$50,301 to 30 selected employees to determine whether the payments were properly documented, classified, supervisory personnel approved, and only paid to authorized employees for work performed or properly certified vacation or sick leave.
- Examined District records to determine whether the District had developed adequate performance assessment procedures for instructional personnel and school administrators based on student performance and other criteria in accordance with Section 1012.34(3), Florida Statutes, and determined whether a portion of each selected instructional employee's compensation was based on performance in accordance with Section 1012.22(1)(c)4., Florida Statutes.
- Evaluated whether District procedures were effective to ensure that the required fingerprinting and background screenings were timely obtained for the 909 instructional and noninstructional employees. Specifically, we compared District payroll records to the Florida Department of Law Enforcement (FDLE) shared system report to identify employees who had been omitted from the FDLE shared system report and we also scanned the FDLE shared system report to identify employees whose screenings appeared untimely. We requested for examination District background screening records for 31 of the employees we identified and examined District records for the period July 2017 through April 2018.
- Examined District records for seven selected contractor workers during the period July 2017 through April 2018 to assess whether contractor workers who had direct contact with students were subjected to the required fingerprinting and background screening.
- Examined Board policies, District procedures, and related records for 30 volunteers from the population of 866 volunteers during 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 recipients of the Florida Best and Brightest Teacher Scholarship Program awards from the population of 263 District teachers who received scholarships awards totaling \$290,000 during the audit period.
- Evaluated the District's procedures to implement the Florida Best and Brightest Principal Scholarship Program pursuant to Section 1012.732, Florida Statutes. We also examined District records to determine whether the District submitted to the FDOE accurate information about the number of classroom teachers and the list of principals, as required by Section 1012.731(4), Florida Statutes, and whether the District timely awarded the correct amount to each eligible principal.
- Evaluated Board policies and District procedures to ensure health insurance was provided only to eligible employees, retirees, and dependents and that, upon an employee's separation from District employment, insurance benefits were timely canceled as appropriate based on the District's policies. We also determined whether the District had procedures for reconciling health insurance costs to employee, retiree, and Board-approved contributions.
- From the population of purchasing card (P-card) transactions totaling \$8.2 million during the audit period, examined documentation supporting 40 selected transactions totaling \$619,066 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 one cardholder who separated from District employment during the audit period.
- 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 limited Title I allocations to eligible schools based on the threshold established by the District for the 2016-17 school year or the Statewide percentage of

economically disadvantaged student and distributed all remaining funds to all eligible schools in accordance with Federal law and regulation.

- Examined District records and evaluated construction planning processes for the audit period to determine whether processes were comprehensive, included consideration of restricted resources and other alternatives to ensure the most economical and effective approach, and met District short-term and long-term needs.
- Evaluated District procedures for identifying facility maintenance needs and establishing resources to address those needs. We also compared maintenance plans with needs identified in safety inspection reports, reviewed inspection reports for compliance with Federal and State inspection requirements, evaluated District efforts to timely resolve any deficiencies identified during inspections, and tested the work order system for appropriate tracking of maintenance jobs.
- 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-payroll expenditures totaling \$9.9 million for the audit period, we examined documentation relating to 30 payments for general expenditures totaling \$17,765.
- From the population of 166 contractual services expenditures totaling \$1.7 million during the audit period, examined supporting documentation, including the contract documents, for 32 selected payments totaling \$318,580 related to 5 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.
- Examined the contract documents for the one FDOE-approved VIP provider 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.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large initial 'S'.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



THE SCHOOL BOARD OF HARDEE COUNTY

Bob Shayman, Superintendent

P. O. Box 1678 – 1009 North 6th Avenue • Wacahula, FL 33873
(863) 773-9058 • FAX (863) 773-0069

March 18, 2019

School Board

District 1
Paul Samuels

District 2
Mildred Smith

District 3
Teresa Crawford

District 4
Garry McWhorter

District 5
Mark Gilliard

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

Dear Ms. Norman:

The following is our response to your preliminary and tentative audit findings and recommendations for the Hardee County District School Board for the fiscal year ended June 30, 2018:

Finding 1: Use of Ad Valorem Tax Levy Proceeds. District staff understands your finding and recommendation. We purchased the six vans to more safely transport students. These vans replaced three micro buses from 2004 that were determined to be unsafe and are no longer used. In our Notice of Tax for School Capital Outlay (2017-18), we advertised our planned motor vehicle purchase of six vans to transport students. We will provide documentation to the Florida Department of Education (FDOE) supporting the allowability of van purchases from our 2017-18 capital outlay taxes.

Finding 2: Adult General Education Classes. In April 2018, Adult Education staff began implementing new procedures to improve the reporting of class hours to the FDOE, including the following: dropping and enrolling students when they test out of a class; checking the drop date for all classes being dropped to the date the student earned the literacy completion point (LCP); checking the new enrollment date of the classes for the day after the LCP was earned and reviewing class changes to ensure the correct hours are being reported.

In June 2018, Adult Education also began scheduling students in one or two classes, depending on which academic area they were working on during that class time. When a student tests out of a class/academic area, Adult Education staff will drop that class (eg. ABE Math) and place the student into another class (eg. GED Prep Math or GED Prep Comp) or continue in the GED Prep Comp class as they work on the next academic area they will test on the GED.

Finding 3: Employee Background Screenings. District staff conducted the required fingerprint resubmissions that had been omitted and five-year resubmissions are now on a schedule. From October 2018 to January 2019, District staff re-fingerprinted active employees who were originally fingerprinted but were missing from the Florida Department of Law Enforcement (FDLE) files at the time of conversion from the previous FDLE retention system to the current FDLE retention system.

DISTRICT VISION STATEMENT

Empower and inspire all students for success

Finding 4: School Volunteers. In February 2019, District administration informed the employee responsible for processing volunteers of the requirement to check names of prospective volunteers against the Dru Sjodin National Sexual Offender Public Website (NSOPW) registration information in addition to the FDLE Sexual Offenders Registry. The District now checks the names of prospective volunteers against the NSOPW registration database and the FDLE Sexual Offenders Registry.

Finding 5: Instructional Personnel Grandfather Salary Schedule. The District collectively bargained and appropriately ratified grandfathered salary schedules in 2018-19 and in previous years. The District will collectively bargain a Grandfathered Salary Schedule for 2019-20 to include compensation based, in part, on employee performance. If the District made immediate changes to the Grandfathered Salary Schedule for 2018-19 absent the collective bargaining process, the District would commit an unfair labor practice under Section 447.501, Florida Statutes.

Finding 6: Contractual Services. Starting in March 2019, the District will require Sheriff's Office school resource officers (SRO's) who are assigned to individual schools to complete daily sign-in time sheets. The sign-in sheets will be verified by the school principal or designee and submitted to the Deputy Superintendent for verification. The Deputy Superintendent will submit the verified documentation upon request to the Finance department as receipt of the services before payments are made.

Finding 7: Information Technology User Access Privileges. In November 2018, our Information Technology (IT) Department performed an audit of existing security profiles, resulting in several adjustments being made to the default assignment of permissions. The number of job roles and security profiles that allow access to sensitive data has been reduced and access to sensitive data is permitted by explicit need only. In January 2019, our IT staff requested that the software provider change the student information system to be able to limit access to active students only.

District Information Technology staff now receive the *Personnel Recommendations for Board Approval* document that lists employees who have been added, removed or adjusted within the District. District IT staff review these personnel recommendations and make necessary adjustments to student information systems job roles and security profiles.

We appreciate your Lakeland staff's examination of our records and procedures and their suggestions for improvement.

Sincerely,



Bob Shayman
Superintendent of Schools