

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2020-009
August 2019

**GLADES COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2017-18 fiscal year, Scott Bass served as Superintendent of the Glades County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Janet Storey, Vice Chair from 11-9-17	1
Jenny Allen, Vice Chair through 11-8-17	2
Jeri Wilson	3
Mike Pressley, Chair	4
Patricia Pearce	5

The team leader was Karen H. Raulerson, CPA.

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GLADES COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Glades County School District (District) focused on selected District processes and administrative activities and included a follow-up on additional matter findings noted in our report No. 2016-148. Our operational audit disclosed the following:

Finding 1: The District disbursed Florida Best and Brightest Teacher Scholarship awards totaling \$5,200 during the 2017-18 fiscal year to five prekindergarten teachers who did not meet the statutory definition of classroom teacher and, therefore, were not eligible for the awards.

Finding 2: Contrary to State law, the District's instructional personnel grandfathered salary schedules for the 2014-15 through 2018-19 fiscal years did not base compensation, in part, upon employee performance.

Finding 3: Although required by State law, the District did not conduct school administrator performance evaluations for the 2016-17 through 2018-19 fiscal years. In addition, for the 2014-15 through 2018-19 fiscal years, the Board did not comply with the provisions of State law requiring the adoption of performance salary schedules that provide annual salary adjustments for school administrators based upon student performance and instructional leadership.

Finding 4: Required background screenings were not always performed for instructional and noninstructional employees.

Finding 5: District financial monitoring procedures over District-sponsored charter schools could be improved.

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

Finding 7: 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.

Finding 8: 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 Glades 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 Glades County. The governing body of the District is the Glades 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 four elementary, middle, high, and specialized schools; sponsored two charter schools; and reported 1,692 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Florida Best and Brightest Teacher Scholarship Program

The Florida Legislature established the Florida Best and Brightest Teacher Scholarship Program¹ to reward classroom teachers² who achieved high academic standards during their own education. Pursuant to State law,³ once a classroom teacher was deemed eligible for a scholarship award by the District, the teacher remained eligible as long as he or she remained employed by the District as a classroom teacher and received an annual performance evaluation rating of highly effective.

District personnel were responsible for determining teacher eligibility for the scholarships and annually submitting the number of eligible teachers to the Florida Department of Education (FDOE). The FDOE then disbursed scholarship funds to the District for each eligible classroom teacher to receive a scholarship award as provided in State law.

During the 2017-18 fiscal year, the District awarded scholarships totaling \$86,400 to 81 District-employed teachers and scholarships totaling \$53,200 to 43 charter school teachers. To determine whether the recipients met the eligibility requirements for the scholarships, we requested for examination District records supporting the eligibility of 25 selected scholarship recipients (16 District-employed and 9 charter school recipients) awarded a total of \$30,400. Our examination of District records disclosed that 1 District-employed scholarship recipient, awarded a scholarship of \$800, was a prekindergarten teacher who did not meet the statutory definition of a classroom teacher. We inquired of District personnel and scanned District records and identified 4 additional prekindergarten teachers (1 District-employed and 3 charter school prekindergarten teachers) who did not meet the statutory definition of a classroom teacher but were awarded scholarships totaling \$4,400.

In response to our inquiry, District personnel indicated that they were unaware that 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.⁴ Absent effective procedures to limit scholarships to statutorily defined classroom teachers, there is an increased risk that scholarships will be awarded to ineligible recipients.

Recommendation: The District should enhance procedures to ensure that scholarships are only awarded to eligible recipients who meet the statutory definition of a classroom teacher. In addition, the District should refund the FDOE for the five awards totaling \$5,200 paid to ineligible scholarship recipients and take appropriate actions to recover from those recipients the improper payments.

¹ Section 1012.731, Florida Statutes (2018). Chapter 2019-23, Laws of Florida, renamed the Program the Florida Best and Brightest Teacher Program and substantially revised the award process effective July 1, 2019.

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

³ Section 1012.731(3)(b), Florida Statutes (2018).

⁴ Section 1002.51(6), Florida Statutes, defines prekindergarten instructors to include teachers who provide instruction to students in a prekindergarten program.

Finding 2: Instructional Personnel – Grandfathered Salary Schedules

State law⁵ requires the Board to adopt a grandfathered salary schedule for instructional personnel hired before July 1, 2014, that bases a portion of each employee's compensation upon performance demonstrated under State law.⁶ The Board adopted grandfathered salary schedules for each of the 2014-15 through 2017-18 fiscal years and approved instructional personnel bargaining agreements for personnel compensated based on the grandfathered salary schedules. The grandfathered salary schedules and bargaining agreements set forth 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.

Table 1 shows the number of instructional personnel compensated based on the grandfathered salary schedules and the total compensation of those employees.

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

	2014-15	2015-16	2016-17	2017-18
Number of Instructional Personnel Compensated Based on the Grandfathered Salary Schedule	48	45	41	36
Total Instructional Personnel Compensation Based on the Grandfathered Salary Schedule (in Millions)	\$2.3	\$2.2	\$2.1	\$1.8

Source: District records.

In response to our inquiry, District personnel indicated that they were unaware of the requirement that a portion of the compensation on the adopted grandfathered salary schedules be based on employee performance. As of April 2019, the Board had not adopted grandfathered salary schedules in compliance with State law for the 2018-19 fiscal year. Absent grandfathered salary schedules that base a portion of each applicable employee's compensation on performance, the District cannot demonstrate compliance with State law and there is an increased risk that instructional personnel whose performance exceeds management's expectations will not be properly recognized and compensated.

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

⁵ Section 1012.22(1)(c)4.b., Florida Statutes.

⁶ Section 1012.34, Florida Statutes.

Finding 3: School Administrators – Performance Evaluations and Salary Schedule

State law requires that:

- A performance evaluation⁷ be conducted for each school administrator at least once a year based, in part, upon student performance and instructional leadership.
- The evaluator⁸ submit a written evaluation report to the employee no later than 10 days after the evaluation takes place and discuss the report with the employee.
- The Board⁹ adopt salary schedules that provide annual salary adjustments for school administrators based, in part, upon student performance and instructional leadership.

In response to our inquiry, District personnel indicated in April 2019 that the District had conducted school administrator evaluations for the 2014-15 and 2015-16 fiscal years but, because a revised school administrator performance evaluation system was being developed and had not been finalized, the District did not conduct school administrator evaluations for the 2016-17, 2017-18, and 2018-19 fiscal years. In addition, contrary to State law, the Board-adopted salary schedules for each of the 2014-15, 2015-16, 2016-17, 2017-18, and 2018-19 fiscal years did not provide for annual adjustments for school administrators based, in part, upon student performance and instructional leadership.

Table 2 shows the number of school administrator positions compensated and the total compensation for those positions for the 2014-15 through 2017-18 fiscal years.

Table 2
Number of School Administrator Positions and Related Compensation
For the 2014-15 Through 2017-18 Fiscal Years

	2014-15	2015-16	2016-17	2017-18
Number of School Administrator Positions Compensated	6	5	7	6
Total School Administrators' Compensation (in Thousands)	\$427	\$368	\$424	\$449

In response to our inquiries, District personnel indicated that the administrative salary schedules were not adopted due to oversights. Absent the conduct of school administrator performance evaluations and use of appropriate administrator salary schedules, the District cannot demonstrate compliance with State law and there is an increased risk that school administrator compensation may not directly correlate to student performance or the administrators' instructional leadership.

Recommendation: The District should comply with State law by ensuring that school administrator evaluations are annually performed and that performance salary schedules provide annual salary adjustments for school administrators based upon student performance and instructional leadership.

⁷ Section 1012.34(3), Florida Statutes.

⁸ Section 1012.34(3)(c), Florida Statutes.

⁹ Section 1012.22(1), Florida Statutes.

Finding 4: Employee Background Screenings

State law¹⁰ requires that individuals hired or contracted to serve in an instructional or noninstructional capacity that requires direct contact with students undergo a level 2 background screening¹¹ at least once every 5 years. To promote compliance with the statutory background screening requirements, Board policies¹² require employees to undergo required background screenings upon employment and at least once every 5 years thereafter. Background screening results also must be provided to the FDOE for an instructor to initially receive a teaching certificate. For certificate renewals, the District is responsible for requesting the Florida Department of Law Enforcement (FDLE) to perform background screenings, receiving the results, and authorizing the FDOE through the FDOE on-line system to renew the certificates.

During the 2017-18 fiscal year, the District employed 209 instructional and 86 noninstructional personnel. According to District personnel, the school principal or department head is responsible for ensuring that employees obtain the required background screenings upon employment and the Superintendent's Secretary is responsible for ensuring certified instructional personnel obtain the required background screenings once every 5 years.

To determine whether required background screenings had been timely performed, we requested for examination District records supporting the screenings of 60 selected personnel (42 instructional and 18 noninstructional employees). We found that 4 noninstructional employees had worked 2 to 8 years without a background screening, and 3 instructional employees had not been screened for 7 to 11 years. The 3 instructional employees included a classroom teacher with an elementary education teaching certificate and 2 others¹³ who were not required to have a teaching certificate. For the classroom teacher, a background screening was obtained in 2007 when the FDOE initially issued her teaching certificate; however, according to District personnel, due to an oversight, this teacher was not screened when the District authorized her certificate to be renewed by the FDOE in 2015.¹⁴ In response to our inquiry, District personnel indicated that school principals, department heads, and the Superintendent's Secretary did not always ensure the required screenings were obtained.

The District subsequently obtained background screenings for the 4 noninstructional employees and 2 of the instructional employees and no unsuitable backgrounds were noted. In April 2019, District personnel indicated that the required background screening was not subsequently obtained for one noncertified instructional employee because the individual no longer worked for the District. District personnel indicated that corrective action was being taken requiring the Superintendent's Secretary to verify that required background screenings are obtained before the Board approves new hires for employment. District personnel also indicated that, effective July 2019, the Administrative Services Department will begin ensuring employees obtain the required background screenings at least once every 5 years.

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

¹¹ 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.

¹² Board Policy 3121.01 - *Criminal Background and Employment History Checks*.

¹³ The other 2 instructional employees included a substitute teacher and an education paraprofessional.

¹⁴ During the period 2008 through 2014, the individual was not required to have her teaching certificate renewed.

Absent effective controls to ensure that required background screenings are timely obtained, 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 applicable employees who have not obtained the required background screenings, ensure the screenings are promptly obtained and evaluated, and make decisions, as necessary, based on the evaluations. In addition, the District should ensure that required background screenings are performed for applicable employees at least once every 5 years. The District should not authorize the FDOE to renew the teaching certificates of instructors until the District has obtained the required screening results of those instructors.

Finding 5: Charter Schools – Financial Condition

During the 2017-18 fiscal year, the District sponsored two charter schools. State law¹⁵ requires the charter schools to provide the District with monthly financial statement summary sheets (financial reports) and audited financial statements, and the District is responsible for reviewing the financial reports and monitoring the financial condition of each school.

In governmental funds, nonspendable, restricted, and committed accounts are used to indicate the portion of fund balance that is limited for specific purposes and not available for general appropriations by the Board, while the total remaining fund balance (i.e., assigned and unassigned fund balance accounts) is designed to serve as a measure of net current financial resources available for general appropriation by the Board. The assigned and unassigned portions of fund balance represent the amount that may be used with the most flexibility for emergencies and unforeseen situations.

The District received audited financial statements from each of the charter schools for the 2017-18 fiscal year. As shown in Table 3, for the fiscal year ended June 30, 2018, one charter school reported a \$790,475 (30 percent) decrease in General Fund operating revenues and a \$261,255 (196 percent) decrease in General Fund total assigned and unassigned fund balance, resulting in a deficit of \$127,670.

Table 3
Pemayetv Emahakv Charter Middle School
General Fund Financial Activities
For the Fiscal Years Ended June 30, 2016, 2017, and 2018

	2016	2017	2018
Total Operating Revenue	\$1,969,649	\$2,645,805	\$1,855,330
Total Expenditures	2,008,129	2,508,084	2,129,190
Revenue Less Expenditures	(38,480)	137,721	(273,860)
Ending Assigned and Unassigned Fund Balance	(3,633)	133,585	(127,670)
Assigned and Unassigned Fund Balance as Percentage of Operating Revenues	(0.18)%	5.05%	(6.88)%

Source: Charter school's audited financial statements.

¹⁵ Sections 218.39(10) and 1002.33(5) and (9), Florida Statutes.

In the charter schools' 2017-18 fiscal year audit reports, the auditors reported that the school did not meet any of the financial emergency conditions described in State law,¹⁶ such as failure to pay loans or other debt payments, salaries owed to employees, or payroll taxes, and there were no budgetary over expenditures for any functional expenditure category on the audited General Fund budgetary schedules. Notwithstanding, the charter school's budgetary controls did not prevent the school from financial decline and District records did not evidence any substantive efforts by District personnel to provide assistance or guidance to the charter school to avoid the decline. In response to our inquiry, District personnel indicated that, although the two charter schools are separate legal entities, they are both operated by the same corporation with one principal and that the corporation is in the process of combining and operating the two schools as one school.

Absent the District's effective monitoring of charter schools, there is an increased risk that preemptive steps will not be taken to assist in the prevention of declines in a charter school's financial condition.

Recommendation: The District should develop procedures for monitoring the financial condition of charter schools and be proactive in helping the schools avoid financial difficulties. Such procedures should include assistance in establishing appropriate budgetary controls to ensure expenditures are limited to available resources.

Finding 6: Contract Management

Effective contract management ensures that contract provisions establish required services and related service times and compensation, and that services are satisfactorily received before payment. State law¹⁷ provides that the Board is the contracting agent for the District and the Board routinely enters into contracts for services. In addition, the District has designed and implemented internal controls to ensure that payments are generally consistent with contract terms and conditions.

For the 2017-18 fiscal year, the District paid a total of \$826,000 for contractual services. To determine the propriety of the payments, we examined District records supporting 30 selected payments totaling \$126,000. We found that payments totaling \$16,276 were made based on invoiced amounts for the services of two Sheriff's Office school resource officers (SROs) without a Board-approved contract to establish the expected services and related costs and without District records evidencing satisfactory receipt of the services by school personnel with direct knowledge of the services prior to payment. We expanded our audit procedures to evaluate District records supporting these services and related payments for the entire 2017-18 fiscal year and found that the District made payments totaling \$41,931 for these services without appropriate support.

In response to our inquiries, District personnel indicated that for the 2017-18 fiscal year the District relied on a verbal agreement with the Sheriff's Office for 50 percent of the SROs' salaries and the Sheriff's Office to maintain time records to demonstrate the SRO work efforts. Notwithstanding, District reliance on the Sheriff's Office verbal agreement and procedures provide limited assurance that SRO services were received as expected by the Board.

¹⁶ Section 218.503(1), Florida Statutes.

¹⁷ Section 1001.41(4), Florida Statutes.

Absent effective procedures for ensuring timely Board approval of SRO contracts before services are rendered, ensuring that service deliverables and related costs are defined in contracts, and documenting satisfactory receipt of contracted services by school personnel with direct knowledge of the services prior to payment, there is an increased risk that the District may overpay for such services, the services may not be received consistent with the Board's expectations, and any overpayments that occur may not be timely detected or recovered.

Recommendation: The District should ensure that Board approval is obtained for SRO contracts before contractual services begin and that service deliverables and related costs are defined in the contracts. In addition, District contract management procedures should be enhanced to ensure and document, prior to payment, the satisfactory receipt of SRO services by school personnel who have direct knowledge of the services.

Finding 7: Adult General Education Classes

State law¹⁸ 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 Act¹⁹ proviso language requires each school district to report enrollment for adult general education programs in accordance with FDOE instructional hours reporting procedures.²⁰ State Board of Education rules²¹ 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 Spring 2018 semester, the District reported 76 instructional contact hours for 21 adult general education classes provided to 11 students. As part of our audit, we examined District records for all 11 students and found that instructional contact hours were under reported a total of 557 hours (ranging from 38 to 118 hours) for 8 students in 12 classes. In response to our inquiry, District personnel indicated that the errors occurred mainly because the employee who recorded attendance did not understand the process. District personnel also indicated that they obtained guidance from the FDOE to properly account for and report future class contact hours.

Since funding is based, in part, on enrollment data reported to the FDOE, it is important that the District report accurate data.

Recommendation: The District should continue efforts to strengthen controls and ensure that instructional contact hours for adult general education classes are accurately reported to the FDOE. The District should also seek an FDOE determination about whether any corrective action is necessary for contact hours misreported for the 2017-18 fiscal year.

¹⁸ Section 1004.02(3), Florida Statutes.

¹⁹ Chapter 2017-70, Laws of Florida, Specific Appropriation 122.

²⁰ FDOE-issued Technical Assistance Paper, August 4, 2017, *Adult General Education Instructional Hours Reporting Procedures*.

²¹ State Board of Education Rule 6A-10.0381(5), Florida Administrative Code.

Finding 8: Information Technology – User Access

The Legislature has recognized in State law²² that social security numbers (SSNs) can be used to acquire sensitive personal information, the release of which could result in fraud against individuals or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining the confidential status of such information. Effective controls restrict individuals from accessing information unnecessary for their assigned job responsibilities and provide for documented, periodic evaluations of information technology (IT) user access privileges to help prevent individuals from accessing sensitive personal information inconsistent with their responsibilities.

Pursuant to State law,²³ the District identified each student using a Florida education identification number assigned by the FDOE. However, student SSNs are included in the student records maintained within the District student information system (SIS). Student SSNs are maintained in the District SIS to, for example, register newly enrolled students and transmit that information to the FDOE through a secure-file procedure and provide student transcripts to colleges, universities, and potential employers based on student-authorized requests. Board policies²⁴ allow designated District employees access to sensitive personal information of students in the exercise of their respective job responsibilities.

As of October 2018, the District SIS contained sensitive personal information for 10,494 students, including 1,882 current and 8,612 former District students and 44 individuals had IT user access privileges to that information and, according to District personnel, periodic evaluations of such access were not performed. As part of our audit, we inquired of District personnel and reviewed District records for all 44 individuals with IT user access privileges to current and former student SSNs. In response to our request, the District determined that 29 individuals, including assistant principals and school resource officers, did not require such access and, in January 2019, removed access by masking SSNs in the District SIS for these individuals.

District personnel also indicated that the SIS did not include a mechanism to differentiate the access privileges to current student information from the access privileges to former student information and employees with access privileges to both former and current student information did not always have a demonstrated need for such access. In addition, these users had access privileges to current and former student SSNs for all District schools, regardless of the users' demonstrated need. According to District personnel, they are in the process of determining the appropriate access privileges for employees.

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

Recommendation: To ensure access privileges to sensitive personal information of students is properly safeguarded, the District should document periodic evaluations of the necessity of IT user access privileges and timely remove 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. In addition, the District should consult with the SIS

²² Section 119.071(5)(a), Florida Statutes.

²³ Section 1008.386, Florida Statutes.

²⁴ Board Policies 8330 - *Student Records*, and 8350 - *Confidentiality*.

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 additional matter findings included in our report No. 2016-148.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

We conducted this operational audit from February 2018 to April 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 additional matter findings included in our report No. 2016-148.
- 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, system backups, and disaster recovery.
- Evaluated District procedures for maintaining and evaluating employee access to IT data and resources. We examined selected access privileges to the District's enterprise resource planning system finance and human resources (HR) applications to determine the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties. We also examined the administrator account access privileges granted and procedures for oversight of administrative accounts for the network and applications to determine whether these accounts had been appropriately assigned and managed. Specifically, we examined District records supporting selected user access privileges for the 12 users who had update access privileges to the finance and HR applications.
- Reviewed access user privileges for the 20 employees who separated from District employment during the audit period to determine whether the access privileges had been timely deactivated.
- Evaluated Board security policies and District procedures governing the classification, management, and protection of sensitive and confidential information.
- Determined whether a comprehensive IT disaster recovery plan was in place, designed properly, operating effectively, and had been recently tested.
- Examined selected operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Determined whether a comprehensive, written IT risk assessment had been developed to document the District's risk management and assessment processes and security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.

- Evaluated Board policies and District procedures and examined supporting documentation to determine whether audit logging and monitoring controls were configured in accordance with IT best practices.
- Evaluated District procedures for protecting the sensitive personal information of students, including student social security numbers. Specifically, for the 44 individuals who had electronic access to sensitive personal student information, we requested District personnel to confirm the propriety of the access privileges granted to evaluate the appropriateness and necessity of the access privileges based on the individual'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 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 the District Web site to determine whether the 2017-18 fiscal year proposed, tentative, and official budgets were prominently posted pursuant to Section 1011.035(2), Florida Statutes.
- Examined District records to determine whether the District had developed an anti-fraud policy and procedures to provide guidance to employees for communicating known or suspected fraud to appropriate individuals.
- 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.
- Interviewed District personnel and reviewed supporting documentation to evaluate whether the District effectively monitored charter schools.
- From the population of expenditures totaling \$1.2 million and transfers totaling \$0.2 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 \$756,672 and \$91,073, respectively, to determine compliance with the restrictions imposed on the use of these resources.
- From the population of \$79,573 total workforce education program funds expenditures for the audit period, selected three expenditures totaling \$53,640 and examined supporting documentation to determine whether the District used the funds for authorized purposes (i.e., not used to support K-12 programs or District K-12 administrative costs).
- Examined District records supporting the 76 reported contact hours for the 11 adult general education instructional students during the Spring 2018 semester 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).
- Examined District records to determine whether required internal funds audit for the 2017-18 fiscal year was timely performed pursuant to SBE Rule 6A 1.087, FAC, and Chapter 8 – School Internal Funds, *Financial and Program Cost Accounting and Reporting for Florida Schools* (Red Book), and whether the audit reports were presented to the Board.
- From the population of compensation payments totaling \$11.2 million to 289 employees during the audit period, examined District records supporting compensation payments totaling \$1.7 million to 39 selected employees to determine whether their rate of pay was accurate and supervisory personnel reviewed and approved their reports of time worked.
- Examined Board policies and District procedures 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 determine whether a portion of instructional employee's

compensation was based on performance in accordance with Section 1012.22(1)4., Florida Statutes.

- From the population of 295 employees and 4 contractor workers as of October 2018, examined District records for 60 selected employees and the 4 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 procedures, and related records for the audit period for school volunteers 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:
 - 16 selected District-employed recipients of the Florida Best and Brightest Teacher Scholarship Program awards from the population of 81 District-employed teachers who received scholarships awards totaling \$86,400 during the audit period.
 - 9 selected charter school recipients of the awards from the population of 43 charter school teachers who received scholarships awards totaling \$53,200 during the audit period.
- Evaluated the District's procedures to implement the Florida Best and Brightest Principal Scholarship Program pursuant to Section 1012.732, Florida Statutes. We also examined District records to determine whether the District submitted to the Florida Department of Education (FDOE) accurate information about the number of classroom teachers and the list of principals, as required by Section 1012.731(4), Florida Statutes, and whether the District timely awarded the correct amount to each eligible principal.
- Evaluated Board policies and District procedures to ensure health insurance was provided only to eligible employees, retirees, and dependents and that upon an employee's separation from District employment, insurance benefits were timely canceled as appropriate. We also determined whether the District had procedures for reconciling health insurance costs to employee, retiree, and Board-approved contributions.
- Reviewed the 2016-17 and 2017-18 fiscal year audit reports for the two District-sponsored charter schools to determine whether the audits were timely performed. We also determined whether the audits of the District charter schools were performed pursuant to Chapters 10.700 and 10.850, Rules of the Auditor General, and Section 1001.453, Florida Statutes.
- Evaluated District procedures for allocating Title I funds to ensure compliance with Section 1011.69(5), Florida Statutes. We examined District records to determine whether the District identified eligible schools, including charter schools, limited Title I allocations to eligible schools based on the threshold established by the District for the 2016-17 school year or the Statewide percentage of economically disadvantaged student, and distributed all remaining funds to all eligible schools in accordance with Federal law and regulation.
- Examined District records and evaluated District procedures to determine whether the District distributed the correct amount of local capital improvement funds to its eligible charter schools by February 1, 2018, pursuant to Section 1013.62(3), Florida Statutes.
- 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. Specifically, from the population of non-compensation expenditures totaling \$6.6 million for the audit period, we examined District records supporting 30 selected payments for general expenditures totaling \$81,767.

- From the population of 47 contractual services providers with expenditures totaling \$826,000 during the audit period, examined supporting documentation, including the contract documents, for 30 selected payments totaling \$126,000 to determine whether:
 - The District complied with competitive selection requirements.
 - The contracts clearly specified deliverables, time frames, documentation requirements, and compensation.
 - District records documented satisfactory receipt of deliverables before payments were made.
 - The payments complied with contract provisions.
- Determined whether the District used supplemental academic instruction and research-based reading instruction allocations to provide, to the applicable schools, pursuant to Section 1011.62(9), Florida Statutes, an additional hour of intensive reading instruction to students every day, schoolwide during the audit period. Also, we reviewed District records to determine whether the District appropriately reported to the FDOE, pursuant to the 2017 General Appropriations Act (Chapter 2017-234, Laws of Florida), the funding sources, expenditures, and student outcomes for each participating school.
- Evaluated District procedures for bidding and purchasing health insurance to determine compliance with Section 112.08, Florida Statutes.
- Examined District records and evaluated construction planning processes for the audit period to determine whether processes were comprehensive, included consideration of restricted resources and other alternatives to ensure the most economical and effective approach, and met District short-term and long-term needs.
- Evaluated District procedures for identifying facility maintenance needs and establishing resources to address those needs.
- Evaluated District procedures for determining Maintenance Department staffing needs.
- Evaluated the adequacy of District Virtual Instruction Program (VIP) policies and procedures.
- Examined District records for the audit period to determine whether the District provided the required number of VIP options and properly informed parents and students about students' rights to participate in a VIP and the VIP enrollment periods as required by Section 1002.45(1)(b) and (10), Florida Statutes.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

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

GLADES COUNTY SCHOOL DISTRICT *Building Academic Excellence*

July 23, 2019

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

Dear Ms. Norman:

Below please find the Glades County School District's response to the preliminary and tentative findings regarding the operational audit for the fiscal year ended June 30, 2018. Please feel free to contact my office with any questions or concerns.

Finding 1: Florida Best and Brightest Teacher Scholarship Program

The District has implemented procedures to ensure that scholarships are awarded to eligible recipients who meet the statutory definition of classroom teacher. During the 2018-2019 those procedures had been implemented and no Pre-K personnel had been deemed eligible for the Scholarship program.

Finding 2: Instructional Personnel – Grandfathered Salary Schedules

The District will comply with State law and adopt an instructional personnel grandfathered salary schedule that bases employee compensation, upon performance demonstrated under State law. The District is planning to create a new District level position, Director of Human Resources, who will be responsible for this action.

Finding 3: School Administrators – Performance Evaluations and Salary Schedule

The District will comply with State law by creating school administrator evaluations are annually performed and that performance salary schedules provide annual salary adjustments for school administrators based upon student performance and instructional leadership. The District is planning to create a new District level position, Director of Human Resources, who will be responsible for this action.

Finding 4: Employee Background Screenings

The district has instituted a plan that ensures that no prospective employees are approved for employment by the school board until they have successfully completed their required background screenings.

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New background screenings are obtained for current instructional employees before they apply to re-certify their teaching certificate with the State of Florida. The school district will work with our payroll department and our MIS system to identify a way to ensure that current non-instructional employees are similarly re-screened every five years.

Finally, The Administrative Services Department is working with the Payroll Department to identify all current employees who have not been background screened in the past five years, so that we may obtain background screenings immediately.

Finding 5: Charter Schools – Financial Condition

In some instances, such as Best & Brightest, the revenue was attributed to the elementary school, yet expenses were divided appropriately between the two charter schools. With the combining of the two schools, issues of this nature should be eliminated. The amount of contribution from the Seminole Tribe, and the distribution between the two schools, is not known by the District. The District will closely examine the monthly statements received from the Charter School to ensure that a decline in the financial condition does not happen.

Finding 6: Contract Management

Contracts expected to exceed \$5,000 for the fiscal year should be submitted to, and approved by, the Board at the beginning of each fiscal year. The finance department will not make payments for contracted services until such contracts are approved by the District School Board.

Finding 7: Adult Education Classes

The Glades County School District has obtained guidance from the Florida Department of Education to properly account for Adult Education contact hours. We will use the lessons learned to report hours correctly in the future.

Finding 8: Information Technology – User Access

During the 2018-2019 school year, MIS had changed user's access to SSNs. The Glades County MIS department will conduct periodic surveys of employee access to SSNs. Access to SSNs has been limited to the school data clerks/guidance secretaries and one principal designee. The LEA has created a form for schools to request user access to Skyward student information system and to restrict/remove individual access.

Sincerely,



Scott Bass
Superintendent of Schools