

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2025-075
December 2024

**LEVY COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2023-24 fiscal year, Christopher A. Cowart served as Superintendent of the Levy County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Cameron A. Asbell, Vice Chair from 11-28-23	1
Paige S. Brookins, Chair through 11-27-23	2
Ashley Clemenzi	3
Tamara "Tammy" M. Boyle, Chair from 11-28-23, Vice Chair through 11-27-23	4
Devin Whitehurst	5

The team leader was Michelle Williams, and the audit was supervised by Denita Tyre, 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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LEVY COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Levy County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2022-045. Our operational audit disclosed the following:

Finding 1: Contrary to State law, the District used ad valorem tax levy proceeds totaling \$25,456 for telecommunication technician services that were not related to tax levy purposes.

Finding 2: The District did not promptly deactivate the information technology user access privileges of several employees upon their separation from District employment. A similar finding was noted in our report No. 2022-045.

BACKGROUND

The Levy 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 Levy County. The governing body of the District is the Levy 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 nine elementary, middle, high, and combination schools; sponsored two charter schools; and reported 5,718 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Ad Valorem Taxation

State law¹ allows the District to levy ad valorem taxes for capital outlay purposes within specified millage rates subject to certain precedent conditions. Allowable uses of ad valorem tax levy proceeds include, among other things, funding new construction and remodeling projects and maintenance, renovation, and repair of existing school plants. The District accounts for ad valorem tax levy proceeds and uses in the Capital Projects – Local Capital Improvement Fund (LCI Fund). According to District personnel, the Finance Officer prepares journal entries for transfers reimbursing the General Fund for eligible tax levy uses and the Finance Director reviews and approves the entries.

To determine the propriety of the tax levy uses totaling \$3 million during the period July 1, 2023, through March 19, 2024, we examined District job descriptions and other District records supporting selected LCI Fund expenditures and transfers totaling \$2.6 million. We found that the District transferred LCI Fund moneys totaling \$25,456 to reimburse the General Fund for a portion of the compensation of two telecommunication technicians.

¹ Section 1011.71, Florida Statutes.

District personnel recorded the \$25,456 in the General Fund maintenance expenditures and, consequently, the Finance Officer prepared and the Finance Director approved the reimbursement transfer. Notwithstanding, because the two technicians performed telecommunication and Internet-related services and had no maintenance responsibilities, the amount should not have been recorded as maintenance expenditures, was not eligible for reimbursement from LCI Fund resources, and represents LCI Fund questioned costs.

In response to our inquiry, District personnel indicated that the telecommunication technician responsibilities initially included telephone and other maintenance duties but changed over time and District review procedures did not detect the changes. Subsequent to our inquiries, in May 2024 District personnel restored the \$25,456 to the LCI Fund from unrestricted resources and reclassified the expenditure amount from maintenance to administrative technology services. Absent effective procedures to ensure that tax levy transfers are only for authorized purposes, there is an increased risk for tax levy restrictions to be violated.

Recommendation: The District should enhance controls to ensure that ad valorem tax levy transfers are only for authorized purposes.

Finding 2: Timely Deactivations of Information Technology User Access Privileges

Effective management of information technology (IT) user access privileges includes the timely deactivation of IT access privileges when an employee is reassigned to another District department or separates from employment. Prompt deactivation of IT user access privileges is necessary to ensure that the privileges are not misused by a former employee or others to compromise District data or IT resources.

District procedures provide access to the enterprise resource planning (ERP) system² through the Northeast Florida Education Consortium. When an individual separates from District employment, the Personnel Department receives employee separation information and notifies the Senior Payroll Specialist of the personnel action. District personnel indicated that the Senior Payroll Specialist is responsible for deactivating the IT access privileges of employees separating from District employment and inputting the deactivation date. The Personnel Department then sends an e-mail notification of terminated employees to the Director of MIS³/Technology who verifies that access was appropriately terminated and removes any applicable security roles.

During the period July 1, 2023, through April 11, 2024, 57 employees separated from District employment. As part of our audit, we compared District records supporting the user access privileges deactivation dates to the employment separation dates for 26 selected employees. We found that the access privileges for 22 former employees were removed 7 to 187 days, or an average of 24 days, after their respective employment separation dates. In response to our inquiries, District personnel indicated that the untimely deactivations occurred primarily because final payouts were not made immediately upon employment separation, causing delayed notifications to the Senior Payroll Specialist and Director of

² The ERP system includes the business management information system, which encompasses the finance and HR modules and the student information system.

³ Management Information System.

MIS/Technology. Notwithstanding, since the former employees did not need to retain user access privileges to receive their final payouts, justification for the untimely deactivations was not readily apparent.

Although our procedures did not disclose any inappropriate access due to the untimely deactivations, without timely removal of access privileges, there is an increased risk that the privileges may be misused by former employees or others. A similar finding was noted in our report No. 2022-045.

Recommendation: The District should enhance efforts to ensure that access privileges are promptly deactivated upon a user's separation from District employment. Such enhancements should include prompt notifications, when employment separations occur, to the Senior Payroll Specialist and Director of MIS/Technology.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2022-045, except that Finding 2 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 2024 through October 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. 2022-045.
- 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.
- 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, user authentication, logging and monitoring, environmental controls, and disaster recovery.
- 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. Specifically, we evaluated the appropriateness of the access privileges for:
 - 11 of the 57 users who had update access privileges to selected critical ERP system finance application functions.

- 12 of the 38 users who had update access privileges to selected critical ERP system HR application functions.
- The user who had security administrator duties, along with full update access to ERP system finance and HR applications.
- Evaluated District procedures to prohibit former employee access to electronic data files. Specifically, we reviewed selected ERP user access privileges for 26 of the 57 employees who separated from District employment during the period July 1, 2023, through April 11, 2024, to determine whether the access privileges were promptly deactivated.
- Evaluated Board security policies and District procedures governing the classification, management, and protection of sensitive and confidential information.
- Determined whether the District had a comprehensive IT disaster recovery plan in place that was designed properly, operating effectively, and had been recently tested.
- Examined selected application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, we examined the access privileges of all 39 employees who had access to sensitive personal student information to evaluate the appropriateness and necessity of the access privileges based on each employee's assigned job duties.
- Reviewed Board policies and District procedures for the audit period related to identifying potential conflicts of interest. For the 6 District officials and 1 employee required to file statements of financial interests and four other key employees, we reviewed the Florida Department of State, Division of Corporations, records; statements of financial interests; and District records to identify any potential relationships with District vendors that represent a potential conflict of interest.
- 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 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).
- From the population of expenditures totaling \$6 million and transfers totaling \$6.3 million during the period July 1, 2023, through March 19, 2024 from nonvoted capital outlay tax levy proceeds, Public Education Capital Outlay funds, and other restricted capital project funds, examined documentation supporting selected expenditures and transfers totaling \$5.4 million and \$5.9 million, respectively, to determine District compliance with the restrictions imposed on the use of these resources, such as compliance with Section 1011.71(2), Florida Statutes.
- Examined District records for the audit period to determine whether District procedures were effective for timely distributing the correct amount of local capital improvement funds to eligible charter schools pursuant to Section 1013.62(3), Florida Statutes.
- Examined documentation for the significant construction management project with guaranteed maximum price contract totaling \$38 million and expenditures totaling \$1.3 million during the period July 1, 2023, through March 19, 2024, to determine compliance with Board policies, District procedures, and applicable provisions of State laws and rules. Specifically, we examined District records to determine whether:
 - District personnel properly monitored subcontractor competitive selections and licenses.

- The Board approved all change orders pursuant to Section 1013.48, Florida Statutes.
- District records supporting selected payments totaling \$308,654 were sufficient and complied with contract provisions.
- The contractor furnished a payment and performance bond pursuant to Section 255.05, Florida Statutes.
- The District provided for the required independent inspections prior to occupancy and final payment to the contractor in accordance with Sections 1013.37(2)(c) and 1013.50, Florida Statutes.
- Pursuant to Section 1013.64(6)(d)2., Florida Statutes, obtained from the FDOE the 2023 cost of construction report of District student station costs. We examined District records for the construction project completed during the 2023 calendar year to determine whether the District accurately reported student station costs and complied with the student station cost limits established by Section 1013.64(6)(b)1., 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 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 Sections 1012.584 and 1011.62(13), Florida Statutes, and State Board of Education (SBE) Rule 6A-1.094124, Florida Administrative Code.
- Evaluated the effectiveness of District compliance with Section 1001.42(7)(b)3., Florida Statutes, for investigating all reports of alleged misconduct by personnel if the misconduct affects the health, safety, or welfare of a student and for notifying the FDOE of the investigation results.
- Evaluated the effectiveness of Board policies and District procedures for reporting personnel subject to the disqualification list to the FDOE in accordance with SBE Rule 6A-10.084, Florida Administrative Code.
- From the population of 224 contractor workers for the period July 2023 through May 2024, examined District records for 35 selected contractor workers to assess whether individuals who had direct contact with students were subjected to the required fingerprinting and background screening.
- From the population of purchasing card (P-card) expenditures totaling \$84,107 for the period July 1, 2023, through March 19, 2024, examined documentation supporting 30 selected expenditures totaling \$47,374 to determine whether P-cards were administered in accordance with Board policies and District procedures. We also determined whether the District timely canceled the P-cards for the eight cardholders who separated from District employment during the audit period.
- Examined District records for the period July 1, 2023, through May 2, 2024, to determine whether District procedures ensured that vendor information changes were properly authorized, documented, and verified.
- 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 and reviewed inspection reports for compliance with Federal and State inspection requirements.

- Evaluated 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.
- From the population of payments totaling \$4.7 million during the period July 1, 2023, through March 19, 2024, related to 257 contracts for services, examined supporting documentation, including the contract documents, for 30 selected payments totaling \$1.7 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



SCHOOL BOARD OF LEVY COUNTY

TAMARA M. BOYLE

Superintendent

December 13, 2024

CAMERON ASBELL
District 1

LISA BAXTER
District 2

ASHLEY CLEMENZI
District 3

LINDA CAMPBELL
District 4

DEVIN WHITEHURST
District 5

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Dear Ms. Norman:

In connection with your operational audit, we have reviewed the preliminary and tentative findings.

Our responses to the audit findings and corrective action proposals are outlined below.

Finding 1: Ad Valorem Taxation

Recommendation: The District should enhance controls to ensure that ad valorem tax levy transfers are only for authorized purposes.

SBLC Response

The district will review current controls and revise, as needed, to ensure that ad valorem tax levy transfers are only for authorized purposes.

Finding 2: Timely Deactivations of Information Technology User Access Privileges

Recommendation: The District should enhance efforts to ensure that access privileges are promptly deactivated upon a user's separation from District employment. Such enhancements should include prompt notifications, when employment separations occur, to the Senior Payroll Specialist and Director of MIS/Technology.

SBLC Response

The district will continue to review procedures and enhance current process, as needed, to comply with the recommendation above.

Respectfully,

Tamara M. Boyle, Superintendent
Levy County School District

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Our mission is to educate all students in a safe environment and to graduate them ready for college and career success.