

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2021-067
December 2020

**HILLSBOROUGH COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2019-20 fiscal year, Addison Davis served as Acting Superintendent of the Hillsborough County Schools from March 23, 2020, Jeff Eakins served as Superintendent before that date, and the following individuals served as School Board Members:

	<u>District No.</u>
Steve Cona, Vice Chair from 11-19-19	1
Dr. Stacy Hahn	2
Cindy Stuart	3
Melissa Snively, Chair from 11-19-19, Vice Chair through 11-18-19	4
Tamara Shamburger, Chair through 11-18-19	5
Karen Perez	6
Lynn Gray	7

The team leader was M. Cecilia Brown, and the audit was supervised by Anna A. McCormick, 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.

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HILLSBOROUGH COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Hillsborough County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2018-173. Our operational audit disclosed the following:

Finding 1: District records did not evidence that ad valorem tax levy proceeds were used only for authorized purposes, resulting in questioned costs totaling \$778,000. A similar finding was noted in our report No. 2018-173.

Finding 2: 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 3: District controls over contracted services for school resource officers need enhancement.

Finding 4: The District needs to strengthen controls to ensure the accurate reporting of instructional contact hours for adult general education classes to Florida Department of Education.

Finding 5: As similarly noted in our report No. 2018-173, some unnecessary information technology user access privileges existed that increased the risk for unauthorized disclosure of sensitive personal information of students to occur.

BACKGROUND

The Hillsborough 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 Hillsborough County. The governing body of the District is the Hillsborough 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 245 elementary, middle, high, and specialized schools; sponsored 52 charter schools; and reported 218,997 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Ad Valorem Taxation

State law¹ allows the District to levy ad valorem taxes for capital outlay purposes within specified millage rates subject to certain precedent conditions. Allowable uses of ad valorem tax levy proceeds include, among other things, funding new construction and remodeling projects; maintenance, renovation, and repair of existing school plants; purchases of new and replacement equipment; certain enterprise

¹ Section 1011.71, Florida Statutes.

resource software used to support Districtwide administration or State-mandated reporting requirements; and property and casualty insurance premiums to insure educational and ancillary plants subject to certain conditions and limitations. Also, State law² provides a definition of maintenance and repair that specifically excludes custodial and groundskeeping functions.

The District accounts for ad valorem tax levy proceeds in the Capital Projects – Local Capital Improvement Fund (LCI Fund). For the 2019-20 fiscal year, the District’s LCI Fund expenditures totaled \$64.2 million and transfers to the General Fund totaled \$40.2 million. According to District personnel, the Budget and Operations Accounting Departments prepare budgets for each LCI Fund. To help ensure compliance with the restrictions imposed by State law, Operations Accounting Department accountants review purchase orders, invoices, and other documented support before LCI Fund disbursements and transfers are made.

As part of our audit procedures, we examined District job descriptions, vendor invoices, and other District records supporting selected LCI Fund expenditures and transfers totaling \$13 million and \$10.1 million, respectively, to determine their propriety. As summarized in Table 1, we found that LCI Fund transfers totaling \$778,407 were used to pay personnel and vendor costs that did not appear to be allowable uses of ad valorem tax levy proceeds.

Table 1
Local Capital Improvement Fund
Questioned Costs
2019-20 Fiscal Year

Questioned Cost Descriptions	Amount
Salaries and Benefits Expenditures for:	
13 Operator 1, Special Equipment Personnel	\$380,554
2 Operator 2, Special Equipment Personnel	51,098
4 Technician, Restoration Personnel	66,540
1 Mechanic 1, Garden Equipment Personnel	44,375
1 Storekeeper 1 Personnel	30,901
Other Expenditures:	
4 Payments to Vendors	204,939
Total	<u>\$778,407</u>

Specifically, the District LCI Fund transfers were used to pay:

- Salaries and benefits totaling \$555,546 for employees in 13 Operator 1, Special Equipment and 2 Operator 2, Special Equipment positions. However, the related job descriptions listed groundskeeping duties, such as operating tractors and other mowing equipment; operating hand tools and equipment such as chain saws, weed eaters, and blowers; and performing groundskeeping of trees, lawns, and athletic fields, which are not allowable uses for the ad valorem tax levy proceeds.

In response to our inquiries, District personnel indicated that for 5 of the 15 employees the assigned duties, such as repair and maintenance of fences, irrigation systems, and land drainage and grading, were allowable ad valorem tax levy uses. Notwithstanding, although we requested,

² Section 1013.01(12), Florida Statutes.

personnel activity reports³ or other District records were not provided to demonstrate the extent that the personnel costs for these 5 employees should be allocated to the LCI Fund. We extended our procedures by interviewing the 5 employees and determined that employee work efforts for allowable activities totaled \$123,894, resulting in ad valorem tax levy questioned costs totaling \$431,652.

- Salaries and benefits totaling \$110,900 for employees in 4 Technician, Restoration positions with duties that included cleaning, housekeeping, maintenance repairs, and restoration of District facilities. Although we requested, District records, such as personnel activity reports, were not provided to evidence the time spent by these employees on allowable uses of ad valorem tax levy proceeds. We extended our procedures, interviewed the employees' supervisor, and determined that the employees' work efforts for allowable ad valorem tax levy uses totaled \$44,360, resulting in ad valorem tax levy questioned costs totaling \$66,540.
- Salaries and benefits totaling \$75,276 for employees in a Mechanic 1, Garden Equipment position and a Storekeeper 1 position; although, the two employees provided services that did not appear to represent allowable ad valorem tax levy uses. The Mechanic 1, Garden Equipment employee inspected, maintained, and repaired groundskeeping equipment and the Storekeeper 1 employee maintained inventory stock levels and pumped gas and diesel fuel. In response to our inquiries, District personnel agreed that these salaries and benefits represented questioned costs.
- Four vendor payments totaling \$204,939 for various unallowable ad valorem tax levy uses, including a diesel fuel additive for reducing pollution, personal protective equipment (face masks), a wrap lens for a ceiling light, and a battery for custodial equipment. In response to our inquiries, District personnel agreed that payments for these items represented questioned costs.

District personnel indicated that various District Budget, Maintenance, and other personnel reviewed General Fund expenditures funded by the transfer but lacked a full understanding of ad valorem tax levy use restrictions. Without adequate training to provide applicable personnel with a thorough understanding of the allowable and unallowable uses for ad valorem tax levy proceeds and effective monitoring controls, there is an increased risk for the District to violate the expenditure restrictions governing use of the proceeds. A similar finding was noted in our report No. 2018-173.

Recommendation: The District should enhance procedures to ensure and demonstrate that ad valorem tax levy proceeds are only used for allowable purposes. Such enhancements should include appropriate training for District employees who prepare and review transfers of ad valorem tax levy proceeds and the maintenance of records, such as personnel activity reports, to support the amount of the proceeds used as compensation for District employee services.

Finding 2: 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,⁴ 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

³ Personnel activity reports reflect an after-the-fact distribution of the actual activity of each individual who worked on multiple activities.

⁴ Section 1011.035(2), Florida Statutes.

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 law⁵ 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 April 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 May 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 3: School Resource Officer Services

Effective contract management for school resource officer (SRO) services on school premises ensures that SRO services conform to contract terms 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.

⁵ Section 1010.20, Florida Statutes.

Our examination of District records for the 2019-20 fiscal year disclosed that the Board approved contracts with the Hillsborough County Sheriff's Office and the City of Tampa Police Department to provide 75 full-time SROs at 75 District school facilities. The contracts required the District to pay \$5.5 million annually for SRO services at the schools during full or partial days schools were in session and the District made periodic payments for the services based on law enforcement agency invoices. However, District procedures had not been established to require and ensure that school personnel with direct knowledge of the SRO services confirmed that the services conformed to the contract terms and reconciled to related invoices before payment.

In response to our inquiry, District personnel indicated that they relied on law enforcement agency attendance procedures to ensure that SROs provided services in accordance with contracts. Notwithstanding, District reliance on the procedures of the law enforcement agencies provided limited assurance that the services were received as expected. Absent effective contract management controls, there is an increased risk that the District may overpay for SRO 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 require and ensure that, prior to payment, District records demonstrate documented verification that school personnel with direct knowledge of SRO services confirm that the services conformed to contract terms. Such procedures should include District maintenance of SRO attendance records, evidencing SRO arrival and departure times, and reconciliation of those records to SRO contract terms and invoices before payment.

Finding 4: Adult General Education Classes

State law⁶ defines adult general education, in part, as comprehensive instructional programs designed to improve the employability of the State's workforce. The District received State funding for adult general education, and General Appropriations Act⁷ proviso language required each school district to report enrollment for adult general education programs in accordance with FDOE instructional hours reporting procedures.⁸ State Board of Education (SBE) rules⁹ require the District to collect and maintain enrollment and attendance information on students based on minimum enrollment requirements for funding and mandatory withdrawal procedures for students for non-attendance. FDOE procedures provide that fundable instructional contact hours are those scheduled hours that occur between the date of enrollment in a class and the withdrawal date or end-of-class date, whichever is sooner. For students withdrawn from classes due to non-attendance, instructional contact hours are reported up to and including the last date of attendance.

The District reported 1,350,750 instructional contact hours provided to 5,920 students enrolled in 13,394 courses for the Fall 2019 Semester. As part of our audit, we examined District records for 3,808 hours reported for 30 students enrolled in 30 adult general education courses. We found that 2 of

⁶ Section 1004.02(3), Florida Statutes.

⁷ Chapter 2019-115, Laws of Florida, Specific Appropriation 125.

⁸ FDOE Technical Assistance Paper: *Adult General Education Instructional Hours Reporting Procedures*, Dated September 2019.

⁹ SBE Rule 6A-10.0381(5), Florida Administrative Code.

the 30 students transferred from one class to another and attendance was reported as if they fully attended both classes, resulting in 5 over-reported hours. We expanded our examination of District records supporting class transfers during the Fall 2019 semester and identified a total of 139 classes with similar misreported hours, resulting in 457 over-reported hours for 103 students enrolled in 275 classes.

In response to our inquiry, District personnel indicated that the errors occurred, in part, due to new staff at various locations and student transfers to different schools. Since adult general education funding is based, in part, on enrollment data reported to the FDOE, it is important that the District report accurate data.

Recommendation: The District should strengthen controls to ensure instructional contact hours for adult general education classes are accurately reported to the FDOE. Such controls should include appropriate training for employees who report instructional contact hours. Additionally, the District should determine to what extent adult general education hours were misreported for the 2019-20 fiscal year and contact the FDOE for proper resolution.

Finding 5: Information Technology User Access Privileges – Sensitive Personal Information

The Legislature has recognized in State law¹⁰ 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 evaluations of information technology (IT) user access privileges to help prevent employees from accessing sensitive personal information of students inconsistent with their duties.

Pursuant to State law,¹¹ the District identified each student using a Florida education identification number assigned by the FDOE. However, student SSNs are included in the student records maintained within the District student information system (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 policies¹² identify student SSNs as confidential data and provide that access to confidential data shall be limited to authorized District officials or agents with a legitimate academic or business interest.

District personnel indicated that the school principal or site supervisor at each location requests IT user access privileges for their staff through the Information Technology Department. District personnel also indicated that school principals and site supervisors document an annual evaluation of IT user access privileges for propriety. Notwithstanding, the benefit from the evaluation was limited as the District SIS did not have the ability to mask student SSNs and, therefore, employees who only needed access to other student information had unnecessary access to student SSNs.

As of September 2020, the District SIS contained the sensitive personal information for 951,472 students, including 768,179 former and 183,293 current District students, and 2,650 District employees had IT user access privileges to that information. According to District personnel, the SIS did not include a

¹⁰ Section 119.071(5)(a), Florida Statutes.

¹¹ Section 1008.386, Florida Statutes.

¹² Board Policy 8350, *Confidentiality*.

mechanism to differentiate the access privileges to former and current student information, although some employees with access did not require access to both to perform their job duties.

Additionally, as part of our audit procedures, we inquired of District personnel and examined District records supporting the IT user access privileges for 30 selected employees who had access to sensitive personal information of students. We found that 19 employees, including assistant teachers, a mental health clinician, a truancy officer, an inspector, and a student success coach, needed access to some student information but did not have a demonstrated need for access to student SSNs. In addition, we found that 10 of the other 11 employees,¹³ including a secretary, planning specialist, and nurse, only required occasional access to perform their duties and, although we requested, District records were not provided to justify their continuous access. We noted similar instances in our report No. 2018-173, Finding 10.

The existence of unnecessary IT access privileges increases the risk of unauthorized disclosure of sensitive personal information of students and the possibility that such information may be used in fraud against District students or others. District personnel indicated that the District has plans to implement a new SIS to grant field level access and mask student SSNs from view.

Recommendation: To ensure that sensitive personal information of students is properly safeguarded, the District should limit access privileges to only that information required for users to perform their assigned job duties. Specifically, the District should:

- **Update the SIS to differentiate IT user access privileges to current student information from access privileges to former student information, and to mask student SSNs from SIS users who do not require such access to perform their job duties.**
- **Grant access privileges only for the time needed when users require occasional access to the sensitive personal information of students.**
- **Enhance procedures for conducting periodic evaluations of IT user access privileges to ensure that inappropriate or unnecessary access privileges to any sensitive personal information of students, including student SSNs, are detected and promptly removed.**

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for applicable findings included in our report No. 2018-173, except that Findings 1 and 5 were also noted in that report as Finding 1 and 10.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

We conducted this operational audit from April 2020 to September 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit

¹³ One Student Records Department employee required continuous access to student SSNs to regularly respond to student transcript and discipline records requests.

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 selected District processes and administrative activities, including, but not limited to, District information technology resources and related controls, public meetings and communications, school safety, fiscal transparency, and compensation, construction, and other expenses. 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. 2018-173.
- 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)¹⁴ 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.

¹⁴ 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)
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:

- 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 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.

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 to District enterprise resource planning system finance and human resources applications to determine the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties. Specifically, from the population of 2,673 IT user accounts who had access to the finance and human resources applications, we reviewed the appropriateness of access privileges granted for 30 selected accounts.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, from the population of 2,650 individuals 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 job responsibilities.
- Evaluated District procedures to prohibit former employee access to electronic data files. We also reviewed selected access user privileges for 30 of the 2,829 employees who separated from

District employment during the audit period to determine whether the access privileges had been timely deactivated.

- Determined whether a comprehensive IT disaster recovery plan was in place, designed properly, operating effectively, and had been recently tested.
- Examined selected operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Evaluated 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.
- Analyzed the District's General Fund total unassigned and assigned fund balances at June 30, 2020, to determine whether the total was less than 3 percent of the fund's revenues, as specified in Section 1011.051, Florida Statutes. We also performed analytical procedures to evaluate the District's ability to make future debt service payments.
- From the population of expenditures totaling \$291.7 million and transfers totaling \$40.2 million during the audit period 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 \$42.5 million and \$10.1 million, respectively, to determine District compliance with the restrictions imposed on the use of these resources, such as compliance with Section 1011.71(2), Florida Statutes.
- From the population of \$27.2 million total workforce education program funds expenditures for the audit period, selected 30 expenditures totaling \$5.2 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 369 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 1,350,750 contact hours for 5,920 adult general education instructional students during the Fall 2019 Term, examined District records supporting 3,808 reported contact hours for 30 selected students to determine whether the District reported the instructional contact hours in accordance with State Board of Education (SBE) Rule 6A-10.0381, Florida Administrative Code.
- Evaluated District controls over the collection of 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 (FDOE).
- Reviewed organizational charts, audit plans, and audit agendas to determine whether the District employed an internal auditor during the audit period and whether the internal auditor reported directly to the Board or its designee as required by Section 1001.42(12)(l), Florida Statutes. We also determined whether the internal auditor developed audit work plans based on annual risk assessments considering input from other finance and administrative management.
- Evaluated severance pay provisions in the contracts for the two Superintendents who served during the audit period to determine whether the severance pay provisions complied with Section 215.425(4), Florida Statutes.

- Reviewed District procedures and records to determine whether there was appropriate supervisory review of employee reports of time worked for District site administrators.
- 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 to determine whether the District had developed adequate performance assessment procedures for instructional personnel and school administrators based on student performance and other criteria in accordance with Section 1012.34(3), Florida Statutes, and determined whether a portion of each instructional employee's compensation was based on performance in accordance with Section 1012.22(1)(c)4. and 5., Florida Statutes.
- Examined District records for the audit period for 20 employees and 23 contractor workers selected from the population of 30,545 employees and 6,133 contractor workers to assess whether individuals who had direct contact with students were subjected to the required fingerprinting and background screening.
- Examined Board policies, District procedures, and related records for volunteers for the audit period to determine whether the District searched prospective volunteers' names against the Dru Sjodin National Sexual Offender Public Web site maintained by the United States Department of Justice, as required by Section 943.04351, Florida Statutes.
- Evaluated Board policies and District procedures for ethical conduct for instructional personnel and school administrators, including reporting responsibilities related to employee misconduct which affects the health, safety, or welfare of a student, to determine compliance with Section 1001.42(6), Florida Statutes.
- Evaluated the effectiveness of Board policies and District procedures to ensure that health insurance was provided only to eligible employees, retirees, and dependents and that, upon an employee's separation from District employment, insurance benefits were timely canceled as appropriate based on the Board policies. We also determined whether the District had procedures for reconciling health insurance costs to employee, retiree, and Board approved contributions.
- From the 21 significant construction projects with contracts totaling \$284.5 million and in progress during the audit period, examined documentation for 2 selected construction management contracts with guaranteed maximum prices totaling \$90.7 million to determine compliance with Board policies, District procedures, and provisions of State laws and SBE 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 that subcontractors were properly selected and licensed.
 - Examined District records to determine whether architects were properly selected pursuant to Section 287.055, Florida Statutes, and adequately insured.
 - Examined District records supporting two selected payments totaling \$4.4 million to determine whether District procedures for monitoring payments were adequate and payments were sufficiently supported.
 - Examined District records to determine whether the applicable projects progressed as planned consistent with established benchmarks, and were cost effective, 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. We examined District records for the one construction project completed during the 2019 calendar year to determine whether the report accurately reported student station costs and complied with the student station cost limits established by Section 1013.64(6)(b)1., Florida Statutes.
- Examined District records to determine whether the Board had adopted appropriate school safety policies and the District implemented procedures to ensure the health, safety, and welfare of students and compliance with Sections 1006.07, 1006.12, 1006.13, and 1011.62(15), Florida Statutes.
- Examined District records to determine whether the Board had adopted appropriate mental health awareness policies and the District implemented procedures to ensure the health, safety, and welfare of students and compliance with Sections 1011.62(16) and 1012.584, Florida Statutes, and SBE Rule 6A-1.094121, Florida Administrative Code.
- Examined District records to determine whether purchasing cards were timely canceled for the 54 cardholders who separated from District employment during the audit period.
- For the only charter school charter that was not renewed during the 2019-20 and 2 preceding fiscal years, evaluated District procedures to determine whether applicable funds and property appropriately reverted to the District and whether the District did not assume debts of the school, except as previously agreed upon by the District.
- Evaluated the sufficiency of District procedures to determine whether District charter schools were required to be subjected to an expedited review pursuant to Section 1002.345, Florida Statutes.
- 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 students, and distributed all remaining funds to all eligible schools in accordance with Federal law and regulations.
- Examined District records to determine District compliance with the restrictions imposed on the use of non-Federal and non-capital grants and appropriations.
- Examined District records to determine whether District procedures were effective for distributing the correct amount of local capital improvement funds to its eligible charter schools by February 1, 2018, pursuant to Section 1013.62(3), Florida Statutes.
- From the population of expenditures for 529 contracted services totaling \$206.8 million during the period July 2019 through April 2020, examined supporting documentation, including the contract documents, for 30 selected payments totaling \$7.8 million related to 30 contracts to determine whether:
 - The District complied with applicable competitive selection requirements (e.g., SBE Rule 6A-1.012, Florida Administrative Code).
 - The contracts clearly specified deliverables, time frames, documentation requirements, and compensation.
 - District records evidenced that services were satisfactorily received and conformed to contract terms before payment.
 - The payments complied with contract provisions.
- Examined District records for the audit period to determine whether the District provided the required number of Virtual Instruction Program options required by Section 1002.45(1)(b) and (c), Florida Statutes.

- 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 school district 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

School Board
Lynn L. Gray, Chair
Stacy A. Hahn, Ph.D., Vice Chair
Nadia T. Combs
Karen Perez
Melissa Snively
Jessica Vaughn
Henry "Shake" Washington



Superintendent of Schools
Addison G. Davis

December 3, 2020

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

Dear Ms. Norman:

In connection with your operational audit, we have reviewed the preliminary and tentative audit report for the fiscal year ended June 30, 2020.

Our responses to the audit findings and corrective action proposals follow.

Finding 1: Ad Valorem Taxation

The District should enhance procedures to ensure and demonstrate that ad valorem tax levy proceeds are only used for authorized purposes. Such enhancements could include appropriate training to ensure that the District employees responsible for approving the use of ad valorem tax levy proceeds understand the restrictions for such use and documentation to support the work efforts of District employees whose duties relate to allowable uses of the proceeds.

HCPS Response

As indicated in the finding, the district will enhance procedures to include additional training for employees who review transfers and maintenance records in order to support the proceeds used as compensation for employee services. Additional training will be provided for those employees who prepare and review the personnel activity reports.

In addition, a committee will review the documentation to ensure that ad valorem tax levy proceeds are only used for allowable purposes.

Finding 2: Fiscal Transparency

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

HCPS Response

The District routinely published three-year trend data on the District Web site as part of the monthly budget amendments and financial data. However, the graphical representations required by Section 1011.035(2) (a), Florida Statutes, was provided to Florida School Districts from the Florida Department of Education on May 7, 2020.

Once we received the required format and detail information we posted the graphical representations. The District will continue to comply with statutory transparency requirements by timely posting all required information on the School District Web site.

Finding 3: School Resource Officers

District controls over contracted services for school resource officers need enhancement

HCPS Response

The District established procedures to ensure and document that, prior to payment, School Resource Officers from the Hillsborough County Sheriff's Office and Tampa Police Department are working at their assigned school sites for the dates and times directed. Each officer is assigned to a school location and if they are out for the day due to court duty, or sick/vacation leave, an alternate Officer is present. Once the officer arrives on site, they log-in to the Computer Automated Dispatch (CAD) System via the computer. At the end of the work day they log-in to the CAD System and record their departure time. This positive time reporting conforms to contract terms and law enforcement agency invoices.

Additional controls from the Hillsborough County Sheriff's Office and the Tampa Police Department regarding our school site officers:

Per Standard Operating Procedure (539.02)

100 percent attendance while school is in session is mandatory.

School Resource Deputies shall not schedule their personal vacations, days off, or other planned leaves of absence on days when school is in session. Situations which require emergency leave shall be addressed on a case by case basis. School Resource Deputies requesting time off for illness must notify their immediate supervisor one hour prior to the beginning of their assigned shift so that a replacement School Resource Deputy or supervisor can be sent to the school.

School Resource Deputies shall not leave campus for meal breaks or personal breaks. If a School Resource Deputy must leave campus for an authorized reason, such as court, the School Resource Deputy must receive prior approval from a supervisor, and must be properly relieved prior to leaving the campus.

The School District procedures are as follows:

The attendance and monitoring of our officers and Guardians has several redundant layers to ensure there is an armed asset at every site during the normal operations of school hours is as followed:

Officer Notification

Officers must notify and log in with our Communication Center every shift. This requires the officer to use their assigned radio to verbally dispatch their Unit Number and Site when they come on to a campus, any calls for service on the campus, and when their shift is over. The officers are also required to digitally sign into their assigned mobile data terminal (MDT). Thereby allowing the dispatcher and Computer Aided Dispatch (CAD) system to see where every officers is by login.

Supervisory Oversight

The physical deployment of officers and supervisors is based on geography. All Sergeants and Corporals are required to verify the status of their subordinates each day. The daily deployment and staffing model has a mobile or “patrol” function. This discretionary unit is used to back-fill officers who unexpectedly cannot cover their assigned campus.

Principal Notification

In the off chance an officer is late or failed to show up for work, the Principal and/or Site Administrator is required to notify our COMM Center within the first few minutes of the established Bell Schedule of this status. For long term absences such planned vacation/training, court or medical leave, these situations are coordinated with back fill personnel not assigned to a school site, such as our patrol officers

Finding 4: Adult General Education Classes

The District needs to strengthen controls to ensure the accurate reporting of instructional contact hours for adult general education classes to Florida Department of Education.

HCPS Response

As indicated in the finding,

1. FLDOE adult educational instructional hour’s rules state that “adult students cannot be withdrawn from a class and entered into a new class on the same day, during the same time frame”. Most of the hours that were over reported by HCPS-AE program were over reported because students were withdrawn from a class yet entered a new class on the same day, during the same time frame. The local edit reports created by HCPS-AE Data Support team normally identifies conflicting hours, was not written to capture overlapping dates and time conflicts of less than 1 day. However, the local edit reports that look for enrollment conflicts has been modified to identify all errors that occur when students withdraw from a class and enter another class on the same day during the same time frame. HCPS-AE Data processing support team will continue to monitor all state and local edit reports to ensure that any conflicts identified are corrected prior to all state upload dates.

2. All Administrators, Counselors, and Data Processors will be made aware of audit findings and will be trained on procedures for conflicting enrollment rules. All new administrator trainings will emphasis instructional hour reporting rules.
3. Each site will continue to receive state and local edit error reports to correct on a weekly basis from the District Data Processor Support office. This process will be monitored closely by the District Data Processor Support office and the Director of Adult Education.
4. The HCPS-AE Data Processor Support team is in the process of developing an electronic registration and data monitoring portal for sites to utilize in conjunction with the Mainframe data system reporting. This portal will have state and local data reporting outlier restrictions pre placed, in an effort to reduce human errors and to provide better data quality.

Finding 5: As similarly noted in our report No. 2018-173, some unnecessary information technology user access privileges existed that increased the risk for unauthorized disclosure of sensitive personal information of students to occur.

HCPS Response

As indicated in the finding, our district is in the process of replacing our legacy student information system (SIS) with a modernized SIS to ensure access to confidential student information is safeguarded. The new SIS will provide the enhanced granularity to limit access to specific student information based on job requirements. The SIS implementation is a multiyear project.

In order to reduce the unnecessary user access during the new SIS implementation, the district is in the process of reengineering the legacy system. The legacy change will limit access to student social security numbers to users that are required to update student records.

The anticipated completion date of the entire SIS conversion is 2023. The anticipated completion of the legacy modification is December 2020.

Ms. Sherrill F. Norman, CPA
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We have made available to your team all documentation applicable to your examination, as requested, except for those cases disclosed by your examination procedures, if any, where such documentation was missing and could not be located.

We would like to thank your audit team, Anna McCormick and Cecilia Brown for their support of our school district and helpful feedback they have provided.

For additional information, please contact our Auditing Manager, Manuel Ippolito at 813-272-4304.

Respectfully,



Addison G. Davis
Superintendent of Schools