

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2022-100
January 2022

**HENDRY COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2020-21 fiscal year, Michael Swindle served as Superintendent of the Hendry County Schools from November 17, 2020, Paul K. Puletti served as Superintendent before that date, and the following individuals served as School Board Members:

	<u>District No.</u>
Dwayne E. Brown	1
Paul Samerdyke from 11-17-20	2
Dr. Sally Berg through 11-16-20	2
Amanda Nelson, Vice Chair	3
Stephanie Busin, Chair	4
Jon Basquin	5

The audit was supervised by Ramon L. Bover, CPA.

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HENDRY COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Hendry County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2020-030. Our operational audit disclosed the following:

Finding 1: District school safety policies and procedures need improvement to ensure and demonstrate compliance with State law.

Finding 2: Required background screenings were not always obtained for applicable instructional and noninstructional employees and contractor workers.

Finding 3: During the 2020-21 fiscal year, 50 (6 percent) of the 837 school employees did not complete the required ethical conduct training and District procedures for communicating information about former District employees to potential employers need enhancement.

Finding 4: Contrary to State law, the District did not always provide required youth mental health awareness and assistance training to school personnel. In addition, the District did not always document compliance with State Board of Education rules requiring the District to provide students in grades 6 through 12 a minimum of 5 hours of instruction related to mental health awareness and assistance.

Finding 5: District procedures for procuring the enterprise resource planning system and related services were not always effective.

Finding 6: The District did not comply with State law requiring the District to post on its Web site graphical representations of summary financial efficiency data and fiscal trend information.

Finding 7: District controls over virtual instruction program operations and related activities could be enhanced.

Finding 8: Some unnecessary information technology (IT) user access privileges existed that increased the risk that unauthorized disclosure of sensitive personal information of students may occur.

Finding 9: IT user access privileges to the District's enterprise resource planning system were not always necessary and appropriate.

BACKGROUND

The Hendry 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 Hendry County. The governing body of the District is the Hendry 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 2020-21 fiscal year, the District operated 13 elementary, middle, high, and specialized schools and reported 12,493 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: School Safety

To provide for proper attention to the health, safety, and welfare of students and District staff, 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 egress drills must be conducted every month that a facility is in session.

Our review of District procedures disclosed that each school principal is required to complete and submit a report of emergency drills form to the Deputy Superintendent to document each emergency drill performed. To determine whether, during the period August 2020 through May 2021, each District school conducted the required emergency drills (10 active shooter and hostage situation emergency drills and 10 fire emergency drills) at the 13 District elementary, middle, high, and specialized schools, we requested for examination support for all 260 emergency drills (130 active shooter and hostage situation and 130 fire emergency drills) for all schools. We found that District records were not maintained to demonstrate the conduct of 20 (15 percent) of the 130 active shooter and hostage situation drills and 87 (67 percent) of the 130 fire emergency drills. In response to our inquiries, District personnel indicated that some schools did not complete the drills due to oversight.

In addition to emergency drills, for the protection and safety of school personnel, property, students, and visitors, State law³ requires the Board and Superintendent to partner with local law enforcement agencies to establish or assign one or more safe-school officers, such as school resource officers (SROs) or school safety officers, at each school facility. SROs are to be certified law enforcement officers and, among other things, are required to complete mental health crisis intervention training using a curriculum developed by a national organization with expertise in mental health crisis intervention.

The Board contracted with the Hendry County Sheriff's Office (HCSO) for SRO services;⁴ however, the contract did not explicitly provide assurance that the SROs had completed mental health crisis intervention training using a curriculum developed by a national organization with expertise in mental health crisis intervention. In addition, although we requested, District records were not initially provided to evidence verification that the HCSO-assigned SROs received the required mental health crisis intervention training. According to District personnel, the District relied on the HCSO to ensure that the SROs completed the training. Notwithstanding, such reliance provides limited assurance that the required training was properly completed. Subsequent to our inquiries, District personnel contacted the HCSO and obtained a letter confirming that the SROs completed the training; however, records evidencing the required training for the SROs were not provided.

Absent effective policies to require and ensure monthly active shooter and hostage situation and fire emergency drills and documented verification of SRO mental health crisis intervention training, the

¹ Section 1006.07(4), Florida Statutes.

² Section 20.2.4.2.3 of the Florida Fire Prevention Code, 7th Edition (2020).

³ Section 1006.12, Florida Statutes.

⁴ The HCSO was to provide 14 SROs at 13 District school facilities.

District cannot demonstrate compliance with State law and the Fire Code; the District has limited assurance that the SROs are appropriately trained to avert, or appropriately intervene, during school crises; and the District cannot demonstrate that all appropriate measures have been taken to promote student and staff safety.

Recommendation: The District should enhance procedures to ensure and demonstrate compliance with State school safety laws. Such enhancements should include procedures to verify and document that, for each month school is in session, District schools conduct the required number of active shooter and hostage situation and fire emergency drills. In addition, the District should maintain documented verifications that SROs completed the required mental health crisis intervention training.

Finding 2: Background Screenings

State law⁵ and Board policies⁶ required 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 screening⁷ at least once every 5 years, unless the individuals 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 law⁸ 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 Resources (HR) Department is responsible for ensuring that employees who have access to school grounds undergo required background screenings at least once every 5 years. However, our discussion with District personnel and review of District records disclosed that the HR Department had not established procedures to determine which employees needed to be rescreened after 5 years. In addition, the District did not maintain a comprehensive list of contractor workers to monitor their background screenings.

During the 2020-21 fiscal year, the District employed 425 instructional and 487 noninstructional personnel and 102 contractor workers were permitted access to school grounds when students were present. To determine whether required background screenings were performed, we requested for examination District records supporting the screenings of 30 selected employees and 30 selected contractor workers. We found that District records did not always evidence that required screenings had been performed. Specifically:

- Background screenings had not been performed at least once in the past 5 years for 8 instructional employees and 10 noninstructional employees, such as principals, bookkeepers, and a custodian. Two of the 18 employees had separated from District employment at the time of our inquiry; however, upon their employment separation dates, 4 and 5 years, respectively, had elapsed since the required screening dates. Subsequent to our inquiries, District personnel

⁵ Sections 1012.32, 1012.465, 1012.467, and 1012.56(10), Florida Statutes.

⁶ Board Policy 4121.01, *Criminal Background and Employment History Checks*, and 8475, *Criminal Background Checks for Contractor Access*.

⁷ 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.

⁸ Section 1012.467(2)(f) and (7)(a), Florida Statutes.

performed background screenings for the other 16 employees in July 2021; however, 1 to 6 years, or an average of 3 years, had elapsed since the required 5-year period.

- 16 contractor workers performed District services during the 2020-21 fiscal year without the required screening. Although we requested, District records were not provided to demonstrate how long 11 of the contractor workers had provided services for the District without the required screenings. Subsequent to our inquiries, screenings were performed in July 2021 for the 5 other contractor workers; however, 1 to 3 years, or an average of 2 years, had elapsed since the required 5-year period.

Although the background screenings for the 16 employees and the 5 contractor workers disclosed no unsuitable backgrounds, our procedures cannot substitute for management's responsibility to ensure and document that background screenings are performed for all employees and contractor workers and no unsuitable background exists.

In response to our inquiries, District personnel indicated that employee turnover, the lack of sufficient personnel, and increasing demands placed on the HR Department were contributing factors for the lack of compliance and deficiency in internal controls. Absent effective controls to ensure that background screenings are timely performed, there is an increased risk that individuals with unsuitable backgrounds may be allowed access to students.

Recommendation: The District should take action to identify District employees and contractor workers who have not obtained required background screenings, ensure that the screenings are promptly obtained and evaluated, and make decisions, as necessary, based on the 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.

Finding 3: Ethical Conduct

State law⁹ requires the Board to adopt policies establishing standards of ethical conduct for instructional personnel, administrative personnel, and school officers, as defined in State law.¹⁰ Such policies must require all instructional personnel, administrative personnel, and school officers to complete training on the standards and report alleged misconduct by other instructional or administrative personnel and school officers which affects the health, safety, or welfare of a student. The Board adopted standards of ethical conduct¹¹ for instructional staff members and require all instructional staff members, upon employment and annually thereafter, to complete training on the standards including the responsibility to report alleged misconduct by personnel affecting the health, safety, or welfare of students.

Effective employment controls require and ensure that potential employers of former District employees are provided with required information concerning work experience. District personnel are required to direct prospective employers of former employees to the HR Department for employment references. HR Department personnel record and maintain information about the former employee's employment period, salary, and certain separation codes¹² in the District information technology (IT) system and use

⁹ Section 1001.42(6), Florida Statutes.

¹⁰ Section 1012.01, Florida Statutes.

¹¹ Board Policy 3120, *Standards of Ethical Conduct*.

¹² Separation codes identify, for example, whether the employee deceased, resigned for personal reasons, or retired; temporary contract expired; and position was abandoned.

the information when providing references. However, the District had not established separation codes to identify when the District should not rehire an individual. In addition, no code or District process appears to specifically address the required communication concerning misconduct that affected the health, safety, or welfare of a student.

During the 2020-21 fiscal year, the District employed 425 instructional and 412 noninstructional personnel. Our examination of District records disclosed that 50 (6 percent) of those 837 employees, including 18 instructional and 32 noninstructional personnel, did not complete the required ethical conduct training. In response to our inquiries, District personnel indicated that these employees were not held accountable to complete the mandatory training but, for the upcoming school year, the Deputy Superintendent will be ensuring full compliance.

District personnel also indicated that, as of November 2021, procedures had not been established to require appropriate communication with potential employers of former District employees who had their employment terminated for conviction or suspicion of inappropriate behavior with children. According to District personnel, no one separated from District employment, or had their employment terminated, for conviction or suspicion of inappropriate behavior with children during the 2020-21 fiscal year.

Without proper training on standards of ethical conduct and procedures addressing how to communicate with potential employers regarding former District employees who are terminated for conviction or suspicion of inappropriate behavior with children, school personnel may not appropriately identify and report misconduct or abuse affecting the health, safety, or welfare of a student.

Recommendation: The District should enhance procedures to ensure that employees complete training on the standards of ethical conduct and the responsibility to report alleged misconduct affecting the health, safety, or welfare of a student. In addition, the District should establish procedures addressing how to communicate with potential employers regarding former District employees who were terminated for conviction or suspicion of inappropriate behavior with children and for documenting those communications.

Finding 4: Mental Health Care Services

Pursuant to State law,¹³ the District received a mental health assistance allocation totaling \$520,024 for the 2020-21 fiscal year to establish or expand school-based mental health care services and related training. State Board of Education (SBE) rules¹⁴ require the District to annually provide to students in grades 6 through 12 a minimum of 5 hours of instruction related to mental health awareness and assistance, including suicide prevention and the impacts of substance abuse. Failure to comply with SBE rule requirements may result in the imposition of sanctions specified in State law.¹⁵ In addition, State law¹⁶ requires the District to designate a school safety specialist to ensure that District school personnel receive youth mental health awareness and assistance training.

Our discussions with District personnel and examination of District records disclosed that the District designated a school safety specialist; however, the District did not always comply with State law and SBE

¹³ Section 1011.62(16), Florida Statutes.

¹⁴ SBE Rule 6A-1.094124(4), Florida Administrative Code.

¹⁵ Section 1008.32, Florida Statutes.

¹⁶ Section 1012.584, Florida Statutes.

rule mental health care program requirements. Specifically, as of June 2021, only 421 (50 percent) of the District's 837 school personnel had completed the required youth mental health awareness and assistance training. In addition, although we requested, District records were not provided to evidence that the mental health awareness and assistance instruction was provided for students in grades 6 through 12. In response to our inquiries, District personnel stated that the District has been unable to provide the minimum 5 hours of instruction or the mental health awareness and assistance training due to the effects of the shutdown, quarantine, and lack of available substitutes during the COVID-19 pandemic or the lack of trainers.

Youth mental health awareness and assistance instruction and training helps individuals identify and understand the signs of emotional disturbance, mental illness, and substance use disorders and provides school personnel with the skills to help a person who is developing or experiencing an emotional disturbance, mental health, or substance use problem. Without the required instruction and training, a mental health services need may not be timely identified and appropriately met and, absent documentation evidencing youth mental health awareness and assistance instruction training, the District cannot demonstrate compliance with State law and SBE rules. In addition, documented instruction and training enhances public awareness of District efforts to provide essential educational services.

Recommendation: The District should establish procedures to ensure that:

- **District records demonstrate that students in grades 6 through 12 receive at least 5 hours of mental health awareness and assistance instruction as required by SBE rules.**
- **All school personnel within the District receive youth mental health awareness and assistance training as required by State law.**

Finding 5: Enterprise Resource Planning System

SBE rules¹⁷ provide that the District may acquire information technology (IT) systems, such as an enterprise resource planning system (ERP system) and related services, through the competitive solicitation process or by direct negotiation and contract with a provider as best fits the District's needs. Board policies¹⁸ require the Superintendent to propose standards and specifications, in so far as possible, before recommending purchases of contractual services to the Board and the Superintendent is to take necessary steps to ensure that the contractual services conform to those standards and specifications to ensure that maximum value is received. In addition, Board policies require the Board to approve and execute all contracts on behalf of the District involving the expenditure of public funds in an amount greater than \$15,000.

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

¹⁷ SBE Rule 6A-1.012(14), Florida Administrative Code.

¹⁸ Board Policy 6320, *Purchasing and Contracting for Commodities and Contractual Services*.

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

Direct negotiations with providers can be an effective process for procurements when provider qualification and experience information is obtained and evaluated using a carefully considered and formulated negotiation plan. The negotiation plan should be developed before direct negotiations begin and establish the structure, format, and price benchmarks for contract deliverables, along with other benchmarks for deliverables, such as the service time frames and related services, based on documented considerations of the quality and prices of similar services acquired by similar entities. A well-defined negotiation plan strengthens an entity's bargaining position and helps ensure the best value for money.

Regardless of the acquisition method, documentation of Board actions must be maintained because, pursuant to State law,¹⁹ the Board is the contracting agent for the District, and State law²⁰ requires that records set forth clearly all actions and proceedings of the Board.

Appropriately written ERP system service contracts establish the scope of work, deliverables and related delivery dates, and penalties for violating contract provisions such as specified delivery dates. Given the extensive complexities of ERP systems and related services, it is essential for contracts to establish reasonable and useful timelines for testing the system, before the system is fully implemented, to disclose unanticipated problems and to verify that the system will function as intended.

Our examination of District records and discussions with District personnel supporting the \$265,785 ERP system and related services procurement disclosed the following sequence of events:

- In August 2020, the District established an ERP Committee composed of 13 members, including the Chief Financial Officer, Director of Human Resources (HR), Director of IT, Data Administrator, 2 payroll specialists, 1 finance specialist, 2 IT specialists, 2 IT administrators and 2 HR specialists, to establish requirements for the new ERP system and to evaluate ERP system providers and their products. According to District personnel, the ERP Committee selected three vendors to evaluate. Vendor A was used as the District Student Information System; Vendor B was used by the HR Department; and Vendor C was widely used by other school districts in the State.
- In August and September 2020, the ERP Committee met separately with each of the three selected vendors and the vendors presented and demonstrated their products. The Committee members had an evaluation template shared online that each member could take into consideration when making a decision. The evaluation template addressed items such as the benefits and improvements with the new ERP system, whether the ERP system would accomplish all tasks needed for each job, and whether an audit trail would be provided. District personnel indicated that, after each presentation, the ERP Committee held debriefs with verbal discussions

¹⁹ Section 1001.41(4), Florida Statutes.

²⁰ Section 1001.42(1), Florida Statutes.

but not all discussions and comparisons could be documented or recorded. Therefore, documentation of meeting discussions was limited.

- In September 2020, the ERP Committee held a final meeting to analyze and discuss the three vendors' products. The cost estimates of each product are summarized in Table 1. According to the Director of IT, the ERP Committee voted unanimously, by a raise of hands, to select Vendor C to provide the District ERP system.

Table 1
ERP Information

ERP Costs	Vendor A	Vendor B	Vendor C
Initial and First Year Recurring Costs	\$112,917	\$197,530	\$225,595
Second Year Recurring Costs	34,524	98,937	29,625
Total Costs	<u>\$147,441</u>	<u>\$296,467</u>	<u>\$255,220</u>

Source: District records.

- In October 2020, the Board approved the purchase order for the initial purchase of the Vendor C ERP system and related services; however, according to Board meeting minutes and the agreement, the Board neither approved nor executed the agreement. Instead, based on the ERP Committee recommendation to directly negotiate with Vendor C, the Director of IT signed a \$265,785 contract with Vendor C, without Board review and approval. The contract amount was composed of the \$127,875 initial investment; \$101,535 for training, data migrations, and other services; and recurring annual fees of \$36,375.

Our examination of District records and discussions with District personnel disclosed certain deficiencies in the District ERP system contract process as:

- ERP Committee members were neither required to, nor did they, cast votes or rank vendors, individually. Through open discussions, the Committee obtained information from vendors and reached a consensus. While District personnel indicated that the decision was made unanimously as a group, there were no tabulations, scoresheets, or rankings prepared by each Committee member and, thus, District records did not demonstrate the basis for the final selection.
- Before beginning direct negotiations with Vendor C, the District did not develop a negotiation plan to establish the structure, format, and price benchmarks, along with other benchmarks for contract deliverables such as the service time frames and related service types, based on documented considerations of the quality and prices of similar services acquired by similar entities.

In response to our inquiry, District personnel indicated that, although a negotiation plan was not established, revisions of the contract were negotiated before the final agreement. However, although we requested, District records were not provided to demonstrate how the District's negotiated contract was comparable to other school district contracts.

Absent defined criteria for evaluating vendor responses, along with clear instructions on how to score the criteria, evaluate and rank vendors, and retain documentation to support the rankings; establishment of a negotiation plan before direct negotiations begin; and public explanations for obtaining vendor cost estimates and how the estimates were used during the selection and contracting process, there is an increased risk of improper rankings and flawed decisions based on those rankings, and that costs may not be fully supported as justified. In addition, without Board approval, the District has limited assurance that purchases of goods and services are effectively and consistently executed in accordance with Board policies.

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

- Instructions are provided to District personnel responsible for evaluating vendor responses to clearly explain the scoring criteria and how each evaluator should evaluate and rank each vendor based on the criteria. In addition, District records should demonstrate that the instructions were followed for each vendor during the vendor selection process.
- When the Board decides to directly negotiate with IT service providers, the District adopts a carefully considered and formulated negotiation plan as the basis for negotiating and developing IT service provider contracts. The plan should establish the structure, format, and price benchmarks for contract deliverables, along with other benchmarks for deliverables such as the service time frames and related services, based on documented considerations of the quality and prices of similar services acquired by other school districts.
- All contracts involving the expenditure of public funds in an amount greater than \$15,000 are reviewed and appropriately executed by the Board.

Finding 6: 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,²¹ the District must post on its Web site certain 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 fiscal trend information for the previous 3 years on 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 law²² 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 Web site in a manner that is readily accessible.

²¹ Section 1011.035(2), Florida Statutes.

²² Section 1010.20, Florida Statutes.

Our inquiry and review disclosed that, as of October 2021, the District Web site lacked the graphical representations and link to the Web-based fiscal transparency tool developed by the FDOE. In response to our inquiry, District personnel indicated that the District was unaware of the requirement.

Providing the required financial efficiency data and fiscal trend information on the District Web site enhances citizen involvement and the ability to analyze, monitor, and evaluate fiscal outcomes.

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

Finding 7: Virtual Instruction Program

State law²³ provides that school districts are to prescribe and adopt standards and policies to provide each student the opportunity to receive a complete education. Education methods to implement such standards and policies may include the delivery of learning courses through traditional school settings, blended courses consisting of both traditional classroom and online instructional techniques, participation in a virtual instruction program (VIP), or other methods. State law²⁴ establishes VIP requirements and requires school districts to:

- Provide each full-time student enrolled in the program who qualifies for free or reduced-price school lunches under the National School Lunch Act, or who is on the direct certification list, and who does not have a computer or Internet access in his or her home, with all equipment necessary for participants in the VIP and access to or reimbursement for all Internet services necessary for online delivery of instruction.
- Include mandatory provisions in VIP provider contracts, such as specifying a method for resolving conflicts among the parties, specifying authorized reasons for termination of the contract, requiring the approved provider to be responsible for all debts of the VIP if the contract is not renewed or is terminated, and requiring the approved provider to comply with all requirements of State law²⁴ if the District elects to contract with an approved provider to provide students with the option of participating in VIP.

In April 2019, the District contracted with an FDOE-approved VIP provider, effective July 1, 2019, through June 30, 2024, to provide full-time virtual on-line school program to virtual students in kindergarten through grade 12. Our review of District records, including the contract with the VIP provider, and discussions with District personnel disclosed that:

- The District had not established policies or procedures related to the VIP. Without effective policies and procedures that specify personnel responsibilities, provide consistent guidance to staff during personnel changes, ensure sufficient and appropriate training of personnel, and establish a reliable standard to measure the effectiveness and efficiency of operations, the risk increases that the District may not comply with State law.
- The District did not offer or provide access to or reimbursement for all Internet services necessary for online delivery of instruction to students enrolled in the VIP. Without proper Internet access, the risk increases that students who qualify may not have all the necessary tools needed for the online delivery of instruction.
- Although the VIP provider's FDOE approval ends in June 2022, the contract term extended through June 30, 2024, or 24 months after the end of the approval period, and contains a provision

²³ Section 1001.41(3), Florida Statutes.

²⁴ Section 1002.45, Florida Statutes.

to renew for an additional 5 years. In response to our inquiries, District personnel indicated that in July 2021 the VIP provider presented a draft amendment to the agreement, which was pending Board approval at the conclusion of our audit fieldwork, to automatically terminate the agreement if the FDOE no longer authorizes the provider as a VIP provider. Notwithstanding, extending the agreement beyond the VIP provider's FDOE approval increases the risk that the District may be unable to provide VIP services.

- The contract did not include several required provisions. Specifically, the contract did not include a requirement for the provider to meet certain teacher-student ratios, provide a detailed curriculum plan that illustrates how students will be provided services and be measured for attainment of proficiency in the Next Generation Sunshine State Standards for each grade level and subject, provide for a method of determining that a student has satisfied the requirements for graduation for FTE students in grades 9 through 12, or a requirement that the provider be responsible for all debts of the VIP if the contract is not renewed or is terminated.

In response to our inquiries, District personnel indicated that the District's prior administration entered into the contract and there were several issues that were not considered when entering into the contract with the VIP provider. In addition, as of June 2021, District personnel indicated that the District was in discussions with the VIP provider to make amendments to the contract and were attempting to correct any related deficiencies.

For the 2020-21 fiscal year, the District reported 5,712 virtual full-time equivalent (FTE) students, including approximately 5,600 virtual FTE residing outside the District, and a total of 12,493 FTE students. Effective July 1, 2021, State law²⁵ requires school districts to limit the enrollment of virtual FTE students residing outside the school district providing the virtual instruction to no more than 50 percent of the total enrolled virtual FTE students residing inside the school district providing the virtual instruction. This provision applies to any virtual instruction contract or agreement that is entered into for the first time after June 30, 2021. However, a school district may not enroll more virtual FTE students residing outside the school district than the total number of reported FTE students residing inside the school district.

While the District for the 2020-21 fiscal year reported fewer virtual FTE students residing outside the District (5,600) than the total number of reported FTE students residing inside the District (6,893), District personnel indicated that the number of virtual FTE was growing. As of November 2021, the District had not established procedures to ensure that the total number of virtual FTE students residing outside the District did not exceed the total number reported of FTE students residing inside the District.

Recommendation: The District should continue efforts to amend the VIP provider contract to ensure compliance with State law. In addition, the District should establish VIP policies and procedures to enhance the effectiveness of its VIP operations and related activities and ensure that future VIP provider contracts include all provisions required by State law. The District VIP policies and procedures should also ensure that the enrollment of virtual FTE students residing outside the District be appropriately limited as required by State law.

Finding 8: Information Technology User Access Privileges – Sensitive Personal Information

The Legislature has recognized in State law²⁶ 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

²⁵ Section 1002.45(1)(e)3., Florida Statutes (2021).

²⁶ Section 119.071(5)(a), Florida Statutes.

other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining the confidential status of such information. Effective controls restrict employees from accessing information unnecessary for their assigned job duties and provide for documented, periodic evaluations of IT user access privileges to help prevent individuals from accessing sensitive personal information inconsistent with their duties. Board policies²⁷ authorize designated District school personnel access to student records to perform administrative, supervisory, or instructional responsibilities that serve a legitimate educational purpose in accordance with applicable State law, SBE rules, and Federal laws.

The District student information system (SIS) provides for student records data processing and the District maintains current and former student information, including SSNs, in the District SIS. Student SSNs are maintained within the District SIS to, for example, register newly enrolled students and transmit that information to the FDOE through a secure-file procedure and provide student transcripts to colleges, universities, and potential employers based on authorized requests. District personnel indicated that the access of IT users is granted or denied when employment changes, such as transfers or terminations, are made; however, the District had not established procedures to perform periodic evaluations of access privileges to the sensitive personal information of students to ensure that the access is based on a demonstrated need.

As of September 2021, the SIS contained the SSNs of 47,148 former students and 13,117 current students, and 99 users (67 District employees and 32 external users) had IT user access privileges to this information. District personnel indicated that the District SIS did not include a mechanism to differentiate between IT user access privileges to current and former student information, although some employees with access did not require access to both to perform their job duties.

As part of our audit, we requested for examination District records supporting the access privileges of the 99 users who had access to the sensitive personal information of students. 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:

- 30 employees, including the Superintendent, principals, assistant principals, deans, teachers, and paraprofessionals, did not require such access to perform their assigned duties. In response to our inquiries, District personnel indicated that these employees were granted access because they were initially set up as administrators in the SIS system with full view access.
- 32 external users associated with the District's virtual instruction program contract retained access to input and manage student information (including an external user that provided technical support to the District), although such access was unnecessary for their assigned duties.

The existence of unnecessary IT user access privileges increases the risk of unauthorized disclosure of sensitive personal information of students and the possibility that such information may be used to commit a fraud against current or former District students or others.

Recommendation: The District should ensure that only individuals with a demonstrated need to access sensitive personal information of students, including student SSNs, be granted that access. Such efforts should include:

²⁷ Board Policy 8330, *Student Records*.

- **Procedures to require and ensure the performance of documented periodic evaluations of assigned IT user access privileges to sensitive personal information to determine whether such privileges are necessary and to timely removal of any unnecessary access privileges detected.**
- **An update to the SIS to differentiate between IT user access privileges to current and former student information.**

Finding 9: Information Technology User Access Privileges – Timely Deactivation

Effective management of IT user access privileges includes the timely deactivation of IT access privileges when an employee is reassigned or separates from employment. Prompt action is necessary to ensure that the access privileges are not misused by former employees to compromise data or IT resources. According to District personnel, the IT Department receives notifications of Personnel Action Forms for terminations or transfers and performs the necessary permission changes. However, the District did not have procedures for documenting a periodic evaluation of IT user access privileges to help identify any user accounts needing deactivation.

As part of our audit, we examined District records and identified 121 active user accounts with inquiry or update access to the District's ERP system as of May 19, 2021. Our evaluation of selected access privileges granted to 24 of those user accounts disclosed that 2 active user accounts were assigned to 2 former employees who retained access to different menu pages. The user account access privileges provided one user the ability to update budget transfer or revision and requisition information and view account, purchase order, and vendor information, and the other user the ability to update requisition headers, time sheet and time off requests, and view student activity summary, requisition details, and employee attendance. Subsequent to our inquiries, District personnel deactivated the 2 user accounts on June 29, 2021, or 28 and 106 months after the employees' respective employment separation dates.

In response to our inquiries, District personnel indicated that the untimely deactivations occurred because of oversights. We expanded our audit procedures and examined District records to evaluate whether deactivations were timely for 26 of the 64 employees who separated from District employment during the period July 1, 2020 through April 21, 2021, and did not identify any additional untimely deactivations.

Although our audit procedures did not identify any misuse of District resources as a result of the untimely deactivations, our procedures cannot substitute management's responsibility to timely deactivate user access privileges when a user separates from District employment. Without prompt removal of access privileges, the risk increases that access privileges may be misused by former employees or others. In addition, absent effective periodic evaluations of assigned access privileges, the District lacks assurance that the assigned access privileges remain necessary and appropriate for the performance of employee assigned duties.

Recommendation: The District should enhance procedures to ensure that the IT Department promptly deactivates user access privileges when a user separates from District employment. Such procedures should include effective, documented, periodic evaluations of IT user access privileges.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2020-030.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

We conducted this operational audit from April 2021 through November 2021 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, school safety, fiscal transparency, compensation, 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. 2020-030.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

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 2020-21 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, Board policies, District procedures, and other guidelines, and interviewed District personnel to obtain an understanding of applicable processes and administrative activities.
- Reviewed Board information technology (IT) policies and District procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, systems development and maintenance, network configuration management, system backups, and disaster recovery.
- Evaluated District procedures for maintaining and reviewing employee access to IT data and resources. We examined selected access privileges to District enterprise resource planning (ERP) system finance and human resources (HR) applications to determine the appropriateness and necessity of the access based on employee 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 applications to determine whether the accounts had been appropriately assigned and managed. Specifically, from the population of 121 user accounts, we examined District records supporting 17 selected users with access privileges to the ERP system finance application and 7 selected users with access privileges to the ERP system HR application as of May 2021 who had view, add, change, or delete access privileges to those applications to determine the appropriateness of access privileges granted.
- Evaluated District procedures to prohibit former employee access to critical ERP system finance and HR application functions. Specifically, we reviewed selected user access privileges for 26 of the 64 employees who separated from District employment during the period July 1, 2020, through April 21, 2021, to determine whether the access privileges had been timely deactivated.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, we examined the access privileges of the 99 individuals who had access to sensitive personal student information as of September 2021 to evaluate the appropriateness and necessity of the access privileges based on the individual's assigned job responsibilities.

- Evaluated Board security policies and District procedures governing the classification, management, and protection of sensitive and confidential information.
- Examined the District Web site to determine whether the 2020-21 fiscal year proposed, tentative, and official budgets were prominently posted pursuant to Section 1011.035(2), Florida Statutes. In addition, we determined whether the Web site contained the required graphical representations, for each public school within the District and for the District, of summary financial efficiency data and fiscal trend information for the previous 3 years, and a link to the Web-based fiscal transparency tool developed by the Florida Department of Education (FDOE).
- From the population of expenditures totaling \$2.6 million and transfers totaling \$213,123 during the period July 2020 through May 2021 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 \$1.7 million and \$213,123, 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.
- Evaluated the effectiveness of District procedures for acquiring a new ERP system and related services and examined District records supporting the acquisition.
- 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 1012.584, Florida Statutes.
- Examined District records to determine whether the Board had adopted appropriate mental health awareness policies and the District had implemented procedures to promote the health, safety, and welfare of students and ensure compliance with Sections 1011.62(16) and 1012.584, Florida Statutes, and State Board of Education (SBE) Rule 6A-1.094124, Florida Administrative Code.
- From the population of \$419,819 total workforce education program funds expenditures for the audit period, examined District records supporting four selected expenditures totaling \$127,043 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 17,597 contact hours reported for 89 adult general education instructional students during the Fall 2020 Semester, examined District records supporting 7,806 reported contact hours for 25 selected students to determine whether the District reported the instructional contact hours in accordance with SBE Rule 6A-10.0381, Florida Administrative Code.
- Evaluated administrator contracts to determine whether the contracts contained severance pay provisions and whether the provisions complied with Section 215.425(4), Florida Statutes.
- From the compensation payments totaling \$33.6 million to 1,274 employees during the period July 1, 2020, through May 18, 2021, examined District records supporting compensation payments totaling \$50,811 to 30 selected employees to determine the accuracy of the rate of pay and whether supervisory personnel reviewed and approved employee reports of time worked.
- Examined Board policies and District procedures 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 instructional employee's compensation was based on performance in accordance with Section 1012.22(1)(c)4. and 5., Florida Statutes.
- Examined District records supporting teacher salary increase allocation payments totaling \$1.5 million to 467 instructional personnel and the required reports (salary distribution plan and expenditure report) submitted to the FDOE to determine whether the District submitted applicable reports to the FDOE and used the funds in compliance with Section 1011.62(18), Florida Statutes.

- Examined District records for the audit period for 30 employees and 30 contractor workers selected from the population of 912 employees and 102 contractor workers to assess whether individuals who had direct contact with students were subjected to the required fingerprinting and background screening.
- Examined Board policies, District procedures, and related records for volunteers for the audit period to determine whether the District searched prospective volunteers' names against the Dru Sjodin National Sexual Offender Public Web site maintained by the United States Department of Justice, as required by Section 943.04351, Florida Statutes.
- Evaluated 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.
- Evaluated Board policies and District procedures to ensure that health insurance was provided only to eligible employees, retirees, and dependents and that, upon an employee's separation from District employment, insurance benefits were timely canceled as appropriate based on the Board policies. We also determined whether the District had procedures for reconciling health insurance costs to employee, retiree, and Board-approved contributions.
- Determined whether non-compensation expenditures were reasonable, correctly recorded, adequately documented, for a valid District purpose, properly authorized and approved, and in compliance with applicable State laws, SBE rules, contract terms and Board policies; and applicable vendors were properly selected. Specifically, from the population of non-compensation expenditures totaling \$19.4 million for the period July 2020 through May 2021, we evaluated documentation supporting 30 selected payments for general expenditures totaling \$1.6 million.
- From the population of payments totaling \$7.2 million during the period July 2020 through May 2021 to 167 contracted services, examined supporting documentation, including the contract documents, for 30 selected payments totaling \$3.6 million 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 expenditures totaling \$16.4 million for the audit period from State grants and appropriations, examined documentation supporting selected expenditures totaling \$0.8 million to determine District compliance with the restrictions imposed on the use of these resources.
- Examined the contract document for the FDOE-approved virtual instruction program (VIP) provider to determine whether the contract contained required statutory provisions. Also, we examined the contract documents to determine whether provisions were included to address compliance with contract terms, the confidentiality of student records, and monitoring of the providers' quality of virtual instruction and data quality.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.

- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each school district on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name being the most prominent.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



Hendry County District School Board

Michael Swindle
Superintendent

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January 14, 2022

Sherrill F. Norman, CPA
Office of the Auditor General
111 West Madison Street, Suite G74
Tallahassee, Florida 32399

Dear Ms. Norman:

Please accept the following responses for the preliminary and tentative operational audit findings and recommendations. The District has begun to take corrective actions. Should you have any questions, or if additional information is needed, please contact Ms. Sarah Cox, Chief Financial Officer, at (863) 674-4100 or via email at coxs@hendry-schools.net.

Respectfully,

A handwritten signature in blue ink that reads "Michael Swindle".

Michael Swindle
Superintendent, Hendry County School Board

MS:ac

cc: Sarah Cox

Hendry County Schools ... our future starts here.
HENRY SCHOOL DISTRICT IS AN EQUAL OPPORTUNITY FOR EDUCATION AND EMPLOYMENT

Finding #1: School Safety

The District is in the process of updating policies and procedures to ensure compliance.

Finding #2: Background Screenings

The Hendry County School District updated procedures to ensure that controls are in place for required background screenings for all current employees. The Human Resource Department staff will pull all deletions for the upcoming month and resubmit anyone still employed with the district (each month): current District employees and contracted employees. The Human Resources did a "clean up" of files and is now following the monthly protocol to ensure submissions for background screenings. The new monthly process will ensure that each District employee and contracted employee will undergo the required background screening at least once every 5 years.

Finding #3: Ethical Conduct

The Hendry County School District enhanced procedures for District personnel and their response to the accountability of mandatory training on ethical conduct. Every employee was given multiple reminders from the Deputy Superintendent and school leadership teams in regards to the responsibility of completing the Ethical Conduct training (in the "Safe Schools" system). As of November 30, 2021, one hundred percent of employees had completed the training. In addition, the District has established a procedure of informing potential employers of employees who were terminated, or separated, for a conviction or suspicion of inappropriate behavior with children. These communications will be done on reference calls, or if one is not done, the Human Resource Department will follow up with any future employers, as they know about them. Documentation of these calls will be held in the Human Resources office, as needed.

Finding #4: Mental Health Care Services

The required mental health awareness and assistance instruction was provided through a program in which we could not grab the data, nor get the company to provide the data in a timely manner. The students, in most cases had participated in the 5-hours of instruction, but documentation was not properly done. The District has since purchased an additional program to aid in the requirement in an online student version to meet all requirements: Suite 360 by Navigate 360. All students in grades 6-12 are working on the required 5 hours of instruction through this program. It also allows for additional supports and interventions.

The Youth Mental Health First Aid training for staff has been extremely difficult in reaching 100% due to COVID, which continues to plague the district with increased cases. Our substitutes are limited, or Professional Development days are limited, and our sick leave rates continue to climb. However, the Youth Mental Health First Aid instruction for teachers and staff is also getting an upgrade and additional coursework added onto the schedule. The District currently has 8 trainers in YMHFA. The district is offering 2 classes per month for live learning, as well as providing access to the online version of the YMHFA recertification training for those school employees trained 3 (or more) years ago. These new protocols will allow us to get new staff and veteran staff trained, and/or recertified.

Finding #5: ERP System

The District's CFO and Finance Department are primarily responsible for overseeing the procurement process and ensuring the District is complying with State rules and Board Policies. Unfortunately, the District CFO at the time was not fluent in these requirements and thus a thorough and well thought out plan, from start to finish, was not formally executed or documented. The District has, and continues, to strengthen all procurement processes by reviewing and improving internal controls, which includes the education of staff members around basic procurement requirements. Additionally, a new process has been put in place requiring the Board attorney to review and sign off on all contracts, as well as ensure all contracts over \$15,000 are signed by the Board Chair.

Finding #6: Fiscal Transparency

The District updated its web site to include the fiscal transparency tool developed by the FLDOE in November, 2021. District staff are working to get the fiscal trend information on our web site and implement procedures to ensure the information is updated annually.

Finding #7: Virtual Instruction Program

The Hendry County School District is currently negotiating a contract amendment with our VIP provider to ensure compliance with Florida law. The District is also reviewing policies and procedures that will enhance operations and effectiveness of its VIP provider and that the contract includes provisions outlined in Florida state law. The District will establish policies and procedures to ensure enrollment in the VIP for residents outside of the District is appropriately limited as required by Florida State law.

Finding #8: IT User Access Privileges: Sensitive Personal Information

The IT Department is in the process of a formal evaluation of all current users who have access to social security numbers in the SIS. Currently, there is a need for each registrar at each school to be able to view and enter this information. In addition, IT Staff must have access for state reporting purposes. All other users that have access to social security information will lose this privilege. This includes school based administrators, teachers, paraprofessionals, and the Superintendent. A permission request document has been created that will need to be completed and signed by authorized personnel to add this capability to any user in the future. A software request has been submitted to the SIS provider, FOCUS, to create an access level that will differentiate between current and former students. If this is possible then registrars at the school will only have access to current students and IT staff will be the only personnel that will have access to former student information.

Finding #9: IT User Access Privileges: Timely Deactivation

The IT Department has recently integrated the ERP system, Skyward, into an automated account provisioning system. Once an employee has been listed as inactive, the program will automatically revoke all permissions and capabilities to access any School District program.