

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2025-019  
September 2024

**HARDEE COUNTY  
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA  
Auditor General

## **Board Members and Superintendent**

During the 2023-24 fiscal year, Bob Shayman served as Superintendent of the Hardee County Schools and the following individuals served as School Board Members:

|   | <u>District No.</u> |
|---|---------------------|
| Dr. Stacy Sharp   | 1                   |
| Mildred Smith   | 2                   |
| Claire Cornell, Chair from 11-16-23,<br>Vice Chair through 11-15-23 | 3                   |
| Marie Dasher  | 4                   |
| Mark Gilliard, Vice Chair from 11-16-23,<br>Chair through 11-15-23  | 5                   |

The team leader was Pakeishia L. Johnson and the audit was supervised by Mark A. Arroyo, CPA.

Please address inquiries regarding this report to Edward A. Waller, CPA, Audit Manager, by e-mail at [tedwaller@aud.state.fl.us](mailto:tedwaller@aud.state.fl.us) or by telephone at (850) 412-2887.

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**State of Florida Auditor General**

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# HARDEE COUNTY DISTRICT SCHOOL BOARD

## **SUMMARY**

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This operational audit of the Hardee County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2022-013. Our operational audit disclosed the following:

**Finding 1:** District records did not always demonstrate compliance with statutory emergency drill requirements.

**Finding 2:** The District did not comply with State law by posting on its Web site the required official budget for the 2023-24 fiscal year and required graphical representations for the previous 3 years. A similar finding was noted in our report No. 2022-013.

**Finding 3:** District records did not demonstrate that the Board awarded a construction management entity (CME) guaranteed maximum price (GMP) contract totaling \$655,628 in accordance with State law and State Board of Education rules.

**Finding 4:** District records did not demonstrate that the CME competitively selected qualified subcontractors or that payments to the CME for subcontractor services agreed with subcontractor contracts and bids and the CME GMP contract.

## **BACKGROUND**

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The Hardee 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 Hardee County. The governing body of the District is the Hardee 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 2023-24 fiscal year, the District operated five elementary schools, a junior high school, and a senior high school, and reported 4,726 unweighted full-time equivalent students.

## **FINDINGS AND RECOMMENDATIONS**

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### **Finding 1: Emergency Drills**

To provide for proper attention to the health, safety, and welfare of students and District staff, State law<sup>1</sup> requires the Board to formulate and prescribe policies and procedures associated with, but not limited to, natural disasters, active assailant and hostage situations, and bomb threats. State Board of Education (SBE) rules<sup>2</sup> require that each school conduct six emergency drills every school year, including four drills

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<sup>1</sup> Section 1006.07(4), Florida Statutes.

<sup>2</sup> SBE Rules 6A-1.0018(15), Florida Administrative Code (2023).

that address active threats and two drills that address other emergencies, such as severe weather, natural disasters, hazardous materials, or reunification.<sup>3</sup>

To determine whether emergency drills were performed during the 2023-24 school year, we requested for examination District records supporting 12 selected active threat drills at three school locations and the 12 other emergency drills at the six District school locations.<sup>4</sup> While support was provided for the active threat drills, records were not provided for 8 of the 12 other emergency drills. Specifically, records were not provided to support the 2 other emergency drills required at each of three school locations<sup>5</sup> and 1 emergency drill for each of two other school locations.<sup>6</sup>

In response to our inquiry, District personnel indicated that they focused on performance of the active threat drills and sometimes overlooked the drills for other emergencies. Absent effective procedures to ensure that required emergency drills are timely conducted, the District cannot demonstrate compliance with State law or that appropriate measures have been taken to promote the health, safety, and welfare of students and school personnel.

**Recommendation: The District should enhance procedures to ensure that all required emergency drills are performed each school year.**

## **Finding 2: 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,<sup>7</sup> the District must post on its Web site a plain language version of each proposed, tentative, and official budget and 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 full-time equivalent (FTE) students to FTE instructional personnel.
- Ratio of FTE students to FTE administrative personnel.
- Total operating expenditures per FTE student.
- Total instructional expenditures per FTE student.
- General administrative expenditures as a percentage of total budget.
- Rate of change in the general fund's ending fund balance not classified as restricted.

As of June 2024, the District had not posted on the District Web site the required graphical representations for the 2020-21, 2021-22, and 2022-23 fiscal years and had not posted the official budget for the 2023-24 fiscal year. In response to our inquiry, District personnel indicated that official budget and graphical representations were not posted due to a change in personnel and oversights.

<sup>3</sup> Reunification involves reuniting students and employees with their families in the event that a school is closed or unexpectedly evacuated due to a natural or manmade disaster.

<sup>4</sup> Of the seven District schools, two were located at one shared site.

<sup>5</sup> The three school locations were Hardee Senior High, Hardee Junior High/Hilltop Elementary, and Wauchula Elementary Schools.

<sup>6</sup> The two school locations were Bowling Green and Zolfo Springs Elementary Schools.

<sup>7</sup> Section 1011.035(2), Florida Statutes.

Subsequent to our inquiry, on June 26, 2024, the District posted the official budget on the District Web site and, according to District personnel, the required graphical representations for the 2020-21, 2021-22, and 2022-23 fiscal years would be obtained through contracted services. 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. A similar finding was noted in our report No. 2022-013.

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

### **Finding 3: Construction Administration – Contractor Selection**

A school district may select a construction management entity (CME) pursuant to the competitive negotiation process provided by State law.<sup>8</sup> State law<sup>9</sup> also authorizes use of continuing contracts for professional services entered into in accordance with all the procedures of State law between an agency and a firm whereby the firm provides professional services to the agency for projects in which the estimated construction cost of each individual project under the contract does not exceed \$4 million. SBE rules<sup>10</sup> provide that, in lieu of requesting competitive solicitations from three or more sources, the Board may make purchases at or below the specified prices from contracts awarded by other school boards when the proposer awarded a contract by the other school board permits purchases by the Board at the same terms, conditions, and prices (or below such prices) awarded in such contract and such purchases are to the economic advantage of the District.

To procure CME services for the Recreation Complex Renovation Project, the Board approved in July 2022 use of another school board’s list of contractors on continuing contracts. According to District personnel, a contractor was selected from the list based on the contractor’s prior experience with the project architect and because the continuing contract selection process of the other school board included the use of more resources and experience to compare CME service providers. In August 2022, the Board entered into a guaranteed maximum price (GMP) contract totaling \$655,628 with the CME for the project, a swimming pool area.

The District had no record of the other school board’s contract; therefore, we requested, obtained, and examined the contract from the other school board. Our examination disclosed that the other school board’s contract was a \$2 million GMP contract for the removal and replacement of grandstands at a football field. While both the other school board’s contract and the Board-approved contract were with the same contractor, the contracts were for different deliverables and prices. Consequently, the two contracts did not contain the same terms, conditions, or prices or otherwise demonstrate how the Board’s contracted costs were to the economic advantage of the District.

When relying on another school board’s contract, it is important, prior to awarding a contract, to confirm that the Board’s contract will be based on similar conditions and terms and the same or better prices than

<sup>8</sup> Sections 255.103 and 287.055, Florida Statutes (2023).

<sup>9</sup> Section 287.055(2)(g), Florida Statutes (2023).

<sup>10</sup> SBE Rule 6A-1.012(6), Florida Administrative Code.

included in the other school board's contract. Without such confirmation, the District cannot demonstrate that contracts are awarded in accordance with State law and SBE rules.

**Recommendation: The District should enhance procedures to ensure that District records demonstrate that CME contracts are awarded based on competitive negotiations pursuant to State law. If, in lieu of competitive selection procedures, the Board decides to make purchases from a CME contract awarded by another school board, the District should follow SBE rules and ensure that the purchases are at the same terms, conditions, and prices (or below such prices) awarded in such contract and that the purchases are to the economic advantage of the District.**

#### **Finding 4: Construction Administration – Subcontractor Services**

Under the CME process, contractor profit and overhead are contractually agreed upon, and the CME is responsible for all scheduling and coordination in both the design and construction phases and is generally responsible for the successful, timely, and economical completion of the construction project. The CME may be required to offer a GMP, which allows the difference between the actual cost of the project and the GMP amount, or the net cost savings, to be returned to the District.

State law<sup>11</sup> establishes certain certification requirements for persons engaged in construction contracting, including licensing requirements for specialty contractors such as electrical, air conditioning, plumbing, and roofing contractors. Good business practices dictate that District personnel monitor CME subcontractor selection and payment processes to ensure that services are obtained from qualified subcontractors at the lowest cost consistent with acceptable quality and to realize maximum cost savings under the GMP contract.

As discussed in Finding 3, the Board entered into a GMP contract for \$655,628 with a CME for the Recreation Complex Renovation Project. Although the CME paid \$504,812 to 19 subcontractors, District personnel did not attend the CME subcontractor bid openings or obtain subcontractor bids and related tabulation sheets to verify that the CME competitively selected subcontractor services. In addition, the District did not obtain evidence of subcontractor licenses and contracts to verify that the subcontractors were qualified and paid consistent with the subcontractor bid awards and contracts and the GMP contract.

In response to our inquiry, District personnel indicated that they relied on the CME subcontractor selection, qualification, and payment processes; however, such reliance provided the District with limited assurance that subcontractor services were obtained from qualified providers at the lowest cost consistent with acceptable quality. At our request, District personnel obtained subcontractor bid tabulation sheets and contracts totaling \$459,812 for 14 selected subcontractors and evidence of licensure for the 3 specialty subcontractors. Our examination of those documents and payment information disclosed that the subcontractors were properly selected, qualified, and paid, except that one payment for metal studs and drywall exceeded the applicable GMP contract and bid amount by \$9,600.

Subsequent to our inquiry, the CME made a change order correcting the \$9,600 error and reimbursed the District for that amount. However, our procedures cannot substitute for the District's responsibility to properly monitor CME subcontractor selections, contracting, and related payments processes. Absent

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<sup>11</sup> Chapter 489, Florida Statutes.

appropriate monitoring efforts, the District may not realize maximum cost savings under a GMP contract or may receive services from unlicensed subcontractors.

**Recommendation:** To ensure that the District realizes maximum cost savings under a GMP contract, the District should establish procedures to require and document District verification that the CME selects and contracts with qualified subcontractors with the lowest bid consistent with acceptable quality. In addition, the District should document verification that subcontractor bids, tabulation sheets, and contracts agree with the CME billings and GMP contract.

## ***PRIOR AUDIT FOLLOW-UP***

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The District had taken corrective actions for findings included in our report No. 2022-013, except that Finding 2 was also noted in that report as Finding 2.

## ***OBJECTIVES, SCOPE, AND METHODOLOGY***

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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 2024 through July 2024 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. 2022-013.
- 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 2023-24 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.
- Evaluated District procedures for maintaining and reviewing employee access to IT data and resources. We examined selected user access privileges to District enterprise resource planning (ERP) system finance and human resources (HR) applications to determine the appropriateness and necessity of the access privileges based on employee job duties and user account functions and whether the access privileges 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 evaluated District records supporting the 50 user accounts as of April 18, 2024, that allowed view, add, change, or delete access privileges to selected critical ERP system finance and HR application functions to determine the appropriateness of access privileges granted.
- Evaluated District procedures to prohibit former employee access to electronic data files. We reviewed selected user access privileges for the two employees who separated from District employment during the period July 1, 2023, through April 2, 2024, to determine whether the access privileges were timely deactivated.
- Inquired whether the District had 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 state of emergency expenditures totaling \$859,977 related to two contracts during



the period July 2021 through March 2024, we examined the contract documents and other supporting documentation for selected expenditures totaling \$340,336 to evaluate the reasonableness of District actions, including District compliance with State Board of Education (SBE) Rule 6A-1.012, Florida Administrative Code, contract terms, and Board policies.

- From the population of expenditures totaling \$1.2 million and transfers totaling \$1.1 million during the period July 2023 through March 2024 from nonvoted capital outlay tax levy proceeds and other restricted capital project funds, examined documentation supporting selected expenditures totaling \$618,879 and all transfers to determine District compliance with the restrictions imposed on the use of these resources, such as compliance with Section 1011.71(2), Florida Statutes.
- Analyzed \$199,092 total workforce education program funds expenditures during the period July 2023 through May 2024 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).
- Examined District records supporting 2,367 reported contact hours for 25 selected students from the population of 10,239 contact hours reported for 107 adult general education instructional students during the Fall 2023 Semester to determine whether the District reported the instructional contact hours in accordance with SBE Rule 6A-10.0381, Florida Administrative Code.
- Examined the District Web site to determine whether the 2023-24 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, for each public school within the District and for the District, the required graphical representations of summary financial efficiency data and fiscal trend information for the previous 3 years, and a link to the Web-based fiscal transparency tool developed by the Florida Department of Education (FDOE).
- Examined documentation supporting the District's annual tangible personal property physical inventory process to determine whether the inventory results were reconciled to the property records, appropriate follow-up was made for any missing items, and law enforcement was timely notified for any items that could not be located and considered stolen.
- Evaluated District procedures for identifying and inventorying attractive items pursuant to Florida Department of Financial Services Rules, Chapter 69I-73, Florida Administrative Code.
- Evaluated Board policies and District procedures addressing the ethical conduct of school personnel, including reporting responsibilities related to employee misconduct that affects the health, safety, or welfare of a student, and the investigation responsibilities for all reports of alleged misconduct to determine whether those policies and procedures were effective and sufficient to ensure compliance with Section 1001.42(6) and (7)(b)3., Florida Statutes.
- Examined documentation for one significant construction project with a guaranteed maximum price of \$655,628 and associated expenditures totaling \$607,291 during the period December 2023 through April 2024 to determine compliance with Board policies, District procedures, and applicable provisions of State law and rules. Specifically, we examined District records to determine whether:
  - The construction manager was properly selected pursuant to Section 255.103, Florida Statutes.
  - District personnel properly monitored subcontractor selections, contracting, and payment processes.
  - The architects were properly selected pursuant to Section 287.055, Florida Statutes, and adequately insured.
  - Appropriate Board policies and District procedures addressing the negotiation and monitoring of general conditions costs had been established.

- Documentation supporting the selected payments totaling \$480,347 was sufficient and complied with the contract provisions.
- The projects progressed as planned consistent with established benchmarks and were cost effective, and the contractors performed as expected.
- 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, and 1011.62(12), Florida Statutes.
- Examined District records to determine whether the Board had adopted appropriate mental health awareness policies and the District had implemented procedures to promote the health, safety, and welfare of students and ensure compliance with Section 1012.584, Florida Statutes.
- From the population of purchasing card (P-card) transactions totaling \$2.6 million during the period July 2023 through March 2024, examined documentation supporting 30 selected transactions totaling \$564,432 to determine whether P-cards were administered in accordance with Board policies and District procedures.
- Examined District records for the audit period to determine whether the District had appropriate controls in place to ensure vendor and employee address and bank account changes in the District information system are appropriate and independently verified of record.
- Evaluated District procedures for acquiring health insurance for officers and employees and examined related records to determine whether the District complied with Section 112.08, Florida Statutes.
- Examined District records and evaluated construction planning processes for the audit period to determine whether the processes were comprehensive, included consideration of restricted resources and other alternatives to ensure the most economical and effective approach, and met District short-term and long-term needs.
- Evaluated District procedures for identifying facility maintenance needs and establishing resources to address those needs. We also compared maintenance plans with needs identified in safety inspection reports, reviewed inspection reports for compliance with Federal and State inspection requirements, evaluated District efforts to timely resolve any previous deficiencies identified during inspections, and tested the work order system for appropriate tracking of maintenance jobs.
- Evaluate District procedures for determining Maintenance Department staffing needs. We also determined whether such procedures included consideration of appropriate factors and performance measures that were supported by factual information.
- 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***

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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



## THE SCHOOL DISTRICT OF HARDEE COUNTY

*Bob Shayman, Superintendent*

P. O. Box 1678 – 1009 North 6<sup>th</sup> Avenue • Wauchula, FL 33873  
(863) 773-9058 • FAX (863) 773-0069

September 20, 2024

School Board

District 1  
Dr. Stacy Sharp

District 2  
Mildred Smith

District 3  
Claire Cornell

District 4  
Marie Dasher

District 5  
Mark Gilliard

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

Dear Ms. Norman:

The following is our response to your preliminary and tentative audit findings and recommendations for the Hardee County District School Board for the fiscal year ended June 30, 2024:

Finding 1: Emergency Drills. District staff will enhance procedures to ensure that all emergency drills are conducted each school year as required by Florida law.

Finding 2: Fiscal Transparency. Finance Department staff and an outside contractor are working together to post the required graphical representations to the School District's Web site.

Finding 3: Construction Administration- Contractor Selection. District staff were pleased with the construction manager and work done on the Recreation Complex Renovation Project. After a deductive change order, the final cost of the project was \$598,234.97, about \$57,393 below the original guaranteed maximum price. We understand and agree with your finding. When selecting construction managers in the future, District staff will follow the competitive negotiation process specified in Florida Statutes.

Finding 4: Construction Administration- Subcontractor Services. Our Facilities Department staff will establish procedures to monitor and document the selection of subcontractors when using a construction manager on future projects. These procedures will be incorporated into our contract with the construction manager and records will be retained by the Facilities Department.

We appreciate your staff's examination of our records and procedures, along with recommendations to improve.

Sincerely,  
  
Bob Shayman  
Superintendent of Schools

DISTRICT VISION STATEMENT

*"Empower and inspire all students for success"*