

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2020-079
December 2019

**WASHINGTON COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2018-19 fiscal year, Herbert J. Taylor served as Superintendent of the Washington County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Vann Brock	1
Dr. Lou Cleveland, Vice Chair through 11-19-18, Chair from 11-20-18	2
Milton L. Brown, Vice Chair from 11-20-18	3
Will "Tonka" Taylor from 11-20-18	4
Terry Ellis through 11-19-18	4
Susan G. Roberts, Chair through 11-19-18	5

The team leader was Grace E. Arrington, CPA, and the audit was supervised by Shelly G. Curti, CPA.

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

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WASHINGTON COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Washington County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2017-056. Our operational audit disclosed the following:

Finding 1: District controls over emergency drills and related school safety procedures need improvement.

Finding 2: The District did not obtain documentation to support the eligibility of employee and retiree dependents enrolled into 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 3: 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 educational leadership.

Finding 4: The Board had not adopted Prekindergarten Enrichment Program fees and District procedures did not document Program costs, ensure Program fees recovered such costs, or effectively control the Program fee collection process.

Finding 5: District facilities management procedures could be enhanced to assist District management in assessing the operating effectiveness and efficiency of the Facilities and Maintenance Department.

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

Finding 7: The District is a member of and serves as fiscal agent for the Panhandle Area Educational Consortium - Gateway Educational Computing Consultants. Controls over the Consultants' contract with a third-party provider for school system management software need improvement. A similar finding was noted in our report No. 2017-056.

BACKGROUND

The Washington 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 Washington County. The governing body of the District is the Washington 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 ten elementary, middle, high, and specialized schools; and reported 3,375 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: School Safety – Active Shooter and Hostage Situation Drills

State law¹ requires the Board to formulate and prescribe policies and procedures for emergency drills associated with active shooter and hostage situations and the drills must be conducted at least as often as other emergency drills. Pursuant to the Florida Fire Protection Code (Fire Code),² fire emergency drills must generally be conducted every month that a facility is in session. Board policies³ indicate emergency evacuation drills, including active shooter and hostage situations and fire emergency drills, shall be done in compliance with State requirements and District procedures require that the drills and supervisory review and approval of the drills be documented.

To determine whether the District properly conducted the required drills during the 2018-19 fiscal year, we selected two schools, from the District's nine schools and technical college, and requested for examination District records supporting the required 10 active shooter and hostage situations and 10 fire emergency drills. Our examination of District records for the Roulhac Middle and Vernon High schools disclosed that:

- The Roulhac Middle School did not conduct 7 of the required active shooter and hostage situations drills and 5 of the required fire emergency drills.
- The Vernon High School did not conduct 3 of the required active shooter and hostage situations drills and 8 of the required fire emergency drills.

In response to our inquiries, District personnel indicated that the fire emergency drills were not conducted due to misunderstandings and the active shooter and hostage situation drills were not conducted because the Florida Department of Education (FDOE) did not provide clear guidance on how often drills for active shooter and hostage situations were required until May 31, 2019.⁴ District personnel also indicated in July 2019 that, beginning with the 2019-20 school year, fire drills and active shooter and hostage situations drills will be conducted every month school is in session at each school. Without procedures to ensure active shooter and hostage situations drills and fire emergency drills are timely conducted, the District cannot demonstrate compliance with State law and the Fire Code or that appropriate measures have been taken to promote student and staff safety.

Recommendation: The District should continue efforts to ensure emergency drills are conducted at least monthly at each school pursuant to State law and FDOE guidance.

Finding 2: Health Insurance

During the 2018-19 fiscal year, the District provided health insurance to employees and their dependents and contributed \$2.9 million toward their health insurance premium costs. The District provides health

¹ Section 1006.07(4), Florida Statutes, as amended by Chapter 2018-3, Laws of Florida (The Marjory Stoneman Douglas High School Public Safety Act).

² Section 20.2.4.2.3 of the Florida Fire Prevention Code, 6th Edition (2017).

³ Board Policy 3.40, *Safe and Secure Schools* (Revised December 10, 2018).

⁴ On May 31, 2019, the FDOE provided a letter to school districts clarifying that, because fire drills are required to be conducted monthly, active shooter and hostage drills are required at least monthly at every school.

insurance through a self-insurance program and, as permitted by State law,⁵ contracts with a third-party administrator (TPA) to pay claims and administer the health insurance plan. As of June 2019, the District health insurance plan insured 409 employees, 51 retirees, and 143 employee and retiree dependents. Pursuant to State law,⁶ retirees who elect to continue participation in the District's health insurance plan pay a premium cost of no more than the premium cost applicable to active employees.

Eligible dependents include spouses and qualifying children (i.e., by birth, marriage, legal adoption, or legal guardianship). The District group health insurance policy provides dependent child coverage through age 26. The policy⁷ also offers each policyholder the option to insure a child at least until the end of the calendar year in which the child reaches the age of 30 as long as the child is unmarried and does not have a dependent of his or her own; is a resident of Florida or a full- or part-time student; and is not provided coverage under any other health insurance plan or is not entitled to benefits under Title XVIII of the Social Security Act. To ensure that only eligible dependents participate in the District health insurance plan, procedures to obtain and verify documentation supporting dependent eligibility are necessary.

In response to our inquiry, District personnel indicated that employees and retirees may enroll in the District health insurance plan upon employment, upon retirement, and during open enrollment periods, and make changes to their insurance beyond the enrollment periods for certain qualifying events such as marriage, divorce, or birth or death of a dependent. The District contacts applicable employees who have a dependent child participant age 27 until the end of the calendar year in which the child reaches age 30 to confirm whether these dependents still meet the eligibility requirements, although records supporting eligibility are not requested. Additionally, District personnel indicated that, since April 2015, new employees and employees and retirees making changes to dependent insurance benefits for qualifying events are asked to provide evidence of dependent eligibility, including documentation such as marriage certificates, birth certificates, or marriage dissolution judgments. However, District records did not always demonstrate that dependent participants in the plan were initially eligible and District procedures had not been established to document periodic verifications to ensure that dependent participants remain eligible.

As part of our audit, in June 2019 we requested for examination District records to support the eligibility of 71 dependent participants enrolled in the District health insurance plan, including 40 children under age 27, 10 children aged 27 through 30, and 21 spouses. However, records were not provided supporting the eligibility of 48 dependents (25 children under age 27, 10 children aged 27 through 30, and 13 spouses) who had participated in the plan 7 months to 21 years or an average of 7 years. Without eligibility verification procedures for all employee and retiree dependents, 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 future increases in health insurance premium costs paid by the District, District employees, and participating retirees.

⁵ Section 1011.18(6)(b), Florida Statutes.

⁶ Section 112.0801, Florida Statutes.

⁷ The District insurance policy is consistent with Section 627.6562, Florida Statutes, which requires insurers to provide health insurance benefits for qualifying dependent children who are age 25 until the end of the calendar year in which the child reaches age 30.

Recommendation: The District should require, upon enrollment of a dependent into the District health insurance plan, applicable documentation such as birth or marriage certificates, be provided for District verification of dependent eligibility. The District should also establish documented, periodic verification procedures to ensure that dependent participants in the plan remain eligible. Absent records supporting the eligibility of the dependents participating in the District health insurance plan, insurance benefits for those dependents should be discontinued.

Finding 3: Performance Salary Schedule

Although State law⁸ requires the Board to adopt performance salary schedules that provide annual salary adjustments for school administrators based upon student performance and instructional leadership, 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 such annual adjustments. Accordingly, the Board was not in compliance with State law for the 2014-15 through 2018-19 fiscal years.

Table 1 shows the number of school administrator positions compensated and the total compensation for those positions for the 2014-15 through 2018-19 fiscal years.

**Table 1
Number of School Administrator Positions and Related Compensation
For the 2014-15 Through 2018-19 Fiscal Years**

Source	2014-15	2015-16	2016-17	2017-18	2018-19
Number of School Administrator Positions Compensated	10	10	10	10	11
Total School Administrators' Compensation (in Millions)	\$0.79	\$0.75	\$0.80	\$0.80	\$0.85

Source: District records.

In response to our inquiries, District personnel indicated that the Board-adopted salary schedules lacked annual salary adjustments for school administrators based upon student performance and instructional leadership because they did not realize the State law applied to school administrators.

Recommendation: The Board should comply with State law by adopting performance salary schedules that provide annual salary adjustments for school administrators based upon student performance and instructional leadership.

Finding 4: Prekindergarten Enrichment Program Fee Collections

The District operates a fee-supported Prekindergarten Enrichment Program (Program) as an optional extended day program for students. State Board of Education (SBE) rules⁹ authorize the Board to establish fees for certain programs in amounts that will recover the cost of providing such programs after deducting any State and Federal funding provided for the programs. For the 2018-19 fiscal year, the District recorded \$98,570 for Program fee collections at the Vernon Elementary (VES) and Kate M. Smith Elementary (KMS) Schools.

⁸ Sections 1012.22(1) and 1012.34(3)(a)1. and 3., Florida Statutes.

⁹ SBE Rule 6A-1.09983, Florida Administrative Code.

Effective controls over the child care fee collection process promote accountability, safeguard collections, and require that:

- Responsibilities for recording fee assessments, student attendance, and fee collections be appropriately separated from fee collection duties. If, because of the limited number of staff the separation of incompatible duties is not practical, compensating controls, such as supervisor-documented comparisons of historical and current child care fee collections, periodic observations of child care attendance, and evaluations of the reasonableness of fee collections based on the comparisons and observations, should be implemented.
- Student attendance be recorded and routine independent fee audits be conducted to reconcile the attendance records to fee collections and deposits.
- Fees be collected before services are rendered.

According to District personnel, each school charged participants \$50 per week and reduced fees by \$10 per day for school closures (e.g., for holidays, school breaks, and inclement weather). While KMS provided no fee reductions for participant sick days, VES reduced participant fees \$10 per day for documented sick days. Our discussions with District personnel and review of selected Program fee collection records disclosed that:

- The Board had not adopted Program fees, or approved fee reductions for school closures and documented sick days, to provide a consistent basis for fees at the two schools and the District had not established procedures for documenting Program costs and ensuring that Program fees recover such costs. Absent such Program fees and procedures, the Program may not consistently operate in accordance with Board intent and fee collections may be insufficient to sustain Program operations.
- An inappropriate separation of duties existed at KMS as the bookkeeper recorded fee assessments and fee collections in student account ledgers, and performed fee collection duties including collecting fees, issuing prenumbered receipts, and preparing and making bank deposits. Additionally, compensating controls were not in place to mitigate the inappropriate separation of duties. Without adequately separating incompatible duties or establishing appropriate compensating controls, errors or fraud, should they occur, may not be timely detected and resolved.
- Neither school maintained student attendance records for Program participants. Consequently, fee audits were not conducted to reconcile participant attendance to Program fee assessment and collection records. Independent fee audits reconciling documented attendance to fee assessments and collections are necessary to ensure that collections are appropriately accounted for and properly safeguarded.
- At the end of the 2018-19 school year, KMS had 7 students with unpaid balances totaling \$760 and VES had 4 students with unpaid balances totaling \$400. While District personnel indicated that they work with parents when possible to ensure Program services are not interrupted, collecting fees before services are rendered better assures the recovery of Program costs.
- For 1 VES student, fees totaling \$1,200 were not assessed or collected for the period November 8, 2018, through May 24, 2019. According to District personnel, although teachers routinely communicate who Program participants are to the VES bookkeeper, this student's participation in the Program was not communicated to the bookkeeper. District personnel also indicated that they detected the uncollected amount before our inquiries and that the fees would be waived since the error was the District's fault. Without promptly and properly recording student attendance and promptly assessing and collecting fees, District accountability for fees is diminished and there is an increased risk that fees will not be collected in the appropriate amounts.

Recommendation: The District should ensure Board adoption of Program fees and Board-approval of fee reductions, including those for school closures and documented sick days. The District should also establish procedures for documenting Program costs, ensuring Program fees recover such costs, and effectively controlling the Program fee collection process. Program fee collection controls should ensure that:

- **Incompatible duties are appropriately separated or, if the District does not have a sufficient number of staff to appropriately separate duties, compensating controls exist.**
- **Student attendance be documented.**
- **Periodic independent fee audits be conducted to reconcile student attendance records to Program fee collections and deposits.**
- **Program fees are properly assessed and collected before services are rendered.**

Finding 5: Facilities Maintenance

State law¹⁰ requires each district school board to have an audit conducted of the District's educational planning and construction activities not less than once every 5 years. Given the significant commitment of public funds to maintain educational facilities, it is important that the District establish policies and procedures for evaluating the effectiveness and efficiency of facility operations at least annually using performance data and established benchmarks, and establish documented processes for evaluating facilities maintenance techniques to determine the most cost-effective and efficient technique. In addition, performance evaluations for Facilities and Maintenance Department employees should be performed annually and could include consideration of established goals for facilities management and clearly defined measurable objectives or benchmarks to determine the extent to which such goals and objectives were achieved.

The District Facilities and Maintenance Department is responsible for managing construction and renovation projects and ensuring District facilities are safe and suitable for their intended use. Department personnel also perform heating, ventilating, and air conditioning; electrical; plumbing; and other maintenance-related jobs.

During the 2018-19 fiscal year, the Department employed eight full-time employees and the Department's operating cost was \$857,460. Also, during that fiscal year, the District expenditures for capital projects fund construction and renovation projects totaled \$2.2 million and, as shown on the District's 5-Year Facilities Work Plan approved by the Board on August 12, 2019, the District planned to spend \$8.3 million on renovation, repair, and maintenance over the next 5 fiscal years. At June 30, 2018, the historical cost of the District's educational and ancillary facilities, including land purchases, was \$122.5 million and, as shown on the Florida Department of Education's (FDOE) Florida Inventory of School Houses data, the average age of the District permanent facilities was 26 years and the facilities included a total of 1 million square feet.

While our examination of District records indicated that District facilities management procedures were generally adequate, we determined certain enhancements could be made. Specifically:

¹⁰ Section 1013.35(2)(f), Florida Statutes.

- Although the Department had established short-term and long-term goals, the goals did not address Department accountability. For example, the goals for the Department included such objectives as providing a safe and comfortable environment for students and staff, maximizing equipment usage and extending equipment useful life, and improving efficiency of budgeted funding allocations. However, these goals did not sufficiently identify cost-effectiveness or efficiency outcomes.
- The District did not perform annual performance evaluations of Department employees. Annual performance evaluations that consider established outcome measures for specified goals by position would provide enhanced accountability for Department employees based on their respective assignments. Progress in achieving the specified goals could be measured by clearly defined benchmark time frames for routine employee job assignments and developing accountability systems to monitor work orders for return assignments, or corrective action because a job did not initially meet building code requirements, and to compare job costs to industry standards for similar work.

In response to our inquiry, District personnel indicated that, due to the limited number of Department personnel, formal evaluations of outsourcing and measuring Department performance are not documented. Notwithstanding this response, given the significant resources expended for construction and facilities maintenance, established goals and objectives that focus on Department accountability and include clearly defined measurable outcomes and benchmarks, along with annual evaluations of Department employee performance to assess the extent to which those goals and objectives were achieved, could assist the District in determining whether the Department is operating effectively and efficiently.

Recommendation: The District should develop additional goals and objectives for the Facilities and Maintenance Department that identify measurable cost-effectiveness and efficiency outcomes. Additionally, the District should ensure annual performance evaluations that consider established position outcome measures are conducted for Department employees.

Finding 6: Information Technology User Access Privileges

The Legislature has recognized in State law¹¹ 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 employees from accessing information unnecessary for their assigned duties and provide for documented, periodic evaluations of information technology (IT) user access privileges to help prevent employees from accessing sensitive personal information inconsistent with their duties.

Pursuant to State law,¹² the District identified each student using a Florida education number assigned by the FDOE. However, student SSNs are included in the student records maintained within the District management information system (MIS). Student SSNs are maintained in the District MIS 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 policies¹³ allow designated District school personnel access to

¹¹ Section 119.071(5)(a), Florida Statutes.

¹² Section 1008.386, Florida Statutes.

¹³ Board Policy 5.70, *Student Records*.

student records to perform administrative, supervisory, or instructional responsibilities that serve a legitimate educational purpose in accordance with applicable State law, State Board of Education rules, and Federal laws.

The District MIS Department maintains the MIS and provides finance, human resources, and student records data processing services. As of July 2019, the MIS contained sensitive personal information for 10,809 former and 2,652 current District students and 37 employees had continuous IT user access privileges to both former and current student information. District personnel indicated that, although some employees may need access to current but not former student information, the District MIS did not include a mechanism to differentiate IT user access privileges to current student information from access privileges to former student information. District personnel also indicated that periodic evaluations of IT user access privileges to student information are performed to help monitor these privileges. In July 2019, we requested District records supporting the District's most recent evaluation; however, the records could not be located.

As part of our audit, we examined District records supporting IT user access privileges and requested District personnel to confirm that the 37 employees needed continuous access to the sensitive personal information of students to perform their assigned duties. Our observations and District personnel responses disclosed that 19 of the 37 employees did not need such access. The 19 employees with the unnecessary IT user access privileges included data entry operators, school administrators, District administrators, and secretaries. Subsequent to our inquiry, in July 2019, District personnel removed the unnecessary access privileges for the 19 employees. District personnel indicated that the remaining 18 employees worked in the IT Department and needed continuous access to the sensitive personal information of current students to perform their job duties, which included FDOE reporting and IT troubleshooting; however, District records did not evidence that all 18 employees needed access to former student information.

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

Recommendation: To ensure that access privileges to the sensitive personal information of students are appropriately restricted, the District should:

- Document periodic evaluations of the necessity and appropriateness of assigned IT user access privileges and timely remove any unnecessary access privileges detected. If an employee only requires occasional access to sensitive personal information, the privileges should be granted only for the time needed.
- Consult with the MIS provider to upgrade the District MIS to differentiate access privileges to current student information from access privileges to former student information.

Finding 7: Information Technology Software License Agreement

To ensure continuity of business operations, good business practices necessitate that, when contracting with a third party for their data processing needs, management obtain assurances that the processing is accurate and valid. Accordingly, a data-processing contract should contain provisions for appropriate levels of ongoing service with a limited amount of downtime, provisions for the third party to provide

appropriate services in the event of a disaster, as well as, a means for assuring that the required hardware, software, and applications are physically secured and appropriate environmental controls are in place. These assurances could be attained by obtaining and reviewing a service organization controls (SOC) 2 Type 2 report as described in *Statement on Standards for Attestation Engagements No. 18* (SSAE 18), *Attestation Standards: Clarification and Recodification*.¹⁴

The District is a member of and serves as fiscal agent for the Panhandle Area Educational Consortium - Gateway Educational Computing Consultants (PAEC-GECC). The PAEC-GECC serves member districts that share technical staff and software applications. During the 2018-19 fiscal year, the PAEC-GECC served 14 member districts.

On May 2, 2017, PAEC-GECC management entered into a software license agreement with a third-party provider for use of the third-party provider's school system management software, primarily composed of a finance and human resources records application. As of June 30, 2019, all member districts had implemented the finance and human resources applications of the software package.

Our review of the PAEC-GECC's third-party provider software license agreement disclosed that the agreement lacked certain necessary provisions to:

- Define the minimum required security controls that the PAEC-GECC considers necessary to protect the confidentiality, availability, and integrity of critical and sensitive data.
- Disclose the third-party provider's disaster recovery controls in place to ensure the continuity of member district business operations in the event of a disaster.
- Require the third-party provider's contracted data center to obtain an SSAE 18 SOC 2 Type 2 report or otherwise provide assurance for the design and operating effectiveness of data center controls.

District personnel indicated that the agreement lacked the provisions because of personnel turnover and, therefore, District personnel were not aware the provisions should be included in the contract with the third-party provider. Without provisions in the PAEC-GECC's agreement with the third-party provider requiring minimum security controls, disclosing the third-party provider's disaster recovery controls, and ensuring the effectiveness of controls over the third-party provider's contracted data center, there is an increased risk that the member districts' data confidentiality, integrity, and availability may not be adequately protected. A similar finding was noted in our report No. 2017-056.

Recommendation: We recommend that PAEC-GECC management consider amending the agreement with the third-party data processing provider to define required security controls, disclose disaster recovery controls, and provide for assurance regarding the suitability of the design and operating effectiveness of the third-party provider's contracted data center controls. Such assurance could be attained, for example, by requiring an SSAE 18 SOC 2 Type 2 report of the contracted data center be obtained.

¹⁴ An SSAE 18 SOC 2 Type 2 report is an independent auditor's report on the fairness of the presentation of management's description of the service organization's system and the suitability of the design and operating effectiveness of the service organization's controls to achieve the related control objectives.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for applicable findings included in our report No. 2017-056 except that Finding 7 was also noted in report No. 2017-056, as Finding 8.

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 September 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. 2017-056.
- 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 security, systems development and maintenance, network configuration management, system backups, and disaster recovery.
- Evaluated District procedures for maintaining and reviewing employee access to IT data and resources. We examined selected access privileges to the District's enterprise resource planning (ERP) system finance and human resources (HR) applications to determine the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties. We also examined the administrator account access privileges granted and procedures for oversight of administrative accounts for the network and applications to determine whether these accounts had been appropriately assigned and managed. Specifically, we:
 - Tested 22 roles that allowed update access privileges to selected critical ERP system finance application functions resulting in the review of the appropriateness of access privileges granted for 70 accounts.
 - Tested 20 roles that allowed update access privileges to selected critical ERP system HR application functions resulting in the review of the appropriateness of access privileges granted for 7 accounts.
- Evaluated District procedures to prohibit former employee access to electronic data files. We also reviewed selected access user privileges for the 34 employees who separated from District employment during the period July 1, 2018, through June 11, 2019, to determine whether the access privileges had been timely deactivated.
- Determined whether a comprehensive IT disaster recovery plan was in place, designed properly, operating effectively, and had been recently tested.
- Examined selected operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- 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.

- Examined two Board-approved contracts with third-party providers for data processing to determine whether contract provisions protected the confidentiality, integrity, and availability of District data and ensured the continuity of business operations.
- Examined Board, committee, and advisory board meeting minutes to determine whether Board approval was obtained for policies and procedures in effect during the audit period and District records for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- Analyzed the District's General Fund total unassigned and assigned fund balances at June 30, 2018, to determine whether the total was less than 3 percent of the Fund's revenues, as specified in Section 1011.051, Florida Statutes. We also performed analytical procedures to evaluate the District's ability to make future debt service payments.
- From the population of expenditures totaling \$794,512 and transfers totaling \$98,797 during the period July 1, 2018, through March 31, 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 \$567,437 and \$8,966, respectively, to determine District compliance with the restrictions imposed on the use of these resources, including those imposed by Section 1011.71(2)(e), Florida Statutes.
- From the population of \$3.2 million total workforce education program funds expenditures for the audit period, selected 30 expenditures totaling \$899,854 and examined supporting documentation to determine whether the District used the funds for authorized purposes (i.e., not used to support K-12 programs or District K-12 administrative costs).
- From the population of 194 industry certifications eligible for the 2018-19 fiscal year performance funding, examined 26 selected certifications to determine whether the District maintained documentation for student attainment of the industry certifications.
- From the population of 24,931 contact hours for 179 adult general education instructional students during the audit period, examined District records supporting 3,450 reported contact hours for 27 selected students to determine whether the District reported the instructional contact hours in accordance with State Board of Education (SBE) Rule 6A 10.0381, Florida Administrative Code.
- Evaluated District controls over the collection of the District's Prekindergarten Enrichment Program fees.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, we examined the access privileges of the 37 employees with access to sensitive personal information of students and evaluated the appropriateness and necessity of the access privileges based on the employee's assigned job responsibilities.
- Examined the District Web site to determine whether the 2018-19 fiscal year proposed, tentative, and official budgets were prominently posted pursuant to Section 1011.035(2), Florida Statutes.
- Examined District records for the audit period to determine whether the District's career center had informed students and employees at orientation and on its Web site of the existence of the Florida Department of Law Enforcement sexual predator registry Web site and the toll-free telephone number that gives access to sexual predator and sexual offender public information, as required by Section 1006.695, Florida Statutes.
- Examined District records to determine whether required internal funds audits for the 2017-18 and 2 preceding fiscal years were timely performed pursuant to SBE Rule 6A 1.087, Florida Administrative Code, 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 compensation payments totaling \$22 million to 747 employees during the period July 1, 2018, through March 31, 2019, examined District records supporting compensation payments totaling \$56,270 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.
- From the population of 318 instructional personnel and 11 school administrators compensated a total of \$12.2 million during the period July 1, 2018, through March 31, 2019, examined documentation for 36 selected employees who were paid a total of \$1.4 million to determine whether the District had developed adequate performance assessment procedures for instructional personnel and school administrators based on student performance and other criteria in accordance with Section 1012.34(3), Florida Statutes, and determined whether a portion of each selected instructional employee's compensation was based on performance in accordance with Section 1012.22(1)(c)4. and 5., Florida Statutes. We also determined whether the District appropriately applied the cost-of-living salary adjustment in accordance with Section 1012.22(1)(c)(2), Florida Statutes.
- Examined District records for the period July 1, 2018, through March 31, 2019, for 40 employees and 29 contractor workers selected from the population of 747 employees and 55 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.
- Examined District records supporting the eligibility of 26 selected District recipients of the Florida Best and Brightest Teacher Scholarship Program awards from the population of 202 District teachers who received scholarship awards totaling \$251,756 during the audit period.
- Evaluated the District's procedures to implement the Florida Best and Brightest Principal Scholarship Program pursuant to Section 1012.732, Florida Statutes. We also examined District records to determine whether the District submitted to the FDOE accurate information about the number of classroom teachers and the list of principals, as required by Section 1012.731(4), Florida Statutes, and whether the District timely awarded the correct amount to each eligible principal.
- Evaluated Board policies and District procedures for ethical conduct for 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 1011.42(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 Board policies. We also determined whether the District had procedures for reconciling health insurance costs to employee, retiree, and Board-approved contributions.
- 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 District records to determine whether the District evaluated the effectiveness and suitability of the software applications prior to purchase.

- Examined copies of the 15 most recent annual fire safety, casualty safety, and sanitation inspection reports to determine whether any significant or life-threatening deficiencies were reported but not timely corrected.
- 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.
- 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 laws and regulations.
- 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 and methods to effectively and efficiently address those needs, including accountability for meeting short-term and long-term goals and annual evaluations of maintenance employees' performance.
- Determined whether non-compensation expenditures were reasonable, correctly recorded, adequately documented, for a valid District purpose, properly authorized and approved, and in compliance with applicable State laws, rules, contract terms and Board policies; and applicable vendors were properly selected. Specifically, from the population of non-compensation expenditures totaling \$11.1 million for the period July 1, 2018, through March 31, 2019, we examined documentation relating to 30 payments for general expenditures totaling \$41,930.
- From the population of 220 consultant contracts totaling \$4.1 million for the period July 1, 2018, through March 31, 2019, examined supporting documentation, including the contract documents, for 14 selected payments totaling \$1.1 million related to 14 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.
- Evaluated the adequacy of District Virtual Instruction Program (VIP) policies and procedures.
- Examined the contract documents for the FDOE-approved VIP provider to determine whether the contract contained required statutory provisions. Also, we examined the contract documents to determine whether provisions were included to address compliance with contract terms, the confidentiality of student records, and monitoring of the providers' quality of virtual instruction and data quality.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.

- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

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

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



Joseph Taylor
Superintendent of Schools
(850) 638-6222
Fax (850) 638-6226

Washington County
District School Board
"An Equal Opportunity Agency"
652 Third Street
Chipley, Florida 32428

District 1
Vann Brock
1160 Whittington Road, Chipley
District 2
Dr. Lou Cleveland
315 Hwy 273, Chipley
District 3
Milton L. Brown
3399 Mallory Road, Vernon
District 4
Will "Tonka" Taylor
730 Sewell Farms Road, Chipley
District 5
Susan G. Roberts
1456 State Park Road, Chipley

December 9, 2019

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

Dear Ms. Norman:

In accordance with Section 11.45(4)(d), Florida Statutes, I acknowledge receipt of the preliminary and tentative findings resulting from the operational audit of the Washington County District School Board for the Fiscal Year Ended June 30, 2019. Individual responses are listed below:

Finding No. 1: School Safety – Active Shooter and Hostage Situation Drills

The District has updated its policies to meet the latest State law emergency drill requirements. The District has also implemented the Raptor Drill Manager System to manage drill compliance.

Finding No. 2: Health Insurance

The District will obtain applicable documentation to verify dependent eligibility for the participation in the District health insurance plan. The District has established procedures for employees to certify the continued eligibility of dependents.

Finding No. 3: Performance Salary Schedule

Whereas, the District has not adopted performance salary schedules for school administrators since 2014-15, the District analyzed the financial impact over the five-year period to be \$533. In 2019-20, the District has adopted a performance salary schedule for school administrators.

Finding No. 4: Prekindergarten Enrichment Program Fee Collections

The Board will adopt program fees and fee reductions for the prekindergarten enrichment program. Procedures for fee collections will be enhanced to accurately account for program fees.

Finding No. 5: Facilities Management

The District's Facilities and Maintenance Department is expanding the use of its work order system to capture measurable data for the cost-effectiveness and efficiency of work performed. Department personnel will also be evaluated.

"Quality Education Today For A Better Tomorrow"

Finding No. 6: Information Technology User Access Privileges

The District has implemented an IT user authorization form to document IT user access privileges. IT privileges are assigned or removed based upon the approval of the Board-assigned district administrator. User authorizations are reviewed periodically. The District MIS is consulting with the MIS provider to differentiate access privileges to current student information from access privileges to former student information.

Finding No. 7: Information Technology Software License Agreement

PAEC management has contacted the third-party provider to amend the agreement as recommended.

Sincerely,



Herbert J. Taylor
Superintendent

HJT:lcc