

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2021-125
February 2021

**MARION COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2019-20 fiscal year, Dr. Heidi Maier served as Superintendent of the Marion County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Nancy Stacy	1
Beth McCall	2
Eric Cummings, Chair from 11-19-19, Vice Chair through 11-18-19	3
Nancy Thrower, Vice Chair from 11-19-19	4
Kelly King, Chair through 11-18-19	5

The team leader was John Davisson, CPA, and the audit was supervised by Denita K. Tyre, 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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MARION COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Marion County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2018-184. Our operational audit disclosed the following:

Finding 1: The District did not verify, upon an employee's initial employment or during open enrollment periods, the eligibility of employee and retiree dependents enrolled into the District health insurance plan. In addition, the District had not established procedures to document periodic verifications to ensure that dependent participants in the plan remain eligible.

Finding 2: The District made a severance payment that exceeded the limit established in State law by \$132,163.79.

Finding 3: 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 4: As similarly noted in our report No. 2018-184, some unnecessary information technology user access privileges existed that increased the risk for unauthorized disclosure of sensitive personal information of students to occur.

BACKGROUND

The Marion 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 Marion County. The governing body of the District is the Marion 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 49 elementary, middle, high, and specialized schools; sponsored 4 charter schools; and reported 43,208 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Health Insurance Plan Dependent Eligibility

For the 2019-20 fiscal year, the District contracted with a commercial insurance carrier to provide health insurance for District employees and their dependents and contributed \$38,161,405 toward health insurance premium costs. As of June 30, 2020, the District health insurance plan insured 5,404 employees, 284 retirees,¹ and 2,051 dependents. Eligible dependents include spouses, qualifying

¹ Pursuant to Section 112.0801, Florida Statutes, retirees who elect to continue participation in the District's health insurance plan pay a premium cost of no more than the premium cost applicable to active employees.

children, and qualifying grandchildren if under the legal custody of the employee or retiree. To ensure that only eligible dependents participate in the District health insurance plan, procedures to obtain and verify documentation supporting dependent eligibility are necessary.

According to District personnel, to enroll in the District health insurance plan, employees and retirees are required to complete a benefit enrollment application, which identifies insurable dependents and is to be completed when an individual is hired, during open enrollment periods, or after a qualifying life event such as marriage, birth, or adoption. District personnel also indicated that they reconcile health insurance billings to payroll records to verify the accuracy of the health insurance costs for District employees. When an employee or retiree makes a change to add a dependent beyond the open enrollment periods due to a qualifying life event, the District Benefits Department requires documentation evidencing dependent eligibility. However, District personnel indicated that, upon an employee's initial employment and during open enrollment periods, the District did not require employees and retirees to provide documentation evidencing their dependents' eligibility as the health insurance provider did not require that documentation.

During the 2016-17 fiscal year, the District contracted with a third-party to perform a dependent eligibility audit for 100 percent of the dependents enrolled in the District health insurance plan. In March 2017, the results of the audit report disclosed that 1,800 of 1,899 dependents were eligible and recommended that the District verify dependents upon initial application for coverage and perform periodic eligibility audits of dependents to limit risk and exposure. However, according to District personnel, the District had not established procedures to require, upon an employee's initial employment, dependent eligibility verification such as an examination of birth and marriage certificates for child and spouse dependents. Further, District procedures had not been established to document periodic verifications to ensure that dependents of District health insurance plan participants continue to be eligible for plan services.

In response to our inquiries, District personnel indicated that a dependent eligibility audit was planned for the 2019-20 fiscal year and every 3 years thereafter. However, the 2019-20 fiscal year audit was not conducted as the Board approved a self-funded insurance plan beginning January 1, 2021, and new procedures are to be conducted to verify dependent eligibility at initial employment and during future periodic audits. Subsequent to our inquiries, for the 2021 open enrollment period which began October 19, 2020, the District required documentation to verify dependent eligibility when employees and retirees add dependents to their health insurance coverage.

Without dependent eligibility verification procedures upon employment and during open enrollment periods, as well as after a qualifying life event, there is an increased risk that the dependents receiving insurance benefits may not be eligible for those benefits. In addition, claims for ineligible dependents could result in increases in future health insurance premium costs paid by the District, District employees, and the District's participating retirees.

Recommendation: The District should continue efforts to require and ensure, that District personnel verify applicable documentation, such as birth or marriage certificates, to support dependent eligibility whenever employee or retiree dependents are enrolled into the District health insurance plan. The District should also establish periodic procedures to verify and document that dependent participants in the plan continue to be eligible.

Finding 2: Severance Payments

State law² provides for severance pay if such pay represents the settlement of an employment dispute and the amount does not exceed 6 weeks of compensation. Severance pay is defined as salary, benefits, or perquisites for employment services yet to be rendered that are provided to an employee who has recently been or is about to be terminated.

In November 2018, the voters of Marion County passed a referendum that, effective November 2020, changed the elected superintendent position to an appointed position. According to District personnel, to facilitate a timely transfer of duties to a newly appointed superintendent before the 2020-21 school year began rather than when the elected Superintendent's term ended, the Board reached a settlement agreement with the elected Superintendent serving at the time. As part of the agreement, the Superintendent agreed to resign effective June 30, 2020, and be reemployed from July 1, 2020, through July 3, 2020, at a pro-rated net weekly rate of \$5,538. In addition, the Board agreed to pay the Superintendent a net lump sum payment of \$110,760 (\$149,880.17 gross).³

For the 2019-20 fiscal year, the Superintendent received compensation totaling \$153,542 (\$2,952.73 weekly). Then, on July 3, 2020, the District paid the former Superintendent \$3,322.80 for the 3 days worked and the gross lump sum payment totaling \$149,880.17, which exceeded the 6-week statutory limit for settling employment disputes by \$132,163.79.

In response to our inquiries, District personnel indicated that the settlement agreement was not a termination agreement but was predicated on, and settled, the Superintendent's two lawsuits against the Board and the Board's cross claim filed against the Superintendent. The District believed that this was a valid public purpose to settle and resolve all actual and potential differences and disputes, save unnecessary distraction to the community and the District, and save litigation expenses. Notwithstanding, the lump sum payment was to settle employment disputes and was provided to an employee whose employment had recently been terminated. Therefore, as the payment exceeded the statutory severance pay limit, the payment appears contrary to State law.

Recommendation: The Board should ensure that any severance pay provisions in future employment and settlement agreements are consistent with State law and that severance payments do not exceed the amounts established in State law.

Finding 3: Fiscal Transparency

To promote responsible spending, more citizen involvement, and improved accountability, it is important for the District to provide easy access to its budget and related information. Pursuant to State law,⁴ the District must post on its Web site a plain language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public.

In addition, effective July 1, 2019, the information posted on the District Web site must include graphical representations, for each public school within the District and for the District, of summary financial

² Section 215.425(4)(b), Florida Statutes.

³ The payment was based on the weekly rate of \$5,538, effective July 1, 2020, for 20 weeks.

⁴ Section 1011.035(2), Florida Statutes.

efficiency data and fiscal trend information for the previous 3 years. Specifically, the District Web site must show the:

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

The District Web site must also include a link to the Web-based fiscal transparency tool developed by the Florida Department of Education (FDOE) pursuant to State law⁵ to enable taxpayers to evaluate the financial efficiency of the school district and compare the financial efficiency of the school district with other similarly situated school districts. 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 May 2020, the District had posted the proposed, tentative, and official budgets for the 2019-20 fiscal year on its Web site; however, the Web site lacked the graphical representations and a link to the Web-based fiscal transparency tool developed by the FDOE. In response to our inquiry, District personnel indicated that, as of that date, they were working to create the graphical representations with a contractor and had not posted the graphical representations due to data inconsistencies.

Subsequent to our inquiry, in August 2020 the District posted the links to the graphical representations and the FDOE-developed Web-based fiscal transparency tool on the District Web site. Providing the 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.

Finding 4: Information Technology User Access Privileges - Sensitive Personal Information

The Legislature has recognized in State law⁶ that social security numbers (SSNs) can be used to acquire sensitive personal information, the release of which could result in fraud against individuals or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining the confidential status of such information. Effective controls restrict individuals from accessing information unnecessary for their assigned duties and provide for documented, periodic evaluations of information technology (IT) user access privileges to help prevent individuals from accessing sensitive personal information inconsistent with their duties. Board policies⁷ allow designated District school personnel access to student records to perform administrative, supervisory, or instructional responsibilities that serve a legitimate educational purpose in accordance with State and Federal laws

⁵ Section 1010.20, Florida Statutes.

⁶ Section 119.071(5)(a), Florida Statutes.

⁷ Board Policies 5.70, *Student Records* and 8.601, *Technology Acceptable Use*.

and State Board of Education rules, and District employees are required to certify that they will comply with these requirements.

The District enterprise resource planning (ERP) software provides for student records data processing and the District maintains current and former student information, including SSNs, in the District MIS within the ERP. Student SSNs are included in the student records maintained within the District MIS to, for example, register newly enrolled students and transmit information to the FDOE through a secure-file procedure and provide student transcripts to colleges, universities, and potential employers based on student-authorized requests. The District uses a separate MIS for current and former Marion Technical College (MTC) student information, including MTC student SSNs.

As of November 2020, the District MIS contained SSNs for 189,061 former and 31,222 current District students; the MTC MIS contained SSNs for 268,636 former and 1,535 current students; and 312 District employees (including 45 MTC employees) such as clerks, guidance counselors, and assistant principals, had user access privileges to student SSNs. Our examination of District records and inquiries of District personnel disclosed instances in which District controls over sensitive personal information of students could be improved. Specifically:

- According to District personnel, District employees who only need access to student demographic information are not precluded from continuous access to both current and former student SSNs.
- 19 of the 312 employees were District-level employees who had systemwide access privileges to the student module within the District MIS and did not require such access to perform their duties.
- District personnel indicated that annual evaluations of IT user access privileges to student information are performed to help monitor these privileges; however, the evaluations are not documented.

Subsequent to our inquiry, in November 2020 the District performed and documented an evaluation of IT user access privileges of the 45 MTC employees to student SSNs in the MTC MIS. During that evaluation, unnecessary access for the MTC principal and marketing clerk was identified by the District and subsequently removed. Notwithstanding, District personnel did not provide evidence that the specific responsibilities of the remaining 267 employees, including elementary/middle and middle school guidance clerks and assistant principals, necessitated access to sensitive personal student information, including current and former student SSNs, or why 19 users need systemwide access privileges to the student module within the District MIS.

The existence of unnecessary access privileges increases the risk of unauthorized disclosure of student SSNs and the possibility that sensitive personal information may be used to commit a fraud against District students or others. A similar finding was noted in our report No. 2018-184 and, according to District personnel, the deficiency was not corrected due to personnel turnover.

Recommendation: To ensure that sensitive personal information of students is properly safeguarded, the District should:

- **Limit access privileges to only that information required for users to perform their assigned job duties. If an employee only requires occasional access to that information, access should be granted only for the time needed.**

- Upgrade the District student records databases to allow access to student demographic information while limiting access to student SSNs and to differentiate access privileges to former and current student information.
- Document periodic evaluations of the necessity for IT user access privileges to such information and promptly remove any inappropriate or unnecessary access privileges detected.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2018-184, except that Finding 8 in that report was also noted as Finding 4 in this report.

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 November 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 selected District processes and administrative activities, including, but not limited to, District information technology resources and related controls, public meetings and communications, school safety, fiscal transparency, compensation, construction, and other expenses. For those areas, our audit objectives were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2018-184.
- 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)⁸ and adapted for a government environment within the *Standards for Internal Control in the Federal Government* issued by the United States Government Accountability Office. That framework is illustrated in the following table.

COSO Internal Control Integrated Framework

Internal Control Component	Description	Underlying Principles (To be Applied by the Board and Management)
Control Environment	Standards, processes, and structures that provide the basis for carrying out internal control across the organization. Represents the foundation on which an effective internal control system is built.	<ul style="list-style-type: none"> • Demonstrate commitment to integrity and ethical values. • Exercise oversight responsibility. • Establish structures and reporting lines and assign authorities and responsibilities. • Demonstrate commitment to a competent workforce. • Hold individuals accountable for their responsibilities.
Risk Assessment	Management’s process to consider the impact of possible changes in the internal and external environment and to consider actions to mitigate the impact. The basis for how risks will be managed.	<ul style="list-style-type: none"> • Establish clear objectives to define risk and risk tolerances. • Identify, analyze, and respond to risks. • Consider the potential for fraud. • Identify, analyze, and respond to significant changes that impact the internal control system.
Control Activities	Activities in the form of policies, procedures, and standards that help management mitigate risks. Control activities may be preventive in nature or detective in nature and may be performed at all levels of the organization.	<ul style="list-style-type: none"> • Design control activities to achieve objectives and respond to risks. • Design control activities over technology. • Implement control activities through policies and procedures.
Information and Communication	Information obtained or generated by management to support the internal control system. Communication is the dissemination of important information to help the organization meet requirements and expectations.	<ul style="list-style-type: none"> • Use relevant and quality information. • Communicate necessary information internally to achieve entity objectives. • Communicate necessary information externally to achieve entity objectives.
Monitoring	Periodic or ongoing evaluations to verify that the internal control system is present and functioning properly.	<ul style="list-style-type: none"> • Conduct periodic or ongoing evaluations of the internal control system. • Remediate identified internal control deficiencies on a timely basis.

We determined that all internal control components 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;

⁸ 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.

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 access security, monitoring system activity, and disaster recovery.
- Evaluated District procedures for maintaining and reviewing employee access to IT data and resources. We examined selected access privileges to District enterprise resource planning system finance and human resources (HR) applications to determine the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties. We also examined the administrator account access privileges granted and procedures for oversight of administrative accounts for the network and applications to determine whether these accounts had been appropriately assigned and managed. Specifically, we examined District records supporting selected user access privileges for:
 - 362 of the 445 users who had access to the finance application.
 - 251 of the 466 users who had access to the HR application.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, from the population of 312 individuals who had access to sensitive personal student information, we examined records supporting the access privileges of 30 individuals to evaluate the appropriateness and necessity of the access privileges based on the employee's assigned job duties.
- Evaluated District procedures to prohibit former employee access to electronic data files. We also reviewed selected user access privileges for 30 of the 876 employees who separated from District employment during the audit period 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.

- Examined selected operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Determined whether an IT data loss prevention policy was in place, designed properly, and operating effectively to ensure the continued confidentiality, integrity, and availability of District data and IT resources.
- Analyzed the District's General Fund total unassigned and assigned fund balances at June 30, 2020, to determine whether the total was less than 3 percent of the fund's revenues, as specified in Section 1011.051, Florida Statutes. We also performed analytical procedures to evaluate the District's ability to make future debt service payments.
- From the population of expenditures totaling \$21.7 million and transfers totaling \$19.9 million during the audit period from nonvoted capital outlay tax levy proceeds, Public Education Capital Outlay funds, and other restricted capital project funds, examined documentation supporting selected expenditures and transfers totaling \$15.9 million and \$12.2 million, respectively, to determine District compliance with the restrictions imposed on the use of these resources, such as compliance with Section 1011.71(2), Florida Statutes.
- From the population of \$7.5 million total workforce education program funds expenditures for the audit period, selected 15 expenditures totaling \$1.5 million and examined supporting documentation to determine whether the District used the funds for authorized purposes (i.e., not used to support K-12 programs or District K-12 administrative costs).
- From the population of 150 industry certifications eligible for the 2019-20 fiscal year performance funding, examined 26 selected certifications to determine whether the District maintained documentation for student attainment of the industry certifications.
- From the population of 68,619 contact hours for 691 adult general education instructional students during the Fall 2019 Semester, examined District records supporting 3,333 reported contact hours for 28 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.
- From the population of decentralized cash collections totaling \$900,678 during the audit period, examined District records supporting 30 selected collections totaling \$210,284 to determine the effectiveness of District collection procedures.
- 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).
- Examined District records supporting the severance payment to the Superintendent to determine whether the payment complied with Section 215.425, Florida Statutes.
- Reviewed District procedures and examined documentation to determine whether the District had developed adequate performance assessment procedures for instructional personnel and school administrators based on student performance and other criteria in accordance with Section 1012.34(3), Florida Statutes, and determined whether a portion of each selected employee's compensation was based on performance in accordance with Section 1012.22(1)(c)4. and 5., Florida Statutes.
- Evaluated District procedures and examined documentation to determine whether supervisory personnel reviewed and approved non-instructional employee reports of time worked.

- Evaluated District procedures and examined documentation for 21 of the 579 employees hired during the period July 1, 2020, through May 4, 2020, to determine whether the controls over District hiring procedures were operating effectively and whether the employees met the position requirements for education and experience.
- Evaluated the effectiveness of 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 determine whether health insurance was provided only to eligible employees, retirees, and dependents. We also determined whether the District had procedures for reconciling health insurance costs to employee, retiree, and Board-approved contributions.
- From the population of 29 construction projects in progress during the audit period with expenditures totaling \$4.8 million, we examined documentation for 2 construction projects with expenditures totaling \$890,808, to determine compliance with contract terms and conditions, Board policies, District procedures, and provisions of applicable State laws and rules.
- Pursuant to Section 1013.64(6)(d)2., Florida Statutes, obtained from the FDOE the 2019 cost of construction reports of District student station costs. We examined District records for the two multi-year construction projects completed during the 2019 calendar year with expenditures totaling \$6.5 million to determine whether the reports accurately reported student station costs and complied with the student station cost limits established by Section 1013.64(6)(b)1., Florida Statutes.
- Examined District records to determine whether the Board had adopted appropriate school safety policies and the District implemented procedures to ensure the health, safety, and welfare of students and compliance with Sections 1006.07, 1006.12, 1006.13, 1011.62(15) and (16), and 1012.584, Florida Statutes.
- Interviewed District personnel and reviewed supporting documentation to evaluate whether the District effectively monitored charter schools. For example, we:
 - Evaluated the sufficiency of District procedures to determine whether the District charter schools were required to be subjected to an expedited review pursuant to Section 1002.345, Florida Statutes.
 - For the charter school that was terminated in the 2019-20 fiscal year, evaluated District procedures to determine whether applicable funds and property appropriately reverted to the District and whether the District did not assume debts of the school or center, except as previously agreed upon by the District.
- Evaluated District procedures for allocating Title I funds to ensure compliance with Section 1011.69(5), Florida Statutes. We also examined District records to determine whether the District identified eligible schools, including charter schools, limited Title I allocations to eligible schools based on the threshold established by the District for the 2016-17 school year or the Statewide percentage of economically disadvantaged students, and distributed all remaining funds to all eligible schools in accordance with Federal law and regulations.
- Examined District records to determine whether District procedures were effective for distributing the correct amount of local capital improvement funds to eligible charter schools by February 1, 2018, pursuant to Section 1013.62(3), Florida Statutes.

- From the population of expenditures for 582 contractual service payments totaling \$18.3 million during the period July 1, 2019, through March 13, 2020, examined supporting documentation, including the contract documents, for 30 selected payments totaling \$2.5 million related to 30 contracts to determine whether:
 - The District complied with applicable competitive selection requirements (e.g., SBE Rule 6A-1.012, Florida Administrative Code).
 - The contracts clearly specified deliverables, time frames, documentation requirements, and compensation.
 - District records evidenced that services were satisfactorily received and conformed to contract terms before payment.
 - The payments complied with contract provisions.
- From the population of Safe Schools and Mental Health allocation expenditures totaling \$5.8 million during the audit period, examined supporting documentation for selected payments totaling \$1.9 million to determine District compliance with the restrictions imposed on the use of these resources.
- Examined District records for the audit period to determine whether the District provided the number of virtual instruction program options pursuant to Section 1002.45(1)(b), Florida Statutes.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each 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



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February 1, 2021

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Dear Ms. Norman:

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

We have reviewed the list of preliminary and tentative findings and recommendations related to the operational audit and our response and corrective actions related to those findings are listed below.

Finding 1: Health Insurance Plan Dependent Eligibility

Recommendation: The District should continue efforts to require and ensure, that District personnel verify applicable documentation, such as birth or marriage certificates, to support dependent eligibility whenever employee or retiree dependents are enrolled into the District health insurance plan. The District should also establish periodic procedures to verify and document that dependent participants in the plan continue to be eligible.

Response: The District began requiring documentation to verify dependent eligibility for dependents added during the open enrollment period that began in October 2020 and December 2020 for new hires. Further, the District has contracted with a third-party to perform a dependent eligibility audit for dependents that have not previously been verified and for those that were previously verified, written certifications and/or supporting documentation from the employee that the dependents remain qualified to be enrolled in the District's health insurance program will be required. The audit along with the related follow-up is expected to be completed in April 2021.

Finding 2: Severance Payments

Recommendation: The Board should ensure that any severance pay provisions in future employment and settlement agreements are consistent with State law and that severance payments do not exceed the amounts established in State law.

Dr. Diane Gullett Superintendent	Allison Campbell District 1	Beth McCall District 2	Eric Cummings District 3	Nancy Thrower District 4	Kelly King District 5
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Response: The District's Legal Department will ensure that all future employment and settlement agreements are consistent with applicable State law.

Finding 3: Fiscal Transparency

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

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

Finding 4: Information Technology User Access Privileges – Sensitive Personal Information

Recommendation: To ensure that sensitive personal information of students is properly safeguarded, the District should:

- Limit access privileges to only that information required for users to perform their assigned job duties. If an employee only requires occasional access to that information, access should be granted only for the time needed.
- Upgrade the District student records databases to allow access to student demographic information while limiting access to student SSNs and to differentiate access privileges to former and current student information.
- Document periodic evaluation of the necessity for IT user access privileges to such information and promptly remove any inappropriate or unnecessary access privileges detected.

Response: The District has taken the following steps to alleviate this issue:

- District personnel have identified those personnel who need access to sensitive information such as social security numbers;
- Access has been removed for all of those who do not need access including masking the social security numbers;
- Quarterly review will be performed to re-evaluate those with access and need to sensitive data; and
- Access will only be granted if requested by appropriate administration as part of the employee's job duties.

Sincerely,



Diane V. Gullett, Ed.D.
Superintendent