

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2021-110
January 2021

**BRADFORD COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2019-20 fiscal year, Stacey Shuford Creighton served as Superintendent of the Bradford County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Sheila Fayson Cummings, Chair from 11-11-19	1
Gayle Shuford Nicula	2
Cheryl Godwin Canova, Chair through 11-10-19	3
Vivian O. Chappel	4
Erica Mains Reddish, Vice Chair	5

The team leader was Debra L. Hulse, CPA, and the audit was supervised by Denita K. Tyre, CPA.

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BRADFORD COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Bradford County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2018-029. Our operational audit disclosed the following:

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

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

Finding 3: District records did not evidence that the District used the State safe school allocation only for authorized purposes, resulting in questioned costs totaling \$48,580.

Finding 4: Required background screenings were not always performed for applicable instructional and noninstructional employees and contractor workers. A similar finding was noted in our report No. 2018-029.

Finding 5: Contrary to State law, the Board-adopted salary schedules for each of the 2017-18, 2018-19, and 2019-20 fiscal years did not base school administrator salary adjustments upon performance.

Finding 6: District procedures did not always ensure and document that insured participants and dependents in the District health insurance plan were eligible and verified or that the Board contribution amounts were consistent with Board policies.

Finding 7: District records did not evidence that the District used school capital outlay and debt service and ad valorem tax proceeds only for authorized purposes, resulting in questioned costs totaling \$591,149.

Finding 8: District procedures over tangible personal property need improvement.

Finding 9: As of June 2020, the District had not complied with State law by posting on its Web site the Board-approved budget for the 2019-20 fiscal year or all the required graphical representations of summary financial efficiency data and fiscal trend information.

BACKGROUND

The Bradford 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 Bradford County. The governing body of the District is the Bradford 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 nine elementary, middle, high, and specialized schools and reported 2,973 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: School Safety

State law¹ requires the Board to formulate and prescribe policies and procedures for emergency drills associated with active shooter and hostage situations, and the drills must be conducted at least as often as other emergency drills. Pursuant to the Florida Fire Prevention Code (Fire Code),² fire emergency drills must generally be conducted every month a facility is in session.

Board policies³ require the District to have procedures for emergency evacuation drills, including active shooter and hostage situations and fire drills, which shall be held in compliance with State requirements and formulated in consultation with the appropriate public safety agencies. To ensure prompt, safe, and orderly evacuations, each school principal is responsible for developing and posting emergency evacuation routes and procedures, and preparing and submitting a report of each emergency evacuation drill to the District office. However, District procedures did not require, and District personnel did not conduct, documented review and approval of the reports submitted to the District office to help ensure that emergency drills were conducted as required.

To determine whether, during the 2019-20 fiscal year, the District conducted the required emergency drills⁴ (7 active shooter and hostage situation emergency drills and 7 fire emergency drills) at each of the nine District elementary, middle, high, and specialized schools, we requested for examination support for all 126 (63 active shooter and hostage situation and 63 fire) emergency drills for all schools. We found that District records supported the required fire emergency drills for all schools and District personnel asserted that the active shooter and hostage situation drills were conducted; however, District records did not demonstrate that 22 (35 percent) of the 63 active shooter and hostage situation drills were conducted.

Absent effective procedures to ensure that monthly active shooter and hostage situation drills are conducted, along with procedures to document review and approval of the emergency drills, the District cannot demonstrate compliance with State law and the Fire Code or that appropriate measures have been taken to promote student and staff safety.

Recommendation: The District should maintain records to demonstrate compliance with the State school safety laws. Such efforts should include ensuring and documenting that required active shooter and hostage situation drills are conducted and that records supporting the results of all emergency drills are reviewed and approved.

Finding 2: School Resource Officers

Effective management for school resource officer (SRO) services on school premises ensures that the services were received consistent with the contract terms and related invoices before payment. For the

¹ Section 1006.07(4), Florida Statutes.

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

³ Board Policy 3.06, *Safe and Secure Schools*.

⁴ Due to the COVID-19 pandemic, students were present in school facilities from August 12, 2019, through March 13, 2020; requiring a minimum of 7 monthly drills to be performed during the period August 2019 through February 2020.

2019-20 fiscal year, the Board approved a contract totaling \$359,000⁵ with the Bradford County Sheriff's Office for SRO services at eight District schools.⁶

The contract required the Sheriff's Office to assign and station one SRO at each of the eight schools and for a full-time SRO supervisor and seven SRO deputies to provide those services. The services were to be equally billed on quarterly invoices provided by the Sheriff's Office if the position was staffed by August 1, 2019. If the position was not staffed, payment would be reduced in an amount equal to the non-staffed portion of the position. The contract also stipulated that SRO deputy work hours would total 40 hours per week at the assigned school and be set by the principal and SRO supervisor.

As part of our audit, we requested for examination District records supporting SRO services and related payments totaling \$179,500; however, District procedures did not require and District personnel did not document SRO arrival and departure times, either through the District's visitor management system⁷ or otherwise. Therefore, District records did not demonstrate that the SRO services received were consistent with the SRO contract and related invoices.

In response to our inquiry, District personnel indicated that they relied upon Sheriff's Office attendance procedures to ensure that the SROs provided services but, beginning in the 2020-21 fiscal year, would require an attendance log be prepared by the SRO and approved by respective principals. Absent established procedures for documenting verification of SRO services received, there is an increased risk that the services may not be received consistent with Board expectations, the District may overpay for such services, and any overpayments that occur may not be timely detected or recovered.

Recommendation: The District should establish procedures to ensure and document, prior to payment, that SRO services were received consistent with the contract terms and Sheriff's Office invoices. Such procedures could include verifications that SRO attendance logs demonstrate that SRO contract work hours were met before paying invoices for SRO services.

Finding 3: Safe School Allocation

General Appropriations Act⁸ proviso language allocated funds to each school district for safe school activities. Safe school funds⁹ are to be used by school districts to help them comply with State law,¹⁰ with priority given to establishing an SRO program.

For the 2019-20 fiscal year, the District's safe school expenditures totaled \$466,841. To determine the propriety of those expenditures, we examined District records supporting selected safe school expenditures totaling \$428,199. We found that expenditures totaling \$48,580 related to three paraprofessionals' salaries and benefits for the period August 2019 through April 2020;¹¹ although, according to District personnel, the paraprofessionals were not designated safe school paraprofessionals

⁵ During the COVID-19 pandemic-related shutdown, SROs continued to monitor schools to prevent vandalism and provided security at food and meal distribution sites, school-designated Internet sites, and for essential personnel who continued to work.

⁶ The ninth District school employs a deputy sheriff as an instructor who also serves as the school's safety officer.

⁷ The District's electronic visitor management system is used to record information about school visitors, including visitor arrival and departure times.

⁸ Chapter 2019-115, Laws of Florida, Specific Appropriations 6 and 93.

⁹ Section 1011.62(15), Florida Statutes.

¹⁰ Sections 1006.07 through 1006.12, Florida Statutes.

¹¹ Beginning May 2020, the three paraprofessionals' salaries and benefits were paid from unrestricted general fund sources.

and performed duties unrelated to maintaining safe schools. District personnel indicated that the expenditures for the paraprofessionals' salaries and benefits using safe school funds occurred due to oversights but were not restored to the safe school funding source.

Without adequate controls to ensure that safe school funds are used only for authorized purposes, the risk is increased that the District will violate the statutory restrictions governing the use of the proceeds and underfund the SRO program.

Recommendation: The District should enhance procedures to ensure that safe school funds are used only for authorized purposes. In addition, the District should restore the \$48,580 to the safe school program or provide documentation to the Florida Department of Education (FDOE) supporting the allowability of those costs.

Finding 4: Background Screenings

State law¹² and Board policies¹³ require that each person hired or contracted to serve in an instructional or noninstructional capacity who is permitted access on school grounds when students are present or who has direct contact with students must undergo a level 2 background screening¹⁴ at least once every 5 years. State law¹⁵ and Board policies¹⁶ also provide that noninstructional contractors may be exempt from the background screening requirements if the contractors are under the direct supervision of a school district employee or contractor who has had a criminal history check and meets the statutory background screening requirements. For noninstructional contractors, State law¹⁷ requires the District to verify the results of the contractor's background screening using the shared system implemented by the Florida Department of Law Enforcement (FDLE).

According to District personnel, the Human Resource (HR) Department is responsible for ensuring that employees who have access to school grounds undergo required background screenings at least once every 5 years. The HR Department generates a report monthly of all employees screened within the last 5 years and the District identifies the employees who are no longer active and need to be removed from the screening process. District personnel in the schools and departments are required to send contractor workers to HR to be fingerprinted and have a background screening conducted before services can be performed. The District typically issues a District badge to contractor workers, unless the contractor worker was already fingerprinted in another Florida school district and issued a Florida Public School Contractors' badge that includes the contractor's picture and badge expiration date. According to District personnel, although the Accounts Payable Department maintains the list of contracted workers who have been screened, the District did not maintain a comprehensive list of contractor workers to monitor background screenings.

¹² Sections 1012.32, 1012.465, 1012.467, and 1012.56(10), Florida Statutes.

¹³ Board Policy 6.103, *Appointment or Employment Requirements*, and 3.25, *Background Screening for Contractors*.

¹⁴ A level 2 background screening includes fingerprinting for Statewide criminal history records checks through the FDLE and national criminal history records checks through the Federal Bureau of Investigation.

¹⁵ Section 1012.468(2)(a)1., Florida Statutes.

¹⁶ Board Policy 3.25, *Background Screening for Contractors*.

¹⁷ Section 1012.467(2)(f) and (7)(a), Florida Statutes.

During the 2019-20 fiscal year, the District employed 527 instructional and 209 noninstructional personnel. The District list of contractor workers maintained by the Accounts Payable Department included 28 noninstructional workers who were not exempt from background screening requirements and were permitted access to school grounds when students were present or had direct contact with students. To determine whether required background screenings were performed, we requested for examination District records supporting the screenings of 30 selected employees and 5 selected contractor workers. We found that District records did not always evidence that required screenings had been performed. Specifically:

- 1 noninstructional contractor worker performed District services from August 2019 through March 2020 without the required screening. Subsequent to our inquiry in July 2020, the screening was performed and no inappropriate background was noted. We expanded our examination of District records and identified 3 additional contractors with 7 noninstructional contractor workers who should have obtained background screenings. District records were provided to evidence the required background screening for 1 of the noninstructional contractor workers and, subsequent to our inquiry, the District obtained from the contractors the required screenings for the other 6 noninstructional contractor workers. No inappropriate backgrounds were noted for the 7 noninstructional contractor workers.
- Background screenings had not been performed at least once in the past 5 years for 2 instructional employees and 3 noninstructional employees. Three of the 5 employees had separated from District employment at the time of our inquiry; however, upon their employment separation dates, 14 to 22 months had elapsed since the required screening dates or an average of 19 months. As of July 2020, 29 and 18 months had passed since the required 5-year period had elapsed for the 2 active employees. Subsequent to our inquiry, in September 2020 District personnel performed background screenings for the 2 employees and no unsuitable backgrounds were noted.

In response to our inquiry, District personnel indicated that, due to personnel changes, procedures had not been established to require maintenance of a comprehensive list of contractor workers for use in monitoring that background screenings are obtained and evaluated at least once every 5 years. District personnel also indicated that a mechanism was not in place to ensure that District employees undergo a background screening at least once every 5 years.

Absent effective controls to ensure that required background screenings are timely performed, there is an increased risk that individuals with unsuitable backgrounds may be allowed access to students. A similar finding was noted in our report No. 2019-029.

Recommendation: The District should take action to identify District employees and contractor workers who have not obtained the required background screenings, ensure the screenings are promptly obtained and evaluated, and make decisions, as necessary, based on the results of the screening evaluations. The District should also establish procedures to appropriately monitor background screening due dates and ensure that applicable employees and contractor workers obtain the required background screenings at least once every 5 years. To help monitor and ensure that required background screenings are performed at least once every 5 years, we recommend that the District establish a comprehensive, up-to-date list of contractor workers subject to background screenings.

Finding 5: Performance Salary Schedule

State law¹⁸ requires the Board to adopt performance salary schedules that provide annual salary adjustments for school administrators based upon performance determined under State law.¹⁹ Our examination of District records disclosed that the Board-adopted school administrator salary schedules for each of the 2017-18, 2018-19, and 2019-20 fiscal years were based upon administrator years' experience and qualifications; however, contrary to State law, the salary schedules did not base school administrator salary adjustments upon performance. Table 1 shows the number of school administrator positions compensated and the total compensation for those positions for the 2017-18 through 2019-20 fiscal years.

Table 1
Number of School Administrator Positions and Related Compensation
For the 2017-18 Through 2019-20 Fiscal Years

Source	2017-18	2018-19	2019-20
Number of School Administrator Positions Compensated	15	15	15
Total School Administrators' Salary Compensation (in Millions)	\$1.08	\$1.09	\$1.03

Source: District records.

In response to our inquiries, District personnel indicated that the Board-adopted salary schedules lacked the required salary adjustments because they did not realize the State law applied to school administrators.

Without providing school administrator salary adjustments based upon performance, the District cannot demonstrate compliance with State law and there is an increased risk that school administrators whose performance exceeds management's expectations will not be properly recognized and compensated.

Recommendation: The Board should comply with State law by adopting performance salary schedules that provide annual salary adjustments for school administrators based upon performance determined under State law.

Finding 6: Health Insurance

Pursuant to State law²⁰ and Board-adopted collective bargaining agreements for the 2019-20 fiscal year, the District provided a comprehensive group health and hospitalization insurance plan for applicable employees, retirees, and dependents.²¹ For that fiscal year, the District paid the health insurance provider \$2.7 million for the 187 employees and retirees enrolled in the participant-only plans and 89 employees and retirees enrolled in participant-plus-dependents plans according to March 2020 census data.

For the 2019-20 fiscal year, the District contributed a minimum of \$4,872 and a maximum of \$9,120 toward the annual health insurance premiums for each of the participating employees, with the

¹⁸ Section 1012.22(1)(c)5., Florida Statutes.

¹⁹ Pursuant to Section 1012.34(3)(a)1. and 3., Florida Statutes, school administrator performance must be measured based upon student performance and instructional leadership.

²⁰ Section 112.0801, Florida Statutes.

²¹ Eligible dependents include spouses and qualifying children.

participating employees paying the premium balance through payroll deductions. To ensure that only eligible employees or retirees are allowed to participate in the District health insurance plan at appropriate rates, it is important for the District to periodically reconcile the plan participants and amounts listed on the health insurance billings and related records to District payroll records and retiree contributions and promptly remove ineligible individuals from participation. In addition, to ensure that only eligible dependents participate in the plan, District procedures to obtain and verify documentation supporting dependent initial and continued eligibility are necessary.

Employees, retirees, and their dependents may be enrolled to participate in the District plan upon initial employment, during open enrollment periods, and for qualifying life events such as marriages and births or adoptions of dependents. Plan participants should also be removed from plan participation upon retirement, as applicable, or separation from District employment. According to District personnel, in April 2015, the District conducted a comprehensive eligibility verification of dependent health insurance participants and, since that date, appropriate evidence such as marriage and birth certificates have been required to enroll dependents in the plan. However, the District had not established procedures to, and District personnel did not, conduct and document periodic verifications to otherwise ensure that dependents of health insurance plan participants continue to be eligible for plan services after their initial enrollment or periodic reconciliations of District payroll records to Board contributions and employee deductions to the health insurance billings.

As part of our audit, in July 2020 we requested for examination District records to support District verifications of the eligibility of 71 selected dependents, including 51 children and 20 spouses, enrolled in the District health insurance plan as of March 2020. However, although we requested, records evidencing District actions to verify either the initial or current eligibility for 4 of the 71 dependents were not provided.

We also compared District records to health insurance provider invoices for the 259 District employees who participated in the insurance plan as of March 2020. We found that the District paid \$78,048 for the employee and employer portion of the health insurance premium for 11 individuals who were not eligible for the benefits. The 11 individuals we identified included 7 employees who separated from employment (from 4 to 8 months prior); 3 employees who canceled their coverage (1 to 8 months prior); and 1 temporary employee not eligible for health insurance. In addition, we noted 2 other employees who underpaid their share of the annual premiums by \$5,528 because the District entered the wrong deduction code.

In response to our inquiries, District personnel indicated that staff turnover and changes in records management processes may have resulted in missing documentation. Absent documented dependent eligibility verifications, prompt removal of ineligible plan participants from the plan, and periodic reconciliations of District payroll records to health insurance billings, there is an increased risk that individuals receiving insurance benefits may not be eligible for those benefits, increasing health insurance premium costs paid by the District, District employees, and the District's participating retirees.

Recommendation: The District should:

- **Strengthen procedures by verifying and maintaining documentation supporting the initial eligibility of dependents enrolled in the District health insurance plan.**

- **Establish documented, periodic verification procedures to verify that employee, retiree, and dependent participants in the plan continue to be eligible.**
- **Establish procedures, such as periodic reconciliations of payroll records to health insurance billings, to ensure that Board contributions toward health insurance premium payments are for eligible participants and that the contributions and employee-paid premiums are consistent with the Board-approved amounts. When District procedures identify ineligible plan participants, the District should promptly notify the provider to remove the individuals from plan participation.**

Finding 7: Restricted Capital Outlay Resources

To fund capital expenditures, the State Constitution²² provides for the allocation of Capital Outlay and Debt Service funds, derived from motor vehicle license revenue, to the Board and State law²³ authorizes the Board to levy ad valorem taxes within specified millage rates. While these license and tax proceeds are available for District use, the FDOE and State law limits use of the proceeds to specific purposes.

Capital Outlay and Debt Service (CO&DS) Funds. According to FDOE requirements,²⁴ the proceeds of CO&DS funds are to be expended only for the costs of projects designated in a project priority list (PPL) approved by the Board and subsequently approved by the State Board of Education (SBE). If the Board must add new projects, the PPL may be amended; however, the SBE must approve the amended PPL before the Board may use CO&DS funds for the new projects. The District's last approved PPL was for the 2016-17 fiscal year and listed the new PK-7 Project and removal of buildings at Brooker Elementary School and Bradford Middle School.

The District accounts for CO&DS proceeds and related expenditures in the Capital Projects – CO&DS Fund (CO&DS Fund) and, for the 2019-20 fiscal year, CO&DS Fund expenditures totaled \$406,065. However, our examination of District records supporting those expenditures disclosed expenditures totaling \$405,950 that were not listed on the PPL and, therefore, represent questioned costs. The costs were for remodeling and plumbing projects at Bradford High School; covered sidewalk awnings at Brooker Elementary School; and maintenance, electrical, fencing, and HVAC projects Countywide. In response to our inquiry, District personnel indicated that they were unaware that they could modify the PPL and that District procedures had not been established to verify that projects were on the PPL before CO&DS funds are used for the projects. Without effective procedures for monitoring use of CO&DS funds, there is an increased risk that the funds may be used for unauthorized purposes.

Ad Valorem Tax Proceeds. State law²⁵ 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; and maintenance, renovation, and repair of existing school plants. Also, State law²⁶ provides a definition of maintenance and repair that specifically excludes custodial and groundskeeping functions.

²² Article XII, Section 9(d) of the State Constitution.

²³ Section 1011.71(2), Florida Statutes.

²⁴ FDOE, Office of Educational Facilities, publication (2014) *State Requirements for Educational Facilities*, Section 2.1(5).

²⁵ Section 1011.71, Florida Statutes.

²⁶ Section 1013.01(12), Florida Statutes.

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 had LCI Fund expenditures totaling \$1.4 million and transfers totaling \$231,220. To determine the propriety of District uses of ad valorem tax levy proceeds, we examined District records supporting selected LCI Fund expenditures totaling \$822,300 and all transfers. We noted expenditures totaling \$185,199 for Starke Elementary School custodial services that represent questioned costs since the services did not comply with the statutory restrictions for ad valorem tax levy use.

In response to our inquiries, District personnel indicated the expenditures were for mold prevention at the elementary school. Notwithstanding, District records provided for our review made no mention of mold prevention and the bid, contract, and invoices supporting the services indicated that the expenditures were for weekly custodial cleaning services.

Without an appropriate understanding of the restrictions on the use of CO&DS and ad valorem tax levy proceeds, and adequate procedures to ensure the restrictions are properly observed, there is an increased risk that the District will use the proceeds for purposes other than those authorized by the FDOE and State law.

Recommendation: The District should:

- **Establish procedures to ensure that CO&DS funds and ad valorem tax proceeds are only used for authorized purposes. Such procedures should include training so District personnel appropriately understand and observe the restrictions associated with such use and maintain documentation to support that use.**
- **Provide documentation to the FDOE supporting the allowability of CO&DS funds use totaling \$405,950 for various projects not on the PPL and ad valorem tax levy proceeds use totaling \$185,199 for custodial services or restore the appropriate amounts to the CO&DS and LCI Funds.**

Finding 8: Tangible Personal Property

State law²⁷ and Department of Financial Services (DFS) rules²⁸ require the District to maintain adequate records of property,²⁹ and to ensure that a complete physical inventory of all property is taken annually and whenever there is a change of custodian. Upon completion of a physical inventory, the inventory results are to be compared with the individual property record and any noted differences are to be investigated and corrected. Any property items not located must be promptly reported to the property custodian to cause a thorough investigation to be made. If the investigation determines that an item was stolen, the District is required to file a report with the appropriate law enforcement agency describing the missing item and the circumstances surrounding its disappearance. State law³⁰ also requires authority for the disposal of property be recorded in the minutes of Board meetings.

²⁷ Section 274.02, Florida Statutes.

²⁸ DFS Rules, Chapter 69I-73, Florida Administrative Code.

²⁹ Property is defined in Section 274.02(1), Florida Statutes, as fixtures and other tangible personal property of a nonconsumable nature.

³⁰ Section 274.07, Florida Statutes.

Board policies³¹ similarly require that an inventory of all property be conducted annually. Each principal or designee must designate a person to make an annual inventory of property, file the inventory report with the District Office, and recommend the disposition of obsolete and surplus equipment. The Superintendent must report to the Board any property that has been lost or stolen if recovery is not made by the next regular Board meeting after the discovery of the loss or theft. The principal or designee is also responsible for notifying the proper law enforcement agency if property is believed to have been stolen and notifying the District office and Superintendent for property that has been vandalized, stolen, or lost.

At June 30, 2020, the District reported tangible personal property totaling \$7.8 million, including furniture, fixtures, and equipment, and motor vehicles. During the 2019-20 fiscal year, District personnel performed annual physical inventories at 14 departments and 9 schools. We examined the inventory records and noted several items without an inventory date; however, although we requested, District records were not provided to identify any items noted as missing during the physical inventory and District personnel could not explain whether the inventory records were incorrect or the items were missing, declared obsolete, or surplused. Consequently, District records did not evidence the conduct of a thorough investigation to locate missing property items, any adjustments to the property records based on the inventory results, or any reports filed with appropriate law enforcement agencies for missing items determined to be stolen.

In addition, during the 2019-20 fiscal year, the District removed 437 items with recorded acquisition costs totaling \$835,516 from the property records. To evaluate whether the Board authorized the items for disposal pursuant to State law, we requested for examination District records supporting 11 selected items with recorded acquisition costs totaling \$411,000. We found that the District did not provide for Board authorization 5 items with recorded acquisition costs totaling \$40,195. In response to our inquiry, District personnel indicated that records were not available due to staff turnover and lack of training.

Absent effective annual physical inventory procedures and Board authorization for property disposals, the District cannot demonstrate compliance with State law and DFS rules, accountability over property is diminished, and there is an increased risk that any loss or theft of District property will not be timely detected, reported to the appropriate parties, or correctly reflected in District property and accounting records.

Recommendation: The District should enhance procedures to provide for proper accountability for District property items. Such procedures should include a complete and documented physical inventory of property each year with thorough investigation of items not located during the physical inventory. Items determined stolen should be promptly reported to the appropriate law enforcement agency and to the Board for appropriate disposition. In addition, the District should ensure that Board authorization is obtained before items are removed from the property records.

Finding 9: 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,³² the

³¹ Board Policy 7.08, *Inventories and Property Records* and Board Policy 7.11, *Lost or Stolen Property*.

³² Section 1011.035(2), Florida Statutes.

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.

The District Web site must also include a link to the Web-based fiscal transparency tool developed by the FDOE pursuant to State law³³ 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 June 2020, the proposed and tentative budgets for the 2019-20 fiscal year were displayed on the District Web site; however, the District had not posted the official budget for that fiscal year, the required graphical representations, or the link to the Web-based fiscal transparency tool developed by the FDOE. In response to our inquiry, District personnel indicated that the official budget, the link to the Web-based fiscal transparency tool, and the graphical representations were not posted due to management oversight.

Subsequent to our inquiry, in June 2020 the District posted to their Web site the official budget for the 2019-20 fiscal year; in September 2020 the required graphical representations; and in October 2020 a link to the Web-based fiscal transparency tool. Providing the approved budget and required transparency information on the District Web site in a timely manner enhances citizen involvement and the ability to analyze, monitor, and evaluate budget outcomes.

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

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for applicable findings included in our report No. 2018-029, except that Finding 4 was also noted in that report as Finding 1.

³³ Section 1010.20, Florida Statutes.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

We conducted this operational audit from March 2020 to 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; public meetings and communications; school safety; compensation, construction, and other expenses; and other processes and administrative activities. For those areas, our audit objectives were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for applicable findings included in our report No. 2018-029.
- 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)³⁴ 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.

³⁴ 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 components of internal control and underlying principles were significant to our audit objectives.

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

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

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

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

In conducting our audit, we:

- Reviewed applicable laws, rules, District policies and procedures, and other guidelines, and interviewed District personnel to obtain an understanding of applicable District 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 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 District records for:
 - The 13 roles that allowed update access privileges to selected critical finance application functions resulting in the review of the appropriateness of access privileges granted for 43 accounts.
 - The 7 roles that allowed update access privileges to selected critical HR application functions resulting in the review of the appropriateness of access privileges granted for 5 accounts.
 - The 3 users who had security access to the District application systems, datasets, and programs for the finance and HR applications.
- Reviewed District procedures to prohibit former employee access to electronic data files. We also reviewed selected user access privileges for all 67 employees who separated from District employment during the period July 2019 through April 2020 to determine whether the access privileges had been timely deactivated.
- Evaluated Board security policies and District procedures governing the classification, management, and protection of sensitive and confidential information.
- Determined whether a comprehensive IT disaster recovery plan was in place, designed properly, operating effectively, and had been recently tested.
- 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.

- From the population of expenditures totaling \$2.1 million and transfers totaling \$231,220 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 \$1.5 million and \$231,220, 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.
- Analyzed workforce education program funds expenditures totaling \$945,608 for the period July 2019 through May 2020 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 58 industry certifications eligible for performance funding during the audit period, examined 22 selected certifications to determine whether the District maintained documentation for student attainment of the industry certifications.
- From the population of 4,762 contact hours for 49 adult general education instructional students for the Fall 2019 Semester, examined District records supporting 2,328 reported contact hours for 22 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 the District's 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.
- From the population of District-recorded tangible personal property (TPP) items purchased with recorded costs totaling \$742,921 at June 30, 2020, selected and inspected eight property items with recorded costs totaling \$546,572 to determine whether the District had appropriately marked the items as District property with an assigned identification number.
- From the population of 437 property disposals totaling \$835,516, examined District records supporting 11 selected disposals totaling \$411,292 to determine whether the disposals were accomplished in the manner prescribed by law, SBE rules, and Board policies, and any proceeds were correctly collected, deposited, and recorded.
- Examined documentation supporting the District's annual TPP physical inventory process to determine whether the inventory results were reconciled to the property records, appropriate follow-up and corrections were made for any noted differences, and law enforcement was promptly notified for any items that could not be located and were considered stolen.
- From the population of payroll deductions and contribution remittances totaling \$12 million, examined District records supporting 47 selected payroll deductions and contribution remittances totaling \$6.8 million to determine whether amounts were promptly remitted to the appropriate agency.
- From the population of 15 school administrators compensated a total of \$1.1 million during the 2018-19 fiscal year, examined documentation for 5 selected administrators who were paid a total of \$368,967 to determine whether the District had developed adequate performance assessment procedures for school administrators based on student performance and other criteria in accordance with Section 1012.34(3), Florida Statutes, and determined whether a portion of compensation during the audit period 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 30 employees and 12 contractor workers selected from the population of 736 employees and 35 contractor workers to assess whether individuals who had direct contact with students were subjected to the required fingerprinting and background screening.
- Examined District records for the audit period to determine whether the District's career center had informed students and employees at orientation and on its Web site of the Florida Department of Law Enforcement sexual predator registry Web site and the toll-free telephone number that gives access to sexual predator and sexual offender public information, as required by Section 1006.695, 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 the sufficiency of those policies and procedures to ensure compliance with Section 1001.42(6), Florida Statutes.
- Examined District records to determine whether the District complied with the SBE Rule 6A-1.094121, Florida Administrative Code, for student mental health education.
- 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.
- Examined copies of the most recent annual fire safety, casualty safety, and sanitation inspection reports. From the 11 inspection reports, we selected 21 of 62 noted deficiencies, and examined documentation to determine whether timely action was taken to correct the deficiencies.
- Examined District records to determine whether the Board had adopted appropriate school safety policies and the District implemented procedures to ensure the health, safety, and welfare of students and compliance with Sections 1006.07, 1006.12, 1006.13, 1011.62(15) and (16), and 1012.584, 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, 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, including the determination of maintenance department staffing needs. We also determined whether such procedures included consideration of appropriate factors and performance measures that were supported by factual information.
- 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 non-compensation expenditures totaling \$11.4 million for the period July 2019 through March 2020, we examined documentation relating to 32 payments for general expenditures totaling \$202,504.

- From the population of expenditures for 118 contracted services totaling \$1.7 million during the period July 2019 through March 2020, examined supporting documentation, including the contract documents, for 15 selected payments totaling \$409,031 related to 15 contracts and an additional May 2020 payment totaling \$89,750 for another contract 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 documented satisfactory receipt of deliverables before payments were made.
 - The payments complied with contract provisions.
- From the population of Safe Schools and Mental Health allocation expenditures totaling \$620,088 (including \$466,841 for Safe Schools allocation expenditures) during the audit period, examined supporting documentation for 11 selected payments totaling \$579,800 to determine District compliance with the restrictions imposed on the use of these resources.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

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



BRADFORD COUNTY SCHOOL DISTRICT

Will Clayton Hartley, Superintendent

501 W. WASHINGTON STREET • STARKE, FL 32091 • 904.966.6018

January 15, 2021

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

The following is Bradford County School District's response to the preliminary and tentative audit findings and recommendations for the fiscal year ended June 30, 2020. This response is being done pursuant to Section 11.45(4)(d), Florida Statutes which requires a written statement of explanation concerning all of the audit findings, as well as our actual or proposed corrective action.

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

The Bradford County School District strives to achieve compliance of all laws and regulations, especially pertaining to school safety. The law which contains language, "as often as other drills" is very ambiguous and difficult to determine whether there must be the same number of hostage, active shooter, etc. combined or separate. We will seek clarification from DOE. We can say without doubt, that each school conducted safety drills during each month that school was in session. Many times, these drills were combined with fire drills, and shelter in place drills often led to lockdown drills. Moreover, the district conducts drills in collaboration with local law enforcement, fire and rescue.

We apologize for a lack of detailed record keeping on this matter and plan to strive to do a better job at the district level in maintaining said records. New objectives for documentation of safety drills will include:

1. Monthly checkups on drills by the school safety specialist
2. More collaboration with local law enforcement to support these drills
3. Efforts to document each drill as a separate task
4. Signatures of certification by principals that drills have been performed

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

The District will establish procedures to ensure that invoices paid to the Sheriff's Office are properly supported and verify services were provided in accordance with the contract.

Sheila Cummings, District 1 • Gayle Nicula District 2
Cheryl Canova, District 3 • Candace Osteen, District 4 • Erica Reddish, District 5
www.BradfordSchools.org

Finding 3: District records did not evidence that the District used the State safe school allocation only for authorized purposes, resulting in questioned costs totaling \$48,580.

The District will enhance procedures to ensure that safe school funds are used for authorized purposes. The District will restore the \$48,580 to the Safe Schools Program.

Finding 4: Required background screenings were not always performed for applicable instructional and noninstructional employees and contractor workers. A similar finding was noted in our report No. 2018-029.

The district has followed the recommendations made as a result of recent audit findings. A comprehensive list of approved vendors/contractors has been made. This list is shared by each cost center and is to be updated as new vendors are approved by Human Resources or requested by the cost center.

Secondly, a complete audit of all instructional and noninstructional personnel has been completed, as it relates to background screenings. A new feature on our employee management system has been activated in order to maintain an accurate dating of each employee's screening date. A monthly report is pulled which identifies employees in need of updated screenings. This screening process is completed and updated monthly.

Finding 5: Contrary to State law, the Board-adopted salary schedules for each of the 2017-18, 2018-19, and 2019-20 fiscal years did not base school administrator salary adjustments upon performance.

The District will comply with State law by adopting performance salary schedules that provide annual salary adjustment for Administrators based on performance. We are currently in negotiations and will address during the 2021 2022 year.

Finding 6: District procedures did not always ensure and document that insured participants and dependents in the District health insurance plan were eligible and verified or that the Board contribution amounts were consistent with Board policies.

The District will establish procedures to ensure that participants in our health insurance program are eligible. Perform periodic reconciliations of payroll records to health insurance billings.

Finding 7: District records did not evidence that the District used school capital outlay and debt service and ad valorem tax proceeds only for authorized purposes, resulting in questioned costs totaling \$591,149.

DOE is aware of the projects in question. The District has been working closely with DOE to modify our PPL to include the questioned costs. This process started during fiscal year 2020. The District will enhance the custodial services contract to clearly address black mold remediation. The contractor will also note on invoices tasks performed to remediate black mold.

Finding 8: District procedures over tangible personal property need improvement.

The District will enhance procedures to provide accountability of District property items. The procedures will include a complete listing of items to be verified. The listing will note items verified and will investigate items that are not.. Items lost or stolen will be reported to the law enforcement and reported to the Board before items are removed from property records.

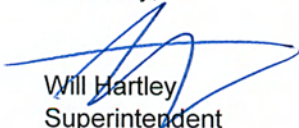
Finding 9: As of June 2020, the District had not complied with State law by posting on its Web site the Board-approved budget for the 2019-20 fiscal year or all the required graphical representations of summary financial efficiency data and fiscal trend information.

The District will comply with the statutory requirements relating to documents being posted to web site in a timely manner. The Fiscal Transparency information is now posted to the **BradfordSchools.org/ Departments / Finance** page at <https://www.bradfordschools.org/finance>.

We would like to thank the Auditor General for the consideration that was given to Bradford County during this year's audit. We would also like to complement the staff of the Auditor General for their helpfulness and technical advice.

If you have any questions about our responses, please feel free to contact John Valinski, our Finance Director, at (904) 966-6025.

Sincerely,



Will Hartley
Superintendent
Bradford County Schools