

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2020-068
December 2019

**GILCHRIST COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2018-19 fiscal year, Robert G. Rankin served as Superintendent of the Gilchrist County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Christie McElroy, Vice Chair	1
Susan Owens	2
Michelle Walker-Crawford	3
Gina Geiger	4
D. Deen Lancaster, Chair	5

The team leader was Steve Kwon, CPA, and the audit was supervised by Denita K. Tyre, CPA.

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GILCHRIST COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Gilchrist County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2018-114. Our operational audit disclosed the following:

Finding 1: The District did not always comply with State law by giving notice of public meetings and recording minutes of those meetings, and the Trenton High School school advisory council had not established procedures for scheduling meetings when parents, students, and other members of the community can attend the meetings.

Finding 2: The District disbursed scholarship awards totaling \$13,200 to a teacher and a guidance counselor without specific legal authority.

Finding 3: As similarly noted in our report No. 2018-114, District controls over contracting and related payments need enhancement.

Finding 4: The District did not obtain and review documentation to support the eligibility of employee and retiree dependents enrolled in the District health insurance plan. In addition, the District had not established procedures to document periodic verifications to ensure that dependent participants in the plan remain eligible.

Finding 5: The District had not developed a comprehensive information technology (IT) risk assessment.

Finding 6: The District IT security incident response plan needs improvement.

Finding 7: The District had not developed a comprehensive IT disaster recovery plan.

Finding 8: District controls related to data loss prevention and monitoring IT system activity need improvement.

BACKGROUND

The Gilchrist 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 Gilchrist County. The governing body of the District is the Gilchrist 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 2018-19 fiscal year, the District operated two elementary schools and two middle/high schools and reported 2,644 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Public Meetings

State law¹ requires that reasonable notice of public meetings be given and minutes of public meetings be promptly recorded and open for public inspection. In addition, State law² specifies that collective bargaining negotiations between the chief executive officer, or his or her representative, and a bargaining agent shall be in compliance with the Sunshine Law. As mentioned in the **BACKGROUND** section of this report, the Superintendent serves as the Executive Officer of the Board.

Also, pursuant to State law,³ the Board established a school advisory council (SAC) for each of the District's four schools. SACs are subject to the Sunshine Law and State law⁴ requires SACs to adopt bylaws establishing procedures for scheduling meetings when parents, students, and other members of the community can attend and to record minutes of the meetings. Board policies⁵ require SACs to hold regular meetings open to the public. According to District personnel, SACs notify the public of meetings through District automated telephone calls to parents, school newsletters, school Web sites, and school calendars.

To evaluate whether the District complied with applicable meeting requirements, we requested for examination records supporting the meetings held during the 2018-19 fiscal year and found certain instances of noncompliance. Specifically, our inquiries of District personnel and our review of District records indicated that:

- The Director of Finance, as the Superintendent's representative, held four collective bargaining meetings during the 2018-19 fiscal year with the instructional personnel bargaining agent to negotiate salaries. However, District personnel did not give public notice or record minutes of these meetings because they were unaware that the meetings were subject to the Sunshine Law.
- The SACs for the Bell Elementary School (BES), Bell High School (BHS), Trenton Elementary School (TES), and Trenton High School (THS) held a total of 14 meetings⁶ during the 2018-19 fiscal year. However, we found that:
 - The THS SAC had not adopted bylaws establishing procedures for scheduling meetings when parents, students, and other members of the community can attend.
 - Although the TES SAC bylaws required 12 monthly SAC meetings, the TES SAC did not hold 10 of the required meetings.
 - The SACs for the BES, TES, and THS did not give public notice for any of the 10 meetings held.
 - The SACs for the TES and THS did not record minutes for any of the 4 meetings held and the BES SAC did not record minutes for 5 of the 6 meetings held.

¹ Section 286.011(1) and (2), Florida Statutes.

² Section 447.605(2), Florida Statutes.

³ Section 1001.452, Florida Statutes.

⁴ Section 1001.452(1)(d), Florida Statutes.

⁵ Board Policy No. 2.04 – *School Advisory Councils*.

⁶ The meetings held included 6 BES SAC meetings, 4 BHS SAC meetings, 2 TES SAC meetings, and 2 THS SAC meetings. Additionally, the BES and BHS SAC bylaws required meetings as often as necessary, but no less than 4 times per year.

In response to our inquiry, District personnel indicated that employees had not been properly trained to comply with all statutory SAC meeting requirements.

Absent effective procedures to ensure District compliance with statutory public meeting and SAC meeting requirements, there is an increased risk that the public may not be informed of prospective meetings, which may reduce attendance at the meetings, and the public may not be informed of issues discussed and actions taken at the meetings.

Recommendation: The District should comply with the statutory requirements for public meetings by adopting SAC bylaws that establish procedures for scheduling meetings when parents, students, and other members of the community can attend; giving reasonable public notices of prospective meetings subject to the Sunshine Law; and recording minutes of meetings for public inspection. Appropriate training for applicable District personnel would help promote compliance with the statutory public meeting requirements.

Finding 2: Florida Best and Brightest Teacher Scholarship Program

The Florida Legislature established the Florida Best and Brightest Teacher Scholarship Program (Program)⁷ to reward classroom teachers⁸ who achieved high academic standards during their own education and have been evaluated as highly effective or effective pursuant to State law. For the 2018-19 fiscal year scholarship awards, District classroom teachers were responsible for submitting the required scholarship application to the District by December 3, 2018, and the District determined teacher eligibility for the scholarships, including whether District-employed teachers were evaluated as highly effective or effective based on prior school year performance assessments. By January 7, 2019, the District submitted a list that identified the names and scholarships for eligible teachers to the Florida Department of Education (FDOE). The FDOE then disbursed Program funds to the District for each eligible classroom teacher to receive a scholarship award as provided in State law. Other than the Program scholarship awards, no specific legal authority exists for scholarship awards to teachers.

During the 2018-19 fiscal year, the District awarded Program scholarships totaling \$250,263 to 135 District employees⁹ and non-Program scholarships totaling \$13,200 to 2 District employees. Our examination of District records supporting Program scholarship awards totaling \$51,547 to 20 selected recipients disclosed that the awards were properly supported and authorized. However, we found no authority for the two non-Program scholarship awards. Specifically:

- One award for \$6,000 was paid to a classroom teacher who timely applied and was eligible for a Program scholarship award; however, the District inadvertently excluded the teacher from the list submitted to the FDOE on December 11, 2018. In March 2019, the District identified the error and paid the teacher because the FDOE Program notification deadline had expired and the District wanted the otherwise eligible teacher to receive a scholarship award.
- The other non-Program scholarship recipient was a guidance counselor who was not a classroom teacher and, therefore, not eligible for a Program award. However, according to District

⁷ 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.

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

⁹ The District did not sponsor any charter schools during the 2018-19 fiscal year.

personnel, because the guidance counselor taught hospital and homebound students 1 hour each school day, the District awarded her \$7,200.

The non-Program awards totaling \$13,200 were paid from unrestricted resources in the General Fund without Board approval. Absent effective procedures to timely notify the FDOE of the classroom teachers who are eligible for scholarships, there is an increased risk that scholarships will be awarded to ineligible recipients. Also, absent specific legal authority, the non-Program awards totaling \$13,200 were made contrary to State law.

Recommendation: To ensure that scholarships are only awarded to eligible recipients, the District should appropriately train employees responsible for administering the Program. In addition, the District should:

- **Discontinue awarding non-Program scholarships absent specific legal authority.**
- **Contact the FDOE to determine the appropriate action regarding the \$13,200 paid to scholarship recipients from non-Program funds.**

Finding 3: Contractual Services

As a matter of good business practice, contractual arrangements should be evidenced by written contracts embodying all provisions and conditions for the procurement of services before the services are rendered. The use of a well-written, complete, and properly executed contract protects the interests of both parties, defines the services to be performed, and provides a basis for payment.

State law¹⁰ provides that the Board is the contracting agent for the District and Board policies¹¹ state that the Superintendent or designee shall be responsible for all purchases of materials, equipment, and services from District funds. The District has designed and implemented internal controls that generally ensure contract payments are consistent with applicable Board policies and contract terms and conditions.

For the period July 2018 through March 2019, the District paid a total of \$2.6 million for contractual services. Our inquiries and examination of selected records supporting these payments disclosed certain control deficiencies associated with athletic training, school resource officer (SRO), and school crossing guard services for the 2018-19 fiscal year. Specifically, we found that:

- In June 2018, the Board contracted for athletic training services for the 2018-19 fiscal year. The contract required the District to pay \$48,532 for 25 hours of weekly athletic trainer services at the two schools from August 2018 through May 2019 and to reimburse the provider for travel expenses. The contract stipulated that if, for reasons outside the control of the provider and the District, any athletic trainer became incapacitated or unavailable, the provider agreed to reimburse the District on a prorated time basis. In addition, the contract required the service provider to submit invoices monthly to the District Athletic Director and the District to pay the provider in two \$24,266 installment payments. District records evidenced that the invoices were submitted to the District business office and the Director of Finance approved the two installment payments. Notwithstanding, although we requested, District records were not provided to evidence that District personnel with direct knowledge of the services documented satisfactory receipt of the services.

¹⁰ Section 1001.41(4), Florida Statutes.

¹¹ Board Policy No. 7.14/D - *Purchasing Policies and Bidding*.

- In January 2019, the District paid the Gilchrist County Board of County Commissioners (BCC) \$200,000 for SRO services provided by Gilchrist County Sheriff's Office (GCSO) deputies at each school for the period August 2018 through May 2019. However, the Board did not approve the contract for these services until July 2019, which was 6 months after the payment was made. In addition, although we requested, District records were not provided to evidence satisfactory receipt of the services or to justify the January 2019 prepayment for 4 months of service. According to District personnel, they relied on the GCSO to ensure that the SROs worked the required hours. Notwithstanding, District reliance on GCSO procedures provides limited assurance that the services were received as expected.
- In January 2019, the District paid the BCC \$12,584 for school crossing guard services at two locations for the period August 2018 through May 2019. Although we requested, District records such as a purchase order, contract, or other documentation were not provided to define the services to be performed or provide the basis for payment. In addition, District records were not provided to evidence the satisfactory receipt of the services or to justify the January 2019 prepayment for 4 months of service.

In response to our inquiries, District personnel indicated that they were confident that the athletic training, SRO, and school crossing guard services were satisfactorily received for the 2018-19 fiscal year but would enhance documentation requirements for future services received from providers. In addition, District personnel indicated that they will continue to work with the BCC to properly document and approve school crossing guard services.

Absent effective procedures for ensuring that service deliverables and related costs are established and authorized, and documenting satisfactory receipt of contracted services by personnel with direct knowledge of the services prior to payment, there is an increased risk that the District may overpay for such services, services may not be received as expected, and any overpayments that occur may not be timely detected or recovered. A similar finding was noted in our report No. 2018-114.

Recommendation: The District should continue efforts to establish policies and procedures to require payments for professional services only be made pursuant to properly authorized documents that protect the interests of both parties, define the services to be performed, and provide a basis for payment. In addition, District contract management procedures should be enhanced to ensure and document, prior to payment, the satisfactory receipt of services by personnel who have direct knowledge of the services.

Finding 4: Health Insurance Plan – Dependent Eligibility

Pursuant to the Board-adopted collective bargaining agreements, the District provided a comprehensive group health and hospitalization insurance policy (plan) for full-time employees. For the 2018-19 fiscal year, the District contributed \$603 toward the monthly health insurance premiums for each participating employee, with the participating employee paying the premium balance through payroll deduction. Pursuant to State law,¹² eligible retirees were allowed to continue participation in the District's health insurance plan by paying a premium cost of no more than the premium cost applicable to active employees. District personnel were responsible for deducting the participating employees and retirees' share of the insurance premium from the employees' pay and applicable retirees' pension payments,

¹² Section 112.0801(1), Florida Statutes.

collecting insurance premiums directly from other participating retirees, and submitting premium payments to the health insurance provider.

During the 2018-19 fiscal year, the District provided health insurance for District employees and their dependents and contributed \$1,722,215 toward health insurance premium costs for employees. As of June 30, 2019, the District health insurance plan insured 278 employees, 17 retirees, and 114 dependents. Eligible dependents include spouses, qualifying children, and qualifying grandchildren if under the legal custody of the employee or retiree. To ensure that only eligible dependents participate in the District health insurance plan, procedures to obtain and verify documentation supporting dependent eligibility are necessary.

To enroll in the District's health insurance plan, employees and retirees are required to complete a benefit enrollment application when an individual is hired, during open enrollment periods, or after a qualifying life event such as marriage, birth, or adoption. The District had established procedures to verify applicable documentation to support insureds and their dependents when changes are made for a qualifying life event beyond the open enrollment period. In addition, District records evidenced that District personnel reconciled health insurance billings to payroll records to verify that insurance premiums were only for eligible employees and retirees. However, the District had not established procedures to require documented verification of evidence supporting dependent eligibility, such as birth and marriage certificates, for child and spouse dependents, respectively, for new employees and participating retirees or for existing employees during open enrollment periods.

In response to our inquiries, District personnel indicated that they relied on the health insurance provider for dependent eligibility verification as the provider required employees to certify dependent eligibility during initial and open enrollment periods. Notwithstanding, the District had not established procedures to periodically verify that the dependents of health insurance plan participants continue to be eligible for plan services.

Without dependent eligibility verification procedures, there is an increased risk that the dependents receiving insurance benefits may not be eligible for those benefits. In addition, claims for ineligible dependents could result in increases in future health insurance premium costs paid by the District, District employees, and the District's participating retirees.

Recommendation: The District should require and ensure verification of documentation to support the eligibility of all dependents enrolled into the District health insurance plan, including the dependents of new hires and those enrolled during open enrollment. The District should also establish documented, periodic verification procedures to ensure that dependent participants in the plan continue to be eligible.

Follow-Up to Management's Response

Management indicated in the written response that employees are responsible for properly reporting their dependents and that the District did not plan to change procedures due to the limited availability of staff. Notwithstanding this response, since dependent health insurance participants directly impact future premium rates and related costs based on their claims experience, it is imperative for the District to establish appropriate controls to detect and remove ineligible participants to minimize these costs.

Finding 5: Information Technology Risk Assessment

Management of the risks related to information technology (IT) is a key part of enterprise IT governance. Incorporating an enterprise perspective into day-to-day governance actions helps an entity understand its greatest security risk exposures and determine whether planned controls are appropriate and adequate to secure IT resources from unauthorized disclosure, modification, or destruction. IT risk assessment, including the identification of risks, the evaluation of the likelihood of threats, and the severity of threat impact, helps support management's decisions in establishing cost-effective measures to mitigate risk and, where appropriate, formally accept residual risk.

Although District personnel indicated that they had considered external and internal risks, due to the small size of the District, the District had not established a comprehensive IT risk assessment. A comprehensive IT risk assessment would consider network vulnerability assessments; threats and vulnerabilities at the Districtwide, system, and application levels; and document the range of risks that the District systems and data may be subject to, including those posed by internal and external users.

The absence of a comprehensive IT risk assessment may lessen the District's assurance that all likely threats and vulnerabilities have been identified, the most significant risks have been addressed, and appropriate decisions have been made regarding which risks to accept and which risks to mitigate through appropriate controls.

Recommendation: The District should develop a comprehensive IT risk assessment to provide a documented basis for managing IT-related risks.

Finding 6: Information Technology Security Incident Response Plan

State law¹³ requires the Board to determine the policies and programs that are necessary for the efficient operation and general improvement of the District. To ensure an appropriate, effective, and timely response to security incidents, it is important for District management to develop, and the Board to approve, a comprehensive IT security incident response plan and distribute the plan to each incident response team member.

Comprehensive IT security incident response plans typically detail responsibilities and procedures for identifying and logging security violations through use of a centralized reporting structure; training incident response team members to ensure members understand and can perform required procedures pursuant to State law;¹⁴ notifying appropriate local, State, and Federal authorities when loss or damage to entity data or IT resources has or may have occurred and promptly notifying affected parties about security breaches of confidential personal information; periodically reviewing critical system resources to ensure continued integrity; and analyzing and assessing security incidents to determine whether additional actions are necessary.

¹³ Section 1001.41(1), Florida Statutes.

¹⁴ Section 501.171(4), Florida Statutes.

Although the District had established an IT security incident response plan that detailed many useful responsibilities and procedures for individuals responsible for responding to a security incident, the plan lacked certain critical elements, such as procedures for:

- Notifying, pursuant to State law, appropriate local, State, and Federal authorities when loss or damage to District data or IT resources has or may have occurred and promptly notifying affected parties about security breaches of confidential personal information, such as student and employee social security numbers.
- Training critical incident response team members to ensure members understand and can perform required procedures.
- Periodically reviewing critical system resources to ensure continued integrity.

Also, although we requested, District records were not provided to evidence Board approval of the District's IT security incident response plan. In response to our inquiry, District personnel indicated that the plan lacked certain critical elements and was not Board approved due to oversights. Should an incident occur that involves the potential or actual compromise, loss, or destruction of District data or IT resources, a Board-approved comprehensive IT security incident response plan may help the District take appropriate and timely action to prevent further loss or damage to District data and IT resources.

Recommendation: To provide reasonable assurance that the District will timely and appropriately respond to events that may jeopardize the confidentiality, integrity, or availability of District data and IT resources, the District should develop a comprehensive IT security incident response plan. We also recommend that the District obtain Board approval of the plan and document distribution of the Board-approved plan to each individual responsible for responding to a security incident.

Finding 7: Information Technology Disaster Recovery Plan

An important element of an effective internal control system over IT operations is a disaster recovery plan to help minimize data and asset loss in the event of a major hardware or software failure. A disaster recovery plan should identify key recovery personnel and critical applications, provide for backups of critical data sets, and provide a step-by-step plan for recovery. In addition, plan elements should be tested periodically to disclose any areas not addressed and to facilitate proper conduct in an actual disruption of IT operations.

The District participates in the North East Florida Educational Consortium (NEFEC) and obtains from NEFEC certain IT services, such as financial management, human resources, and other critical applications. NEFEC developed an IT disaster recovery plan whereby member districts agreed to serve as alternate processing sites for each other in the event of a disaster that interrupts critical IT operations. In addition, the District prepared an IT disaster recovery plan that is a part of the District's data loss prevention. Our evaluation of the District disaster recovery plan disclosed that the plan was not comprehensive and, due to oversights, lacked certain necessary critical elements and details. Specifically, the plan did not:

- Identify and prioritize the District's critical data, processes, and applications. The District should identify such data, processes, and applications for restoration in priority order given the timing of the disaster and the estimated prolonged outage. For example, District management may identify

critical applications such as finance, human resources, student records, and other necessary applications for priority restoration.

- Provide detailed backup procedures and schedules of critical data. Detailed instructions should include identification of critical data sets to be backed up, frequency of backups, storage location, and how data will be accessed during a disaster.
- Detail specific procedures to be followed when NEFEC is inoperable or other events interrupt District operations and affect the recovery and restoration of finance, human resources, and other critical applications. Procedures may include, but not be limited to, detailed instructions for connection to an NEFEC recovery site should NEFEC become inoperable; identification of any critical infrastructure components, software, or supplies necessary for a recovery and the applicable vendor contacts; and detailed instructions for set up and configuration in the event less-experienced personnel must be relied upon for recovery operations.

Although the District had an alternate site agreement with other NEFEC school districts, the District had not established a testing schedule and District personnel had not recently tested their ability to access and run critical applications and processes from an alternate site in the event of a disaster. The absence of critical elements and details from the District disaster recovery plan and the lack of annual testing of the plan may hinder District efforts to minimize the impact of, and timely recover from, a disaster or a disruption of operations.

Recommendation: The District should enhance the District IT disaster recovery plan to include necessary critical elements and details and ensure the plan is tested at least annually.

Finding 8: Data Loss Prevention and Information Technology System Activity Monitoring

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

Without adequate security controls related to data loss prevention and monitoring IT system activity, the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised.

Recommendation: The District should improve security controls related to data loss prevention and monitoring IT system activity to ensure the continued confidentiality, integrity, and availability of District data and IT resources.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for applicable findings included in our report No. 2018-114, except that Finding 3 was also noted in report No. 2018-114 as Finding 2.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant

information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from April 2019 to August 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2018-114.
- 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 2018-19 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 access security, monitoring system activity, on-site data backups, and disaster recovery.
- Evaluated District procedures for maintaining and reviewing employee access to IT data and resources. We examined selected access privileges to the District's 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:
 - 26 users who had access privileges to the finance application.
 - 6 users who had access privileges to the HR application.
- Evaluated District procedures to prohibit former employee access to electronic data files. We also evaluated selected user access privileges for the 25 employees who separated from District employment during the period July 2018 through May 2019 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 application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Determined whether a comprehensive IT risk assessment had been established to document the District's risk management and assessment processes and security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.
- Evaluated Board policies and District procedures and examined supporting documentation to determine whether audit logging and monitoring controls were configured in accordance with IT best practices.
- Evaluated the adequacy of District procedures related to security incident response and reporting.
- Evaluated the District data center's physical access controls to determine whether vulnerabilities existed.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, we examined the access privileges of the 37 individuals who had access to sensitive personal student information during the audit period to determine the appropriateness and necessity of the access privileges based on the employees' assigned job responsibilities.

- Examined Board, committee, and school advisory council meeting minutes to determine whether Board approval was obtained for Board policies and District procedures in effect during the audit period and District records for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- Examined the District Web site to determine whether the 2018-19 fiscal year proposed, tentative, and official budgets were prominently posted pursuant to Section 1011.035(2), Florida Statutes.
- From the population of expenditures totaling \$566,144 and transfers totaling \$588,772 during the period July 2018 through March 2019 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 \$537,385 and \$412,943, respectively, to determine District compliance with the restrictions imposed on the use of these resources, including Section 1011.71(2)(e), Florida Statutes.
- Evaluated District controls over the collection of the District's Prekindergarten Parent Pay Program child care fees.
- Examined documentation supporting the District's annual tangible personal property (TPP) physical inventory process to determine whether an annual physical inventory of TPP was performed, the inventory results were reconciled to the property records, and appropriate follow-up was made for any missing items.
- From the compensation payments totaling \$14.5 million to 508 employees during the period July 2018 through March 2019, examined District records supporting annualized compensation payments totaling \$1 million to 30 selected employees to determine the accuracy of the rate of pay and whether supervisory personnel reviewed and approved employee reports of time worked.
- Examined District records for the period July 2018 through May 2019 for all 468 employees and 14 contractor workers from the population of 16 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 volunteers for the audit period to determine whether the District searched prospective volunteers' names against the Dru Sjodin National Sexual Offender Public Web site maintained by the United States Department of Justice, as required by Section 943.04351, Florida Statutes.
- From the population of 137 District employees who received scholarship awards totaling \$263,463 during the audit period, examined District records supporting the eligibility of 20 selected District recipients of the Florida Best and Brightest Teacher Scholarship Program awards and records supporting the non-Program awards disbursed to 2 District recipients.
- 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. Specifically, we examined District records supporting the eligibility of one selected District recipient from the population of three District principals who received scholarship awards totaling \$14,000 during the audit period.
- Evaluated Board policies and District procedures for ethical conduct of instructional personnel and school administrators, including reporting responsibilities of employee misconduct which affects the health, safety, or welfare of a student, to determine compliance with Section 1001.42(6), Florida Statutes.

- Evaluated Board policies and District procedures to ensure health insurance was provided only to eligible employees, retirees, and dependents and that, upon an employee's separation from District employment, insurance benefits were timely canceled as appropriate based on the District's policies. We also determined whether the District had procedures for reconciling health insurance costs to employee, retiree, and Board approved contributions.
- From the population of 263 payments totaling \$75,146 made to employees for other than travel and payroll during the period July 2018 through March 2019, examined documentation for 17 selected payments totaling \$15,095 to determine whether such payments were reasonable, adequately supported, for valid District purposes, and were not contrary to Section 112.313, Florida Statutes.
- Evaluated District procedures for bidding and purchasing health insurance and examined related records to determine whether the District complied with Section 112.08, Florida Statutes. We also reviewed the reasonableness of procedures for acquiring other types of commercial insurance to determine whether the basis for selecting insurance carriers was documented in District records and conformed to good business practice.
- Examined copies of the 2017-18 annual fire safety, casualty safety, and sanitation inspection reports for four schools and two ancillary facilities and selected 21 deficiencies from the 47 noted deficiencies and compared to the 2018-19 fiscal year annual fire safety, casualty safety, and sanitation inspection reports to determine whether timely action was taken to correct the deficiencies.
- Examined District records to determine whether the Board had adopted appropriate school safety policies and the District implemented procedures to ensure the health, safety, and welfare of students and compliance with Sections 1006.07, 1006.12, 1006.13, 1011.62(15) and (16), and 1012.584, Florida Statutes.
- From the population of purchasing card (P-card) transactions totaling \$117,437 during the period July 2018 through March 2019, examined documentation supporting 35 selected transactions totaling \$24,407 to determine whether P-cards were administered in accordance with Board policies and District procedures.
- Reviewed Board policies and District procedures related to identifying potential conflicts of interest. For the six elected officials and one District employee required to file statements of financial interest and the two finance officers, we reviewed Florida Department of State, Division of Corporations, records and District records to identify any potential relationships with District vendors that represent a conflict of interest.
- Evaluated District procedures for allocating Title I funds to ensure compliance with Section 1011.69(5), Florida Statutes. We also examined District records to determine whether the District identified eligible schools, limited Title I allocations to eligible schools based on the threshold established by the District for the 2017-18 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 regulations.
- Evaluated District procedures for identifying facility maintenance needs and establishing resources to address those needs, including the determination of maintenance department staffing needs. We also determined whether such procedures included consideration of appropriate factors and performance measures that were supported by factual information.
- Determined whether non-compensation expenditures were reasonable, correctly recorded, adequately documented, for a valid District purpose, properly authorized and approved, and in compliance with applicable State laws, rules, contract terms and Board policies. Specifically, from the population of non-compensation expenditures totaling \$6.7 million for the period July 2018 through March 2019, we examined records supporting 30 selected payments for general expenditures totaling \$87,264, including 3 payments for travel expenditures totaling \$265.

- From the population of 410 contractual services payments totaling \$2.6 million during the period July 2018 through March 2019, examined supporting documentation, including the contract documents, for 13 selected payments totaling \$664,240 related to 12 contracts to determine whether:
 - The District complied with competitive selection requirements.
 - The contracts clearly specified deliverables, time frames, documentation requirements, and compensation.
 - District records documented satisfactory receipt of deliverables before payments were made.
 - The payments complied with contract provisions.
- 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 fluid and cursive, with the first name being the most prominent.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



GILCHRIST COUNTY SCHOOL DISTRICT

Fulfilling Every Student's Potential

Superintendent Rob Rankin

310 NW 11th Avenue, Trenton, FL 32693

Phone: 352-463-3200

Fax: 352-463-3276

<http://gilchristschools.org>

November 22, 2019

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

Dear Ms. Norman,

On behalf of the Gilchrist County School Board let me thank you for your staffs' work in the preparation of this audit. Please accept this response for the findings noted in your report.

Finding 1: Public Meetings

All schools are now advertising their respective School Advisory Council meetings and insuring that minutes are kept. In addition, all collective bargaining sessions will now be advertised on the District's website. The District will monitor meetings to ensure that Florida Sunshine Laws are followed.

Finding 2: Florida Best and Brightest Teacher Scholarship Program

FDOE was contacted on March 26, 2019 via email and via telephone with questions on how to handle the payout awards to one teacher who was awarded the highly effective award, but not the ACT/SAT portion; and the payout to the guidance counselor who taught home school model who was left off the list initially. There was no email response from FDOE, however a representative from FDOE called and said that it was up to the district how to handle the matter. They also advised that if the district turned in the error, and if any funds were returned to FDOE from school districts for Best and Brightest we could possibly be reimbursed, but that it was unlikely any school districts would return funds. The district submitted the error details to FDOE, but no response has been received from FDOE.

There has been no training offered by FDOE with regards to Best and Brightest, nor has assistance been provided when questions have been submitted; the response has been "It's up to district interpretation."

The District will be implementing the new Best & Brightest Program in accordance with the current statute.

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Finding 3: Contractual Services

The contracts in question (Athletic Trainers – University of Florida, School Resource Officers – Gilchrist County Board of County Commissioners, and School Crossing Guards – Gilchrist County Board of County Commissioners) require a certain amount of trust between the agencies. If, for example, any of the individuals involved in these contracts did not report for duty, the school would certainly hear about it and question the agency contracted for providing the services. The University of Florida has been notified that we now require time sheets for their athletic trainers prior to payment being made. In addition, School Resource Officers will be added to each school's sign-in sheet for employees.

Finding 4: Health Insurance Plan – Dependent Eligibility

The district does not plan to change procedures on this matter. Employees are responsible for reporting the social security numbers, dates of birth, and other identifying data for themselves and dependents either online through the district's Benefits System, over the phone with our Benefits Advisors, or directly with the districts benefits coordinators.

Documentation is required as proof of a qualifying event such as birth, death, divorce, adoption, name change, etc. and when/if there is a questionable circumstance.

Requiring all employees to provide proof of identity and eligibility for each dependent would be extremely time consuming, and the district does not have staff dedicated solely to Benefits Management. When/if there is a discrepancy the district is notified by the Health Insurance carrier; as well as when a dependent ages-out of eligibility.

Finding 5: Information Technology – Risk Assessment

The IT department is developing a plan for a comprehensive risk assessment. This assessment will be completed utilizing the expertise of our partners at NEFEC.

Finding 6: Information Technology – Security Incidence Response Plan

The IT department will use the insights gained through the risk assessment to develop an updated IT Security Incidence Response Plan. Once completed, the Plan will be Board approved and distributed to responsible individuals.

Finding 7: Information Technology – Disaster Recovery Plan

The IT department will be updating and enhancing the District Disaster Recovery Plan to include backup procedures and schedules as well as documenting priority applications. The plan will also establish a schedule for testing failover procedures in case of a NEFEC outage.



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Superintendent Rob Rankin

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Finding 8: Data Loss Prevention and Information Technology System Activity Monitoring

The IT department will be reviewing all security procedures and monitoring systems pursuant to the Auditors findings. This will be documented in the District's Data Loss Prevention Plan.

Once again, thank you for all you do.

Sincerely,

A handwritten signature in blue ink that reads "Rob Rankin".

Rob Rankin
Superintendent of Schools

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