

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2021-062
December 2020

**PINELLAS COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2019-20 fiscal year, Dr. Michael A. Grego served as Superintendent of the Pinellas County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Joanne Lentino	1
Lisa N. Cane	2
Dr. Nicole M. Carr	3
Eileen M. Long, Vice Chair from 11-12-19	4
Carol J. Cook, Chair from 11-12-19, Vice Chair through 11-11-19	5
William "Bill" Dudley	6
Rene Flowers, Chair through 11-11-19	7

The team leader was Saleemah R. Reshamwala, and the audit was supervised by Rachel P. Sellers, CPA.

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

This report and other reports prepared by the Auditor General are available at:

FLAuditor.gov

Printed copies of our reports may be requested by contacting us at:

State of Florida Auditor General

Claude Pepper Building, Suite G74 • 111 West Madison Street • Tallahassee, FL 32399-1450 • (850) 412-2722

PINELLAS COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Pinellas County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2018-156. Our operational audit disclosed the following:

Finding 1: District procedures for procuring the enterprise resource planning system and related services were not effective to ensure the timely and successful implementation of the system.

Finding 2: District controls over contracted services for school resource officers need enhancement. Similar findings were noted in our report Nos. 2015-130 and 2018-156.

Finding 3: District records did not evidence that relocatable classrooms were inspected during the 2018-19 and 2019-20 fiscal years. A similar finding was noted in our report No. 2018-156.

Finding 4: The District did not timely comply with State law requiring, effective July 1, 2019, the District to post on its Web site graphical representations of summary financial efficiency data and fiscal trend information.

Finding 5: Contrary to State law, District internal auditors did not conduct a Districtwide risk assessment and perform ongoing financial verifications of District financial records. In addition, the organizational independence of the internal audit function could be enhanced.

Finding 6: Some unnecessary information technology (IT) user access privileges existed that increased the risk that unauthorized disclosure of sensitive personal information of students may occur. A similar finding was noted in our report No. 2018-156.

Finding 7: As similarly noted in our report No. 2018-156, IT user access privileges to human resource information were not always necessary and appropriate.

BACKGROUND

The Pinellas 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 Pinellas County. The governing body of the District is the Pinellas County District School Board (Board), which is composed of seven elected members. The appointed Superintendent of Schools is the Executive Officer of the Board. During the 2019-20 fiscal year, the District operated 123 elementary, middle, high, and specialized schools; sponsored 18 charter schools; and reported 98,470 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Enterprise Resource Planning System

State Board of Education rules¹ provide that the District may acquire information technology (IT) systems, such as an enterprise resource planning system (ERP system) and related services, through the competitive solicitation process or by direct negotiation and contract with a provider as best fits the District's needs. Board policies² require the Superintendent to establish administrative procedures for IT acquisitions, including ERP systems. Board policies³ also require the Superintendent to propose standards and specifications, in so far as possible, before recommending purchases of contractual services to the Board and further require the Superintendent to take necessary steps to ensure that the contractual services conform to those standards and specifications to ensure maximum value is received.

To help the Board determine District IT needs and ensure that the needs are met, it is important to thoroughly vet potential needs by considering anticipated ERP system and related service costs in relation to the benefits of the services to specific user needs. After such determinations have been made and all considerations documented, Board action should be taken to establish whether the acquisitions will be made by a competitive solicitation or direct negotiation process as best fits the District's needs.

- Effective competitive selection procedures serve to increase public confidence in the procurement process. When competitively selecting service providers, easily understood instructions containing clearly defined scoring criteria should be provided to and used by personnel in evaluating, scoring, and ranking respondents to the requests for quotes and selecting the most qualified respondent with the lowest quote. To promote transparency and appropriately communicate the process to the public, it is also important for records to be maintained to document the basis for respondent evaluations, scores, rankings, and selections.
- Direct negotiations with providers 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 for contract deliverables, along with other benchmarks for deliverables, such as the service time frames and related services, 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.

Regardless of the acquisition method, documentation of Board actions must be maintained because, pursuant to State law,⁴ the Board is the contracting agent for the District and State law⁵ requires that records set forth clearly all actions and proceedings of the Board.

Appropriately written ERP system service contracts establish the scope of work, deliverables and related delivery dates, and penalties for violating contract provisions such as specified delivery dates. Given the extensive complexities of ERP systems and related services, it is essential for contracts to establish

¹ SBE Rule 6A-1.012(14), Florida Administrative Code.

² Board Policy 7540, *Computer Technology and Networks*.

³ Board Policy 6320, *Purchasing and Bidding*.

⁴ Section 1001.41(4), Florida Statutes.

⁵ Section 1001.42(1), Florida Statutes.

reasonable and useful timelines for testing the system, before the system is fully implemented, to disclose unanticipated problems and to verify that the system will function as intended.

Our examination of District records and discussions with District personnel supporting the District \$8.5 million enterprise resource planning system (ERP system) and related services procurement disclosed the following sequence of events:

- In September 2014, the District established the Instructional Technology Governance Council (Council) to govern instructional IT policies and procedures.
- In November 2014, the District established an ERP Replacement Committee (Committee) composed of 38 members, including a steering group of 9 District administrative personnel, to establish requirements for a new ERP system and evaluate ERP system providers and their products. The other 29 other members formed a working group of various District stakeholders to provide input to the steering group. Based on Committee collaboration with the Council and legal counsel, the Committee developed a request for information (RFI) that contained 34 questions to ascertain solicited provider interest in providing an ERP system for the District. The questions asked, for example, if providers had recent experience in the State in implementing an ERP system that met the necessary recordkeeping requirements to demonstrate compliance with the Fair Labor Standards Act and school district accounting manual and met other specific technical requirements.
- In February 2015, the District Purchasing Department issued the RFI to 13 ERP system providers and received responses from 8 providers. The Committee met to evaluate the responses and eliminated 3 respondents because they did not meet the RFI technical requirements.
- In April 2015, the 5 remaining respondents provided presentations for the Committee to highlight their ERP system features, discuss recent implementations, and provide responses to Committee questions.
- In May 2015, the Committee met to further evaluate the 5 respondents and, during that meeting, eliminated 2 respondents because they lacked sufficient recent experience implementing ERP systems in school districts in the State.
- During October through December 2015, the 3 remaining respondents provided final presentations for the Committee and addressed questions posed by the working group.
- In January 2016, the Committee met and evaluated the final presentations, including cost estimates, from each of the 3 remaining respondents. The cost estimates and points awarded as a result of the evaluations are summarized in Table 1. According to the Project Manager, after the evaluations, Respondent A was eliminated mainly because the respondent had not done work for any large school district in the State.

**Table 1
ERP Information**

ERP Information	Respondent A	Respondent B	Respondent C
Costs:			
Initial and 1st Year Recurring Costs	\$1,773,520	\$4,310,022	\$1,925,933 ^a
2nd Year Recurring Costs	\$1,323,162	\$1,268,012	\$ 682,025
Total Costs	\$3,096,682	\$5,578,034	\$2,607,958
Points Awarded:			
Pro Points	25	63	36
Con Points	40	16	22

^a Respondent C's response included perpetual software licenses and application hosting (\$682,025), installation (\$518,430), training (\$419,200), and travel (\$306,278) costs.

Source: District records.

- During January 2016 through March 2016, the working group observed ERP systems provided by Respondents B and C at other school districts in the State and evaluated the functionality and performance of those systems. After the evaluations, Respondent B was eliminated mainly because the respondent's system had been installed in only one county in the State.
- In December 2016, the Committee met and discussed the observations and evaluations of the working group and selected Respondent C to provide the District ERP system.
- During September through December 2017, the Committee met to evaluate the functionality of timecard and general ledger module pilot programs conducted on Respondent C's ERP system and determined the results favorable.

In April 2018, the Committee recommended that the Council approve the purchase of Respondent C's ERP system and related services and the Council approved the purchase. Based on the Committee recommendation to directly negotiate with Respondent C, the Superintendent recommended, and the Board approved, replacement of the District IT applications that supported human resource, payroll, procurement, finance and accounting, and budgeting modules and an \$8.5 million contract with Respondent C. The contract amount was composed of \$7.9 million for installation, training, and travel (\$6.1 million), perpetual software licenses and application hosting (\$1.8 million), and second year recurring perpetual software licenses and application hosting costs (\$0.6 million). Our examination of District records and discussions with District personnel disclosed certain deficiencies in the District ERP system contracting process as:

- Committee members were neither required to, nor did they, cast votes or rank respondents, individually. Through open discussions, the Committee obtained information from respondents, the Project Manager recorded pro and con points identified by Committee members for each respondent, and the Committee reached a consensus. While District personnel indicated that 3 respondents were eliminated from consideration because they did not meet the ERP technical requirements and 4 others were eliminated because they lacked relevant in-State experience, District records did not evidence the basis for eliminating the respondents from the process.

In addition, our analysis of recorded pro and con points disclosed that points were not consistently applied. For example, respondent total points varied from 58 to 79 points and District records did not identify the minimum or maximum pro and con points that could be assessed. One respondent received a pro point for having customer support in the United States and another respondent did not appear to be evaluated on this criterion as neither a pro nor con point was assigned for the

respondent's customer support location. Additionally, District records did not demonstrate how the respondent's projected costs impacted the pro and con points or ranking.

- Before beginning direct negotiations with Respondent C, the District did not develop a negotiation plan to 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.

In response to our inquiry, District personnel indicated that, although a negotiation plan was not established, the Committee evaluated several other school districts' contracts, held discussions with other school district personnel about those contracts and related system implementations, and used the feedback received during development and negotiation of the District contract with Respondent C. However, although we requested, District records were not provided to demonstrate how the District's negotiated contract was comparable to the other school districts' contracts.

- According to District personnel, Respondent C's \$2.6 million cost estimate, shown in Table 1, was informal and not used in the negotiation process that concluded with the \$8.5 million contract amount. Analysis of District records indicate that the most significant factors that caused the differences between the cost estimate and contract amount were:
 - A \$3.4 million increase for installation and training costs (from \$0.94 million to \$4.34 million), including additional professional services for conversion assistance, Web form creation assistance, and data analytics to convert the District's existing system and to customize the new ERP system to automate functions previously performed manually.
 - A \$1 million increase in travel costs (from \$0.3 million to \$1.3 million).

District personnel indicated that respondent cost estimates were obtained to get an understanding of the ERP system market prices and were not a factor in selection of the provider.

Absent defined criteria for evaluating the RFI responses, along with clear instructions how to score the criteria, evaluate and rank respondents, and retain documentation to support the rankings; establishment of a negotiation plan before direct negotiations begin; and public explanations for obtaining respondent cost estimates and how the estimates were used during the selection and contracting processes, there is an increased risk of improper rankings and flawed decisions based on those rankings, and that costs may not be fully supported as justified.

After Board execution of the ERP system contract, which contained the implementation schedule, District ERP project personnel and ERP provider staff determined that certain dates on the implementation schedule would not be met. District personnel indicated that, in the meantime, the District would continue using the District's existing system. Table 2 contrasts, for the financial and human resources and payroll modules, the ERP system's original contract start, go-live, and completion dates to the actual or revised dates as of June 30, 2020, for those milestones.

**Table 2
Original and Revised ERP Implementation Schedules**

Project Milestones	Date in Contract	Actual or Revised Date as of 6-30-2020	Number of Days Delayed
Financial Module:			
Start	04-30-2018	05-14-2018	14
Go-Live	01-01-2020	04-05-2021	460
Completion	10-30-2020	08-05-2021	279
Human Resources/Payroll Module:			
Start	04-30-2018	07-02-2018	63
Go-Live	07-01-2020	10-01-2021	457
Completion	07-31-2020	04-18-2022	626

Source: District records.

In response to our inquiries, District personnel indicated that the contract implementation schedule was a proposed estimate and that delays occurred mainly due to problems translating information from the highly modified existing ERP system into the new ERP system, including particular difficulties associated with translating District account structure information. Furthermore, ERP system provider project manager and consultant changes, along with District workload scheduling constraints, negatively impacted the implementation schedule; although, the delays were not expected to increase the project deliverables or cost. Notwithstanding, the Board as contracting agent did not approve the contract service delays and the contract did not contain liquidating damages for any provider-caused delays. Contract-established financial penalties would provide the ERP system provider incentive to timely complete the project and allow the District to be compensated for the opportunity costs⁶ of any provider-caused delays in implementing a functioning new ERP system.

Recommendation: To enhance efficiency of economic resources and demonstrate compliance with State law, SBE rules, and Board policies, the Superintendent should establish effective administrative procedures to ensure that IT services are procured at the lowest price consistent with desired quality. Such procedures should require and ensure that:

- **Instructions are provided to District personnel responsible for evaluating RFI responses to clearly explain the scoring criteria and how each evaluator should evaluate and rank each respondent based on the criteria. In addition, District records should demonstrate that the instructions are followed during the selection process for each respondent or evidence the basis for excluding respondents from the process.**
- **When the Board decides to directly negotiate with IT service providers, the District should adopt a carefully considered and formulated negotiation plan as the basis for negotiating and developing IT service provider contracts. The plan should establish the structure, format, and price benchmarks for contract deliverables, along with other benchmarks for deliverables, such as the service time frames and related services, based on documented considerations of the quality and prices of similar services acquired by similar entities.**
- **When IT service provider contract amounts materially differ from the respondent cost estimates and specifications obtained, the District publicly document justification for why**

⁶ Opportunity costs could include, for example, costs for continued use and maintenance of the District existing ERP system.

the cost estimates were obtained and how the estimates were used during the selection and contracting processes.

- **IT service provider contracts establish a reasonable and useful schedule for project milestone deliverables and include financial penalties the District can assess when deliverables are not satisfactorily or timely received.**

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. District procedures require SROs to daily record arrival and departure times on school logs and school personnel to maintain SRO time sheets.

For the period July 1, 2019, through May 20, 2020, the District paid \$16.5 million for contracted services and to evaluate District controls over these services and related payments, we examined District records supporting 30 selected payments totaling \$875,672. During our examination, we identified payments to the Pinellas County Sheriff's Office, City of Clearwater Police Department, City of Gulfport Police Department, and City of Pinellas Park Police Department totaling \$153,653 for SRO services at 21 District school facilities provided by 31 full-time SROs. The contracts with these four law enforcement agencies required each SRO to provide services for 8 hours per day when school is in session and the annual costs for these services totaled \$1.8 million. Although we requested, District records were not provided to evidence the SRO work time or to demonstrate that someone with direct knowledge of SRO services verified that the services conformed to the contract terms and agency invoices. According to District personnel, SRO work time was not always documented on school logs and SRO time sheets, primarily because District personnel were not trained to maintain those records.

Absent effective procedures to ensure and document that SRO services were received and conformed to contract terms and related invoices before payment, there is an increased risk that the District may overpay for those services, the services may not be received consistent with Board expectations, and any overpayments that occur may not be timely detected or recovered. Similar findings were noted in our report Nos. 2018-156 and 2015-130.

Recommendation: The District should enhance procedures to ensure that, prior to payment, SRO services were received on school premises and conformed to law enforcement agency contracts and invoices. Such procedures should provide for appropriate training for District personnel regarding the maintenance of documentation of SRO work time and verification that SRO services conform to contract terms and related invoices before payment.

Finding 3: Relocatable Facility Inspections

The Florida Department of Education (FDOE), Office of Educational Facilities (OEF), publications,⁷ require annual inspections for all school district relocatable facilities designed as classrooms or spaces intended for student occupancy. Relocatable facilities that fail to meet to applicable standards may not

⁷ Sections 4.4(2) and 5(14) of the FDOE publication, *State Requirements for Educational Facilities (2014)*.

be used as classrooms. The inspection reports must be filed with, and correction plans adopted by, the Board. The inspection report for each relocatable must also be posted in the relocatable.

Our examination of District records disclosed that, as of June 30, 2020, the District had 445 relocatable classrooms. In response to our inquiry, District personnel asserted that the required annual inspections were performed for the relocatable facilities during the 2018-19 and 2019-20 fiscal years. However, although we requested, inspection reports or other records were not provided to demonstrate the conduct of the inspections nor were District records available to demonstrate that the resultant inspection reports were filed with, and correction plans adopted by, the Board or that inspection reports were posted in the relocatables.

In response to our inquiry, District personnel indicated that, due to personnel changes, the relocatable facility inspection reports could not be found. In addition, the District had not established supervisory review procedures to verify that the required inspections were completed, and reports filed with, and correction plans adopted by, the Board. Absent District records evidencing that relocatable facilities designed as classrooms or spaces intended for student occupancy meet the required standards, along with appropriate communication to and action by the Board and postings in relocatables, there is an increased risk that facility standards may not have been met and that unsafe conditions in the relocatables exist and may not be timely corrected. A similar finding was noted in our report No. 2018-156.

Recommendation: To demonstrate that relocatable facilities designed as classrooms or spaces intended for student occupancy comply with State standards, the District should maintain records that evidence required annual inspections of the facilities are completed; inspection reports are prepared; reports are filed with, and correction plans adopted by, the Board; and inspection reports are posted in each relocatable. The District should also establish supervisory review procedures to verify that the required safety inspection procedures are performed.

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,⁸ 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 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.

⁸ Section 1011.035(2), Florida Statutes.

- 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 FDOE pursuant to State law⁹ 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. The 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 May 2020, the District had posted the proposed, tentative, and official budgets for the 2019-20 fiscal year on its Web site; however, the Web site lacked the graphical representations and a link to the Web-based fiscal transparency tool developed by the FDOE. In response to our inquiry, District personnel indicated that, as of that date, they had requested but not received from the FDOE District graphical representations or a link to the transparency tool. Although the FDOE had not provided school districts a link to the transparency tool, District records did not demonstrate any efforts to create or report the required summary financial efficiency data or fiscal trend information for the previous 3 years.

Subsequent to our inquiry in July 2020, the FDOE provided the District with, and the District posted on the District Web site, the required graphical representations. In addition, District personnel indicated that, in June 2020, the FDOE provided the District a link to the FDOE fiscal transparency tool and the District posted the link on the District Web site. Providing the required transparency information on the District Web site 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.

Finding 5: Internal Audit Function

Effective July 1, 2019, State law¹⁰ requires that school districts receiving annual Federal, State, and local funds in excess of \$500 million employ an internal auditor. The internal auditor must perform ongoing financial verification of the financial records of the school district, a comprehensive risk assessment of all areas of the school system every 5 years, and other audits and reviews as the Board directs. An internal audit is an independent and objective assurance and consulting activity that provides information on how financial systems and processes are working and helps determine if they are compliant, effective, and efficient.

*Government Auditing Standards*¹¹ strongly encourage internal auditors to follow *International Standards for the Professional Practice of Internal Auditing (IIA Standards)* published by The Institute of Internal Auditors. The *IIA Standards* require the internal audit function to report to a level within the organization, such as the Audit Committee or Board, that allows the internal audit activity to fulfill its responsibilities without interference in determining the scope of internal auditing, performing work, and communicating results.¹²

⁹ Section 1010.20, Florida Statutes.

¹⁰ Section 1001.42(12)(I), Florida Statutes.

¹¹ *Government Auditing Standards*, Section 3.57.

¹² *IIA Standards*, Section 1110.

During the 2019-20 fiscal year, the District received over \$1 billion in Federal, State, and local funds and had an Internal Audit Department (Department). According to District personnel, the Department's primary responsibilities are to perform an audit of the school internal funds for the schools in accordance with *Government Auditing Standards*, and audit the District's property records; however, the Department was not required to perform all the internal auditor services required by State law.

The Department is supervised by a Director who reports to the Chief Financial Officer (CFO). The CFO oversees the Department Director's daily activities and approves her time sheets and leave, travel reimbursements, and purchase requests and, pursuant to Board policies,¹³ the CFO is required to prepare annual performance evaluations for the Department Director. While the Department is not subject to the *IIA Standards*, as the other areas of CFO responsibility are subject to internal audit activities, and the CFO directly supervises and evaluates the Department Director, effectively, District management could participate in influencing internal audit services. Therefore, the Internal Audit Department did not appear to be organizationally independent.

In response to our inquiry, District personnel indicated that the District had planned for the Department to begin performing the services required by State law after completion of the school internal funds 2018-19 fiscal year audit in the spring of 2020. However, the COVID-19 pandemic required school closures, distance teaching and learning, and personnel remote working, and the District had to refocus resources on teaching and learning followed by facilitation of District personnel remote working, which delayed the planned audit completion dates and timeline for addressing required risk assessment.

District personnel also indicated that the Department is working with Human Resources and Board attorneys to recommend to the Board organizational structure changes that will maximize auditor independence. Notwithstanding, absent performance of all internal auditor services required by State law and an organizational structure that promotes Department independence, the Board and District management may lack essential information about District financial systems and processes and there is reduced assurance that those systems and processes are compliant, effective, and efficient.

Recommendation: The Department should continue efforts to ensure and demonstrate that internal auditor duties are performed pursuant to State law, including the conduct of ongoing financial verification of District financial records, a comprehensive risk assessment of all areas of the District every 5 years, and other audits and reviews as directed by the Board. In addition, to establish the organizational independence of the internal audit function, the Department Director should administratively report to, and be evaluated by, the Audit Committee or the Board.

Finding 6: Information Technology User Access Privileges to Sensitive Personal Student Information

The Legislature has recognized in State Law¹⁴ 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 job duties and provide for documented, periodic

¹³ Chapter 1000, Code 1220 – Appraisal of Administrative Personnel.

¹⁴ Section 119.071(5)(a), Florida Statutes.

evaluations of IT user access privileges to help prevent employees from accessing sensitive personal information of students inconsistent with their assigned responsibilities.

Pursuant to State law,¹⁵ the District identified each student using a Florida education identification number assigned by FDOE. However, student SSNs are included in the student records maintained within the District student information system (SIS). Student SSNs are maintained in the District SIS to, for example, register newly enrolled students and transmit that information to the FDOE through a secure-file procedure and provide student transcripts to colleges, universities, and potential employers based on student-authorized requests. Board policies¹⁶ authorize designated District employees access to sensitive personal information of students in the exercise of their respective job responsibilities.

As of May 2020, the District SIS contained sensitive personal information for 362,165 students, including 310,443 former and 51,722 current District students, and 708 District employees had IT user access to that information. Our examination of District records disclosed that, during October 2019, the Technology and Information Systems Department distributed a report to site supervisors of the employees with SIS access to student SSNs to evaluate whether the job duties of the employees required that access. According to District personnel, any employee determined to not require access to the sensitive information is reported to the District Help Desk for access removal.

As part of our audit procedures, we inquired of District personnel and examined District records supporting 30 selected District employees with access privileges to the sensitive information of students. We found that the District's periodic evaluation procedures were not effective as 15 of the 30 District employees, including a librarian, bookkeeper, administrative clerks, teachers, and other instructional personnel, did not require such access privileges to perform their duties. While the District employees generally indicated that they were unaware that they had the access privileges and did not use the information, District personnel could not provide an explanation why these access privileges were not identified and corrected during the periodic evaluations. District personnel agreed with our determination and, in July 2020, removed the access privileges for these 15 employees.

District personnel also indicated, in response to our inquiries, that the District SIS contains information to identify a student's status as former or current by the student's enrollment year in the SIS; however, SIS limitations prevent differentiating employee access privileges to former and current student information, although employees do not always need access to both. In addition, the District provided employee access to former and current student information continuously; however, although we requested, District records were not provided to demonstrate that the employees who needed access to former or current student information should have continuous access to the information or that occasional access could not be granted only for the time needed.

The existence of unnecessary IT user access privileges increases the risk of unauthorized disclosure of sensitive personal information of students and the possibility that such information may be used to commit a fraud against current or former District students or others. A similar finding was noted in our report No. 2018-156.

¹⁵ Section 1008.386, Florida Statutes.

¹⁶ Board Policy 8350, *Confidentiality*.

Recommendation: To ensure that sensitive personal information maintained by the District is properly safeguarded, the District should:

- Enhance periodic evaluations of IT user access privileges and timely remove any inappropriate or unnecessary access privileges detected. If an employee only requires occasional access to the information, the privileges should be granted only for the time needed.
- Upgrade the District ERP system to include a mechanism to differentiate the IT user access privileges to former and current student information.

Finding 7: Information Technology User Access Privileges Timely Deactivation

Effective management of IT user access privileges includes the timely deactivation of IT access privileges when an employee is reassigned or separates from employment. Prompt action is necessary to ensure that the access privileges are not misused by former employees to compromise data or IT resources. According to District personnel, when an IT user transfers to another function or discontinues District employment, the department head or school principal is responsible for submitting a user request form to deactivate that employee's access privileges. In addition, District procedures require documented, periodic evaluations of IT user access privileges to help prevent employees from updating information contained in the District business application inconsistent with their assigned duties. However, the District Human Resources Department did not have an automated notification system to prompt department heads and school principals, when IT users transfer or discontinue employment, to complete the forms to deactivate employee access privileges.

As part of our audit, we examined District records and identified 1,345 employees with inquiry or update access¹⁷ to the human resources (HR) or finance modules within the District business application. Our evaluation of selected access privileges granted to 30 of these employees disclosed that 6 employees, including the Transportation Field Operations Supervisor, a transportation secretary, a data management technician, and three others, had unnecessary or inappropriate HR module update access that allowed the employees to add an employee and change an employee address, add or update pay rates, pay grades, and job codes.

In response to our inquiry, District personnel indicated that the 6 employees had previous jobs at the District that required the HR module update access but transferred to other positions that did not require that access and request forms to deactivate the access were not submitted. Our examination of District records disclosed that the 6 employees continued to have access 129 to 1,214 days, or an average of 567 days, after their employment transfer dates. We expanded our audit procedures and did not identify any inappropriate access to the HR module by the 6 employees after their employment transfer dates. Subsequent to our inquiries, in June and July 2020, District personnel deactivated the unnecessary access privileges for the 6 employees.

While District controls (e.g., budget monitoring, along with payroll and expenditure processing controls) mitigate some risks associated with these access control deficiencies, inappropriate access privileges increase the risk that unauthorized disclosure, modification, or destruction of District data may occur

¹⁷ While the HR and finance modules differentiate inquiry and update access, the District could not produce a report that differentiated employees with inquiry access from those who had update access.

without timely detection. In addition, absent effective periodic evaluations of assigned access privileges, the District lacks assurance that the assigned access privileges remain necessary and appropriate for the performance of employee assigned duties. A similar finding was noted in our audit report No. 2018-156.

Recommendation: The District should continue efforts to ensure that access privileges are limited to those necessary for employees to perform their assigned duties. Such efforts should include effective, documented, periodic evaluations of IT user access privileges and timely deactivation of any unnecessary and inappropriate access privileges detected. In addition, the Human Resources Department should consider development of an automated notification process through the HR module to remind department heads and school principals to promptly deactivate employee access privileges upon employment separations or transfers.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for applicable findings included in our report No. 2018-156 except as noted in Findings 2, 3, 6, and 7 and shown in Table 3.

Table 3
Findings Also Noted in Previous Audit Reports

Finding	2016-17 Fiscal Year	2013-14 Fiscal Year
	Operational Audit Report No. 2018-156, Finding	Operational Audit Report No. 2015-130, Finding
2	7	8
3	4	Not Applicable
6	10	Not Applicable
7	9	Not Applicable

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 March 2020 to August 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. 2018-156.
- 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)¹⁸ 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.

COSO Internal Control Integrated Framework

Internal Control Component	Description	Underlying Principles (To be Applied by the Board and Management)
Control Environment	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"> • Demonstrate commitment to integrity and ethical values. • Exercise oversight responsibility. • Establish structures and reporting lines and assign authorities and responsibilities. • Demonstrate commitment to a competent workforce. • Hold individuals accountable for their responsibilities.
Risk Assessment	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"> • Establish clear objectives to define risk and risk tolerances. • Identify, analyze, and respond to risks. • Consider the potential for fraud. • Identify, analyze, and respond to significant changes that impact the internal control system.
Control Activities	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"> • Design control activities to achieve objectives and respond to risks. • Design control activities over technology. • Implement control activities through policies and procedures.
Information and Communication	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"> • Use relevant and quality information. • Communicate necessary information internally to achieve entity objectives. • Communicate necessary information externally to achieve entity objectives.
Monitoring	Periodic or ongoing evaluations to verify that the internal control system is present and functioning properly.	<ul style="list-style-type: none"> • Conduct periodic or ongoing evaluations of the internal control system. • Remediate identified internal control deficiencies on a timely basis.

We determined that all internal control components were significant to our audit objectives. The associated underlying principles significant to our objectives included:

¹⁸ 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.

- Board and management commitment to integrity and ethical values.
- Board exercise of oversight responsibility.
- Management establishment of an organizational structure, assignment of responsibility, and delegation of authority to achieve the District's goals and objectives.
- Management identification and analysis of and response to risks.
- Management consideration of the potential for fraud.
- Management identification and analysis of and response to significant changes that could impact the internal control system.
- 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 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 for 30 of the 1,345 employees who had inquiry or update access privileges to the District's enterprise resource planning (ERP) system finance or human resources (HR) applications to determine the appropriateness and necessity of the access based on employee duties and user account functions and whether the access prevented the performance of incompatible duties. Specifically, we:
 - Tested the 21 roles that allowed inquiry or update access privileges to selected critical ERP system finance application functions resulting in the review of the appropriateness of access privileges granted for 15 employees.
 - Tested the 11 roles that allowed inquiry or update access privileges to selected critical ERP system HR application functions resulting in the review of the appropriateness of access privileges granted for 15 employees.
- Reviewed District procedures to prohibit former employee access to electronic data files. We also reviewed selected access user privileges for 30 of the 1,747 employees who separated from District employment during the period July 2019 through May 2020, to determine whether the access privileges had been timely deactivated.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, from the population of 708 District employees who had access to sensitive personal student information, we examined the access privileges of 30 selected employees to evaluate the appropriateness and necessity of the access privileges based on the employee's assigned duties.
- 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 IT procedures for requesting, testing, approving, and implementing changes to the District business system.
- Evaluated Board policies and District procedures and examined supporting documentation to determine whether audit logging and monitoring controls were configured in accordance with IT best practices.
- Evaluated the adequacy of District procedures related to security incident response and reporting.

- Evaluated the District data center's physical access controls to determine whether vulnerabilities existed.
- Determined whether a fire suppression system had been installed in the District data center.
- From the population of expenditures and transfers totaling \$81.3 million and \$3.6 million, respectively, during the period July 1, 2019, through April 20, 2020, 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 \$12.5 million and \$74,750, respectively, to determine District compliance with the restrictions imposed on the use of these resources, including compliance with Section 1011.71(2), Florida Statutes.
- From the population of \$72 million total workforce education program funds expenditures for the period July 2019 through April 2020, selected 30 expenditures totaling \$1.2 million 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 433 industry certifications eligible for the 2019-20 fiscal year performance funding, examined 30 selected certifications to determine whether the District maintained documentation for student attainment of the industry certifications.
- From the population of 475,010 contact hours for 1,220 adult general education instructional students reported during the Fall 2019 Semester, examined District records supporting 4,311 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.
- Evaluated District controls over the collection of 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 (FDOE).
- Reviewed organizational charts, audit plans, and audit agendas for the audit period to determine whether the District employed an internal auditor and the internal auditor reported directly to the Board or its designee as required by Section 1001.42(12)(l), Florida Statutes, and performed the duties specified in that section. We also determined whether the internal auditor developed audit work plans based on annual risk assessments considering input from other finance and administrative management.
- Reviewed Board policies and District procedures and evaluated controls over the District Maintenance, Warehouse, and Transportation Department inventory to evaluate the adequacy of District controls for safeguarding inventory items. Specifically, we examined District records supporting 30 inventory adjustments totaling a net reduction of \$10.2 million from the population of 3,543 Maintenance, Warehouse, and Transportation Department inventory adjustments totaling a net reduction of \$251,576 to determine whether supervisory approval was documented for the adjustments.
- Evaluated severance pay provisions in the three employee contracts with such provisions to determine whether the provisions complied with Section 215.425(4), 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 the sufficiency of those policies and procedures to ensure compliance with Section 1001.42(6), Florida Statutes.

- Evaluated the effectiveness of District procedures for acquiring a new ERP system and related services and examined District records supporting the acquisition.
- For the three significant construction projects with expenditures totaling \$30.4 million and in progress during the audit period, examined documentation for project expenditures of \$4.8 million to determine compliance with Board policies and District procedures and provisions of State laws and rules. Also, for the construction management contracts with guaranteed maximum price of \$94.7 million, we:
 - Examined District records to determine whether the construction manager was properly selected in accordance with Section 255.103, Florida Statutes.
 - Evaluated District procedures for monitoring subcontractor selection and licensure and examined District records to determine whether the sufficiency of such procedures to ensure subcontractors were properly selected and licensed.
 - Examined District records to determine whether architects were properly selected in accordance with Section 287.055, Florida Statutes, and whether the District determined the 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 three selected payments totaling \$4.1 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.
- Pursuant to Section 1013.64(6)(d)2., Florida Statutes, obtained from the FDOE the 2019 cost of construction report of District student station costs for the one construction project completed during the period January 1, 2019, through December 31, 2019. We examined District records to determine whether the report complied with the student station cost limits established by Section 1013.64(6)(b)1., Florida Statutes.
- Evaluated District procedures for identifying facility maintenance needs identified in safety inspection reports and establishing resources to address those needs. We reviewed inspection reports for compliance with Federal and State inspection requirements, evaluated District efforts to timely resolve any deficiencies identified during inspections, and tested the work order system for appropriate tracking of maintenance jobs.
- Examined copies of the most recent annual fire safety, casualty safety, and sanitation inspection reports to determine whether deficiencies noted in previous reports were timely corrected.
- Evaluated District procedures and examined District records to determine whether the District provided for required annual inspections of existing relocatable facilities designed as classrooms or spaces intended for student occupancy and corrected deficiencies noted pursuant to FDOE Office of Educational Facilities publications.
- Examined District records to determine whether the Board had adopted appropriate school safety policies and the District implemented procedures to ensure the health, safety, and welfare of students and compliance with Sections 1006.07, 1006.12, 1006.13, 1011.62(15) and (16), and 1012.584, Florida Statutes.
- From the population of four non-Federal grants and contracts from State and local sources, other than capital outlay resources, with expenditures totaling \$461,963 during the audit period, we examined District records supporting ten selected payments totaling \$245,239, to determine District compliance with the restrictions imposed on the use of these resources.

- Examined District records to determine whether the District timely canceled purchasing cards for the nine cardholders who separated from District employment during the period July 1, 2019, through May 22, 2020.
- Reviewed District procedures and supporting documentation to evaluate whether the District effectively monitored charter school annual audits and monthly financial reports for deteriorating financial conditions.
- 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 eligible charter schools by February 1, 2018, pursuant to Section 1013.62(3), Florida Statutes.
- From the population of 1,589 contract payments totaling \$16.5 million during the period of July 2019 through May 2020, examined supporting documentation, including the 30 contract documents, for 30 selected payments totaling \$875,672 to determine whether:
 - The District complied with competitive selection requirements of 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.
- 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

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.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



Vision:
100% Student Success

Mission:
"Educate and prepare each student for college, career, and life."

November 20, 2020

Ms. Sherrill F. Norman, CPA
Auditor General, State of Florida
Claude Denson Pepper Building, Room 476A
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman,

In connection with the operational audit of the Pinellas County School District focused on selected District processes and administrative activities, we make the following representations:

Finding 1: District procedures for procuring the enterprise resource planning system and related services were not effective to ensure the timely and successful implementation of the system.

We will procure future IT service contracts by issuing a competitive solicitation through the Invitation to Negotiate (ITN) process instead of the Request for Information (RFI) process. Procedures already in place for our ITNs include clearly defining scoring criteria and evaluator instructions for evaluating and ranking respondents. This documented process will evidence that instructions were followed during the selection process for each respondent and the basis for eliminating respondents from the process.

Our ITN document would either include a negotiation plan or speak to the next steps in the negotiation phase. We will adopt a carefully considered and formulated negotiation plan, either internally or with the assistance of a consultant, that establishes the structure, format, and price benchmarks for contract deliverables, along with other benchmarks for deliverables such as service timeframes and related services, based on documented considerations of the quality and prices of similar services acquired by similar entities.

We will establish procedures to publicly document justification for why cost estimates were obtained and how those estimates were used during the selection and contracting process when provider contract amounts materially differ from the respondent cost estimates and specifications obtained.

We will establish procedures to ensure contracts include a reasonable and useful schedule for project milestone deliverables and include financial penalties that can be assessed when deliverables are not satisfactorily or timely received.

We will update the Purchasing Handbook to incorporate these procedures to ensure future IT service contracts are procured at the lowest price consistent with desired quality.

ADMINISTRATION BUILDING
301 Fourth St. SW
PO Box 2942
Largo, FL 33779-2942
Ph. (727) 588-6000

SCHOOL BOARD OF
PINELLAS COUNTY, FLORIDA
Chairperson
Carol J. Cook

Vice Chairperson
Eileen M. Long

Lisa N. Cane
Nicole M. Carr, Ph.D.
Bill Dudley
Caprice Edmond
Laura Tillinghast Hine

Superintendent
Michael A. Grego, Ed.D.

Finding 2: District controls over contracted services for school resource officers need enhancement.

We developed a daily sign in and sign out log that each SRO must use to document their time. That time will be certified as accurate by someone at the site with direct knowledge of the SRO services and submitted monthly to the Pinellas County Schools Police who will then verify presence to Identi-Kid Access Reader reports that capture entrance into the facility. This new procedure was communicated to the contracted law enforcement agencies and SROs on 10/27/2020 and to all school administrators on 10/28/2020. This will ensure that, prior to payment, SRO services were received on school premises and conform to law enforcement agency contracts and invoices prior to payment. Additionally, our Professional Development staff will develop a training course to provide instruction on these newly established procedures.

Finding 3: District records did not evidence that relocatable classrooms were inspected during the 2018-2019 and 2019-2020 fiscal years.

As we work to improve our existing processes for documenting the inspection of our relocatable classrooms, we will create an inspection schedule for all student occupied relocatables. As inspections are completed, work orders will be created for any repairs/deficiencies identified in the inspection. This process will be tracked from inspection to correction of the deficiency. The status of the corrective action will be supervisory reviewed to ensure timely resolution. The inspector will send an electronic copy of the inspection report to the site with instructions to print and post a copy of the inspection report inside each portable. This report will be maintained on the District's server. These inspection reports, and correction plans, will be submitted to the Board for adoption. These enhanced procedures will demonstrate that relocatable facilities designed as classrooms or spaces intended for student occupancy comply with State standards.

Finding 4: As of May 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.

The recent addition (effective July 1, 2019) of the Fiscal Transparency statute requires graphical representation of specific data elements outlined within the statute, which were made available by the FLDOE via a memo dated 5/7/2020. The FLDOE calculated the required district and school level fiscal data elements for the previous three years based on various financial reporting provided by the district to FLDOE. The FLDOE calculated these data elements for all Florida school districts so that consistent methodology was applied across all districts/schools for reporting purposes. Upon receiving the 5/7/2020 FLDOE memo notification that the data set was available, we coordinated with our TIS department to pull down this information from the FLDOE's data center and began building the necessary graphical representations to meet the statutory requirement. Since this was a new process and requirement, we pulled down the data sets, reviewed the data provided, built and validated the graphical representations and posted them to the district website in early June (6/8/2020). While attempting to validate the data provided by the FLDOE, we could not reconcile our data to the data sets pulled down from the FLDOE's data center. We reached out to the FLDOE regarding the data sets and were informed that they applied various allocations to the data.

To date, the FLDOE has not disclosed the allocation methods applied to the data sets. Had we prepared and posted the graphical representations ourselves by the July 1, 2019 required due date, we would have posted inaccurate graphical representations which would have resulted in publishing information that does not align with the intent of the fiscal transparency statute. This three fiscal year trend graphical representation will be updated on an annual basis as soon as the data set elements for the new year are made available to the district by the FLDOE.

Finding 5: Contrary to State law, District internal auditors did not conduct a Districtwide risk assessment and perform ongoing financial verifications of District financial records. In addition, the organizaional independence of the internal audit function could be enhanced.

We will conduct a comprehensive risk assessment this fiscal year and every five years thereafter. Based on the results of the risk assessment, we will develop an audit plan to focus on important areas identified in the risk assessment, allow for internal audit to conduct ongoing financial verification of District financial records and perform other audits and reviews as directed by the Board. Additionally, we will determine who the internal audit director should administratively report to, and be evaluated by, in order to achieve organizational independence of the internal audit function.

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

In addition to our periodic evaluations of IT user access privileges to our SIS system, TIS will implement a new procedure to ensure appropriate IT user access privileges and timely removal of all inappropriate or unnecessary access privileges to students' social security numbers (SSN). This new procedure will automatically disable access to student SSNs when a staff member having access is transferred to a different position. TIS will remove SSN access to two of the five SIS profiles which will eliminate the largest number of users that have SSN access. TIS will create a new Data Management Technician (DMT) user profile with SSN access. If someone other than the DMT needs temporary access, a user End Date will be required with the request for access. TIS will monitor access to this profile to ensure only DMTs have access and verify the appropriateness of the access for those that are not DMTs. At the beginning of each school year, an automated process will reset access to this profile to only DMT job codes and charter school DMTs. Finally, only DMTs at charter schools may have access. TIS will monitor to determine only one person has access and will remove access from the invalid user.

We will also send notifications to applicable district staff to remind them of their responsibility to periodically evaluate whether staff duties and responsibilities still necessitate the level of IT user access to student information and the need to timely deactivate user access upon a change in position, transfer to another cost center, or discontinue employment.

Finally, a software update to our SIS system on 11/6/2020 now allows us to flag student fields as restricted. With that upgrade there is an additional profile option that allows us to restrict by profile who can review restricted fields for inactive students. We will flag the student social security number as restricted, update the DMT profiles so they cannot view inactive student restricted information; thereby, preventing DMTs from being able to view social security numbers for students no longer actively enrolled in their school.

These procedures will ensure sensitive personal information maintained by the District is properly safeguarded.

Finding 7: IT user access privileges to human resource information were not always necessary and appropriate.

Human Resources will implement procedures to deactivate IT user access when an employee transfers positions, changes cost centers, or discontinues employment and periodically have supervisors confirm the appropriateness of IT user access privileges for all employees under their supervision. This will ensure timely deactivation of any unnecessary and inappropriate access privileges detected.

We will also send notifications to applicable district staff to remind them of their responsibility to periodically evaluate whether staff duties and responsibilities still necessitate the level of IT user access to Human Resources information and the need to timely deactivate user access upon a change in position, transfer to another cost center, or discontinue employment.

Additionally, we have created a new report that will flag all staff with Terms ERP access that have changed departments or jobs. This report will be reviewed daily and will allow us to immediately disable access to the Terms ERP system for every staff member transferring from a department and/or changing job titles.

These new procedures will ensure that access privileges are limited to those necessary for employees to perform their assigned duties.

Sincerely,

A handwritten signature in blue ink that reads "Michael A. Grego". The signature is written in a cursive style.

Michael A. Grego, Ed.D.
Superintendent