

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2022-167
March 2022

**NASSAU COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2020-21 fiscal year, Dr. Kathy K. Burns served as Superintendent of the Nassau County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Donna Martin, Chair	1
Gail G. Cook, Vice Chair	2
Jamie Deonas	3
Dr. Cynthia Grooms from 11-17-20	4
Russell L Johnson through 11-16-20	4
Lissa Braddock	5

The team leader was Ivo Njabe, CPA, and the audit was supervised by Dennis W. Gay, 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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NASSAU COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Nassau County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2019-140. 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: District controls over contracting for construction and design services were not sufficient to ensure compliance with State law.

Finding 3: Contrary to State law, the District did not always obtain appropriate certified copies of recorded payment and performance bonds from construction and repair contractors before work commenced.

BACKGROUND

The Nassau 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 Nassau County. The governing body of the District is the Nassau 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 16 elementary, middle, and high schools and reported 12,007 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. For the 2020-21 school year, the State Chief Financial Officer (CFO) provided guidance³ that educational occupancies were to conduct at least four physical drills before replacing drills with fire safety education. In a memorandum dated August 7, 2020, the Florida Department of Education directed school district superintendents to use the guidance from

¹ Section 1006.07(4), Florida Statutes.

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

³ Chief Financial Officer Directive 2020-13, which was prompted by the effects of the COVID-19 pandemic.

the CFO as a reference in planning required school safety drills, including drills for active shooter and hostage situations.

To further provide for the protection and safety of school personnel, property, students, and visitors, State law⁴ 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), school safety officers (SSOs), or school guardians at each school facility. SROs must undergo criminal background checks, drug testing, and a psychological evaluation, be certified law enforcement officers, and are required to complete mental health crisis intervention training using a curriculum developed by a national organization with expertise in mental health crisis intervention.

Our review of District procedures disclosed that emergency drills were required to be performed and documented on a District drill log, which was electronically submitted to the School Safety Specialist. As part of our audit, we requested for examination support for the 320 drills or applicable safety education sessions for all District schools during the 10-month period August 2020 through May 2021 (10 active shooter and hostage situation emergency drills or safety education sessions and 10 fire emergency drills or safety education sessions at each of the 16 District schools). According to District personnel, some schools conducted more than the minimum four physical drills before replacing the drills with safety education sessions while other schools conducted fewer than four physical drills or none at all. Our examination of the support provided disclosed that District records were not maintained to demonstrate the conduct of 70 (44 percent) of the 160 required active shooter and hostage situation drills or education sessions and 71 (44 percent) of the 160 required fire emergency drills or education sessions. In response to our inquiries, District personnel indicated that they misinterpreted the CFO guidance authorizing school safety education to replace physical drills and that the safety education was completed but not always documented and reported to the District Office.

The Board employed eight SSOs, each assigned to a different school, and a certified school guardian assigned to another District school. For the other schools, the Board contracted with the Nassau County Sheriff's Office (NCSO) and the Fernandina Beach Police Department (FBPD) for seven SROs. The contracts required the SROs to be certified deputies and, therefore, subject to criminal background checks, drug testing, and psychological evaluations but did not require SROs to complete the required mental health crisis intervention training. Upon our request, District records were not provided to demonstrate that the seven SROs had met any of these requirements.

Subsequent to our request, the District obtained support from the NCSO and the FBPD to verify that the requirements were met except that, as of June 30, 2021, four of the seven SROs had not completed mental health crisis intervention training and one SRO had not completed the psychological evaluation. In response to our inquiry, District personnel indicated that they rely on the NCSO and FBPD to ensure SRO criminal background checks, drug testing, and psychological evaluations are completed. District personnel also indicated that, because mental health crisis training sessions were at full capacity for the 2020-21 fiscal year, some SROs did not receive the training but are scheduled for training during the 2021-22 fiscal year.

⁴ Section 1006.12, Florida Statutes.

Absent effective procedures to ensure and document that required emergency drills are timely conducted or alternative safety education is provided and documented verification that SROs meet all requirements, the District cannot demonstrate compliance with State law or that appropriate measures have been taken to promote student and staff safety.

Recommendation: The District should enhance procedures to demonstrate compliance with State school safety laws. Such enhancements should include procedures ensuring and documenting that the District conducts required emergency drills and timely verifies that SROs meet all requirements. In addition, the District should ensure future contracts for SRO services require SROs to complete required mental health crisis intervention training.

Finding 2: Construction and Design Service Contract Administration

State law⁵ provides that the Board may employ procedures, such as the use of competitive bids or a construction management entity (CME), to contract for the construction or renovation of facilities. Florida Department of Education (FDOE) publications⁶ require that the Board, unless other authorized contract processes are used, use the bidding process to award all construction projects of \$300,000 or more as required by State law.⁷ Alternatively, if the Board decides to employ a CME, the Board must select the CME pursuant to a competitive negotiation process outlined in State law⁸ and may require the CME to offer a guaranteed maximum price (GMP), which allows for the difference between the actual cost of the project and the GMP amount, or net cost savings, to be returned to the District. Consequently, State law requires the District to competitively negotiate CME services and does not authorize the District to rely on another entity's selection process for similar services.

To help establish contracting and construction techniques, the FDOE publications⁹ require the Board to provide the FDOE a brief description of the facilities procurement process for each project over \$300,000, prior to implementation. The description must name, for example, the architects and engineers of record for design and the contractor, CME, or design-build or program management entity. Also, State law¹⁰ requires that, when an educational facility will have construction costs greater than \$50,000, the services of a registered architect be used to develop plans for the facility and the architect be selected pursuant to the State law competitive negotiation process.¹¹

During the period November 2019 through May 2021, the District had seven significant construction projects in progress with contracts totaling \$9.5 million. To evaluate District controls over construction and design service contract administration during that period, we requested for examination District records supporting five construction projects in progress with contract amounts totaling \$2.7 million. We found that, for the Callahan Intermediate School Parent Pickup Lane Extension Project (Extension Project), the Yulee Primary School New Ceilings and Lighting Installation Project (Ceiling and Lighting Project), and the Yulee Middle School Re-roofing Project (Re-roofing Project), contrary to FDOE

⁵ Section 1013.45(1), Florida Statutes.

⁶ Section 4.1 of the FDOE, Office of Education Facilities, publication, *State Requirements for Educational Facilities (2014)*.

⁷ Section 255.20, Florida Statutes.

⁸ Sections 255.103 or 287.055, Florida Statutes.

⁹ Section 4.2(2) of the FDOE, Office of Education Facilities, publication, *State Requirements for Educational Facilities (2014)*.

¹⁰ Section 1013.45(4), Florida Statutes.

¹¹ Section 287.055, Florida Statutes.

publications, the District did not provide the FDOE descriptions of the facilities procurement processes. According to District personnel, this occurred due to staff turnover and oversights, and the District had not established procedures to comply with the FDOE requirement. We also noted that:

- For the Extension Project, District records indicated that the District solicited a proposal from a contractor who had entered a continuing CME contract with another school district. While the Board entered into a contract with the contractor, which required that a GMP be established, the subsequent Board-approved contract with the contractor set a \$705,220 fixed amount without reference to a GMP. According to District personnel, they intended to contract for the project through competitive bids; however, the contractor was not selected pursuant to required competitive selection processes for selecting a CME and no bids were solicited for the project. Consequently, District records did not demonstrate compliance with State law and FDOE publications requirements or that services for the project were obtained at appropriate levels of quality and the lowest possible cost.
- The estimated costs for the Ceiling and Lighting Project totaled \$560,131 and the Re-roofing Project estimated costs totaled \$384,955. According to District personnel, qualified building inspectors from the North East Florida Educational Consortium inspected the two projects and determined that the projects met applicable building code requirements; however, contrary to State law, District staff who were not registered architects designed these projects. In response to our inquiry, District personnel indicated that they initially thought that, since these projects were not complex, a registered architect would not be required. However, statutory requirements for design services and architect selection processes are based on estimated construction costs.

Recommendation: The District should enhance procedures to ensure that the District:

- **Clearly establishes the contracting and construction techniques that the Board plans to employ for construction processes for each project over \$300,000 and, prior to implementation of the process, provides a description of that process to the FDOE as required.**
- **Complies with applicable competitive selection and negotiation requirements for selecting those who provide construction or design services and also complies with the requirement that those who provide applicable design services are registered architects.**

Finding 3: Payment and Performance Bonds

State law¹² requires a person entering into a contract with the Board for a construction or repair project exceeding \$200,000 to execute and record in the public records a payment and performance bond with a State-authorized surety insurer. In addition, before commencing the work, the contractor must provide to the District a certified copy of the recorded bond. The bond guarantees payment of the contractor's obligation to those who furnish labor, services, or materials for the project, and protects the District from financial loss should the contractor fail to properly perform the contracted services.

During the period November 2019 through May 2021, the Board contracted with seven contractors for construction and repair projects, each exceeding \$200,000, and totaling \$9.5 million. As part of our audit procedures, we requested for examination the contractor payment and performance bonds for those projects. District records were not initially provided to demonstrate that six contractor payment and performance bonds were received; however, subsequent to our inquiry in June 2021, the District obtained

¹² Section 255.05(1), Florida Statutes.

payment and performance bonds with sureties for five projects totaling \$2,458,611. The District was unable to obtain the remaining bond for the Yulee Primary School New Ceilings and Lighting Installation Project which was completed in August 2021 with costs totaling \$560,131.

In response to our inquiries, District personnel indicated that certified copies of recorded payment and performance bonds were not timely obtained because of oversights due to staff turnover. Notwithstanding this response, our procedures do not substitute for proper internal controls to verify the existence of contractor payment and performance bonds. Without such procedures, the risk increases that the District may incur unnecessary costs if contractors fail to pay all workers and suppliers associated with a project or do not properly perform contracted services.

Recommendation: The District should, for future construction or repair projects with costs that will exceed \$200,000, comply with State law by obtaining appropriate certified copies of recorded payment and performance bonds from contractors before work commences.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2019-140.

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 2021 through September 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, public meetings and communications, school safety, fiscal transparency, compensation, construction, revenues, 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. 2019-140.

- 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, and District procedures, and other guidelines, and interviewed District personnel to obtain an understanding of applicable processes and administrative activities.
- Reviewed District information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, systems development and maintenance, network configuration management, system backups, and disaster recovery.
- Evaluated Board security policies and District procedures governing the classification, management, and protection of sensitive and confidential information.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, from the population of 25 individuals who had access to sensitive personal student information, we examined the access privileges of

20 selected employees to evaluate the appropriateness and necessity of the access privileges based on the employee's assigned job responsibilities.

- Examined District records to determine whether the District had developed an anti-fraud policy and procedures to provide guidance to employees for communicating known or suspected fraud to appropriate individuals.
- Analyzed the District's General Fund total unassigned and assigned fund balances at June 30, 2021, 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.
- 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 \$8.6 million and transfers totaling \$2.8 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 43 selected expenditures totaling \$4.7 million and \$2.8 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.
- During the 2020-21 fiscal year, the District had seven significant construction projects in progress with contract costs totaling \$9.5 million. As part of our audit procedures, we evaluated District administration of five construction projects in progress during November 2019 through May 2021 with contract amounts totaling \$2.7 million for parent pickup lanes, ceiling and light renovations, drainage improvements, and reroofing.
- From the seven significant construction projects in process during the audit period with contracts totaling \$9.5 million, examined documentation for the Callahan Intermediate School Parent Pickup Lane Extension and Yulee Primary School New Ceiling and Lighting Installation Projects in progress with contract amounts totaling \$1.2 million to determine compliance with Board policies and District procedures and applicable provisions of State law and rules. Specifically, we:
 - Evaluated District procedures for monitoring subcontractor selection and licensure and examined District records to determine whether the sufficiency of such procedures ensured that subcontractors were properly selected and licensed.
 - Examined District records to determine whether architects were properly selected pursuant to Section 287.055, Florida Statutes, and whether the District determined the architects were adequately insured.
 - Examined District records to determine whether the construction manager was properly selected pursuant to Section 255.103, Florida Statutes.
 - Determined whether the Board established appropriate policies and District procedures addressing the negotiation and monitoring of general conditions costs.
 - Examined District records to determine whether District procedures for monitoring payments totaling \$1.2 million were adequate and payments were sufficiently supported.
- Examined contractor payment and performance bonds for the seven construction projects in progress during the audit period with contract amounts exceeding \$200,000 to determine whether the contractors furnished payment and performance bonds pursuant to Section 1013.47, Florida Statutes.

- For the one land acquisition during the audit period totaling \$425,000, reviewed the property appraisals and environmental studies obtained by the District pursuant to the requirements of Sections 1013.14 and 1013.365, Florida Statutes, to determine whether the properties were appropriately valued for financial reporting purposes and whether any conditions were identified that may result in environmental liabilities to the District.
- 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 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 SBE Rule 6A-1.094124(4), Florida Administrative Code.
- From the population of \$347,386 total workforce education program funds expenditures during the period July 2020 through February 2021, examined District records supporting 14 selected expenditures totaling \$254,790 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 33,266 contact hours reported for 145 adult general education instructional students during Fall 2020 Semester, examined District records supporting 1,495 reported contact hours for 25 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.
- Examined District records supporting teacher salary increase allocation payments totaling \$2.1 million to 829 instructional personnel and the reports submitted to the FDOE (salary distribution plan and expenditure report) to determine whether the District submitted required reports to the FDOE and used the funds in compliance with Section 1011.62(18), Florida Statutes.
- From the compensation payments totaling \$92.1 million to 2,094 employees during the audit period, examined District records supporting compensation payments totaling \$61,810 to 35 selected employees to determine the accuracy of the rate of pay and whether supervisory personnel reviewed and approved employee reports of time worked.
- From the population of overtime payments totaling \$73,378 to 72 employees during the audit period, examined District records supporting overtime payments totaling \$48,854 to 14 selected employees to determine whether Board policies and District procedures were adequate and the supporting documentation evidenced the approval of, and necessity for, the overtime payments.
- 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.
- From the population of contracted services expenditures totaling \$2.4 million for 149 contracts during the period July 2020 through February 2021, examined supporting documentation, including the 26 contracts, for 26 selected expenditures totaling \$1.3 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.
- 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 \$32.8 million for the audit period, we evaluated documentation supporting 40 selected payments for general expenditures totaling \$8.7 million.
- Reviewed Board policies and District procedures related to identifying potential conflicts of interest. For the five Board members and Superintendent who were required to file statements of financial interests, we reviewed Florida Department of State, Division of Corporation, records; statements of financial interests; and District records to identify any potential relationships with District vendors that represent a potential conflict of interest.
- 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.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



Kathy K. Burns, Ed.D.
Superintendent of Schools

The Nassau County School District

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March 22, 2022

Ms. Sherrill F. Norman, Auditor General
Claude Denson Pepper Building, Suite G74
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Tallahassee, FL 32399-1450

Dear Ms. Norman:


The following is in response to the findings of our audit for the fiscal year ending June 30, 2021. We agree with the following findings and will take corrective action to ensure compliance with State Statutes:

Finding 1 – School Safety We are currently utilizing Raptor’s Drill manager for compliance and documentation of required drills. The system produces a schedule and will send out emails to remind the school administrators if a required drill has not been performed. The new SROs are trained on mental health crisis intervention as soon as classes are available but with shortages of staff this has reduced the number of classes available.

Finding 2 – Construction and Design Service Contract Administration We will also offer competitive selection of all construction projects of \$300,000 or more and ensure that contracting and construction techniques are identified prior to design of the project. This will be transmitted to FDOE via the proper venues.

Finding 3 – Payment and Performance Bonds We have updated our checklist for construction projects to reflect bonding and highlighted our bonding statement in our Notice-to-Proceed document.

Sincerely,


Kathy K Burns, Ed.D.
Superintendent

Our mission is to develop each student as an inspired life-long learner and problem-solver with the strength of character to serve as a productive member of society.

The Nassau County School District does not discriminate on the basis of race, color, national origin, gender, age, disability or marital status in its educational programs, services or activities, or in its hiring or employment practices.