

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2021-031  
October 2020

**LEON COUNTY  
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA  
Auditor General

## Board Members and Superintendent

During the 2019-20 fiscal year, Rocky Hanna served as Superintendent of the Leon County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Alva Striplin	1
Rosanne Wood, Chair through 11-18-19	2
Darryl Jones	3
DeeDee Rasmussen, Chair from 11-19-19, Vice Chair through 11-18-19	4
Georgia "Joy" Bowen, Vice Chair from 11-19-19	5

The audit was supervised by Maria G. Loar, CPA.

Please address inquiries regarding this report to Edward A. Waller, CPA, Audit Manager, by e-mail at [tedwaller@aud.state.fl.us](mailto:tedwaller@aud.state.fl.us) or by telephone at (850) 412-2887.

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# LEON COUNTY DISTRICT SCHOOL BOARD

## SUMMARY

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This operational audit of the Leon County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2018-067. Our operational audit disclosed the following:

**Finding 1:** District records did not always demonstrate compliance with State Board of Education competitive solicitation and direct negotiation requirements.

**Finding 2:** District controls over the contract management and related monitoring of bus routing services need improvement.

## BACKGROUND

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The Leon 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 Leon County. The governing body of the District is the Leon 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 2019-20 fiscal year, the District operated 45 elementary, middle, high, and specialized schools; sponsored four charter schools; and reported 33,888 unweighted full-time equivalent students.

## FINDINGS AND RECOMMENDATIONS

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### Finding 1: Procurement Process – Contracted Services

State Board of Education (SBE) rules<sup>1</sup> require the District to utilize a competitive solicitation process to request bids or proposals from three or more sources for any authorized commodities purchase or contracted services exceeding \$50,000. In addition, SBE rules<sup>2</sup> and Board policies<sup>3</sup> provide that the District may acquire information technology (IT), as defined in State law,<sup>4</sup> through the competitive solicitation process or by direct negotiation and contract with a vendor or supplier, as best fits the needs of the District as determined by the Board. Documentation of Board actions must be maintained because the Board is the contracting agent for the District pursuant to State law,<sup>5</sup> and State law<sup>6</sup> requires that records set forth clearly all actions and proceedings of the Board.

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<sup>1</sup> SBE Rule 6A-1.012(7), Florida Administrative Code.

<sup>2</sup> SBE Rule 6A-1.012(14), Florida Administrative Code.

<sup>3</sup> Board Policy 6320 - *Purchasing and Contracting For Goods And Services*.

<sup>4</sup> Section 282.0041(14), Florida Statutes, defines information technology as equipment, hardware, software, firmware, programs, systems, networks, infrastructure, media, and related material used to automatically, electronically, and wirelessly collect, receive, access, transmit, display, store, record, retrieve, analyze, evaluate, process, classify, manipulate, manage, assimilate, control, communicate, exchange, convert, converge, interface, switch, or disseminate information of any kind or form.

<sup>5</sup> Section 1001.41(4), Florida Statutes.

<sup>6</sup> Section 1001.42(1), Florida Statutes.

As an alternative to competitive solicitations, direct negotiations with IT service vendors can be an effective process for procurements when provider qualification and experience information is obtained and evaluated using a carefully considered and formulated negotiation plan. The negotiation plan should be developed before direct negotiations begin and establish the structure, format, and price benchmarks, along with other benchmarks for contract deliverables, such as the service time frames and related service types, based on documented considerations of the quality and prices of similar services acquired by similar entities. A well-defined negotiation plan strengthens an entity's bargaining position and helps ensure the best value for money.

For the period March 2019 through February 2020, the District made contracted service payments totaling \$9.9 million for 626 contracts. As part of our audit, we examined District records supporting 30 selected contracted services payments totaling \$365,181 to determine the propriety of the payments. While District records evidenced that internal controls were designed and implemented to generally ensure compliance with SBE procurement requirements, we identified certain procurement deficiencies relating to Board-approved contract amounts totaling \$1.9 million for school security support and bus routing services.<sup>7</sup> Specifically:

- In July 2018, the Board approved a \$1.2 million contract with a vendor to manage school security support services for the District. The contract required the vendor to schedule and manage these services through the registration and management of participating primary and substitute officers to ensure that an officer was permanently assigned to schools where students are present. The vendor was also required to help coordinate security training for participating officers, verify and validate biweekly payroll information, make electronic payments to the officers, and provide a regional coordinator to help develop and conduct active shooter drills and model school safety policies.

According to District personnel, since the contract included a software element, the Board considered this an IT procurement and contracted utilizing the direct negotiation process. However, although we requested, District records were not provided to demonstrate that the procurement was for IT, as defined by State law, or to justify use of that procurement process. As such, the District should have employed competitive solicitation procedures to comply with SBE rules and to show that the needed services were obtained at appropriate levels of quality and the lowest possible cost.

- The Board entered into a \$386,000 contract with a vendor in 2008 for bus tracking system hardware and software products and related services, which were integrated with the District's bus routing system. According to District personnel, the District continued to use those products and services based on that contract, directly negotiated contract extensions through April 2018, and paid the vendor approximately \$456,000 for the period 2008 through 2018. District personnel also indicated that, to optimize bus routing products and services and reduce expenditures, informal meetings were held with three other transportation service vendors to explore District options. However, the District decided to continue with the existing vendor to provide a mix of IT software, consulting, bus tracking, and bus route management services. Since the Board had an existing contract from 2008 with this vendor, in May 2018 the Board extended the contract to obtain additional consulting and bus routing services<sup>8</sup> for \$720,707.<sup>9</sup>

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<sup>7</sup> The \$1.9 million included \$1.2 million for school security support services and \$720,707 for bus routing services.

<sup>8</sup> The additional bus routing services included the remote conduct of routing District buses over a 1-year period.

<sup>9</sup> The contract extension included products and services that would be provided over 3 years. During the first year, student tracking equipment, software, training, route management, parent portal, and optimization services would be provided for \$520,689. Maintenance, hosting, and support fees for the second and third year were \$100,009 annually.

In response to our inquiry, District personnel indicated that the bus routing service vendor obtained an understanding of what the District required and provided a project plan. The project plan summarized project deliverables and timelines and was included in the extended May 2018 contract. Notwithstanding, the Board extended the contract with the vendor without documenting a carefully considered and formulated negotiation plan before the beginning of the direct negotiation process that was consummated with the Board-approved May 2018 extended contract. Absent such a plan, District records lacked Board-documented determinations of District needs and how a contractor should meet those needs. Considerations of projected hardware, software, and service costs in relation to District needs for a fully implemented bus routing system would increase government transparency regarding the procurement process and reduce the risk of unnecessary and excessive system support costs. As discussed in Finding 2, additional control deficiencies were noted regarding contract management and related monitoring of these services.

**Recommendation: The District should enhance procurement procedures to ensure compliance with SBE competitive solicitation and direct negotiation requirements. Such enhancements should ensure that:**

- **The District employs a competitive solicitation process, when required, to show that the needed services were obtained at appropriate levels of quality and the lowest possible cost.**
- **For IT procurements that will be acquired by a direct negotiation process, District records demonstrate that the procurement is for IT as defined by State law and justify use of that process.**
- **When the Board decides to directly negotiate with IT vendors, the District adopts a carefully considered and formulated negotiation plan as the basis for negotiating and developing IT vendor contracts.**

## **Finding 2: Bus Routing Services**

Effective contract management and related monitoring procedures for bus routing services ensure vendor adherence to contracted service timelines, timely communication of essential information about bus routes to the public, and appropriate testing prior to full system implementation. The timelines should include milestones for entering bus route data into the system, performing other contracted services that may disclose unanticipated problems, and verifying that the system will function as intended. In addition, it is important for the contract to provide appropriate District recourse for vendor nonperformance, including penalties for unmet timelines or other vendor inefficiencies and breach of contract.

To help the District monitor contracted bus routing services, the Board-approved extended contract (also discussed in Finding 1) for additional consulting and bus routing services included a project plan and other related schedules that listed tasks and anticipated completion dates for each task. The project plan included several phases for vendor software implementation and vendor consulting services to help the District optimize and manage bus routes. In addition, District personnel indicated that, should the contracted bus routing services fail, the back-up plan was to revert to the District-developed bus routing system.

According to District personnel, the vendor was responsible for performing a test run of the District bus routing system around June 2019. However, our examination disclosed that the contract did not require vendor testing of the bus routing system and, although we requested, District records were not provided to demonstrate bus routing system testing by the vendor or the District. Absent such testing, there was

an increased risk that bus route problems could occur and cause disruptions to educational services and additional District costs to remedy the problems.

We also found that the extended contract required the vendor to create a communication plan for the District to, among other things, explain to the public the effects of the new transportation plan to include new bus numbers and routes and to introduce the community to the parent portal application, which was to provide parents with the latest information on the planned time and location of student school bus stops. The project plan and other related schedules projected completion of the communication plan by June 30, 2019, and the parent portal application by Summer School 2019.<sup>10</sup> However, the communication plan was not available for use until August 8, 2019, which was 39 days late and only 4 days before the August 12, 2019, first day of school, and the parent portal application, which cost the District \$3,690, was never provided. Although we requested, District records were not provided to demonstrate District monitoring efforts to ensure that the communication plan and parent portal application would be timely provided.

During the August 13, 2019, Board meeting, public discussions addressed several bus routing problems, including discontinuance of certain regular bus stops, new bus stops that required children to walk extra distances or along multilane roads without sidewalks, bus route delays, and overall confusion. However, the contract did not contain any penalties for vendor nonperformance or District recourse for the bus routing problems.

In response to our inquiries, District personnel indicated that, although the contract lacked penalty provisions, in February 2020 the Board and the vendor reached a settlement agreement that refunded the District \$250,000 of the \$500,145 that the District had paid to the vendor specifically for the additional consulting and bus routing services. The settlement agreement specified that no admission of wrongdoing was construed by either the District or the vendor. Notwithstanding, the public purpose served and value received for the \$250,145 paid by the District to the vendor is not readily apparent.

Without effective contract management and related monitoring procedures, there was an increased risk that the bus routing services would fail, resulting in wasted public resources and elevated bus-related safety risks for students, District employees, and others. District management indicated due to problems experienced with the bus routing services during the first week of the 2019-20 school year, the District discontinued those services and reverted back to the District-developed bus routing system.

**Recommendation: The District should, for future contracted bus routing services, enhance contract management and related monitoring procedures for such services. Such enhancements should require the inclusion and enforcement of nonperformance penalty clauses in the contract and monitoring activities to ensure vendor adherence to contracted timelines for bus routing services, appropriate testing prior to full implementation of the services, and timely communication of essential information about the routes to the public.**

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

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The District had taken corrective actions for findings included in our report No. 2018-067.

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<sup>10</sup> The last day of Summer School 2019 was July 18, 2019.

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

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

We conducted this operational audit from February 2020 to June 2020 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.

This operational audit focused on information technology resources and related controls; public meetings and communications; school safety; compensation, construction, and other expenses; and other processes and administrative activities. For those areas, our audit objectives 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. 2018-067.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

In planning and conducting our audit, we assessed whether internal controls were significant to our audit objectives by considering the internal control integrated framework established by the Committee of Sponsoring Organizations (COSO)<sup>11</sup> and adapted for a government environment within the *Standards for Internal Control in the Federal Government* issued by the United States Government Accountability Office. That framework is illustrated in the following table.

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<sup>11</sup> The Committee of Sponsoring Organizations (COSO) of the Treadway Commission was established in 1985 to develop guidance in the areas of risk and control which enable good organizational governance and reduction of fraud. Pursuant to their mission, COSO developed a framework for internal control that consists of five components and 17 underlying principles.

## COSO Internal Control Integrated Framework

Internal Control Component	Description	Underlying Principles (To be Applied by the Board and Management)
<b>Control Environment</b>	Standards, processes, and structures that provide the basis for carrying out internal control across the organization. Represents the foundation on which an effective internal control system is built.	<ul style="list-style-type: none"> <li>• Demonstrate commitment to integrity and ethical values.</li> <li>• Exercise oversight responsibility.</li> <li>• Establish structures and reporting lines and assign authorities and responsibilities.</li> <li>• Demonstrate commitment to a competent workforce.</li> <li>• Hold individuals accountable for their responsibilities.</li> </ul>
<b>Risk Assessment</b>	Management's process to consider the impact of possible changes in the internal and external environment and to consider actions to mitigate the impact. The basis for how risks will be managed.	<ul style="list-style-type: none"> <li>• Establish clear objectives to define risk and risk tolerances.</li> <li>• Identify, analyze, and respond to risks.</li> <li>• Consider the potential for fraud.</li> <li>• Identify, analyze, and respond to significant changes that impact the internal control system.</li> </ul>
<b>Control Activities</b>	Activities in the form of policies, procedures, and standards that help management mitigate risks. Control activities may be preventive in nature or detective in nature and may be performed at all levels of the organization.	<ul style="list-style-type: none"> <li>• Design control activities to achieve objectives and respond to risks.</li> <li>• Design control activities over technology.</li> <li>• Implement control activities through policies and procedures.</li> </ul>
<b>Information and Communication</b>	Information obtained or generated by management to support the internal control system. Communication is the dissemination of important information to help the organization meet requirements and expectations.	<ul style="list-style-type: none"> <li>• Use relevant and quality information.</li> <li>• Communicate necessary information internally to achieve entity objectives.</li> <li>• Communicate necessary information externally to achieve entity objectives.</li> </ul>
<b>Monitoring</b>	Periodic or ongoing evaluations to verify that the internal control system is present and functioning properly.	<ul style="list-style-type: none"> <li>• Conduct periodic or ongoing evaluations of the internal control system.</li> <li>• Remediate identified internal control deficiencies on a timely basis.</li> </ul>

We determined that all components of internal control and underlying principles were significant to our audit objectives.

This audit was designed to identify, for those areas included within the scope of the audit, weaknesses in management's internal controls significant to our audit objectives, 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; identifying and evaluating internal controls significant to our audit objectives; 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 2019-20 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 applicable laws, rules, District policies and procedures, and other guidelines, and interviewed District personnel to obtain an understanding of applicable processes and administrative activities.
- 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.
- 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 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. Specifically, we:
  - Tested the 8 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 9 accounts.
  - Tested the 9 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 11 accounts.
- Evaluated the adequacy of District procedures related to security incident response and reporting of the Virtual Instructional Program data breach.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, from the population of 92 employees who had access to sensitive personal student information, we examined the access privileges of 23 selected employees to evaluate the appropriateness and necessity of the access privileges based on the employee's assigned job responsibilities.
- Examined Board, committee, and advisory board meeting minutes to determine whether Board approval was obtained for policies and procedures in effect during the audit period and District records for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- Analyzed the District's General Fund total unassigned and assigned fund balances at June 30, 2020, 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.

- Evaluated the sufficiency of District procedures to determine whether District charter schools were required to be subjected to an expedited review pursuant to Section 1002.345, Florida Statutes.
- Examined the District Web site to determine whether the 2019-20 fiscal year proposed, tentative, and official budgets were prominently posted pursuant to Section 1011.035(2), Florida Statutes. In addition, we determined whether the Web site contained the required graphical representations, for each public school within the District and for the District, of summary financial efficiency data and fiscal trend information for the previous 3 years.
- Reviewed organizational charts, audit plans, and audit agendas for the audit period to determine whether the internal auditor reported directly to the Board or its designee as required by Section 1001.42(12)(l), Florida Statutes. We also determined whether the internal auditor developed audit work plans based on annual risk assessments considering input from other finance and administrative management.
- Examined documentation supporting the District's annual tangible personal property physical inventory process to determine whether the inventory results were reconciled to the property records, appropriate follow-up was made for any missing items, and law enforcement was timely notified for any items that could not be located and considered stolen.
- From the population of expenditures totaling \$21.6 million and transfers totaling \$13.7 million from July 2019 through February 2020 from nonvoted capital outlay tax levy proceeds, Public Education Capital Outlay funds, and other restricted funds, examined documentation supporting selected expenditures and transfers totaling \$8.6 million and \$12.6 million, respectively, to determine District compliance with the restrictions imposed on the use of these resources.
- From the population of payments totaling \$5.1 million from July 2017 through February 2020 for new software applications, examined documentation supporting selected payments totaling \$1 million to determine whether the District evaluated the effectiveness and suitability of the software applications prior to purchase, the purchases complied with State Board of Education Rule 6A-1.012, Florida Administrative Code; and deliverables met the contract terms and conditions.
- From the five construction projects with contracts totaling \$52.5 million and in progress during the period July 2019 to March 2020, examined documentation for three significant construction management contracts with guaranteed maximum prices totaling \$52.2 million to determine compliance with Board policies and District procedures and provisions of State laws and rules. Specifically, we:
  - Examined District records to determine whether the construction manager and architect were properly selected pursuant to Sections 255.103 and 287.055, Florida Statutes, respectively.
  - Evaluated District procedures for monitoring subcontractor selection and licensure and examined District records to determine whether such procedures ensured subcontractors were properly selected and licensed.
  - Examined District records to determine whether architects were adequately insured.
  - Determined whether the Board established appropriate policies and District procedures addressing negotiation and monitoring of general conditions costs.
  - Examined District records supporting 7 selected payments totaling \$3.5 million from the population of 97 payments totaling \$16.4 million during the period July 2019 through March 2020 to determine whether District procedures for monitoring payments were adequate, payments were sufficiently supported, and the District made use of its sales tax

exemption to make direct purchases of materials or documented its justification for not doing so.

- Examined District records to determine whether District procedures were effective for distributing the correct amount of local capital improvement funds to its eligible charter schools by February 1, 2018, pursuant to Section 1013.62(3), Florida Statutes.
- Examined copies of the most recent annual fire safety, casualty safety, and sanitation inspection reports. From the 48 inspection reports, we selected 5 reports with 207 noted deficiencies, and examined documentation 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, and 1011.62(15), Florida Statutes.
- Examined District records to determine whether the Board had adopted appropriate mental health awareness policies and the District implemented procedures to promote the health, safety, and welfare of students and ensure compliance with Sections 1011.62(16), and 1012.584, Florida Statutes, and State Board of Education Rule 6A-1.094121, Florida Administrative Code.
- From the population of \$7,660,972 total workforce education program funds expenditures for the audit period, selected expenditures totaling \$24,573 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 259 industry certifications eligible for the 2019-20 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 116,607 contact hours for 1,022 adult general education instructional students for the 2019 Fall Semester, examined District records supporting 1,503 reported contact hours for 30 selected students to determine whether the District reported the instructional contact hours in accordance with State Board of Education Rule 6A-10.0381, Florida Administrative Code.
- Examined District records for the audit period for 36 employees and 30 contractor workers selected from the population of 5,800 employees and 916 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 to determine whether the Board 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 instructional employee's compensation was based on performance in accordance with Section 1012.22(1)(c)4. and 5., 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 Board policies. We also determined whether the District had procedures for reconciling health insurance costs to employee, retiree, and Board approved contributions.
- 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 1001.42(6), Florida Statutes.

- From the population of 626 consultant contract payments totaling \$9.9 million from March 2019 through February 2020, examined supporting documentation, including the contract documents, for 30 selected payments totaling \$365,181 related to 30 contracts to determine whether:
  - The District complied with applicable competitive selection requirements (e.g. State Board of Education Rule 6A-1.012, Florida Administrative Code).
  - The contracts clearly specified deliverables, time frames, documentation requirements, and compensation.
  - District records documented satisfactory receipt of deliverables before payments were made.
  - The payments complied with contract provisions.
- Examined District records supporting all payments totaling \$63,516 made by the District to or on behalf of its direct-support organizations from July 2019 through February 2020 to determine the legal authority for such transactions.
- 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, including charter schools, limited Title I allocations to eligible schools based on the threshold established by the District for the 2016-17 school year or the Statewide percentage of economically disadvantaged student, and distributed all remaining funds to all eligible schools in accordance with Federal law and regulations.
- From the population of expenditures totaling \$33.5 million of selected non-Federal and non-capital grants and appropriations from July 2019 to February 2020, examined documentation supporting selected expenditures totaling \$917,057 to determine District compliance with the restrictions imposed on the use of these resources.
- Evaluated District procedures for 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 and evaluated construction planning processes for the audit period to determine whether the 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.
- 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***

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

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

Sherrill F. Norman, CPA  
Auditor General

## MANAGEMENT'S RESPONSE

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BOARD CHAIR  
DeeDee Rasmussen

BOARD VICE CHAIR  
Georgia "Joy" Bowen



BOARD MEMBERS  
Darryl Jones  
Alva Swafford Striplin  
Rosanne Wood

SUPERINTENDENT  
Rocky Hanna

September 30, 2020

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

Dear Ms. Norman:

Attached is the official written response to the preliminary and tentative audit findings resulting from the Florida Auditor General's Operational Audit of the Leon County School District. We have thoroughly reviewed the findings and recommendations. The attached response outlines the corrective actions that will be implemented to address the issues outlined in the report.

Thank you for the valuable information provided to the Leon County School District. We fully embrace any information that will help us better serve the students of Leon County Schools. We view your findings and recommendations as an opportunity to implement process improvements and strengthen our documentation. If additional information is required, please feel free to contact me. Again, thank you.

Sincerely,

A handwritten signature in black ink that reads 'Rocky Hanna'.

Rocky Hanna

Attachment

cc: DeeDee Rasmussen, Board Chair  
Livetra Paul, Director of Internal Auditing

2757 West Pensacola Street • Tallahassee, Florida 32304-2998 • Phone (850) 487-7110 • Fax (850) 414-5194 •

[www.leonschools.net](http://www.leonschools.net)

*"The Leon County School District does not discriminate against any person on the basis of sex (including transgender status, gender nonconforming, and gender identity), marital status, sexual orientation, race, religion, ethnicity, national origin, age, color, pregnancy, disability, or genetic information."*

## Building the Future Together

## **Finding 1: Procurement Process – Contracted Services**

The LCS Purchasing Department has further formalized processes for review and approval of any decision to procure goods and services without a formal competitive process whether through direct negotiation or an established exemption. This revised process will include the use of some District generated tools such as the *IT Procurement Direct Negotiations Guidelines Form* and the *Request For Exemption Form*. These tools will allow District staff to apply all relevant governing authorities, including School Board Policy, State Board Rule and Florida Statutes when selecting the appropriate procurement method. Further, additional levels of review will be added and all relevant supporting documentation will be maintained to support the procurement decision.

The LCS Purchasing Department will continue to employ a competitive solicitation process when required to ensure that quality products and services are being obtained in a timely and cost effective manner. Additionally, a contract administrator or subject matter expert associated with each contract will conduct periodic reviews of the contract. The LCS Purchasing Department will develop a tool to promote consistency throughout the District.

## **Finding 2: Bus Routing Services**

The Transportation Department will assign an employee to manage all future bus routing services contracts. This employee will be responsible for tracking and monitoring vendor adherence to all contract terms, including but not limited to, contract timelines and accuracy/reliability of deliverables. This employee will also immediately report deviations from established contract terms. All information obtained will be shared with the Director of Transportation and other District management on a routine basis. The employee will work in conjunction with the Director of Transportation and other District management, as appropriate, to utilize this information to make timely decisions regarding whether the vendor is on target with respect to meeting the terms and conditions of the contract. If necessary, steps will be taken to modify or adjust terms and conditions and/or enforce contract nonperformance provisions.

The Director of Transportation will work in conjunction with the Director of Purchasing and Legal Counsel to ensure that the contract includes all necessary terms and conditions including a nonperformance penalty clause, detailed guidelines for contract deliverables, and a schedule detailing project timeliness.

2757 West Pensacola Street • Tallahassee, Florida 32304–2998 • Phone (850) 487–7110 • Fax (850) 414–5194 •  
[www.leonschools.net](http://www.leonschools.net)

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# **Building the Future Together**