

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2023-195
June 2023

LEE COUNTY DISTRICT SCHOOL BOARD



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2021-22 fiscal year, Dr. Christopher S. Bernier served as Superintendent of the Lee County Schools from May 16, 2022, Dr. Kenneth A. Savage served as Interim Superintendent before that date, and the following individuals served as School Board Members:

	<u>District No.</u>
Mary Fisher, Vice Chair from 11-16-21	1
Melisa W. Giovannelli	2
Chris N. Patricca	3
Debbie Jordan, Chair	4
Gwynetta S. Gittens	5
Betsy Vaughn, Vice Chair through 11-15-21	6
Cathleen O'Daniel Morgan	7

The team leader was Kirenia Nieto, CPA, and the audit was supervised by Ramon L. Bover, 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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LEE COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Lee County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2020-201. Our operational audit disclosed the following:

Finding 1: Contrary to Board policies, District records did not demonstrate that alleged fraud involving District unemployment benefit claims during Spring 2020 was properly investigated.

Finding 2: As of January 2023, 71 percent of the District school employees had not completed the required mental health awareness and assistance training.

Finding 3: The District did not verify that school resource officers during the 2021-22 fiscal year had completed the statutorily required mental health crisis intervention training.

Finding 4: Only 8 percent of the District noninstructional school employees during the 2021-22 fiscal year completed the required ethical conduct training. In addition, District procedures for communicating information about former District employees to potential employers need enhancement.

Finding 5: The District did not obtain the statutorily required internal audit services during the period July 2021 through February 2022. In addition, the District Internal Audit Department, primarily responsible for school internal fund audits, was not organizationally independent, contrary to *International Standards for the Professional Practice of Internal Auditing*.

Finding 6: The District did not comply with State law by timely posting on the District Web site graphical representations of summary financial efficiency data and fiscal trend information for each public school within the District and for the District.

Finding 7: District procedures did not always ensure that minutes for Board meetings were timely approved, contrary to the Sunshine Law.

Finding 8: The District received certain deliverables from vendors based on other governmental entity contracts that were competitively selected by those entities; however, the Board did not always establish contracts with those vendors.

Finding 9: Six employees were granted unnecessary or inappropriate information technology user access privileges that increased the risk for unauthorized disclosure, modification, or destruction of human resources and finance information to occur.

BACKGROUND

The Lee 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 Lee County. The governing body of the District is the Lee County District School Board (Board), which is composed of seven elected members. The appointed Superintendent of Schools is the Executive Officer of the Board.

During the 2021-22 fiscal year, the District operated 95 elementary, middle, high, and specialized schools; sponsored 23 charter schools; and reported 97,279 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Complaint Investigation Procedures

Board policies¹ establish procedures for receiving and investigating allegations of waste, fraud, and abuse. The policies designate the Board Internal Auditor and the Legal Services Department to receive complaints reported and generally determine whether legal sufficiency exists to refer the complaint to the appropriate department for investigation or to the Board to determine whether an outside investigation is necessary. The Board Internal Auditor is also responsible for reviewing each report or complaint to determine what action, if any, should be taken. Such action may include forwarding applicable evidence to legal services for assessment of criminal or administrative action. If it is determined that there is not sufficient evidence to substantiate a violation, the case will be closed and resolution documented accordingly.

We were informed and confirmed that, in January 2021, the Board and Superintendent received a complaint through their e-mail accounts alleging that District employees had inappropriately filed for and collected unemployment benefits during Spring 2020. However, although we requested, District records were not provided to demonstrate a determination of whether legal sufficiency existed for an internal or external investigation or any other action to resolve the complaint. According to District personnel, the employees who handled the complaint were no longer employed by the District and records were not maintained to document how the complaint was resolved.

To evaluate the propriety of unemployment benefit claims related to District employment and filed with the Florida Department of Economic Opportunity (DEO) during the period March 2020 through September 2020, we selected 30 of the 962 individuals who, according to DEO records, filed claims and examined District records to determine if any of the benefits were for periods the individuals were employed by the District. We found that 21 of the individuals received unemployment benefits totaling \$33,973 while employed by the District and were therefore ineligible for the benefits.

In response to our inquiry, District personnel indicated that the District promptly reported to the DEO within the 20 day period² that the 21 individuals were ineligible for unemployment benefits but, due to the significant number of claims made to the DEO during the COVID-19 pandemic, the majority of unemployment claims were paid then adjudicated at a later date. District personnel further indicated that the District received some credits from the DEO for improper benefit payments in 2020. Notwithstanding, District records did not demonstrate any Board Internal Auditor efforts to determine what action, if any, should be taken.

Subsequent to our inquiries, in February 2023 the District began an investigation to resolve the unemployment benefit claim allegations. Failure to promptly investigate complaints and allegations

¹ Board Policy 1.30, *Waste, Fraud, and Abuse*.

² According to the DEO *Florida Reemployment Tax – Employer FAQ*, employers must file a protest with the DEO to dispute charges against their business within 20 days of the “mailed on or before” date stated on the notice of benefits paid form.

increases the risk that the District will not take appropriate actions against individuals who misappropriate District or other public funds.

Recommendation: The District should enhance procedures for promptly investigating complaints and allegations of waste, fraud, and abuse. Consistent with Board policies, such procedures should require maintenance of records demonstrating appropriate determinations of whether legal sufficiency existed to refer the allegations to the appropriate department for investigation or to the Board to determine whether an outside investigation is necessary. In addition, the District should continue efforts to ensure that the alleged unemployment claim fraud is appropriately resolved.

Finding 2: Mental Health Awareness and Assistance Training

Pursuant to State law,³ the District received a mental health assistance allocation totaling \$3.9 million for the 2021-22 fiscal year to establish or expand school-based mental health care services and related training. In addition, State law⁴ requires the District to designate a school safety specialist to, among other things, ensure that District school personnel receive youth mental health awareness and assistance training.

Our examination of District records and discussions with District personnel disclosed that a school safety specialist was designated; however, District procedures were not always effective to ensure that the District complied with the mental health training requirements. Specifically, for the 9,116 school employees as of January 2023, 6,467 (71 percent) had not completed the required training. In response to our inquiries, District personnel indicated that the District experienced delays in delivering the required training due to the COVID-19 pandemic and the immediate shift to remote learning, and that scheduled mental health training was canceled from March 2020 through November 2020. In addition, due to Hurricane Ian, training sessions were also canceled from September 26, 2022, through October 30, 2022.

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

Recommendation: The District should intensify efforts to ensure that all District school personnel promptly receive the statutorily required youth mental health awareness and assistance training.

Finding 3: Safe Schools – School Resource Officer Services

State law⁵ 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), 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.

³ Section 1011.62(14), Florida Statutes (2021).

⁴ Sections 1006.07(6)(a) and 1012.584, Florida Statutes.

⁵ Section 1006.12 Florida Statutes.

For the 2021-22 fiscal year, the Board contracted with the Lee County Sheriff's Office (LCSO), the Fort Myers Police Department (FMPD), and the Cape Coral Police Department (CCPD) for 102 SROs at the 95 District schools. The contracts provided that the SROs were certified deputies and required that the SROs maintain all statutorily required experience and training. However, neither the contracts nor other District records specifically indicated that the SROs had completed required mental health crisis intervention training using a curriculum developed by a national organization with expertise in mental health crisis intervention.

As part of our audit, we requested the District to obtain from applicable local law enforcement agencies documentation for 15 selected SROs assigned to 10 District schools demonstrating that the SROs had completed mental health crisis intervention training. As of April 2023, the District had obtained such documentation for 13 of 15 SROs.

In response to our inquiry, District personnel indicated that they relied on the local law enforcement agencies to ensure that SROs completed the required mental health crisis intervention training. Notwithstanding, absent District timely verification of the required crisis intervention training for SROs, the District has limited assurance that SROs were trained to properly avert, or intervene during, school crises. In addition, absent effective procedures to require and ensure documented verification of SRO 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 maintain records to demonstrate compliance with State school safety laws. Such records should evidence timely District efforts to verify that each SRO received required training.

Finding 4: Ethical Conduct

State law⁶ requires the Board to adopt policies establishing standards of ethical conduct for educational support employees, instructional personnel, administrative personnel, and school officers, as defined in State law.⁷ Such policies must require all educational support employees, instructional personnel, administrative personnel, and school officers to complete training on the standards and report alleged misconduct by other educational support employees, instructional or administrative personnel, and school officers which affects the health, safety, or welfare of a student. In addition, effective employment controls require and ensure that potential employers of former District employees are provided with required information concerning work experience.

The Board adopted standards of ethical conduct⁸ for instructional and noninstructional staff members, which require the staff members, upon employment and annually thereafter, to complete training on the standards and Board policies⁹ establishing the responsibility to report alleged misconduct by personnel affecting the health, safety, or welfare of students. District personnel indicated that employees receive e-mail communications requesting to complete the mandatory training. The District Department of Professional Development also sends periodic e-mail reminders of the mandatory training. After the

⁶ Section 1001.42(6), Florida Statutes.

⁷ Section 1012.01, Florida Statutes.

⁸ Board Policy 1.28, *Ethics in Education*.

⁹ Board Policy 5.31, *Complaints Relating to Employees*.

training is completed, the District online reporting system is updated to identify those who completed the training; however, the system does not identify those who have not completed the training.

During the 2021-22 fiscal year, the District employed 5,418 instructional and 4,975 noninstructional personnel. Our examination of District records disclosed that, as of June 30, 2022, all the instructional personnel had completed the training, but only 398 (8 percent) of the noninstructional employees had completed the training. According to District personnel, District procedures did not require noninstructional employees to comply with the Board policy training requirements. As of April 2023, the District Mandatory Learning Committee was establishing procedures to ensure that all District employees complete the training.

In addition, good business practices prescribe that District personnel direct prospective employers of former employees to the Human Resource (HR) Department for employment references as HR Department personnel record and maintain information about each former employee's employment period, salary, and reason for separation¹⁰ in the District information technology (IT) system. However, District personnel indicated that District supervisors are responsible for providing employment references to potential employers of former District employees and District procedures had not been established to require and ensure that appropriate, consistent information is communicated about former District employees who had their employment terminated for conviction or suspicion of inappropriate behavior with children. According to District personnel, during the 2021-22 fiscal year no District employee was convicted or suspected of inappropriate behavior with children.

Without completing training on standards of ethical conduct and established procedures for properly communicating with potential employers about former District employees who were terminated for conviction or suspicion of inappropriate behavior with children, risks associated with the health, safety, and welfare of students could increase.

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

- **Enhance procedures to ensure that supervisors direct prospective employers of former employees to the HR Department for employment references.**
- **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 5: Internal Audit

State law¹¹ requires that school districts receiving annual Federal, State, and local funds in excess of \$500 million employ an internal auditor. The internal auditor must perform ongoing financial verification of the financial records of the school district, a comprehensive risk assessment of all areas of the school system every 5 years, and other audits and reviews as the Board directs. Employment of an internal

¹⁰ Codes used to identify the reason for separation include, for example, deceased, disciplinary/misconduct, job abandoned, and contract expired.

¹¹ Section 1001.42(12)(l), Florida Statutes.

auditor allows the Board to direct what and how internal audit services will be done.

*Government Auditing Standards*¹² strongly encourage internal auditors to follow *International Standards for the Professional Practice of Internal Auditing (IIA Standards)* published by The Institute of Internal Auditors. The *IIA Standards* require the internal audit function to report to a level within the organization, such as the Audit Committee or Board, that allows the internal audit activity to fulfill its responsibilities without interference in determining the scope of internal auditing, performing work, and communicating results.¹³

The Board contracted with a certified public accounting (CPA) firm in April 2019 to provide the statutory required internal audit services. The services continued until June 2021 when the CPA firm resigned due to disagreements with the Board. However, in March 2022, the Board and CPA firm reached an agreement on internal audit services and executed another contract. Notwithstanding, the District did not comply with the internal audit requirement for the 8-month period July 2021 through February 2022. According to District personnel, the noncompliance occurred because of contracting difficulties.

The District has an Internal Audit Department (Department) that, among other things, conducts school internal fund audits in accordance with *Government Auditing Standards* and also audits certain processes and procedures for accurate student full-time equivalent (FTE) reporting. The Department Director reports to the Chief Financial Officer (CFO) who oversees the daily activities and approves time sheets, leave, travel reimbursements, and purchase requests of the Department Director. Pursuant to Board policies,¹⁴ the CFO also prepares annual performance evaluations of the Department Director. However, since the CFO is responsible for areas subject to internal audit activities and directly supervises and evaluates the Department Director, there is a risk for the CFO to interfere with Department work and related results and the Department is not organizationally independent.

In response to our inquiry, District personnel indicated that, since the Department serves a function different than those required by State law and the CPA firm reports directly to the Board to perform the required internal audit functions, the District is in compliance with State law. Notwithstanding, absent an organizational structure that allows the internal audit activity to fulfill its responsibilities without interference in determining the scope of audits, performing work, and communicating results, there is an increased risk that the Board and District management may lack essential information about the use of financial resources and processes and there is reduced assurance that those resources and processes are compliant, effective, and efficient.

Recommendation: The District should continue obtaining the statutorily required internal audit services and ensure that there are no gaps in such services. In addition, the District should improve the organizational independence of all internal audit functions by requiring the Department Director to administratively report to, and be evaluated by, the Audit Committee or the Board.

¹² *Government Auditing Standards*, Section 3.57.

¹³ *IIA Standards*, Section 1110.

¹⁴ Board Policy 5.40, *Personnel Assessment*.

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,¹⁵ the District must post on its Web site, for each public school within the District and for the District, certain graphical representations 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 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.

At the time of our review in June 2022, the District Web site lacked the graphical representations required by State law. In response to our inquiries, District personnel indicated that the graphical representations were not posted due to management oversight. Subsequent to our inquiries, in January 2023 the District Web site was updated to include the graphical representations of summary efficiency data and fiscal trend information for the previous 3 years.

Providing the required financial efficiency data and fiscal trend information in a timely manner enhances citizen involvement and the ability to analyze, monitor, and evaluate fiscal outcomes.

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

Finding 7: Board Meeting Minutes

State law¹⁶ requires the Board to review, correct if necessary, and approve minutes for each Board meeting at the next regular meeting, and to keep minutes as a public record in a permanent location to set forth clearly all Board actions and proceedings. During the period January 2021 through November 2022, the Board held a total of 152 public meetings, including 42 regular meetings, 54 workshop meetings, 45 briefing meetings, and 11 special meetings.

As part of our audit, we examined District records supporting Board meetings during the period January 2021 through November 2022 and found several instances that the Board did not timely approve the meeting minutes. For example, the Board did not timely approve 19 (45 percent) of the 42 regular meeting minutes until 14 to 378 days, or an average of 267 days, after the next regular meeting and 33 (61 percent) of the 54 workshop meeting minutes until 14 to 476 days, or an average of 251 days, after the next regular meeting.

¹⁵ Section 1011.035(2), Florida Statutes.

¹⁶ Section 1001.42(1)(a), Florida Statutes.

In response to our inquiry, District personnel indicated that the untimely approval of Board meeting minutes was due to staff turnover and limited personnel training. Without timely approval, public access to official actions taken at such meetings may be limited.

Recommendation: The District should take necessary action, such as appropriate training, to ensure that minutes of Board meetings are timely approved as required by State law.

Finding 8: Procurement Procedures

Pursuant to State law,¹⁷ the Board is the contracting agent for the District. As a matter of good business practice, contractual arrangements should be evidenced by Board-established contracts embodying all provisions and conditions for the procurement. The use of a well-written, complete, and properly executed contract protects District interests, defines expected deliverables, and provides a basis for payment.

State Board of Education (SBE) rules¹⁸ provide that, in lieu of requesting competitive solicitations from three or more sources, the District may make purchases at or below the specified prices from contracts awarded by another governmental entity when the proposer awarded the contract by the other governmental entity permits District purchases at the same terms, conditions, and prices (or below such prices) awarded in the contract, and such purchases are to the economic advantage of the District.

During the 2021-22 fiscal year, in lieu of requesting competitive solicitations, the Board approved the District to utilize contracts awarded to 76 vendors by other governmental entities with District vendor payments totaling \$92.2 million. As part of our audit, we selected 8 entity contracts totaling \$59 million and related District payments and examined District records to determine whether appropriate contracting and procurement processes were followed. We found that the District relied on the other entity contracts to support those procurements and District purchases were at the same terms, conditions, and prices established in those contracts; however, the Board did not establish contracts with the vendors. Subsequent to our inquiries, District personnel indicated that, as of March 2023, they had developed a standard contract document to establish agreements with vendors awarded contracts by other governmental entities.

Without a Board-established contract, there is an increased risk that expectations will not be met, payment or delivery problems will occur, obligations and responsibilities will be unclear, and vendors will not honor the prices guaranteed in contracts between other entities and vendors.

Recommendation: The District should continue efforts to ensure that Board-established contracts are used to protect District interests, define expected deliverables, and provide a basis for payment when procurements are for the same terms, conditions, and prices (or below such prices) in contracts awarded by other governmental entities.

Finding 9: Information Technology User Access Privileges to Business Application

Access controls are intended to protect data and IT resources from unauthorized disclosure, modification, or destruction. Effective access controls grant employees access to IT resources based on demonstrated

¹⁷ Section 1001.41(4), Florida Statutes.

¹⁸ SBE Rule 6A-1.012(6), Florida Administrative Code.

need to view, change, or delete data and restrict individuals from performing incompatible functions or functions outside their areas of responsibility. Documenting periodic evaluations of assigned access privileges helps ensure that IT users cannot access or modify IT resources that are unnecessary or incompatible with their assigned job responsibilities. District IT personnel indicated that IT users who transfer or discontinue employment have their access privileges modified or removed as appropriate.

As part of our procedures, we examined District records and identified 81 employees with update access to the HR and finance modules within the District business application. Our evaluation of selected access privileges granted to 30 of these employees disclosed some access privileges that permitted certain employees to perform incompatible functions. Specifically, we found that:

- 5 payroll employees had HR module update access privileges that allowed them to process payroll transactions and modify the data underlying the transactions, including the ability to add or update pay rates and pay grades. District personnel indicated that the access was needed to update payroll twice a year for Junior Reserve Officers' Training Corps teachers. Subsequent to our inquiries in December 2022, the District removed the inappropriate access for 2 of the employees, allowing only 3 to perform these duties. In addition, District personnel indicated that, to mitigate risks, they will perform periodic reviews of all salary or pay grade updates made by these 3 payroll employees.
- Due to oversight, a finance employee had finance module update access privileges that allowed her to process vendor payments and add or update vendor information. Subsequent to our inquiries in December 2022, District personnel removed these inappropriate access privileges.

While District controls (e.g., budget and actual expenditure monitoring and periodic evaluations of salary or pay grade updates, along with payroll and expenditure processing controls) mitigate some risks associated with these access control deficiencies, inappropriate access privileges increase the risk that unauthorized disclosure, modification, or destruction of District data may occur without timely detection. A similar finding was included in our audit report No. 2020-201.

Recommendation: The District should ensure that assigned access privileges restrict employees from performing incompatible duties or functions that are outside their area of responsibility.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2020-201, except that Finding 9 was also noted in that report as Finding 5.

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 2022 through April 2023 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 No. 2020-201.
- 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 and the related requirements.
- 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, and user authentication.
- Evaluated District procedures for maintaining and reviewing employee access to IT data and resources. Specifically, from the population of 81 employees with IT access to the human resources and finance modules within the District business application, we selected and examined the access privileges of 30 employees to determine the appropriateness and necessity of the access based on employee job duties and user account functions and whether the access privileges prevented the performance of incompatible duties.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, from the population of 462 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.
- Inquired whether the District made any expenditures or entered into any contracts under the authority granted by a state of emergency, declared or renewed during the audit period.
- Examined Board, committee, and advisory board meeting minutes during the audit period to determine whether District records evidenced compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained and timely approved meeting minutes).
- Examined District records to determine whether the District provided a homebound or hospitalized program to eligible students pursuant to State Board of Education (SBE) Rule 6A-6.03020, Florida Administrative Code.
- From the population of expenditures totaling \$36.6 million during the audit period from nonvoted capital outlay tax levy proceeds, examined documentation supporting selected expenditures totaling \$12 million to determine District compliance with the restrictions imposed on the use of these resources, such as compliance with Section 1011.71(2), Florida Statutes.
- From the population of \$9.4 million total workforce education program funds expenditures for the audit period, selected 30 expenditures totaling \$1.2 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 568 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 1,803 reported contact hours for 30 selected students from the population of 107,978 contact hours reported for 1,710 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.

- Examined District records for 30 of the 962 individuals who submitted unemployment claims related to District employment during the period March 2020 through September 2020 to determine whether only eligible individuals received unemployment benefits.
- Examined District records to determine whether salary raises were properly approved, documented, and paid.
- From the population of 1,222 individuals who terminated District employment during the audit period, examined District records for 30 selected individuals to determine whether reasons for termination were properly documented.
- 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 District 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. In addition, we determined whether the internal auditor developed audit work plans based on annual risk assessments considering input from other finance and administrative management. We also examined District records to determine whether the District Internal Audit Department, mainly responsible for school internal fund audits, was organizationally independent pursuant to *International Standards for the Professional Practice of Internal Auditing*.
- Examined Board minutes identifying surplus property deletions and disposals during the audit period, interviewed District personnel, and reviewed District records to evaluate the District's surplus property control procedures.
- Examined District records supporting the 12 settlement agreements entered during the audit period to determine whether the agreement provisions complied with Section 215.425(4), Florida Statutes.
- From the compensation payments totaling \$431 million to 13,480 employees during the audit period, examined District records supporting compensation payments totaling \$60,625 to 30 selected employees to determine whether the rate of pay complied with the Board-approved salary schedule and whether supervisory personnel reviewed and approved employee reports of time worked. We also examined District records to determine that job positions were properly advertised and new hires and promoted employees had met the education and experience requirements for the positions.
- Determined whether the appointed Superintendent's compensation for the audit period was in accordance with State law, rules, and Board policies.
- Examined District records supporting teacher salary increase allocation payments totaling \$18.8 million for the audit period to 6,443 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).
- Evaluated the effectiveness of Board policies and District procedures addressing the ethical conduct of instructional personnel and school administrators, including reporting responsibilities related to employee misconduct which affects the health, safety, or welfare of a student, and also the investigation requirements of all reports for alleged misconduct to determine the sufficiency of those policies and procedures to ensure compliance with Section 1001.42(6) and (7)(b)3., Florida Statutes.

- Examined District records to determine whether the Board had adopted appropriate school safety policies and the District implemented procedures to ensure the health, safety, and welfare of students and compliance with Sections 1006.07 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 76 contracts awarded to vendors by other governmental entities totaling \$92.2 million during the audit period, examined supporting documentation, including 8 selected entity contract documents totaling \$59 million and related District payments to determine whether the District complied with Section 1001.41(4), Florida Statutes, and SBE Rule 6A-1.012(6), Florida Administrative Code.
- From the population of payments in excess of \$50,000 totaling \$359.4 million during the audit period related to 1,385 contracts for services, examined supporting documentation including the contract documents for 30 selected payments totaling \$3.1 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.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



PERSONAL | PASSIONATE | PROGRESSIVE

THE SCHOOL DISTRICT OF LEE COUNTY

Christopher S. Bernier, Ed.D.

Superintendent

2855 Colonial Boulevard, Fort Myers, FL 33966 | O: 239.337.8300 | F: 239.337.8378

June 7, 2023

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

Dear Ms. Norman,

Enclosed is our response to the preliminary and tentative audit findings for the operational audit of the Lee County District School Board dated May 9, 2023.

Thank you for your assistance.

Sincerely,

Christopher S. Bernier, Ed.D.
Superintendent of Schools

CSB/js
Enclosures

C: Mr. Armor Persons, Board Chair, Lee County School Board
Members, Lee County School Board
Dr. Ami Desamours, Chief Financial Officer

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Finding 1: Complaint Investigation Procedures

School Board Policy 1.30 - Waste, Fraud and Abuse was adopted by the Board on 10/06/2020 about six months after the pandemic began and the significant filing of unemployment claims due to the pandemic.

The District protested claims for unemployment benefits for all active employees, and also provided employees an email, indicating that if they had not submitted a claim for unemployment benefits to notify the District. The District additionally provided instructions to the employees to contact the Florida Department of Economic Opportunity (FLDEO) to inform them that they had not filed a claim for benefits. When the District received notification from an employee that the employee had not filed a claim for unemployment, the District directed its third-party management firm, DeGroot Management Services, to notify FLDEO that the claim was fraudulent and to stop all benefits.

The employees selected by the Auditor General's Office for review as of May 23, 2023, are still in "Decision not Receive" in FLDEO's system. All claims were paid and were to be adjudicated by FLDEO at a later time. DeGroot Management Services is working with administrators at FLDEO to determine when claims will start to be adjudicated from the Pandemic. To date, the District has not received credit for the selected active employees who filed a claim in 2020.

Once FLDEO adjudicates the claims, the District will investigate any findings of fraud by the agency against the employees, much in the same way it does for findings of welfare fraud or fraud in other government funded programs. As indicated, the District cannot make an independent finding that unemployment benefits were obtained fraudulently based on a claim for benefits. If the District is informed by the FLDEO that an employee obtained benefits through fraud the District will take appropriate action.

Resolution: In the future, the Human Resources department will immediately begin an inquiry on any allegation related to wrongful filing of unemployment compensation. This will consist of an email sent to the employee, informing them of an unemployment claim filed, and inquiring as to the basis upon which that claim was filed. Human Resources will contact the Legal Department in regards to legal sufficiency as per policy.

Finding 2: Mental Health Awareness and Assistance Training

Related to the required mental health training, the District received information from the Department of Education in February, 2023 of which employees were required to take the training.

Resolution: The District has aggressively offered trainings to reach the required 80% threshold in order to fulfill the requirement by the July 1, 2023, deadline set in statute.

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Finding 3: Safe Schools – School Resource Officer Services

In order to address the verification of the statutorily required mental health crisis intervention training the School District plans to include a verification process.

Resolution: The District requires School Resource Officers (SROs) to complete CIT Training, (Crisis Intervention Training). This training can be completed through SWFL Public Safety Academy, a District program, who provides the 80-hour SRO course or CIT Training. This training is recorded in ATMS, which is a State of Florida database for law enforcement. The District has direct access to this database. If the training is completed at individual police departments, it is taught by NAMI, (National Alliance of Mental Illness), the only recognized organization to teach this course. When this training is completed, each law enforcement agency records this training in its RMS database system. Moving forward, the District's Safety & Security Department will access ATMS to receive proof of training for any new SROs that work with the District. If it is not there, the Safety & Security Department will contact the individual agencies and require them to provide proof of the training within six months of the start of school.

Finding 4: Ethical Conduct

In order to address the ethical conduct training requirement, the School District of Lee County will include ethical conduct training as a mandatory professional learning requirement for all employees for the 23/24 school year.

Resolution: Per the Recommendation, the District's Human Resources Department will establish procedures for the upcoming fiscal year to communicate with potential employers regarding former District employees who were terminated for conviction or suspicion of inappropriate behavior with children and will establish procedures for documenting those communications. Such information will be conveyed by Human Resources staff to prospective employers. The former employee's electronic record will denote such misconduct and be readily available for Human Resources staff to communicate to a prospective employer. Human Resources staff will electronically document such communications with prospective employers.

Finding 5: Internal Audit

The District agrees that there was a period of time where there was no contract with an internal auditor that reported to the board, as required by statute. As the audit report stated, the District rectified that situation in March 2022, and understands the importance and necessity of having continuous internal audit services to the Board.

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Resolution: Related to the Internal Audit Department of the District, the District would like to have further conversation with the Auditor General's office and receive advice as to how to comply with the recommendation. The District desires to implement an agreeable solution that does not conflict with any statute, respects the supervisory bandwidth of the Board members, and properly utilizes all staff in appropriate functions. The District's Chief Financial Officer will engage with the Auditor General's office for an acceptable resolution in the next fiscal year.

Finding 6: Fiscal Transparency

The District agrees that at the beginning of the audit, all of the required graphical representations of financial data were not on the District's website. Since that time the District updated the previous three years and the most recent year's information as well.

Resolution: The Budget Department has included this item on its yearly calendar to assure that this is completed timely each year after the final budget is approved by the Board.

Finding 7: Board Meeting Minutes

The School District acknowledges Board Workshop, Briefing, and Action (regular) Meeting Minutes were not approved timely by the School Board. In September 2021, it was brought to the attention of the Superintendent and Chief of Staff that Board Meeting Minutes and subsequent School Board approval of these minutes were behind. A directive was provided to staff by the Chief of Staff to focus on completing the past due minutes, while remaining current. Additional support was provided by other staff members to assist with completing minutes. Follow-up meetings were held on a bi-weekly basis with the Superintendent's Coordinator to provide support for the team. Staff participated in Board Docs training in February 2022 and subsequently began utilizing a new Board Docs Meeting Minutes template. This provided a more efficient process for Minutes development. In March 2022, a comprehensive spreadsheet was developed, detailing the status of all minutes from 2020 to the present and assigning a responsible party for each set of minutes. All outstanding meeting minutes were completed, and Board approved on or before December 6, 2022.

Resolution: The Chief of Staff developed a permanent resolution which included the development of a Minutes Tracking Sheet that Executive Assistants in the Board and Superintendent's Offices complete on a weekly basis as minutes are completed and approved by the Board. The Chief of Staff is the responsible party for monitoring this process to ensure this is adhered to.

Finding 8: Procurement Procedures

The Procurement Department embraces opportunities for continued improvement, through monitoring and adoption of best practices in government purchasing. The current process for

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piggy backing contracts includes a checklist of actions that guide compliance with government purchasing regulations.

Last fiscal year, the District began working on adopting the practice of creating an additional contract directly with an awarded vendor when piggy backing a contract. In partnership with the District Legal Team, the Procurement Department has created a contract template for this purpose.

Resolution: By July 1, 2023, the new process will be in place and all piggyback bids will be accompanied by a district contract.

Finding 9: Information Technology User Access Privileges to Business Application

Resolution: The District agrees that access privileges must allow for appropriate segregation of duties, and privileges should be reviewed periodically to ensure such. The District is implementing the following corrective actions:

1. Regular PeopleSoft permissions reviews for all department heads. Department Heads will receive reports with the permissions for their staff members to review and address any changes that need to be made. Reviews will be semi-annual until #2 (below) is implemented.
2. Implementation of permissions management software by PathLock that will allow the Information Systems Department to automate a significant portion of permissions management and improve capabilities to monitor for inappropriate permissions.

