

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2021-049  
October 2020

**LAKE COUNTY  
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA  
Auditor General

## **Board Members and Superintendent**

During the 2019-20 fiscal year, Diane S. Kornegay served as Superintendent of the Lake County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Bill Mathias, Vice Chair from 11-18-19	1
Dr. Kristi Burns, Chair from 11-18-19, Vice Chair through 11-17-19	2
Marc Dodd	3
Sandy Gamble, Chair through 11-17-19	4
Stephanie Luke	5

The team leader was Christina Rider, CPA, and the audit was supervised by Brenda Racis, 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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# LAKE COUNTY DISTRICT SCHOOL BOARD

## SUMMARY

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This operational audit of the Lake County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2018-200. Our operational audit disclosed the following:

**Finding 1:** District school safety policies and procedures need improvement.

**Finding 2:** Controls over school resource officer services and related payments could be enhanced.

**Finding 3:** As of August 2020, the Board had not established a target net position balance for monitoring the financial condition of the self-funded employee health insurance plan. In addition, the District did not timely submit statutorily required annual reports to the Office of Insurance Regulation for the 2016-17, 2017-18, or 2018-19 plan years.

**Finding 4:** As of April 2020, the District had not complied with State law by posting on its Web site all required graphical representations of summary financial efficiency data and fiscal trend information.

## BACKGROUND

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The Lake 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 Lake County. The governing body of the District is the Lake County District School Board (Board), which is composed of five elected members. The appointed Superintendent of Schools is the Executive Officer of the Board. During the 2019-20 fiscal year, the District operated 41 elementary, middle, high, and specialized schools; sponsored 10 charter schools; and reported 44,471 unweighted full-time equivalent students.

## FINDINGS AND RECOMMENDATIONS

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### Finding 1: School Safety

State law<sup>1</sup> 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 Prevention Code (Fire Code),<sup>2</sup> fire emergency drills must generally be conducted every month the facility is in session.

Board policies<sup>3</sup> require the District to develop a School Safety Plan (Plan) that provides procedures for emergency evacuation drills, including active shooter and hostage situations and fire emergency drills, and is to be formulated in consultation with the appropriate public safety agencies. The Plan<sup>4</sup> requires

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<sup>1</sup> Section 1006.07(4), Florida Statutes.

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

<sup>3</sup> Board Policy 8.112 – *Emergency Management, Emergency Preparedness.*

<sup>4</sup> School Response Plan Section 1.

principals to hold active shooter and fire drills each month of the school year that has ten or more school days and submit a report of each drill to the District Office.

To determine whether, during the 2019-20 fiscal year, the District and District-sponsored charter schools conducted the required emergency drills<sup>5</sup> (7 active shooter and hostage situation emergency drills and 7 fire emergency drills) at each of the 41 District elementary, middle, high, and specialized schools and 10 charter schools, we requested for examination support for all 714 (357 active shooter and hostage situation and 357 fire) emergency drills for all schools. We found that District records were not maintained to demonstrate 131 (37 percent) of the 357 active shooter and hostage situation drills and 108 (30 percent) of the 357 fire emergency drills.<sup>6</sup>

In addition to emergency drills, State law<sup>7</sup> requires that the Board and Superintendent partner with local law enforcement agencies to establish or assign one or more safe-school officers, such as school resource officers (SROs) or school guardians at each school facility. SROs are required to complete mental health crisis intervention training using a curriculum developed by a national organization with expertise in mental health crisis intervention.

The Board contracted with nine local law enforcement agencies for SROs at 35 of the 41 District schools. The contracts provide for background investigations for each officer as well as compliance with other requirements of State law. However, the contracts did not explicitly provide assurance that the SROs had completed mental health crisis intervention training using a curriculum developed by a national organization with expertise in mental health crisis intervention. In addition, although we requested, District records were not provided to evidence verification that the assigned SROs had completed the required training. According to District personnel, the District relies on the law enforcement agencies to ensure that employees meet State requirements for SROs. However, absent District records demonstrating verification of the required training for SROs, the District has limited assurance that SROs were trained to properly avert, or intervene during, school crises.

Absent effective policies to require and ensure monthly active shooter and hostage situation and fire emergency drills, along with procedures to document the timely conduct of the drills, and documented verification of SRO mental health crisis intervention training, 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 maintain records to demonstrate compliance with the State school safety laws. Such efforts should include ensuring and documenting that, for each month school is in session, District schools and District-sponsored charter schools conduct active shooter and hostage situation and fire emergency drills. In addition, the District should maintain documented verifications that SROs were appropriately trained.**

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<sup>5</sup> Due to the COVID-19 pandemic, only 7 months of the 2019-20 school year had 10 or more days in which students were present in school facilities.

<sup>6</sup> Of the 131 unsupported active shooter and hostage situation emergency drills, 112 drills related to 34 District schools and 19 related to 7 charter schools. Of the 108 unsupported fire emergency drills, 86 drills related to 23 District schools and 22 related to 6 charter schools.

<sup>7</sup> Section 1006.12(1), Florida Statutes.

## Finding 2: School Resource Officer Services

Effective management for school resource officer (SRO) services on school premises ensures that services conform to contract terms and related invoices before payment. Although the District uses an electronic visitor management system to record information about school visitors, including the visitor's arrival and departure times, District procedures did not require SROs to document arrival and departure times, either through the visitor management system or otherwise, to facilitate the monitoring of SRO services and related payments.

For the 2019-20 fiscal year, the Board approved contracts totaling \$3.6 million with nine law enforcement agencies for SRO services at 35 of the District schools. The contracts stipulated that the Board would pay that amount for SROs stationed Monday through Friday at the schools for 80-hour, two-week periods as assigned by school principals. As part of our audit, we requested for examination District records supporting selected law enforcement agency payments totaling \$359,575; however, District records were not provided to demonstrate that SRO hours worked reconciled to the SRO services contract terms.

In response to our inquiry, District personnel indicated that they relied on law enforcement agency attendance procedures to monitor SRO services but would require SROs to document arrival and departure times through the visitor management system or using sign-in/sign-out logs. Absent established procedures for documenting verification of SRO services received, there is an increased risk that the District may overpay for such services, the services may not be received consistent with the Board's expectations, and any overpayments that occur may not be timely detected and recovered.

**Recommendation:** The District should establish procedures to ensure and document that, prior to payment, SRO services conform to contract terms and law enforcement agency invoices. Such procedures could include verifications that, before payments are made, records of SRO hours, including arrival and departure times, reconcile to SRO contract terms and invoices.

## Finding 3: Self-Funded Employee Health Insurance Plan

Pursuant to State law,<sup>8</sup> the District provides for employee, retiree, and dependent health insurance through a self-insurance plan and accounts for the health self-insurance program in an internal service fund. According to Florida Office of Insurance Regulation (OIR) correspondence,<sup>9</sup> the OIR considers a self-funded plan with reserves equal to 60 days of anticipated claims<sup>10</sup> as actuarially sound and, if a self-funded plan does not meet this threshold, the OIR may request additional information to determine the actuarial soundness of the plan. State law requires the District to annually submit to the OIR within 90 days after the close of the plan fiscal year a report that includes a statement prepared by an actuary of the plan's actuarial soundness.

<sup>8</sup> Section 112.08, Florida Statutes.

<sup>9</sup> Rule 69O-149.053, Florida Administrative Code, adopts several forms, including Form OIR-B2-574, to be used by local governments for self-funded plans. Form OIR-B2-574, General Information and Surplus Statements for Self-Funded Health Benefit Plans, indicates that if a plan's surplus is less than 60 days of anticipated claims, the OIR may ask other questions to determine the actuarial soundness of the plan.

<sup>10</sup> The 60 days of anticipated claims were calculated based on total annual incurred claims divided by 12 months to determine the monthly average, which was multiplied by 2 (equivalent of 60 days).

Table 1 discloses that the District self-funded employee health insurance plan had an operating loss and no ending net position balance for the 2016-17 fiscal year but generated operating income and had positive ending net position balances for the 2017-18 and 2018-19 fiscal years. However, the ending net position balance in each of the 3 fiscal years did not provide reserves equal to 60 days of anticipated claims with shortfalls ranging from \$5.69 to \$6.03 million.

**Table 1**  
**Self-Funded Employee Health Insurance Plan**  
**Fiscal Years Ended June 30, 2017, 2018, and 2019**

Fiscal Year Ended June 30	Operating Income (Loss)	Net Position Balance (A)	60 Days of Anticipated Claims (B)	Shortfall (B) – (A)
2017	\$(2,648,000)	\$ -	\$5,766,000	\$5,766,000
2018	\$ 9,000	\$ 9,000	\$6,036,000	\$6,027,000
2019	\$ 818,000	\$827,000	\$6,520,000	\$5,693,000

Source: District records.

In February 2020, District personnel submitted a statement to the OIR stating that, in any given year that the required expenditures of the self-funded employee health insurance plan exceeded available funds, the deficit would be paid from unencumbered General Fund dollars (i.e., General Fund total assigned and unassigned fund balance) and the OIR accepted the plan as actuarially sound. In addition, our examination of District records indicated that, as of June 30, 2020, the plan’s net position balance slightly exceeded 60 days of anticipated claims.<sup>11</sup> Notwithstanding, as of August 2020, the Board had not established a target net position funding level to help monitor the plan’s financial condition and provide sufficient funding for future plan obligations.

As similarly noted in our report Nos. 2015-160 and 2018-200, District consultants submitted OIR-required annual reports, including statements prepared by the actuary of the self-funded employee health insurance plan’s actuarial soundness, 270 days late for the plan year ended June 30, 2017, 31 days late for the plan year ended June 30, 2018, and 168 days late for the plan year ended June 30, 2019. In response to our inquiry, District personnel indicated that the previous consultant inadvertently submitted the 2017 and 2018 annual reports late and the District hired a new consultant to prepare the 2019 annual report. However, that report was submitted late because the new consultant needed additional time to collect historical information and analyses. Notwithstanding this response, timely submittal of required annual reports to the OIR is essential for the Board and the OIR to effectively monitor the actuarial soundness of the plan and help ensure the District’s ability to meet its self-funded obligations in the future.

**Recommendation: The Board should establish policies identifying a target net position balance or funding level for the self-funded employee health insurance plan. In addition, the District should ensure that the required annual report is timely submitted to the OIR.**

<sup>11</sup> At June 30, 2020, the \$8 million net position balance exceeded 60 days of anticipated claims by \$100,000.

## Finding 4: Fiscal Transparency

To promote responsible spending, more citizen involvement, and improved accountability, it is important for the District to provide easy access to its budget and related information. Pursuant to State law,<sup>12</sup> the District must post on its Web site a plain language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public.

In addition, effective July 1, 2019, the information posted on the District Web site must include graphical representations, for each public school within the District and for the District, of summary of financial efficiency data and fiscal trend information for the previous 3 years. Specifically, the District Web site must show the:

- Ratio of full-time equivalent (FTE) students to FTE instructional personnel.
- Ratio of FTE students to FTE administrative personnel.
- Total operating expenditures per FTE student.
- Total instructional expenditures per FTE student.
- General administrative expenditures as a percentage of total budget.
- Rate of change in the General Fund's ending fund balance not classified as restricted.

The District Web site must also include a link to the Web-based fiscal transparency tool developed by the Florida Department of Education (FDOE) pursuant to State law<sup>13</sup> to enable taxpayers to evaluate the financial efficiency of the school district and compare the financial efficiency of the school district with other similarly situated school districts. This information must be prominently posted on the District's Web site in a manner that is readily accessible.

At the time of our review in April 2020, the proposed, tentative, and official budgets for the 2019-20 fiscal year were displayed on the District Web site; however, the Web site lacked the graphical representations and link to the fiscal transparency tool required by State law. In response to our inquiry, District personnel indicated that, as of that date, they were waiting for the FDOE to provide the necessary information and guidance for reporting the representations and a link to the transparency tool. However, although we requested, District records were not provided to demonstrate any efforts to create or report the required summary financial efficiency data or fiscal trend information for the previous 3 years.

In June 2020, the FDOE provided the District with, and the District posted on the District Web site, the required graphical representations and link to the FDOE Web-based fiscal transparency tool. Providing the required budgetary transparency information in a timely manner enhances citizen involvement and the ability to analyze, monitor, and evaluate fiscal outcomes.

**Recommendation: The District should continue efforts to comply with statutory transparency requirements by timely posting all required information on the District Web site.**

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<sup>12</sup> Section 1011.035(2), Florida Statutes.

<sup>13</sup> Section 1010.20, Florida Statutes.

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

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The District had taken corrective actions for findings included in our report No. 2018-200, except that Finding 3 was also noted in our report Nos. 2018-200 as Finding 4 and 2015-160 as Finding 5.

## ***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 March 2020 to July 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. 2018-200.
- 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>14</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>14</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 internal control components were significant to our audit objectives. The associated underlying principles significant to our objectives included:

- Management establishment of an organizational structure, assignment of responsibility, and delegation of authority to achieve the District's goals and objectives.
- Management evaluation of employee performance and holding individuals accountable for their internal control responsibilities.
- Management establishment of clear objectives to enable the identification of risks and define risk tolerances.
- Management identification and analysis of and response to risks.
- Management consideration of the potential for fraud.
- Management design of control activities to achieve the District's objectives and respond to risks.
- Management design of controls over information technology.
- Management establishment of policies and procedures to implement internal control activities.
- Management use of relevant and quality information to achieve the District's objectives.
- Management communication of information internally necessary to achieve the District's objectives.
- Management communication of information externally necessary to achieve the District's objectives.
- Management activities to monitor the District's internal control system and evaluate the results.

- Management remediation of identified internal control deficiencies on a timely basis.

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 application access, authentication, and monitoring.
- 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 system finance and human resources (HR) applications to determine the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties. We also examined the administrator account access privileges granted and procedures for oversight of administrative accounts for the network and applications to determine whether these accounts had been appropriately assigned and managed. Specifically, we:

- Examined District records supporting the necessity for 19 of 30 finance users and 15 of 24 HR users to update key finance or HR applications.
- Examined District records supporting the network administrator system groups that allow complete access to network resources resulting in the review of the appropriateness of administrator access privileges granted to the four accounts for the network.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, we examined the access privileges of the 152 employees who had access to sensitive personal student information to evaluate the appropriateness and necessity of the access privileges based on the employees' assigned job responsibilities.
- 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.
- From the population of expenditures totaling \$79 million and transfers totaling \$30.7 million during the period July 2017 through June 2020 from nonvoted capital outlay tax levy proceeds, Public Education Capital Outlay funds, and other restricted capital outlay funds, examined documentation supporting selected expenditures and transfers totaling \$2.5 million and \$17 million, respectively, to determine District compliance with the restrictions imposed on the use of these resources, such as District compliance with Section 1011.71(2)(e), Florida Statutes.
- Evaluated District controls over the collection of District child care fees.
- 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, and a link to the Web-based fiscal transparency tool developed by the Florida Department of Education.
- Reviewed the adequacy of District procedures regarding the selection process for bank services.
- Examined District records supporting all payments and transfers totaling \$260,461 made by the District to or on behalf of its direct-support organization during the audit period to determine the legal authority for such transactions.
- Evaluated the severance pay provisions in the Superintendent's contract to determine whether the provisions complied with Section 215.425(4), Florida Statutes.
- Examined District records to determine whether the Board adopted a salary schedule with differentiated pay for both instructional personnel and school administrators based on District determined factors, including, but not limited to, additional responsibilities, school demographics, critical shortage areas, and level of job performance difficulties in compliance with Section 1012.22(1)(c)4.b., Florida Statutes.
- Examined District records for the period July 1, 2019, through March 10, 2020, for 30 employees selected from the population of 6,034 employees 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. We also examined District records for 30 selected volunteers from the total of 2,576 volunteers for the period July 1, 2019, through March 13, 2020, 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.

- 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.
- Examined financial and other records of the District's self-funded employee health insurance plan for the 2016-17, 2017-18, and 2018-19 fiscal years to determine whether the plan was fiscally sound and whether the District timely submitted to the Office of Insurance Regulation a statement prepared by an actuary of the plan's actuarial soundness.
- Evaluated Board policies and District procedures to ensure that health insurance was provided only to eligible employees, retirees, and dependents and that insurance benefits were timely canceled as appropriate based on Board policies.
- From \$4.1 million of construction expenditures, selected the two significant construction projects with expenditures totaling \$3.5 million and in progress during the audit period and examined documentation for project expenditures totaling \$1.3 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 was properly selected pursuant to Section 255.103, Florida Statutes.
  - 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.
  - Determined whether the Board established appropriate policies and District procedures addressing negotiation and monitoring of general conditions costs.
  - Examined District records supporting four selected payments totaling \$1.3 million to determine whether District procedures for monitoring payments were adequate and payments were sufficiently supported.
  - Examined District records to determine whether projects progressed as planned and were cost effective and consistent with established benchmarks, and whether District records supported that the contractors performed as expected.
- Examined copies of the most recent annual fire safety, casualty safety, and sanitation inspection reports. From the 48 inspection reports, we selected 4 reports with five noted repeat 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, 1011.62(15) and (16), and 1012.584, Florida Statutes.
- Examined District records to determine whether the Board had adopted appropriate mental health awareness policies and the District implemented procedures to ensure that mental health training was provided to personnel, instruction was provided to students, and compliance with Sections 1011.62(16), 1012.584, Florida Statutes and State Board of Education Rule 6A-1.094121, Florida Administrative Code.
- From the population of purchasing card (P-card) transactions totaling \$1.4 million during the period July 1, 2019, through May 13, 2020, examined documentation supporting 30 selected transactions totaling \$124,754 to determine whether P-cards were administered in accordance with Board policies and District procedures.

- Interviewed District personnel and reviewed supporting documentation to evaluate whether the District effectively monitored the District charter schools and charter technical career center.
- Evaluated the sufficiency of District procedures to determine whether the District charter schools and charter technical career center were required to be subjected to an expedited review pursuant to Section 1002.345, 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, 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.
- Evaluated District procedures and examined District records to determine whether the 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.
- From the population of contracted service payments totaling \$11.6 million during the audit period, examined supporting documentation, including the contract documents, for 30 selected payments totaling \$920,088 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.
- From a population of 1,681 expenditures from non-Federal grants and contracts through State sources other than capital outlay with expenditures totaling \$2.4 million during the audit period, examined District records supporting 5 selected payments totaling \$127,523 to determine District compliance with the restrictions imposed on the use of these resources.
- 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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Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each district school board on a periodic basis. 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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201 West Burleigh Boulevard · Tavares · FL 32778-2496  
(352) 253-6500 · Fax: (352) 253-6503 · [www.lake.k12.fl.us](http://www.lake.k12.fl.us)

**Superintendent:**  
**Diane S. Kornegay, M.Ed.**

**School Board Members:**  
**District 1**  
**Bill Mathias**  
**District 2**  
**Kristi Burns, Ph.D.**  
**District 3**  
**Marc Dodd**  
**District 4**  
**Sandy Gamble**  
**District 5**  
**Stephanie Luke**

October 16, 2020

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

Dear Ms. Norman:

First, we would like to thank you and your staff for the professional manner in which the audit was conducted. We look to the audit process as a valuable tool in our continuous improvement of the operations of our school district.

We have reviewed the list of preliminary and tentative audit findings and recommendations related to the operational audit of the District and present our specific responses below:

## Finding 1: School Safety

**Recommendation:** The District should maintain records to demonstrate compliance with the State school safety laws. Such efforts should include ensuring and documenting that, for each month school is in session, District schools and District-sponsored charter schools conduct active shooter and hostage situation and fire emergency drills. In addition, the District should maintain documented verifications that SROs were appropriately trained.

**Response:** Prior to the beginning of the 2020/21 school year, district staff implemented procedures to ensure records are maintained in order to demonstrate compliance with the State school safety laws. Procedures were implemented to ensure and document District schools and District-sponsored charter schools conduct active shooter and hostage situation and fire emergency drills on a monthly basis. Additional procedures were implemented to maintain documented verifications that SROs were appropriately trained.

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*"Equal Opportunity in Education and Employment"*

## Finding 2: School Resource Officers Services

Recommendation: The District should establish procedures to ensure and document that, prior to payment, SRO services conform to contract terms and law enforcement agency invoices. Such procedures could include verifications that, before payments are made, records of SRO hours, including arrival and departure times, reconcile to SRO contract terms and invoices.

Response: Prior to the beginning of the 2020/21 school year, the District established procedures to ensure and document that, prior to payment, SRO services conform to contract terms and law enforcement agency invoices. Procedures include verifications that records reconcile to SRO contract terms and invoices before payments are made.

## Finding 3: Self-Funded Employee Health Insurance Plan

Recommendation: The Board should establish policies identifying a target net position balance or funding level for the self-funded employee health insurance plan. In addition, the District should ensure that the required annual report is timely submitted to the OIR.

Response: During the 2019/20 fiscal year, the District implemented procedures to increase the Self-Funded Employee Health Insurance Plan reserves to the recommended 60 days of anticipated claims. The district reported \$8,064,520 in Self-Funded Employee Health Insurance Fund Balance for the year ending June 30, 2020, exceeding the 60 days of anticipated claims. The Board is in the process of amending its Board Policy on Budget Preparation to include a minimum funding level for the self-funded employee health insurance plan. In addition, the District has implemented procedures to ensure the required annual report is timely submitted to the Office of Insurance Regulation.

## Finding 4: Fiscal Transparency

Recommendation: The District should continue efforts to comply with statutory transparency requirements by timely posting all required information on the District Web site.

Response: The District will continue efforts to comply with statutory transparency requirements by timely posting all required information on the District Web site.

Sincerely,



Diane S. Kornegay, M.Ed.  
Superintendent