

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2023-017
September 2022

**MANATEE COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2021-22 fiscal year, Mrs. Cynthia Saunders served as Superintendent of the Manatee County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Gina Messenger, Vice Chair from 11-16-21	1
Charlie Kennedy, Chair through 11-15-21	2
Mary Foreman	3
Chad Choate III from 8-6-21 ^a	4
Rev. James T. Golden, Chair from 11-16-21, Vice Chair through 11-15-21	5

^a Member position vacant through 8-5-21.

The team leader was Saleemah R. Reshamwala, and the audit was supervised by Rachel P. Sellers, 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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MANATEE COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Manatee County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2019-205. Our operational audit disclosed the following:

Finding 1: Required background screenings were not always obtained for contractor workers. A similar finding was noted in our report No. 2019-205.

Finding 2: Contrary to State law, the District did not always provide required youth mental health awareness and assistance training to school personnel.

Finding 3: The District did not comply with State law by timely and prominently posting on its Web site the required proposed and tentative budget information for the 2021-22 fiscal year.

BACKGROUND

The Manatee 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 Manatee County. The governing body of the District is the Manatee County District School Board (Board), which is composed of five elected members. The appointed Superintendent of Schools is the Executive Officer of the Board. During the 2021-22 fiscal year, the District operated 52 elementary, middle, high, and specialized schools; sponsored 13 charter schools; and reported 50,769 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Contractor Worker Background Screenings

Pursuant to State law,¹ instructional or noninstructional contractors who are permitted access on school grounds when students are present or who are hired or contracted to fill positions that require direct contact with students must undergo a level 2 background screening² at least once every 5 years. Additionally, State law³ provides that noninstructional contractors may be exempt from the background screening requirements if the contractors are under the direct supervision of a school district employee or contractor who has had a criminal history check and meets the statutory screening requirements. State law⁴ also requires the District to verify the results of the background screening of a noninstructional

¹ Sections 1012.32(2), 1012.465, 1012.467, and 1012.56(10) Florida Statutes.

² 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.

³ Section 1012.468(2), Florida Statutes.

⁴ Section 1012.467(2)(f) and (7)(a), Florida Statutes.

contractor whose background screening was completed by another school district within the last 5 years using the shared system implemented by the Florida Department of Law Enforcement (FDLE).

According to District personnel, to promote compliance with the statutory background screening requirements, the Procurement Services Department is responsible for e-mailing a new vendor information form identifying school contractor workers to the Safety and Security Department. After the form is received, the Safety and Security Department completes background screenings for the contractor workers or uses the FDLE shared system to verify contractor worker background screenings completed by other school districts within the last 5 years. District personnel also indicated that the Safety and Security Department maintained a contractor database of the contractor workers' background screenings, which is accessible for review by school personnel to authorize worker services. However, the database was not appropriately updated and maintained to provide a comprehensive list of contractor workers who should have the required screening.

The Board routinely contracts for contractor services including school maintenance and student therapy services. To determine whether required background screenings were performed, we examined District records supporting these services and requested related screenings, as of April 2022, for the 191 contractor workers who worked for 30 selected contractors.⁵ We found that District records did not evidence required background screenings for 18 contractor workers, including:

- 9 noninstructional contractor workers who provided school fire alarm, environmental remediation, and other school maintenance services.
- 9 instructional contractor workers who provided student speech, physical, occupational, and mental health therapy services.

District personnel indicated that the Procurement Services Department did not notify the Safety and Security Department to obtain screenings for the 18 contractor workers and, although we requested, instructions requiring the Procurement Services Department notification were not provided. In addition, although we requested, District personnel could not explain why school personnel permitted services by the 18 contractor workers without confirming the workers' background screenings in the contractor database. By August 2022, and subsequent to our inquiry, District personnel obtained screenings for the 18 contractor workers and no unsuitable backgrounds were noted. Absent effective screening controls, there is an increased risk that contractor workers with unsuitable backgrounds may have direct contact with students. A similar finding was noted in our report No. 2019-205.

Recommendation: The District should identify contractor workers who have not obtained the required background screenings, ensure the screenings are promptly obtained and evaluated, and make decisions, as necessary, based on evaluations of the screening results. The District should also enhance procedures to include instructions requiring the Procurement Department to notify the Safety and Security Department to obtain required contractor worker screenings, the Safety and Security Department to appropriately update and maintain the database of contractor workers' background screenings, and school personnel to document review and confirmation that contractor workers have suitable backgrounds before the workers provide school services when students are present or have direct contact with students.

⁵ The 191 contractor workers included 61 noninstructional workers who provided services for 21 noninstructional contractors and 130 instructional contractor workers who provided services for 9 instructional contractors.

Finding 2: Mental Health Awareness and Assistance Training

State law⁶ requires the District to designate a school safety specialist who, among other things, is to ensure that school personnel receive youth mental health awareness and assistance training. Pursuant to State law,⁷ the District received a mental health assistance allocation totaling \$2.1 million for the 2021-22 fiscal year to establish or expand school-based mental health care services and related training.

Our examination of District records and District personnel responses to our inquiries disclosed that the District designated a school safety specialist; however, established procedures were not always effective to demonstrate and ensure that the District complied with mental health training requirements. Specifically, we found that only 3,195 (63 percent) of the 5,046 school employees as of June 30, 2022, had completed the required mental health training. District personnel indicated that, due to the COVID-19 pandemic, substitutes were not always available and staff turnover increased so it was not possible to fully comply with the training requirements.

Without the required training, a mental health services need may not be timely identified and appropriately met and, absent documentation evidencing mental health awareness and assistance training, the District cannot demonstrate compliance with State law.

Recommendation: The District should enhance procedures to ensure that all District school personnel receive youth mental health awareness and assistance training.

Finding 3: Fiscal Transparency

To promote responsible spending, more citizen involvement, and improved accountability, it is important for the District to provide easy access to the District budget and related information. Pursuant to State law,⁸ the District must post on its Web site a plain language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public.

At the time of our review on June 3, 2022, the District Web site contained the Board's official budget for the 2021-22 fiscal year; however, the Web site lacked the proposed and tentative budgets for that fiscal year. In response to our inquiry, District personnel indicated that, due to staff turnover, they did not know why the items were not posted. On June 15, 2022, the District updated the Web site to include the proposed and tentative budgets for the 2021-22 fiscal year.

Providing the required budget and transparency information on the District Web site enhances citizen involvement and the ability to analyze, monitor, and evaluate budget outcomes.

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

⁶ Sections 1006.07(6)(a) and 1012.584(2), Florida Statutes.

⁷ Section 1011.62(14), Florida Statutes.

⁸ Section 1011.035(2), Florida Statutes.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2019-205, except that Finding 1 was also noted in our report No. 2019-205 as Finding 6.

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 2022 through August 2022 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. 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 Nos. 2019-205.
- 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 the selection and examination of transactions and records, as well as events and conditions, occurring during the 2021-22 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 these accounts had been appropriately assigned and managed. Specifically, we tested the 50 roles that allowed update access privileges to selected critical finance and HR application functions and security access functions for:
 - The 20 users who had security access to the District’s application systems, datasets, and programs for the finance and HR applications.
 - 22 of the 359 users who had access to finance applications.
 - 8 of the 567 users who had access to the HR applications.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, from the population of 167 employees who had access to sensitive personal student information, we examined the access privileges of 30 selected employees to evaluate the appropriateness and necessity of the access privileges based on the employee’s assigned job duties.
- Evaluated Board security policies and District procedures governing the classification, management, and protection of sensitive and confidential information other than student sensitive personal information.

- Evaluated District procedures to prohibit former employee access to electronic data files. We also reviewed selected user access privileges for 30 of the 597 employees who separated from District employment during the period July 1, 2021, through April 8, 2022, to determine whether access privileges were timely deactivated.
- Determined whether the District had a comprehensive IT disaster recovery plan in place that was designed properly, operating effectively, and had been recently tested.
- Examined selected operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Determined whether the District had established a comprehensive IT risk assessment to document the District's risk management and assessment processes and security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.
- Evaluated District IT procedures for requesting, testing, approving, and implementing changes to the District business system.
- Evaluated Board policies and District procedures and examined supporting documentation to determine whether audit logging and monitoring controls were configured in accordance with IT best practices.
- Evaluated the adequacy of District procedures related to security incident response and reporting.
- Evaluated the physical controls at the District data center to determine whether access vulnerabilities existed, and a fire suppression system had been installed.
- Inquired whether the District had any expenditures or entered into any contracts under the authority granted by a state of emergency, declared or renewed during the audit period. From the population of employee shelter services and related compensation expenditures totaling \$24,976 related to 45 employee contracts in effect for the audit period, examined supporting documentation, including employee contracts, for selected compensation expenditures totaling \$18,909 for 20 employee contracts to evaluate the reasonableness of District actions, including District compliance with applicable State laws, State Board of Education (SBE) rules, contract terms, and Board policies.
- Examined the District Web site to determine whether the 2021-22 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).
- Reviewed organizational charts, audit plans, and audit agendas to determine whether the District employed an internal auditor during the audit period and whether the internal auditor reported directly to the Board or its designee as required by Section 1001.42(12)(l), Florida Statutes, and performed the duties specified in that section. We also determined whether the internal auditor developed audit work plans based on annual risk assessments considering input from other finance and administrative management.
- Examined the 50 bank reconciliations and supporting documentation for the period July 2021 through April 2022 to determine whether the District timely performed the reconciliations.
- From the population of expenditures totaling \$66.2 million and transfers totaling \$27.7 million during the period July 2021 through April 2022, 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 \$13.2 million and

\$18.1 million, respectively, to determine District compliance with the restrictions imposed on the use of these resources, such as compliance with Section 1011.71(2), Florida Statutes.

- From the ten significant construction projects in progress during the period July 2021 through April 2022 with expenditures totaling \$29.7 million, selected two construction management contract projects with guaranteed maximum price contracts totaling \$48.8 million and \$20.8 million, respectively, and examined documentation for selected project expenditures totaling \$6.2 million to determine compliance with Board policies and District procedures and applicable provisions of State law and rules. Specifically, we:
 - Determined whether appropriate Board policies and District procedures addressing the negotiation and monitoring of general conditions costs had been established.
 - Examined District records supporting four selected payments for general conditions costs totaling \$725,758 to determine whether procedures for monitoring payments were adequate and payments sufficiently supported.
- Pursuant to Section 1013.64(6)(d)2., Florida Statutes, obtained from the FDOE the 2021 cost of construction reports of District student station costs. We examined District records for the two construction projects completed during the 2021 calendar year to determine whether student station costs were accurately reported and complied with the student station cost limits established by Section 1013.64(6)(b)1., Florida Statutes.
- Evaluated District procedures to determine whether the District properly identified and inventoried attractive items pursuant to Department of Financial Services Rules, Chapter 69I-73, Florida Administrative Code.
- 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 and 1006.12, Florida Statutes, and Section 1011.62(13), Florida Statutes (2021).
- 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 Section 1012.584, Florida Statutes, Section 1011.62(14), Florida Statutes (2021), and SBE Rule 6A-1.094124, Florida Administrative Code.
- From the population of \$6.6 million total workforce education program funds expenditures for the period July 2021 through March 2022, selected 30 expenditures totaling \$2 million and examined supporting documentation to determine whether the District used the funds for authorized purposes (i.e., not used to support K-12 programs or District K-12 administrative costs).
- From the population of 356 industry certifications eligible for the 2021-22 fiscal year performance funding, examined 30 selected certifications to determine whether the District maintained documentation for student attainment of the industry certifications.
- Examined District records supporting 2,632 reported contact hours for 30 selected students from the population of 45,666 contact hours reported for 520 adult general education instructional students during the Fall 2021 Semester to determine whether the District reported the instructional contact hours in accordance with SBE Rule 6A-10.0381, Florida Administrative Code.
- Evaluated District procedures and related records for performance-based compensation of instructional personnel paid from the Board-adopted grandfathered salary schedule in accordance with Section 1012.22(1)(c)4., Florida Statutes.
- Examined District records supporting teacher salary increase allocation payments totaling \$7.8 million for the audit period to 2,273 District instructional personnel to determine whether the

District submitted required reports (salary distribution plan and expenditure report) to the FDOE and used the funds in compliance with Section 1011.62(16), Florida Statutes (2021).

- Selected 30 contractors that provided school maintenance and student therapy services and requested and examined available District records supporting background screenings for the 191 contractor workers who provided services when students were present or had direct contact with students to assess whether the contractor workers were subjected to the required fingerprinting and background screening.
- Evaluated the effectiveness of Board policies and District procedures addressing the ethical conduct of employees 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 the effectiveness of Board policies and District procedures for investigating all reports of alleged misconduct by personnel if the misconduct affects the health, safety, or welfare of a student, and notifying the result of the investigation to the FDOE pursuant to Section 1001.42(7)(b)3., Florida Statutes.
- Examined District records for the period July 2021 through March 2022 related to District group health insurance premiums to ensure that health insurance was provided only to eligible District members.
- From the population of payments totaling \$13.2 million during the period July 2021 through April 2022 related to 953 contracts for services, examined supporting documentation, including the contract documents, for 31 selected payments totaling \$4.9 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.
- 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



SCHOOL BOARD

Rev. James Golden
Chair

Gina Messenger
Vice Chair

Chad Choate, III
Mary Foreman
Charlie Kennedy

SUPERINTENDENT

Cynthia Saunders

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SCHOOL DISTRICT OF MANATEE COUNTY

September 8, 2022

Sherrill F. Norman, CPA
Auditor General
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

Noted below is Manatee County School District's response to the Auditor General's preliminary and tentative audit findings for the 2020-2021 Fiscal Year Operational Audit. The Executive Leadership Team of the District is committed to the implementation of the recommendations to increase accountability, transparency and to promote effective and efficient operations throughout the District.

Recommendation 1: The District should identify contractor workers who have not obtained the required background screenings, ensure the screenings are promptly obtained and evaluated, and make decisions, as necessary, based on evaluations of the screening results. The District should also enhance procedures to include instructions requiring the Procurement Department to notify the Safety & Security Department to obtain required contractor worker screenings, the Safety & Security Department to appropriately update and maintain the database of contractor workers' background screenings, and school personnel to document review and confirmation that contractor workers have suitable backgrounds before the workers provide school services when students are present or have direct contact with students.

Response 1: The District will ensure that documentation for validation and effective controls are in place to ensure that required background screenings are timely obtained by contractor workers and that the results of the screenings are collected by District personnel.

Additionally, the District has established procedures and appropriately updated a comprehensive list of contractor workers subject to background screenings in the Raptor Contractor Module and the District will contact contractors/vendors directly to verify, update, or purge information in the Raptor Contractor Module.

Recommendation 2: The District should enhance procedures to ensure that all District school personnel receive youth mental health awareness and assistance training.

Response 2: District staff have established a plan to provide required youth mental health awareness and assistance training, to meet the new Legislative requirement, by June 30, 2023 (i.e., increasing current level of trained employees from 63% to the current statutory requirement). Implementation begins in September 2022.

Recommendation 3: The District should continue efforts to comply with statutory transparency requirements by timely posting all required information on the District Web site.

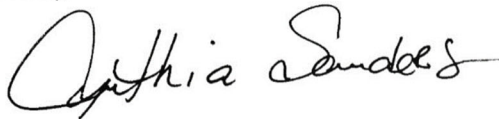
Response 3: As noted in the audit report, “the District Web site contained the Board’s official budget for the 2021-22 fiscal year; however, the Web site lacked the proposed and tentative budgets for that fiscal year.”

District budgets, both tentative/proposed and final, are posted on the District’s Web site, currently for all fiscal years from 2010-2011 through the current budget cycle. The notification that the 2021-2022 proposed/tentative budget was not posted was unexpected, and after discussing with relevant staff, the only explanation is “staff turnover”.

On June 15, 2022, the District updated the Web site to include the proposed and tentative budgets for the 2021-22 fiscal year. Internal controls have been strengthened to provide for additional verification of Web site materials after each public hearing.

We appreciate the professionalism and courtesy of the audit staff throughout the auditing process. Please feel free to contact Tim Barger, Deputy Superintendent of Business Services at 941-708-8770, ext. 41108 if you have any questions.

Sincerely,



Cynthia Saunders
Superintendent