

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2021-074
December 2020

**CALHOUN COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2019-20 fiscal year, Darryl Taylor Jr. served as Superintendent of the Calhoun County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Daniel E. Ryals III, Chair	1
Charles R. Howell, Vice Chair from 11-14-19	2
Clifford A. Newsome	3
Kenneth F. Speights, Vice Chair through 11-13-19	4
Danny M. Hassig	5

The team leader was Tonya Williams, and the audit was supervised by Shelly G. Curti, 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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CALHOUN COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Calhoun County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2018-101. Our operational audit disclosed the following:

Finding 1: District records did not always demonstrate compliance with State law by documenting school administrator evaluations based, in part, upon instructional leadership.

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: The District needs to strengthen controls over the collection of Prekindergarten Extended Day Program fees.

Finding 4: The District information technology (IT) disaster recovery plan continued to lack certain necessary elements and had not been tested, jeopardizing the ability to continue critical IT operations and maintain available IT data and resources in the event of a disruption of IT operations.

Finding 5: As similarly noted in our report No. 2018-101, the District IT security incident response plan lacked Board approval and certain key procedures.

BACKGROUND

The Calhoun 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 Calhoun County. The governing body of the District is the Calhoun County District School Board (Board), which is composed of five elected members. The elected Superintendent of Schools is the Executive Officer of the Board. During the 2019-20 fiscal year, the District operated four elementary, middle, high, and one specialized schools; and reported 2114 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: School Administrator Evaluations and Related Performance Pay

State law¹ requires the Board to adopt performance salary schedules that provide annual salary adjustments for school administrators based upon performance determined under State law. Pursuant to State law,² the performance determinations must be based on evaluations that include student

¹ Section 1022.12(1)(c)5., Florida Statutes.

² Section 1012.34(3), Florida Statutes.

performance and instructional leadership evaluation criteria and are conducted for each school administrator at least once a year.

As part of our audit, we examined District records and found that, for the 2019-20 fiscal year, the Board adopted school administrator performance salary schedules that were to be based upon both the student performance and instructional leadership evaluation criteria. In addition, we examined records supporting evaluations for the eight administrators who received performance salary adjustments for that fiscal year and found that evaluations for six of the eight administrators were based, in part, upon the two required criteria. However, the two other school administrators were evaluated using the FDOE-approved evaluation form for instructional personnel, which included consideration of student performance but lacked consideration of the instructional leadership criterion, and received salary adjustments the same as the other six school administrators. Although we requested, District records were not provided to demonstrate that the instructional leadership of the two school administrators impacted their performance salary adjustments.

In response to our inquiries, District personnel indicated that they inadvertently used the wrong evaluation form for the two school administrators. Absent documented evaluations of instructional leadership, District records do not demonstrate compliance with State law and there is an increased risk that school administrator performance may not be properly recognized and compensated.

Recommendation: The District should demonstrate compliance with State law by documenting evaluations for all school administrators based, in part, upon instructional leadership and how those evaluations impact school administrator performance salary adjustments.

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,³ 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.
- Rate of change in the General Fund's ending fund balance not classified as restricted.

³ Section 1011.035(2), Florida Statutes.

The District Web site must also include a link to the Web-based fiscal transparency tool developed by the FDOE pursuant to State law⁴ to enable taxpayers to evaluate the financial efficiency of the school district and compare the financial efficiency of the school district with other similarly situated school districts. This information must be prominently posted on the District's Web site in a manner that is readily accessible.

At the time of our review in February 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 fiscal transparency tool developed by the FDOE. In response to our inquiry, District personnel indicated that, as of that date, they had not received from the FDOE the 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 June 2020 the FDOE provided the District with, and the District posted on the District Web site, the required graphical representations and link to the FDOE Web-based fiscal transparency tool. Providing the required 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: Prekindergarten Extended Day Program Fee Collections

The District operates a Prekindergarten Extended Day Program (Program) for students participating in the Voluntary Prekindergarten Education Program (VPK).⁵ State Board of Education (SBE) rules⁶ authorize the Board to establish fees for certain programs in amounts that will recover the cost of providing such programs after deducting any State and Federal funding provided for the programs. The District did not receive any State or Federal funding for the Program and, according to District personnel, each school charged Program participants \$50 per week⁷ and reduced fees by \$10 per day for school closures (e.g., for holidays, school breaks, and inclement weather). For the 2019-20 fiscal year, the District recorded \$17,750 for Program fee collections at the Blountstown Elementary School (BES), Carr School (Carr), and Altha Public School (Altha).

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

- Responsibilities for recording fee assessments, student attendance, and fee collections be appropriately separated from fee collection duties. If, because of the limited number of staff the separation of incompatible duties is not practical, compensating controls, such as supervisor-documented comparisons of historical and current Program fee collections, periodic observations of student attendance, and evaluations of the reasonableness of fee collections based on the comparisons and observations, should be implemented.

⁴ Section 1010.20, Florida Statutes.

⁵ Sections 1002.53 and 1002.63, Florida Statutes.

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

⁷ On May 16, 2013, the Board approved a \$50 per week Program fee to help fund Program operations.

- Student attendance be recorded, and routine independent fee audits be conducted to reconcile attendance records to fee collections and deposits.
- Transfer receipts be used to establish custodial responsibility for collections.
- Fees be collected before services are rendered.

We interviewed District personnel and reviewed selected Program fee collection records and found that the District's fee collection process could be improved. Specifically:

- Although we requested, District records were not provided to demonstrate compliance with the SBE rule requiring the Board to establish Program fees in amounts that will recover the cost of providing the Program after deducting any State and Federal funding provided for the Program.
- An inappropriate separation of duties existed at all three schools as the bookkeeper collected Program fees, issued prenumbered receipts, and recorded fee assessments and collections on a spreadsheet. Additionally, compensating controls were not in place to mitigate the inappropriate separation of duties. Without adequately separating the incompatible duties of collecting fees and recording fee assessments and fee collections, or establishing appropriate compensating controls, errors or fraud, should they occur, may not be timely detected and resolved.
- While the student records systems for all three schools allow Program attendance to be kept separately from VPK attendance, records were not maintained to differentiate which students attended both VPK and the Program. Absent such records, fee audits could not be conducted to reconcile participant attendance to Program fee assessment and collection records. Independent fee audits reconciling documented attendance to fee assessments and collections would help ensure that collections are appropriately accounted for and properly safeguarded.
- At Altha, transfer receipts were not used to document the chain of custody when cash collections were transferred from one employee to another. Absent such documentation, the District may be limited in its ability to effectively fix responsibility should a loss of collections occur.
- At the end of the 2019-20 school year, uncollected Program balances totaled \$1,280 for three Carr students and \$440 for three Altha students. While District personnel indicated that they work with parents when possible to ensure that Program services are not interrupted, collecting fees before services are provided better assures the recovery of Program costs.

In response to our inquiries, District personnel indicated that the District had not established Program procedures to effectively promote accountability and safeguard fee collections. Additionally, District personnel indicated that, since Program costs are combined with VPK expenditures, District records did not demonstrate that Program fees recover Program costs. Absent effective Program fee assessment and collection procedures, there is an increased risk that fee collections will not recover the costs of providing the Program, the Program may not operate in accordance with Board intent, and errors or fraud, should they occur, may not be timely detected.

Recommendation: The District should separately account for Program costs and ensure that Board-established fees are sufficient to recover the costs of the Program. In addition, the District should establish effective Program fee assessment and collection procedures to ensure that:

- **Incompatible duties are appropriately separated or, if the District does not have a sufficient number of staff to appropriately separate duties, compensating controls exist.**
- **Program student attendance records are maintained to support Program fee assessments and any adjustments thereto.**
- **Periodic independent fee audits are conducted to reconcile attendance records to Program fee collections and bank deposits.**

- **Transfer receipts are used to establish and document custodial responsibility for collections.**
- **Fees are collected before services are provided.**

Finding 4: Information Technology Disaster Recovery Plan

Disaster recovery planning is an important element of information technology (IT) controls established to manage the availability of valuable data and computer resources in the event of a disruption. The primary objective of disaster recovery planning is to provide the entity a plan for continuing critical operations in the event of a major hardware or software failure. The effectiveness of a disaster recovery plan requires key elements such as identifying key recovery personnel and critical data, processes, and applications; contracting or arranging for use of an alternative processing facility in the event of a disaster; and testing of the plan.

The District is a member of the Panhandle Area Educational Consortium – Gateway Educational Computing Consultants (GECC). The District disaster recovery plan, approved by the Board, includes a disaster recovery agreement through the GECC whereby participating districts agree to serve as alternate processing sites for each other if a disaster interrupts critical IT operations and identifies certain District personnel who are responsible for recovery efforts. However, the plan lacked other necessary elements to identify critical data, processes, applications, and step-by-step procedures for recovery and had not been tested.

Although a similar finding was noted in our report No. 2018-101, in response to our inquiry, in October 2020 District personnel indicated that, because of the established alternate processing sites and reliance on external vendors to maintain controls over finance and human resources applications and student information systems, the plan had not been updated for the additional elements or tested. Notwithstanding this response, without a detailed, tested disaster recovery plan that identifies critical elements for recovery, there is an increased risk that the District may be unable to continue critical IT operations or maintain availability of information systems data and resources in the event of a disruption of IT operations.

Recommendation: The District should enhance the disaster recovery plan to identify critical data, processes, applications, and step-by-step procedures for recovery. In addition, the District should test the plan at least annually.

Finding 5: Information Technology Security Incident Response Plan

State law⁸ requires the Board to determine the policies and programs that are necessary for the efficient operation and general improvement of the District. To ensure an appropriate, effective, and timely response to security incidents, it is important for District management to develop, and the Board to approve, a comprehensive IT security incident response plan and distribute the plan to each incident response team member.

⁸ Section 1001.41(1), Florida Statutes.

Comprehensive security incident response plans typically detail responsibilities and procedures for identifying and logging security violations through the use of a centralized reporting structure; training incident response team members to ensure members understand and can perform required procedures pursuant to State law;⁹ notifying appropriate local, State, and Federal authorities when loss or damage to entity data or IT resources has or may have occurred and promptly notifying affected parties about security breaches of confidential personal information; periodically reviewing critical system resources to ensure continued integrity; and analyzing and assessing security incidents to determine whether additional actions are necessary.

Although the District had established an IT security incident response plan that details the responsibilities and many useful procedures for the critical incident response team, the plan lacked Board approval and additional key procedures for:

- Notifying, pursuant to State law, appropriate local, State, and Federal authorities when loss or damage to District data or IT resources has or may have occurred and promptly notifying affected parties about security breaches of confidential personal information, such as student and employee social security numbers.
- Training critical incident response team members to ensure that members understand and can perform required procedures.
- Periodically reviewing critical system resources and documenting such reviews to ensure continued integrity.

In addition, although we requested, District records were not provided to evidence that the plan was distributed to four of the five District-level critical incident response team members or to demonstrate any activities by team members to identify security incidents. In response to our inquiry, in October 2020, the Director of IT indicated that he reviews daily the dashboard systems put in place to monitor the IT infrastructure. According to District personnel in October 2020, a draft of the revised plan that includes the additional procedures will be presented to the Board for approval in the near future.

Should an incident occur that involves the potential or actual compromise, loss, or destruction of District data or IT resources, a comprehensive IT security incident response plan that has been Board approved and properly distributed may help the District take appropriate and timely action to prevent further loss or damage to District data and IT resources. A similar finding was noted in our report No. 2018-101.

Recommendation: To provide reasonable assurance that the District will timely and appropriately respond to events that may jeopardize the confidentiality, integrity, or availability of District data and IT resources, the District should continue efforts to develop and obtain Board approval of a comprehensive IT security incident response plan that includes procedures for:

- **Notifying appropriate authorities when loss or damage to District data or IT resources has or may have occurred.**
- **Training critical response team members.**
- **Periodically reviewing critical system resources and documenting such reviews to ensure continued integrity.**

⁹ Section 501.171(4), Florida Statutes.

We also recommend that the District document distribution of the Board-approved plan to each critical incident response team member and activities by team members to identify security incidents.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2018-101, except that Findings 4 and 5 were also noted in that report as Findings 9 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 February 2020 through October 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, budget transparency, school safety, construction activities, adult general education, prekindergarten extended day fee collections, performance evaluations, health insurance eligibility, consultant contracts, 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. 2018-101.
- 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)¹⁰ and adapted for a government environment within the *Standards*

¹⁰ The 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.

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:

- Board and management commitment to integrity and ethical values.
- Board exercise of oversight responsibility.
- Management establishment of clear objectives to enable the identification of risks and define risk tolerances.
- Management identification and analysis of and response to risks.
- Management consideration of the potential for fraud.
- Management design of control activities to achieve the District’s objectives and respond to risks.
- Management design of controls over information technology.
- Management establishment of policies and procedures to implement internal control activities.
- Management use of relevant and quality information to achieve the District’s objectives.
- Management communication of information internally necessary to achieve the District’s objectives.
- Management communication of information externally necessary to achieve the District’s objectives.
- Management activities to monitor the District’s internal control system and evaluate the results.

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

This audit was designed to identify, for those areas included within the scope of the audit, weaknesses in management's internal controls significant to our audit objectives; instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; identifying and evaluating internal controls significant to our audit objectives; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included transactions, as well as events and conditions, occurring during the 2019-20 fiscal year audit period, and selected District actions taken prior and subsequent thereto. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, District policies and procedures, and other guidelines, and interviewed District personnel to obtain an understanding of applicable processes and administrative activities.
- Reviewed District information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, systems development and maintenance, network configuration management, system backups, and disaster recovery.
- Evaluated District procedures for maintaining and reviewing employee access to IT data and resources. We examined selected access privileges to the District's enterprise resource planning (ERP) system finance and human resources (HR) applications to determine the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties. We also examined the administrator account access privileges granted and procedures for oversight of administrative

accounts for the network and applications to determine whether these accounts had been appropriately assigned and managed. Specifically, we:

- Tested 14 roles that allowed update access privileges to selected critical ERP system finance application functions resulting in the review of the appropriateness of access privileges granted for the 13 accounts.
- Tested 13 roles that allowed update access privileges to selected critical ERP system HR application functions resulting in the review of the appropriateness of access privileges granted for the 6 accounts.
- Determined whether a comprehensive IT disaster recovery plan was in place, designed properly, operating effectively, and had been recently tested.
- Determined whether a comprehensive, IT risk assessment had been developed to document the security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.
- Evaluated the adequacy of District procedures related to security incident response and reporting.
- Reviewed District procedures to prohibit former employee access to electronic data files. We also reviewed critical IT user access privileges for all finance and payroll employees who separated from District employment during the audit period 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, we examined the access privileges of the 22 individuals who had access to sensitive personal student information to evaluate the appropriateness and necessity of the access privileges based on assigned duties.
- 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.
- 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).
- From the population of expenditures totaling \$678,788 and transfers totaling \$191,955 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 \$363,145 and \$191,955, respectively, to determine District compliance with the restrictions imposed on the use of these resources, such as District compliance with Section 1011.71(2), Florida Statutes.
- Examined copies of the District's most recent annual fire safety, casualty safety, and sanitation inspection reports to determine whether any previous significant or life-threatening deficiencies were timely corrected.
- Examined District records to determine whether the Board had adopted appropriate school safety policies and the District implemented procedures to ensure the health, safety, and welfare of students and compliance with Sections 1006.07, 1006.12, 1006.13, 1011.62(15) and (16), and 1012.584, Florida Statutes.
- From the population of \$57,816 total workforce education program funds expenditures for the audit period, 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 6,539 contact hours for 15 adult general education instructional students during the Fall 2019 and Spring 2020 Semesters, examined District records supporting 4,607 reported contact hours for 7 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 District Prekindergarten Extended Day Program fees.
- From the population of compensation payments totaling \$10 million to 412 employees during the audit period, examined District records supporting compensation payments totaling \$79,611 to 30 selected employees to determine the accuracy of the rate of pay and whether supervisory personnel reviewed and approved employee reports of time worked.
- Examined District records for the period July 2019 through February 2020 for 30 selected employees and 15 selected contractor workers selected from the population of 406 employees and 19 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.
- Reviewed the adopted salary schedule for school administrators to determine whether a portion of school administrator compensation was based on employee performance and instructional leadership in accordance with Sections 1012.22(1)(c)5. and 1012.34(3), 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 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.
- Determined whether non-compensation expenditures were reasonable, correctly recorded, adequately documented, for a valid District purpose, properly authorized and approved, and in compliance with applicable State laws, rules, contract terms and Board policies; and applicable vendors were properly selected. Specifically, from the population of 1,190 non-compensation expenditures totaling \$6.2 million for the period July 2019 through March 2020, we examined documentation related to 30 selected payments for general expenditures totaling \$39,100.
- From the population of 111 service contracts totaling \$3.6 million during the audit period, examined supporting documentation, including the contract documents, for 12 selected payments totaling \$949,321 related to 12 contracts to determine whether:
 - The District complied with applicable competitive selection requirements (e.g., State Board of Education Rule 6A-1.012, Florida Administrative Code).
 - The contracts clearly specified deliverables, time frames, documentation requirements, and compensation.

- District records evidenced services conformed to contract terms and related invoices before payment.
- From the population of expenditures totaling \$1.1 million from three selected non-Federal grants and appropriations for the audit period, examined documentation supporting 11 selected expenditures totaling \$366,392 to determine District compliance with the restrictions imposed on the use of these resources.
- Evaluated District procedures for allocating Title I funds to ensure compliance with Section 1011.69(5), Florida Statutes. We also examined District records to determine whether the District identified eligible schools, limited Title I allocations to eligible schools based on the threshold established by the District for the 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 and evaluated construction planning processes for the audit period to determine whether the processes were comprehensive, included consideration of restricted resources and other alternatives to ensure the most economical and effective approach, and met District short-term and long-term needs.
- Evaluated District procedures for identifying facility maintenance needs and establishing resources to address those needs. We also compared maintenance plans with needs identified in safety inspection reports, reviewed inspection reports for compliance with Federal and State inspection requirements, and evaluated the work order system for appropriate tracking of maintenance jobs.
- 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

CALHOUN COUNTY SCHOOL DISTRICT

DARRYL TAYLOR, JR

Superintendent Of Schools

20859 Central Ave. East, RM-G20 • Blountstown, FL 32424 • Phone: 850-674-5927 • Fax: 850-674-5814

December 9, 2020

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

Dear Ms. Norman:

Pursuant to the provisions of Section 11.45(4)(d), Florida Statutes, I am responding to the findings cited in the Operational Audit of Calhoun County School Board for the fiscal year ending June 30, 2020.

I would like to thank the members of your staff who conducted the audit for the efficient and courteous manner in which they did their job.

Our responses are as follows:

Finding No. 1: School Administrator Evaluations and Related Performance Pay

The District will demonstrate compliance with State law by documenting evaluations for all school administrators based, in part, upon instructional leadership and how those evaluations impact school administrator performance salary adjustments. A new school administrator evaluation will be developed and submitted to the Calhoun County School Board and the Florida Department of Education for approval.

Finding No. 2: Fiscal Transparency

The District followed the guidance provided and will continue efforts to comply with statutory transparency requirements.

Finding No. 3: Prekindergarten Extended Day Program Fee Collections

The District has established Program procedures and will enhance such procedures to effectively promote accountability and safeguard fee collections.

Danny Ryals
District 1

Ray Howell
District 2

Clifford Newsome
District 3

Kenneth Speights
District 4

Danny Hassig
District 5

Finding No. 4: Information Technology Disaster Recovery Plan

The District will enhance the disaster recovery plan to identify critical data, processes, applications, and step-by-step procedures for recovery. In addition, the District will test the plan at least annually.

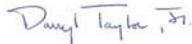
Finding No. 5: Information Technology Security Incident Response Plan

The District will timely and appropriately respond to events that may jeopardize the confidentiality, integrity, or availability of District data and IT resources, the District will continue efforts to develop and obtain Board approval of a comprehensive IT security incident response plan that includes procedures for:

- Notifying appropriate authorities when loss or damage to District data or IT resources has or may have occurred.
- Training critical response team members.
- Periodically reviewing critical system resources and documenting such reviews to ensure continued integrity.

Additionally, the District will document distribution of the Board-approved plan to each critical incident response team member and activities by team members to identify security incidents.

Sincerely,



Darryl Taylor, Jr
Superintendent
Calhoun County School District