

**JEFFERSON COUNTY  
DISTRICT SCHOOL BOARD  
AND  
JEFFERSON COUNTY K-12,  
A SOMERSET SCHOOL**



Sherrill F. Norman, CPA  
Auditor General

### District Board Members and Superintendent

During the 2017-18 fiscal year, Marianne Arbulu served as Superintendent of the Jefferson County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Gladys Roann-Watson, Chair through 11-12-17	1
Sandra Sauders, Chair from 11-13-17, Vice Chair through 11-12-17	2
Shirley Washington, Vice Chair from 11-13-17	3
Bill Brumfield	4
Charles Boland	5

### Jefferson County K-12, A Somerset School, Board of Directors and Principal

In addition, during that fiscal year, Cory Oliver served as Principal of the Jefferson County K-12, A Somerset School and the following individuals served on the Board of Directors:

Lourdes Isla-Marrero, Chair  
Todd German, Vice Chair (Florida) and Treasurer  
Louis Marin, Vice Chair (Texas)  
Ana Diaz, Secretary  
David Concepcion  
Matthew Cox from 4-27-18  
Jennifer Esquijarosa  
Dr. Bernard Kimmel  
Tony Morales through 11-17-17 <sup>a</sup>  
George B. Ozuna through 4-26-18

<sup>a</sup> Student Alumni Board Member not replaced after that date.

The team leader was Leslee W. Walker, CPA, and the audit was supervised by Edward A. Waller, CPA.

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

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# JEFFERSON COUNTY DISTRICT SCHOOL BOARD AND JEFFERSON COUNTY K-12, A SOMERSET SCHOOL

## **SUMMARY**

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This operational audit of the Jefferson County School District (District) and Jefferson County K-12, A Somerset School (Somerset School) focused on selected District and Somerset School processes and administrative activities and included a follow-up on additional matter findings noted in our report Nos. 2018-177 and 2016-169. Our operational audit disclosed the following:

### **Jefferson County District School Board**

**Finding 1:** The District did not timely and prominently post on its Web site the required official budget information for the 2017-18 fiscal year as prescribed by State law.

**Finding 2:** The District needs to strengthen controls to ensure the accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education. A similar finding was noted in our report No. 2016-169.

**Finding 3:** The District disbursed a total of \$1,600 for Florida Best and Brightest Teacher Scholarship Program awards to two Somerset School recipients who were ineligible for the awards. The District also disbursed a non-Program scholarship award of \$800 to another Somerset School teacher without specific legal authority.

**Finding 4:** Although we requested, neither employment agreements nor other District records were provided to evidence how payments totaling \$27,233 to two former District employees reconciled to the Board-adopted salary schedules for employee services. Absent such records, there is an increased risk that these payments constituted extra compensation prohibited by State law.

**Finding 5:** The District did not always timely distribute funding to the Somerset School, which could hinder Somerset School's ability to timely pay employees, vendors, and others.

### **Jefferson County K-12, A Somerset School**

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

**Finding 7:** Required background screenings were not always performed for Somerset School employees and contractor workers.

**Finding 8:** Somerset School records did not always demonstrate that name searches of prospective volunteers were conducted against the applicable registration information regarding sexual predators and sexual offenders.

## **BACKGROUND**

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The Jefferson 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 (SBE) rules. Geographic boundaries of the District correspond with those of Jefferson County. The governing body of the District is the Jefferson County District School Board (Board), which is composed of five elected members. The elected Superintendent of Schools is the Executive Officer of the Board. Pursuant to State law,<sup>1</sup> in February 2017, the Board submitted to the SBE the District 2016-17 fiscal year turnaround option plan (Plan) for the Jefferson County Elementary School and the Jefferson County Middle/High School. According to the Plan, the Board selected the option to close and reopen the District schools as one or more charter schools, each with a governing board. As of October 2017, the number of District personnel was significantly reduced to two full-time positions, including the Superintendent and an administrative assistant, and a part-time adult education instructor.

In April 2017, the Board entered into a 5-year agreement with Somerset Academy, Inc. to turn over day-to-day operations of the District schools effective July 2017. Pursuant to the agreement, Somerset Academy, Inc. would operate three separate charter schools: a charter elementary school, a charter middle school, and a charter high school. The Board approved a separate charter for each of the three charter schools in April 2017.

The Jefferson County K-12, A Somerset School (Somerset School) is a combination of the three charter schools that operate at the location of the Jefferson County Middle/High School by Somerset Academy, Inc. The governing body of the Somerset School is the Somerset Academy, Inc. Board of Directors, which is composed of nine directors. During the 2017-18 fiscal year, the District sponsored the three charter schools and reported 729 unweighted full-time equivalent students for those schools.

## **FINDINGS AND RECOMMENDATIONS**

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JEFFERSON COUNTY DISTRICT SCHOOL BOARD
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### **Finding 1: Budget Transparency**

To promote responsible spending, more citizen involvement, and improved accountability, it is important for the District to provide easy access to its budget and related information. Pursuant to State law,<sup>2</sup> the District must post on its Web site a plain language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public. The information must be prominently posted on the District's Web site in a manner that is readily accessible.

In response to our inquiry on May 21, 2018, District personnel indicated that the District did not post the Board's 2017-18 fiscal year proposed, tentative, and official budgets on the District Web site due to oversights. Subsequent to our inquiry, on May 31, 2018, the District posted the budgets to the Web site.

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<sup>1</sup> Section 1002.33(4), Florida Statutes.

<sup>2</sup> Section 1011.035(2), Florida Statutes.

Providing the required budgetary transparency enhances citizen involvement and the ability to analyze, monitor, and evaluate budget outcomes.

**Recommendation: The District should ensure that each proposed, tentative, and official budget is promptly and prominently posted on the District Web site pursuant to State law.**

## **Finding 2: Adult General Education Classes**

State law<sup>3</sup> 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 Act<sup>4</sup> proviso language requires each school district to report enrollment for adult general education programs in accordance with Florida Department of Education (FDOE) instructional hours reporting procedures.<sup>5</sup> State Board of Education (SBE) rules<sup>6</sup> 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<sup>7</sup> reported 2,084 instructional contact hours for 33 adult general education classes provided to seven students. As part of our audit, we examined District records for all seven students and found that instructional contact hours were over reported a net total of 689 hours, including 732 over-reported hours (ranging from 12 to 68 hours) for seven students in 20 classes and 43 under-reported hours (ranging from 3 to 8 hours) for five students in 9 classes. In response to our inquiry, District personnel indicated that the errors occurred mainly because of staff turnover and the employee who recorded attendance did not understand the process.

Since funding is based, in part, on enrollment data reported to the FDOE, it is important that the District report accurate data. A similar finding was noted in our report No. 2016-169.

**Recommendation: The District should strengthen controls to ensure instructional contact hours for adult general education classes are accurately reported to the FDOE.**

## **Finding 3: Florida Best and Brightest Teacher Scholarship Program**

The Florida Legislature established the Florida Best and Brightest Teacher Scholarship Program<sup>8</sup> (Program) to reward classroom teachers<sup>9</sup> who achieved high academic standards during their own education. Classroom teachers eligible for a \$6,000 scholarship are those who scored at or above the

<sup>3</sup> Section 1004.02(3), Florida Statutes.

<sup>4</sup> Chapter 2017-70, Laws of Florida, Specific Appropriation 122.

<sup>5</sup> FDOE-issued Technical Assistance Paper, August 4, 2017, *Adult General Education Instructional Hours Reporting Procedures*.

<sup>6</sup> SBE Rule 6A-10.0381(5), Florida Administrative Code.

<sup>7</sup> For the 2017-18 fiscal year, the Somerset School did not provide any adult general education classes.

<sup>8</sup> Section 1012.731, Florida Statutes.

<sup>9</sup> Section 1012.01(2), Florida Statutes, defines classroom teachers as K-12 staff members assigned the professional activity of instructing students in courses as classroom situations, including basic instruction, exceptional student education, career education, and adult education, including substitute teachers.

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 law<sup>10</sup> 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. Additionally, no specific legal authority exists for non-Program scholarship awards to teachers.

District personnel are responsible for determining teacher eligibility for scholarships and annually submitting the number of eligible teachers to the FDOE. The FDOE 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, Somerset School teachers are required to submit to the District an official record of his or her college entrance examination score demonstrating that the teacher scored at or above the 80th percentile based on the national percentile ranks in effect when the teacher took the assessment. District personnel determine whether the teachers were evaluated as highly effective based on prior school year performance evaluations. Pursuant to State law,<sup>11</sup> once a classroom teacher is deemed eligible for an award by the District, the teacher shall remain eligible as long as he or she remains employed by the District or Somerset School as a classroom teacher at the time of the award and receives an annual performance evaluation rating of highly effective.

During the 2017-18 fiscal year, the District did not employ any full-time teachers and awarded Program scholarships totaling \$24,800 to 27 Somerset School teachers who received effective or highly effective evaluations. The District also provided an \$800 scholarship from non-Program resources to one Somerset School teacher because, according to District personnel, the teacher inadvertently did not receive an evaluation for the 2016-17 fiscal year.

We requested for examination District records to support these awards and determined that two Program scholarship Somerset School recipients awarded \$800 each were prekindergarten teachers who did not meet the statutory definition of a classroom teacher. State law does not include prekindergarten teachers in the definition of classroom teachers, limits the definition of classroom teachers to K-12 personnel, and separately defines prekindergarten instructors.<sup>12</sup> In addition, although we requested, District records were not provided to evidence the authority for the \$800 non-Program scholarship that was awarded to the Somerset School teacher.

In response to our inquiry, District personnel indicated that, for the 2 Somerset School prekindergarten teachers, they mistakenly thought that prekindergarten teachers were eligible under the State law. Additionally, regarding the teacher paid from non-Program resources, District personnel indicated that it was beyond the teacher's control that the evaluation was not performed and District personnel were unaware that there was no authority to award non-Program scholarships. Absent effective procedures

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<sup>10</sup> Section 1012.34, Florida Statutes. Section 1012.34(3)(a), Florida Statutes, requires the evaluation to include consideration of student performance.

<sup>11</sup> Section 1012.731(3)(b), Florida Statutes.

<sup>12</sup> Section 1002.51(6), Florida Statutes, defines prekindergarten instructors to include teachers who provide instruction to students in a prekindergarten program.

to limit scholarships to statutory defined classroom teachers, there is an increased risk that scholarships will be awarded to ineligible recipients.

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

- Limit Program awards to eligible recipients who meet the definition of classroom teacher.
- Absent specific legal authority for non-Program scholarships, discontinue the practice of making payments for such scholarships.
- Document the eligibility of the two employees who received Program scholarship awards totaling \$1,600 or refund the FDOE for the awards and take appropriate actions to recover from those recipients the improper payments. In addition, absent specific legal authority for non-Program scholarships, take appropriate actions to recover from that recipient the \$800 improper payment.

#### **Finding 4: Employee Compensation**

State law<sup>13</sup> prohibits extra compensation to employees after service has been rendered. In addition, State Board of Education (SBE) rules<sup>14</sup> require the Board to annually adopt and spread on its minutes a salary schedule or schedules for employees, which shall be the sole instrument used in determining compensation for the employees of the Board.

Our examination of District records disclosed that, because of District school closures in June 2017, the District discontinued the employment of most District employees. According to District records, two former instructors indicated that, for the 2013-14 through 2016-17 fiscal years, they had been promised, but had not received, salary raises totaling \$27,233. In December 2017, the Board approved the salary raises to be paid to the two former instructors to honor their previous employment agreements and, in January 2018, the payments were made.

Although we requested, neither employment agreements nor other District records were provided to evidence how those payments were based on the Board-adopted salary schedules for employee services. Absent such records, there is an increased risk that the payments totaling \$27,233 constituted extra compensation after service was rendered, contrary to State law, resulting in questioned costs of that amount.

**Recommendation:** The District should ensure that compensation payments are based on Board-adopted salary schedules and do not constitute extra compensation to employees after service has been rendered. Additionally, the District should either document to the FDOE the allowability of the compensation payments, totaling \$27,233, or take appropriate actions to recover the amounts from the former employees.

#### **Finding 5: District Funding Distributions to the Somerset School**

The District is required, pursuant to the April 2017 Board-approved agreement for the Somerset School, to distribute all Florida Education Financial Program (FEFP) funds<sup>15</sup> and any applicable capital outlay or

<sup>13</sup> Section 215.425, Florida Statutes.

<sup>14</sup> SBE Rule 6A-1.052, Florida Administrative Code.

<sup>15</sup> School districts receive State funding through the FEFP to serve pre-kindergarten through 12th-grade students.

operating millage levied by the District, such as property tax revenue, to the Somerset School within 5 business days of the receipt of the funds. Pursuant to those charters, the District made distributions totaling \$6.2 million to the Somerset School for the 2017-18 fiscal year.

As part of our audit procedures, we examined District records supporting 21 selected FEFP and 14 selected property tax payments made to the Somerset School and noted 8 late payments totaling \$975,465. We noted that one FEFP disbursement totaling \$157,102 was paid 5 business days late and 7 property tax payments totaling \$818,363 were paid 1 to 170 business days late, or an average of 36 days late. In response to our inquiry, District personnel indicated the late payments occurred mainly due to confusion about the tax year of the capital outlay collections and the limited number of District staff to validate the payment amounts.

Absent timely funding distributions for the District's three charter schools, the ability of the Somerset School to timely pay employees, vendors, and others for those schools could be hindered.

**Recommendation: The District should strengthen procedures to ensure funds are timely distributed to the Somerset School.**

JEFFERSON COUNTY K-12, A SOMERSET SCHOOL

**Finding 6: Information Technology User Access Privileges**

The Legislature has recognized in State law<sup>16</sup> 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 to ensure its confidential status. Effective controls restrict employees from accessing information that is not necessary for their assigned job responsibilities and provide for periodic evaluations of information technology (IT) access privileges to help prevent personnel from accessing sensitive personal information inconsistent with their responsibilities.

Pursuant to State law,<sup>17</sup> Somerset School identified each student using a Florida education identification number obtained from the FDOE. However, student SSNs are maintained within the management information system (MIS) 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 that the School can provide student transcripts to colleges, universities, and potential employers based on student-authorized requests. The School allows designated School personnel access to student records to perform administrative, supervisory, or instructional responsibilities that serve a legitimate educational purpose in accordance with applicable State law, State Board of Education rules, and Federal law. According to School personnel, periodic evaluations of IT user access privileges to the sensitive personal information of students are performed to help monitor these privileges; however, although we requested, School records were not provided to evidence that such evaluations had been performed.

During the 2017-18 school year, ten Somerset School employees and four contractor workers had access to the sensitive personal information of 6,093 former and 599 current students, including the students'

<sup>16</sup> Section 119.071(5)(a), Florida Statutes.

<sup>17</sup> Section 1008.386, Florida Statutes.

SSNs. However, although we requested, Somerset School records were not provided to demonstrate that nine of the ten employees required continuous access to this information nor were records provided to evidence that the four contractor workers required access to student SSNs to perform their job functions. The nine employees with unnecessary continuous IT access privileges included school administrators, guidance counselors, and support staff.

In response to our inquiry, Somerset School MIS personnel indicated that, because the 2017-18 fiscal year was the first year of the charter schools, the four contractor workers were granted the access privileges mainly to function as a support team and for accountability purposes. Subsequent to our inquiry, in August 2018 the Somerset School removed the four contractor workers' IT access privileges to the sensitive personal information of students. Additionally, Somerset School personnel concurred that the nine employees did not need continuous access to this information to perform their assigned responsibilities. The existence of unnecessary access privileges increases the risk of unauthorized disclosure of sensitive personal information of students and the possibility that the information may be used to commit a fraud against School students or others.

**Recommendation: The Somerset School should continue efforts to ensure that only those individuals who have a demonstrated need to access sensitive personal student information have such access. Such efforts should include documented periodic evaluations of IT user access privileges to the MIS to ensure that access privileges to sensitive personal information of students are granted only to those whose job duties require such access. If an individual only requires occasional access to sensitive personal student information, the access privileges should be granted only for the time needed.**

#### **Finding 7: Background Screenings**

State law<sup>18</sup> requires each person hired or contracted to serve in an instructional or noninstructional capacity who are permitted access on school grounds when students are present or who have direct contact with students to undergo a level 2 background screening<sup>19</sup> at least once every 5 years. State law<sup>20</sup> also requires personnel who are hired or contracted to fill positions in any charter school to undergo a background screening by filing a complete set of fingerprints with the district school board for the school district in which the charter school is located.

According to Somerset School personnel, the Somerset School relies on the District to perform the necessary background screenings for School employees. The Somerset School typically issues a badge to contractor workers unless the contractor worker was already fingerprinted in another Florida school district and issued a Florida Public School Contractors' badge that includes the contractor's picture and badge expiration date. According to Somerset School personnel, the Somerset School did not maintain a comprehensive list of contractor workers to monitor background screenings but relied on contractor procedures to ensure the required screenings were obtained and evaluated at least once every 5 years. However, Somerset School reliance on the contractor screening process provides limited assurance as to the effectiveness of the process.

<sup>18</sup> Sections 1002.33(12)(g), 1012.32, 1012.56(10), 1012.465, and 1012.467, Florida Statutes.

<sup>19</sup> 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.

<sup>20</sup> Section 1012.32(1)(b), Florida Statutes.

For the 2017-18 fiscal year, the Somerset School employed 72 instructional and 55 noninstructional employees. Based on inquiry with Somerset School personnel and review of their records, we identified 16 contractor workers who were permitted access to school grounds when students were present and were not exempt from the background screening requirements. To determine whether the required background screenings were timely obtained, we requested for examination Somerset School and District records for 25 selected Somerset School employees and all 16 Somerset School contractor workers. We found that:

- Background screenings were not obtained in the past 5 years for 6 Somerset School employees. Subsequent to our inquiry, in August 2018 background screenings were completed for these employees and no unsuitable background screenings were noted; however, the screenings were 4 to 6 years after the 5-year screening period had elapsed. Consequently, District procedures were not effective to ensure that personnel were timely screened and Somerset School procedures did not detect this oversight.
- Although we requested, records were not provided to document required background screenings for 5 contractor workers who had direct contact with students. The lack of effective monitoring procedures, including the maintenance of a comprehensive list of contractor workers, contributed to the School's inability to demonstrate the conduct of the required screenings.

Absent effective controls to ensure that required background screenings are timely performed, there is an increased risk that individuals with unsuitable backgrounds may be allowed access to students.

**Recommendation:** The Somerset School should take immediate action to identify all employees and contractors who perform work on school grounds when students are present and ensure that background screenings are promptly obtained, evaluated, and documented so that personnel decisions may be made, as necessary, based on the results of the screenings. We also recommend that, in the future, Somerset School ensure that required background screenings are performed and documented for employees and contractors every 5 years. To help monitor and ensure that required background screenings are performed at least once every 5 years, we recommend that Somerset School establish a comprehensive, up-to-date list of contractor workers subject to background screenings.

#### **Finding 8: Volunteer Background Checks**

State law<sup>21</sup> requires, before making any decision to appoint a person to work as a volunteer where children regularly congregate, a search of that person's name or other identifying information be conducted against the registration information regarding sexual predators and sexual offenders through the Dru Sjodin National Sexual Offender Public Website (NSOPW) maintained by the United States Department of Justice. If that site is not available, a search of the registration information regarding sexual predators and sexual offenders (i.e., Florida Sexual Offenders and Predators Registry) maintained by the Florida Department of Law Enforcement is required. State law also provides that the search does not apply to positions or appointments for which a level 2 background screening<sup>22</sup> is conducted.

To determine whether the Somerset School documented appropriate background screenings or name searches for volunteers, we inquired of Somerset School personnel and requested for examination

<sup>21</sup> Section 943.04351, Florida Statutes.

<sup>22</sup> A level 2 background screening includes fingerprinting for Statewide criminal history records checks through the Florida Department of Law Enforcement and national criminal history records checks through the Federal Bureau of Investigation.

Somerset School records supporting 23 selected volunteers from the population of 101 school volunteers during the 2017-18 fiscal year. However, appropriate Somerset School records evidencing the conduct of the level 2 background screenings or name searches were not provided for any of the selected Somerset School volunteers.

As part of our audit, we extended our procedures and determined that none of the 23 selected volunteers were listed as a sexual predator or sexual offender on the NSOPW. However, our procedures cannot substitute for Somerset School's responsibility to perform appropriate searches of volunteer names and other identifying information in accordance with State law. As of September 2018, the Somerset School began procedures to conduct searches of the NSOPW and the District began procedures to ensure level 2 background screenings are performed for prospective Somerset School volunteers. Absent effective controls to evidence that searches of volunteer names and information are timely and appropriately performed, the District and Somerset School have limited assurance that only volunteers with suitable backgrounds have direct contact with students and the Somerset School cannot demonstrate compliance with State law.

**Recommendation:** The Somerset School should continue efforts to identify all volunteers who work where children regularly congregate who have not obtained a level 2 background screening or had their names searched against the NSOPW registration information. For those volunteers identified, the Somerset School 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.

## ***PRIOR AUDIT FOLLOW-UP***

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The District had taken corrective actions for applicable findings included in our report Nos. 2018-177 and 2016-169, except Finding 2 was also included in our report No. 2016-169 as Finding 5 and report No. 2015-179 as Finding No. 11.

## ***OBJECTIVES, SCOPE, AND METHODOLOGY***

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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 District and Somerset School managements' 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 District and Somerset School 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 District management had taken corrective actions for findings included in our report Nos. 2016-169 and 2018-177.
- 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 District and Somerset School 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 District and Somerset School management and those charged with governance over the District and Somerset School 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 and Somerset School 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 District and Somerset School managements, 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:

- Interviewed District personnel and reviewed supporting documentation to evaluate whether the District effectively monitored the Somerset School by, among other things, reviewing the monthly financial reports, governing board meetings, annual financial audit, and annual inventory report.
- Examined District and Somerset School Board meeting minutes and other records 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 Somerset School records to determine whether the Somerset School 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 Somerset School records to determine whether the Somerset School had implemented appropriate and sufficient procedures to comply with its anti-fraud policy.
- From the population of Somerset School expenditures totaling \$960,062 and District transfers totaling \$4.1 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 \$733,834 and \$4.1 million, respectively, to determine compliance with the restrictions imposed on the use of these resources.
- Examined supporting documentation for the workforce education program funds expenditures totaling \$20,481 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).
- Examined District records supporting the 2,084 contact hours for seven adult general education instructional students during the audit period 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 and Somerset School procedures for protecting the sensitive personal information of students, including student social security numbers. Specifically, we examined the access privileges for the 2 full-time District employees and 14 Somerset School 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 the District and Somerset School Web sites 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 the Somerset School Web site to determine whether the Web site enabled the public to understand important information about the Somerset School such as the School's academic performance; the names of the governing board members; the Somerset School's annual budget and its annual independent financial audit; the School's grades; and on a quarterly basis, the minutes of governing board meetings pursuant to Section 1002.33(9)(p), Florida Statutes.
- Examined Somerset School records to determine whether the School established an audit committee and followed prescribed procedures to contract for audit services pursuant to Section 218.391, Florida Statutes, for the 2017-18 fiscal year.
- Examined District records to determine whether required internal funds audits for the 2015-16 and 2016-17 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.
- Determined whether Somerset School management established investment policies and procedures as required by Section 218.415, Florida Statutes, and whether School investments during the audit period complied with those policies and procedures.
- Examined documentation supporting the District's and Somerset School's annual tangible personal property physical inventory process to determine whether the inventory results were reconciled to the property records, appropriate follow-up was made for any missing items, and law enforcement was timely notified for any items that could not be located and considered stolen.
- Evaluated Board policies and District procedures for payments of accumulated annual and sick leave (terminal leave pay) to determine compliance with State law and Board policies. From the population of 105 former employees paid \$572,679 for terminal leave, we examined District

records for 25 selected former employees paid terminal leave pay totaling \$424,554 to determine whether the terminal leave pay was calculated in compliance with Sections 1012.61 and 1012.65, Florida Statutes, and Board policies.

- Examined Somerset School records for the audit period for 25 selected Somerset School employees and all contractor workers from the population of 127 Somerset School instructional and noninstructional employees and 16 Somerset School contractor workers to assess whether individuals who had direct contact with students were subjected to the required fingerprinting and background screening.
- Examined Board policies, District and Somerset School procedures, and related records for volunteers for the audit period to determine whether the District and Somerset School 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 and Somerset School records supporting the eligibility of the 27 Somerset School recipients of the Florida Best and Brightest Teacher Scholarship Program awards totaling \$24,800 during the audit period. We also evaluated the propriety of an \$800 scholarship from non-Program resources to one Somerset School teacher.
- Evaluated Board policies and District and Somerset School procedures to ensure health insurance was provided only to eligible employees, retirees, and dependents and that, upon an employee's separation from District and Somerset School employment, insurance benefits were timely canceled as appropriate based on Board and Somerset School policies. We also determined whether the District and the Somerset School had procedures for reconciling health insurance costs to employee, retiree, and Board-approved contributions.
- From the compensation payments totaling \$169,946 to ten District employees for the period October 2017 through March 2018, examined District records supporting compensation payments totaling \$27,105 to two selected employees to determine whether the rate of pay was accurate and whether supervisory personnel reviewed and approved reports of time worked.
- From the compensation payments totaling \$6.6 million to 127 Somerset School employees during the audit period, examined Somerset School records supporting compensation payments totaling \$45,009 to 25 selected employees to determine whether the rate of pay was accurate and whether supervisory personnel reviewed and approved reports of time worked.
- From the population of ten payments totaling \$2,765 paid to Somerset School employees for other than travel and payroll payments during the audit period, selected six payments totaling \$583 and examined School records to determine whether such payments were reasonable, adequately supported, for valid Somerset School purposes, and were not contrary to Section 112.313, Florida Statutes.
- Examined copies of the most recent annual fire safety, casualty safety, and sanitation inspection reports for the audit period with 117 noted deficiencies and related documentation to determine whether timely action was taken to correct the deficiencies.
- From the population of purchasing card (P-card) transactions totaling \$11,363 during the audit period, examined documentation supporting three selected transactions totaling \$445 to determine whether P-cards were administered in accordance with Board policies and District procedures.
- Evaluated Somerset School policies and procedures for identifying potential conflicts of interest. Specifically, for 13 selected Somerset School employees, we reviewed Florida Department of State, Division of Corporation, records; statements of financial interests; and Somerset School records to identify any potential relationships with School vendors that potentially represent a conflict of interest.

- Determined whether non-compensation expenditures were reasonable, correctly recorded, adequately documented, for a valid District or Somerset School 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 District non-compensation expenditures totaling \$755,383 and Somerset School expenditures totaling \$2.1 million for the audit period, we examined documentation relating to:
  - 35 payments for District general expenditures totaling \$311,091.
  - 4 travel expenditures totaling \$2,159.
- From the population of 10 District contractual transactions totaling \$191,356 and 709 Somerset School contractual transactions totaling \$1.5 million during the audit period, examined supporting documentation, including the contract documents, for 10 District payments totaling \$191,356 related to one contract and 7 Somerset School payments totaling \$1.2 million related to seven contracts to determine whether:
  - The District and Somerset School complied with competitive selection requirements.
  - The contracts clearly specified deliverables, time frames, documentation requirements, and compensation.
  - District and Somerset School records documented satisfactory receipt of deliverables before payments were made.
  - The payments complied with contract provisions.
- Determined whether the Somerset School used supplemental academic instruction and research-based reading instruction allocations to provide, to the applicable charter school, pursuant to Section 1011.62(9), Florida Statutes, an additional hour of intensive reading instruction to students every day, schoolwide during the audit period.
- 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. District and Somerset School management's responses are included in this report under the heading **MANAGEMENT'S RESPONSES**.

## **AUTHORITY**

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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 RESPONSES

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## Jefferson County School District

Marianne Arbulu, Superintendent  
1490 W. Washington Street  
Monticello, FL 32344  
www.jeffersonschooldistrict.org

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March 11, 2019

Sherrill F. Norman, CPA  
Auditor General  
111 West Madison Street, Section 332  
Tallahassee, FL 32399-1450

Dear Ms. Norman:

The preliminary and tentative findings and recommendations for the fiscal year ended June 30, 2018 have been reviewed. Our response to the findings and recommendations are as follows:

**Finding 1:** The District did not timely and prominently post on its Web site the required official budget information for the 2017-18 fiscal year as prescribed by State law.

**Response:** The District concurs with this finding and will make every effort to ensure timely and prominent posting of official budget documents.

**Finding 2:** The District needs to strengthen controls to ensure the accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education. Similar findings were noted in our report Nos. 2016-169 and 2015-179.

**Response:** The District concurs with this finding. As a result of limited resources and training and to avoid future occurrences, the District has incorporated virtual programming with electronic attendance, obtained additional staff training to support data reporting, and utilized system options that eliminate the automatic counting of attendance hours.

**Finding 3:** The District disbursed a total of \$1,600 for Florida Best and Brightest Teacher Scholarship Program awards to two Somerset School recipients who were ineligible for the awards. The District also disbursed a non-Program scholarship award of \$800 to another Somerset School teacher without specific legal authority.

**Response:** The District concurs with this finding. In addition to the learned experience, the District has refined procedures to ensure that scholarships are awarded only to eligible classroom teachers.

**Finding 4:** Although we requested, neither employment agreements nor other District records were provided to evidence how payments totaling \$27,233 to two former District employees reconciled to the Board-adopted salary schedules for employee services. Absent such records, there is an increased risk that these payments constituted extra compensation prohibited by State law.

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### BOARD MEMBERS

District 1  
Gladys Roann-Watson

District 2  
Sandra Saunders

District 3  
Shirley Washington

District 4  
Bill Brumfield

District 5  
Charles Boland

**Response:** The District concurs with this finding. The District objected to payment, as it was unable to obtain documentation to support the compensation request. Although the District did not support the request, the Florida Department of Education (Department) directed the School Board, which was supportive, to adopt a resolution directing the Department to pay, after which the Department approved payment. Because of the approvals by the School Board and the Department, the District is uncertain of its authority to attempt recovery of the payment, and will seek legal guidance on this portion of the recommendation.

**Finding 5:** The District did not always timely distribute funding to the Somerset School, which could hinder Somerset School's ability to timely pay employees, vendors, and others.

**Response:** The District concurs with the finding of late payments during the first year of the charter agreement. Furthermore, the District recognizes its responsibility to ensure prompt and timely payments, and it will work towards that end, to the best of its ability given its limited resources.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Arbulu', is written over a solid black horizontal line.

Marianne Arbulu  
Superintendent, Jefferson County School Board



**JEFFERSON COUNTY ELEMENTARY**  
**JEFFERSON COUNTY MIDDLE**  
**JEFFERSON COUNTY HIGH**  
SOMERSET CHARTER SCHOOLS

50 David Road, Monticello, Florida 32344  
Tel: 850-997-3555 | Fax: 850-997-4773  
[www.somersetjefferson.org](http://www.somersetjefferson.org)

*A Tuition Free Public Charter School*

March 15, 2019

Sherrill F. Norman, CPA  
Auditor General  
State of Florida  
Claude Denson Pepper Building, Suite G74  
111 West Madison Street  
Tallahassee, FL 32399-1450  
850-412-2722

Re: Preliminary and Tentative Audit Findings Not an Audit Report

Dear Ms. Norman,

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We are in receipt of your letter dated 3/6/2019 regarding the 6/30/2018 audited financial statements of Jefferson County K-12, A Somerset School. The following are our responses:

1. **Recommendation:** The Somerset School should continue efforts to ensure that only those individuals who have a demonstrated need to access sensitive personal student information have such access. Such efforts should include documented periodic evaluations of IT user access privileges to the MIS to ensure that access privileges to sensitive personal information of students are granted only to those whose job duties require such access. If an individual only requires occasional access to sensitive personal student information, the access privileges should be granted only for the time needed.



**CORY OLIVER, PRINCIPAL**  
**ANDRÉ GAINEY, VICE PRINCIPAL**



Management Response: Jefferson County K-12: A Somerset School will adhere to the Auditor General's recommendation by doing quarterly reviews of those with access to the Student Information System's utilized by Jefferson County K-12: A Somerset School. In addition, please note that with only having three and a half weeks to open school after more than a decade of neglect we needed additional high-performing principals to have access to edit, build master schedules, input student course requests, and enter new employees. It was for this reason only that access was given and once the school year began these individuals did not access our SIS. With the quarterly review put in place, we will be able to remove those not using their SIS accounts, or those that no longer need access to the SIS system in a timely manner.

- 2. Recommendation: The Somerset School should take immediate action to identify all employees and contractors who perform work on school grounds when students are present and ensure that background screenings are promptly obtained, evaluated, and documented so that personnel decisions may be made, as necessary, based on the results of the screenings. We also recommend that, in the future, Somerset School ensure that required background screenings are performed and documented for employees and contractors every 5 years. To help monitor and ensure that required background screenings are performed at least once every 5 years, we recommend that Somerset School establish a comprehensive, up-to-date list of contractor workers subject to background screenings.**

Management Response: Jefferson County K-12: A Somerset School will adhere to the Auditor General's recommendation by continuing to work with the Superintendent of Jefferson County to ensure all contractors are correctly fingerprinted, and to ensure there is at minimum a yearly review of all contractors with prior screening approval. Also, we will work to keep contractors either off campus when students are present, or when necessary that they meet the clearance requirements. We will photo copy the contractor badges, as well as keep a log of contractors that enter the campus with dates, and times.

- 3. Recommendation: The Somerset School should continue efforts to identify all volunteers who work where children regularly congregate who have not obtained a level 2 background screening or had their names searched against the NSOPW registration information. For those volunteers identified, the Somerset School 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.**

Management Response: Jefferson County K-12, A Somerset School will adhere to the Auditor General's recommendation by continuing to use our "Concierge" devices at the door. We went with the new system because the district system was not operating correctly due to the changeover. As a result, we had to wait until the new system was delivered, installed, and staff was trained. Our system checks against multiple background screening systems. For volunteers, Jefferson County K-12: A Somerset School will also type the name into Dru Sjodin website (this will also occur when operating as an emergency operations shelter) and print a copy of the results for all supervised volunteers. We will continue to work with the Superintendent of Jefferson County Schools for all level 2 clearances instead of the prior district protocol of using the local courthouse for background checks.

Please do not hesitate to contact me should you have any further questions.

Regards,

Mr. Cory Oliver



Principal, Jefferson County

Cc: Ana Martinez, Chief Financial Officer, Academica  
Brittany Belletiere, Controller, Academica