

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2025-042
October 2024

**GULF COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2023-24 fiscal year, Jim Norton served as Superintendent of the Gulf County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Denny L. McGlon	1
Brooke Wooten, Vice Chair	2
Cindy Belin	3
Marvin Davis	4
Ruby S. Knox, Chair	5

The team leader was Melissa F. Hall, CPA, and the audit was supervised by Shelly G. Curti, 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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GULF COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Gulf County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2022-054. Our operational audit disclosed the following:

Finding 1: As similarly noted in our report No. 2022-054, District school safety policies and procedures need improvement to ensure and demonstrate compliance with State law.

Finding 2: The District food service program continued to experience operating losses, which averaged \$196,361 annually for the 2021-22 through 2023-24 fiscal years. Although we requested, records were not provided to document appropriate efforts to monitor the food service program and improve the program's financial condition.

Finding 3: The District did not always comply with the provisions of State law requiring the District to post on its Web site required graphical representations of summary financial efficiency data and fiscal trend information. A similar finding was noted in our report No. 2022-054.

BACKGROUND

The Gulf 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 Gulf County. The governing body of the District is the Gulf 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 four elementary, middle, and high schools, one specialized school, and reported 1,886 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: School Safety – School Resource Officer Services

State law¹ 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 must be certified law enforcement officers and, among other things, complete mental health crisis intervention training using a curriculum developed by a national organization with expertise in mental health crisis intervention. In addition, effective school safety measures include documented verification that an SRO is present at each school facility during school hours and has completed the required training.

¹ Section 1006.12, Florida Statutes.

For the 2023-24 fiscal year, the Board contracted with the Gulf County Sheriff's Office to provide five SROs at the four District schools for 8 hours per day each day school was in session; however, we found that controls over SRO services could be improved. Specifically:

- The contract did not require confirmation that each SRO had completed the required mental health crisis intervention training and District records were not maintained to evidence that the SROs received the required training. Subsequent to our inquiry, in May 2024 the Sheriff's Office provided documentation certifying that four of the SROs completed the required training; however, one SRO had not completed the training.
- Attendance records were maintained for SROs at the Port St. Joe and Wewahitchka High Schools and Wewahitchka Elementary School. However, high school personnel did not document verification of SRO attendance at the high schools and attendance records were not maintained for SROs at the Port St. Joe Elementary School.

According to District personnel, they relied upon the Sheriff's Office to ensure that an SRO was present at each school facility during school hours and that the SROs completed the required training. However, such reliance provides the District limited assurance that SRO services were provided by qualified staff. Absent effective monitoring procedures over SRO services, the District cannot demonstrate compliance with State law or that appropriate measures have been taken to promote student and staff safety. A similar finding was noted in our report No. 2022-054.

Recommendation: The District should enhance procedures to ensure and demonstrate compliance with State school safety laws. Such procedures should include:

- **Contract provisions requiring confirmation that each SRO completed the required mental health crisis intervention training.**
- **Documented verification that at least one SRO was present during school hours at each school and that each SRO completed the required training.**

Finding 2: Financial Condition – Food Service Program

The District operates a food service program for each District school and provides meals to participating students and staff. The program accounted for in the Special Revenue – Food Service Fund generates revenue from the sale of food and from Federal grants and State supplements. The program's primary operating expenditures include salaries and benefits and purchased food and supplies.

The financial condition of the program is significantly impacted by the prices charged for meals served along with the costs associated with those meals. To properly monitor the financial condition of the program, it is important for the District to specify the program's target fund balance or funding level. During periods of financial condition decline, the District should document the financial decisions that cause operating losses with a view toward reversing the losses and identify the funding sources to subsidize the program if the program is occasionally not self-sufficient. Our examination of District records disclosed that:

- For the 2021-22, 2022-23, and 2023-24 fiscal years, the program experienced operating losses of \$252,887, \$79,036, and \$257,161, respectively, with an average annual loss of \$196,361 for that period. To subsidize program operations and cover the losses each year, the Board approved unrestricted General Fund transfers to the Food Service Fund.

- While the District’s total number of students² and the total meals served³ for the 2023-24 fiscal year remained relatively consistent with those for the 2022-23 fiscal year, program revenues⁴ decreased and expenditures⁵ increased, resulting in the greater operating loss for the 2023-24 fiscal year.

Notwithstanding the Board-approved transfers, although we requested, District records were not provided to document Board actions or District efforts to monitor the program and improve the program’s financial condition.

In response to a similar finding in our report No. 2022-054, the Superintendent stated in November 2021 that steps had been taken to reduce the program deficit and promote self-sufficiency and listed various steps to improve District procedures. However, as of June 2024, Board policies had not been established for specifying the program’s target fund balance or funding level, documenting the financial decisions that cause operating losses and District procedures that will help reverse the losses, or identifying the funding sources to subsidize the program when the program is not self-sufficient.

Continued shortages in the food service program will require other resources to fund the program and reduce funds available for the District’s other educational programs.

Recommendation: We continue to recommend that Board policies be established to specify the food service program’s target fund balance or funding level; require the financial decisions that cause program operating losses be documented, along with the District procedures that will help reverse the losses; and identify the funding sources to subsidize the program if the program is occasionally not self-sufficient.

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 its budget and related information. Pursuant to State law,⁶ 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 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.

At the time of our review in July 2024, the District Web site did not include all required graphical representations for the 2020-21, 2021-22, and 2022-23 fiscal years. Specifically, the District posted no

² During the 2023-24 and 2022-23 fiscal years, the District had approximately 1,900 total full-time equivalent students.

³ In the 2023-24 fiscal year, the total number of meals served decreased by 2,505 meals (1 percent) from the prior year.

⁴ In the 2023-24 fiscal year, the total program revenues decreased by \$129,533 (10 percent) from the prior year.

⁵ In the 2023-24 fiscal year, the total program expenditures increased by \$48,593 (3 percent) from the prior year.

⁶ Section 1011.035(2), Florida Statutes.

graphical representations for the 2020-21 fiscal year and incorrectly posted the same data for each school’s graphical representations for the 2021-22 and 2022-23 fiscal years.

In response to our inquiry, District personnel indicated that they misunderstood the requirements for the 2020-21 fiscal year and, while formatting the 2021-22 and 2022-23 fiscal year files for the District Web site, school data was inadvertently replicated. Notwithstanding, 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. 2022-054.

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

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2022-054, except as noted in Findings 1 through 3 and shown in Table 1.

Table 1
Findings Also Noted in Previous Audit Reports

Finding	Operational Audit Report No. 2022-054, Finding	Operational Audit Report No. 2020-010, Finding
1	1	Not Applicable
2	2	1
3	6	Not Applicable

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 2024 through August 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. 2022-054.
- 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 information technology (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:

- 20 users who had update access privileges to selected critical ERP system finance application functions.
 - 2 users who had update access privileges to selected critical ERP system HR application functions.
 - 1 user who had update access privileges to ERP system finance and HR applications, including security administrator duties.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, we examined the access privileges of the 12 individuals who had access to sensitive personal student information to evaluate the appropriateness and necessity of the access privileges based on assigned job duties.
 - 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.
 - Examined the District Web site to determine whether the proposed, tentative, and official budgets for the audit period were prominently posted pursuant to Section 1011.035(2), Florida Statutes. In addition, we determined whether the 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).
 - Reviewed District records supporting the fund balance of the Special Revenue – Food Service Fund and evaluated the financial condition of the Fund.
 - From the population of expenditures totaling \$3.8 million and transfers totaling \$688,062 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 \$2 million 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.
 - 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 adopted appropriate mental health awareness policies and the District had implemented procedures to promote the health, safety, and welfare of students and ensure compliance with Sections 1012.584 and 1011.62(13), Florida Statutes, and State Board of Education (SBE) Rule 6A-1.094124, Florida Administrative Code.
 - Examined District records for the audit period to determine whether the District properly monitored an energy savings contract pursuant to Section 1013.23, Florida Statutes.
 - Reviewed workforce education program funds expenditures totaling \$85,151 for the period July 2023 through March 2024 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).
 - Evaluated Board policies and District procedures addressing the ethical conduct of school personnel, including reporting responsibilities related to employee misconduct which affects the health, safety, or welfare of a student to determine whether those policies and procedures were effective and sufficient 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 also notifying the result of the investigation to the FDOE pursuant to Section 1001.42(7)(b)3., Florida Statutes.
- Evaluated the effectiveness of Board policies and District procedures for reporting to the FDOE personnel subject to the disqualification list in accordance with SBE Rule 6A-10.084, Florida Administrative Code.
- Examined District records to determine whether a portion of each school administrator's compensation was based on performance in accordance with Section 1012.22(1)(c)5., Florida Statutes.
- Examined District records to determine whether the Board adopted a salary schedule with differentiated pay for instructional personnel based on District-determined factors, including, but not limited to, additional responsibilities, school demographics, critical shortage areas, and level of job performance difficulties in compliance with Section 1012.22(1)(c)4.b., Florida Statutes.
- Examined District records for the audit period to determine whether vendor information changes were properly authorized, documented, and verified.
- 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.
- From the population of expenditures totaling \$3.5 million during the period July 2023 through March 2024 related to 14 contracts with service providers, selected 3 contracts and related payments totaling \$1.8 million and examined supporting documentation to determine whether the District's contracting process complied with competitive selection requirements in SBE Rule 6A-1.012, Florida Administrative Code.
- 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

JIM NORTON
SUPERINTENDENT



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October 29, 2024

Sherrill F. Norman, CPA
Auditor General
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Tallahassee, FL 32399-1450

RE: Gulf County District School Board Preliminary and Tentative Audit Findings and
Recommendations for the Fiscal Year Ended June 30, 2024

Dear Mr. Norman,

Enclosed is the District's response to the preliminary and tentative audit findings for the
fiscal year ended June 30, 2024.

We appreciate the opportunity to respond to each of these findings. After reviewing the
response, please advise me if you require any further clarification or action on our part.

Sincerely,

Jim Norton
Superintendent

www.gulf.k12.fl.us

Denny McGlon
District 1

Brooke Wooten
District 2

Cindy Belin
District 3

Marvin Davis
District 4

Ruby Knox
District 5

GULF COUNTY SCHOOL DISTRICT
RESPONSE TO PRELIMINARY AND TENTATIVE AUDIT FINDINGS

Finding No. 1: School Safety – School Resource Officer Services

The District will require the SRO contract to include confirmation that each SRO completed the required mental health crisis intervention training. The District will also require that each school submit timesheets to show that at least one SRO was present during school hours each month.

Finding No. 2: Financial Condition – Food Service Program

The District is considering other options to operate the school food service program.

Finding No. 3: Fiscal Transparency

The District will comply with the statutory transparency requirements by timely posting all required information on the District's website.