

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2026-034
October 2025

**HAMILTON COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2024-25 fiscal year, Dorothy Lee Wetherington-Zamora served as Superintendent of the Hamilton County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Cheryl McCall	1
Gary Godwin	2
Saul Speights, Vice Chair	3
Johnny Bullard, Chair	4
Sammy McCoy	5

The Auditor General conducts 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.

The team leader was Nicole Lee, and the audit was supervised by Glenda K. Hart, 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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HAMILTON COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Hamilton County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2023-016. Our operational audit disclosed the following:

Finding 1: District controls over tangible personal property annual inventories continue to need improvement.

Finding 2: The District needs to adopt a spending plan for workforce education program funds.

Finding 3: District controls over contracted services and related payments need enhancement.

Finding 4: Some unnecessary or inappropriate information technology user access privileges exist that increase the risk for unauthorized disclosure, modification, or destruction of District human resources and finance information to occur. A similar finding was noted in our report No. 2023-016.

BACKGROUND

The Hamilton 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 Hamilton County. The governing body of the District is the Hamilton 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 2024-25 fiscal year, the District operated one elementary and one combination middle/high school and reported 1,645 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Tangible Personal Property Inventories

Provisions in State law,¹ SBE rules,² Florida Department of Financial Services (FDFS) rules,³ and Board policies⁴ require the District to maintain adequate records of tangible personal property (TPP), such as furniture, fixtures, and equipment and motor vehicles. Those provisions also require that a complete physical inventory be taken annually, the results of the physical inventory be compared to the property records, and any differences be researched and resolved. All TPP items found during the inventory must be included in the property records, which must identify the inventory date and individual attesting to the items' existence. Items not located during the physical inventory must be investigated and, if the investigation determines that the item was stolen, the District is required to file a report with the

¹ Chapter 274, Florida Statutes.

² SBE Rule 6A-1.001, Florida Administrative Code.

³ FDFS Rules, Chapter 69I-73, Florida Administration Code.

⁴ Board Policy 7.08, *Inventories and Property Records*.

appropriate law enforcement agency describing the missing item and the circumstances surrounding its disappearance.

At June 30, 2024, the District reported TPP totaling \$4.8 million at ten cost centers. As part of our audit, we requested for examination District records supporting the TPP physical inventory and were provided the physical inventory records for the ten cost centers. However, our review of the records found a significant number of items listed on the records lacked inventory dates, signatures by the individual attesting to the specific items' existence, and evidence of investigation to determine if the items were stolen.

In response to our inquiry, District personnel indicated that, due to personnel changes, the physical inventory process was not always properly documented. Absent effective physical inventory procedures, the District cannot demonstrate compliance with State law, DFS rules, and Board policies; accountability over TPP is diminished; loss or theft of District property may not be timely detected and reported to appropriate parties; and TPP may not be correctly reflected in District property and accounting records. A similar finding was noted in our report No. 2023-016.

Recommendation: The District should enhance procedures to ensure compliance with TPP requirements, including the conduct of a documented physical inventory of TPP each year with a thorough investigation and resolution of unlocated TPP items. If the investigation determines that an item was stolen, the District should file a report with the appropriate law enforcement agency describing the missing item and the circumstances surrounding its disappearance.

Finding 2: Workforce Education Program Spending Plan

Pursuant to State law,⁵ the District receives funding for workforce education programs and is required to use the money to benefit those programs. For the 2024-25 fiscal year, the Legislature appropriated \$86,539 for the District's workforce education program. These funds, when combined with \$291,461 of unspent workforce education funding from prior fiscal years, made \$378,000 available for workforce education program expenditures during the 2024-25 fiscal year.

For the 2024-25 fiscal year, District workforce education program expenditures totaled \$38,741, which was 10.2 percent of the amount available to be expended, resulting in a carry forward balance of \$339,259 at June 30, 2025. Although the workforce education program funds are restricted for adult education purposes and not subject to reversion, carrying forward large balances of program funds into subsequent years does not appear to be consistent with the legislative intent for annually funding the program and does not appear to benefit the persons and programs for which the funds were provided. In response to our inquiry, District personnel indicated they were aware of the excessive accumulated fund balance and have contacted the Florida Department of Education with questions about adopting a workforce education program spending plan.

Recommendation: The Board should adopt a spending plan for unspent workforce education program funds to serve as a guide to ensure that the funds benefit the students and programs as intended by the Legislature.

⁵ Section 1011.80, Florida Statutes.

Finding 3: Contracted Services

Effective contract management ensures that, prior to payment, records demonstrate satisfactory receipt of contracted services and that the services comply with applicable contract terms. The Board routinely enters into contracts for services and internal controls have been designed and implemented that generally ensure payments are consistent with contract terms and conditions.

For the period July 2024 through March 2025, District payments for contracted services totaled \$432,906. As part of our audit, we requested for examination District records supporting 19 selected payments totaling \$129,418 and found that District controls over contracted services could be improved. Specifically, we found that the District paid:

- \$3,447 to a vendor for student interpretation services and \$2,625 to another vendor for student psychological services. While the vendors' invoices listed service rates that agreed with the respective contracts and listed the students served, District records did not demonstrate documented verification that the contracted services were received.
- \$2,925 to a vendor for Federal form preparation based on a Board contract that limited the services to 24 hours per week at \$60 per hour. However, invoices for the services included charges for 7 hours above the weekly hour limit, resulting in a \$420 overpayment. In response to our inquiry, District personnel indicated that the District would not seek reimbursement for the overpayment since, ultimately, the vendor provided the 7 hours of service.

According to District personnel, the deficiencies were due to oversights. Absent effective procedures over contracted services, there is an increased risk that services received may not be consistent with District expectations or for overpayments to occur.

Recommendation: The District should enhance procedures to ensure that District records demonstrate, prior to payment, confirmation that contracted services were received and verification that service costs comply with applicable contract terms.

Finding 4: Information Technology – User Access Privileges

Access controls are intended to protect District data and information technology (IT) resources from unauthorized disclosure, modification, or destruction. Effective access controls include granting users access to IT resources based on a demonstrated need to view, change, or delete data and restrict users from performing functions incompatible or inconsistent outside of their areas of responsibility. In addition, periodic evaluations of assigned IT user access privileges are necessary to ensure that users can only access those IT resources that are necessary to perform their assigned responsibilities.

As part of our audit, we evaluated the access privileges for the 39 users with access to critical finance and human resource (HR) application functions and found certain users had access inconsistent with their assigned duties. Specifically:

- 22 users, including secretaries, finance staff, and the Superintendent, had inappropriate finance application access to edit vendor information and approve purchase orders.
- 9 of the 22 users plus another user had HR application access allowing them to add and update employee information in the HR module.

District personnel indicated that a periodic evaluation of IT user access was completed in March 2025 and that they were working to restrict access privileges; however, due to oversights, the access privilege deficiencies were not discovered.

While District controls, including independent evaluations of performance and master file edit checks, compensated, in part, for the access deficiencies, the existence of inappropriate or unnecessary IT access privileges increases the risk that unauthorized disclosure, modification, or destruction of District data and IT resources may occur and not be timely detected. A similar finding was noted in our report No. 2023-016.

Recommendation: District management should enhance procedures to ensure that IT access privileges restrict users from performing functions incompatible or inconsistent with their assigned job duties. Such enhancements should include sufficiently detailed and appropriately completed periodic evaluations of access privileges and the prompt deactivation of any inappropriate or unnecessary access privileges identified.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2023-016, except that Finding 1 was also noted in that report as Finding 3 and Finding 4 was noted in that report as Finding 6.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from March 2025 through August 2025 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. 2023-016.

- 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 2024-25 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 State laws, State Board of Education (SBE) 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 disaster recovery.
- Evaluated District procedures for maintaining and reviewing access privileges 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, whether the access privileges prevented the performance of incompatible duties, and whether former employee access to electronic data files was prohibited. Specifically, we examined:

- District records supporting user access privileges for the 39 employees who had update access privileges to critical ERP system finance and HR application functions.
- 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.
- District records supporting selected user access privileges for the 25 employees who separated from District employment during the audit period to determine whether the access privileges were promptly deactivated.
- Determined whether the District had a comprehensive IT disaster recovery plan in place that was designed properly, operating effectively, and had been recently tested.
- Inquired and examined District records to determine 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 expenditures totaling \$905,291 during the period July 2024 through March 2025 from nonvoted capital outlay tax levy proceeds, Public Education Capital Outlay funds, and other restricted capital project funds, examined documentation supporting 15 selected expenditures totaling \$745,653 to determine District compliance with the restrictions imposed on the use of these resources, such as compliance with Section 1011.71(2), Florida Statutes.
- For the workforce development funds expenditures totaling \$38,741 during the audit period, 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) and whether the District had a spending plan for the use of surplus funds.
- Examined District records supporting 157 reported contact hours for the four adult general education instructional students during the Fall 2024 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 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.
- Examined documentation supporting the District annual tangible personal property physical inventory process during the audit period 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 unlocated and considered stolen.
- From the compensation payments totaling \$13.1 million to 345 employees during the period July 1, 2024, through April 11, 2025, examined District records supporting compensation payments totaling \$54,324 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.
- Examined District records for the period July 2024 through March 2025 for 24 employees and 6 contractor workers selected from the population of 345 employees and 44 contractor workers to assess whether individuals who had direct contact with students were subjected to the required fingerprinting and background screening.
- 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, 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.

- Reviewed the District's 5-year facilities work plan for the audit period and determined whether the District maintained records that supported the information reported in the plan.
- 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 SBE Rule 6A-1.094124, Florida Administrative Code.
- From the population of purchasing card (P-card) expenditures totaling \$203,248 during the period July 2024 through March 2025, examined documentation supporting 20 selected expenditures totaling \$6,070 to determine whether P-cards were administered in accordance with Board policies and District procedures.
- 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.
- Determined whether non-compensation expenditures were reasonable, correctly recorded, adequately documented, for a valid District purpose, properly authorized and approved, and in compliance with applicable State laws, SBE rules, contract terms and Board policies; and applicable vendors were properly selected. Specifically, from the population of non-compensation expenditures totaling \$5 million for the period July 1, 2024, through April 11, 2025, we examined documentation supporting 30 payments for general expenditures totaling \$318,672.
- From the population of payments totaling \$432,906 during the period July 2024 through March 2025 related to 44 contracts for services, examined supporting documentation, including the contract documents, for 19 selected payments totaling \$129,418 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.
- Examined District records for the audit period to determine whether District procedures ensured that vendor and employee information changes, such as address and bank information changes, were properly authorized, documented, and verified before payments were made.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each school district on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large initial 'S'.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



Hamilton County School District

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Phone: 386.792.1228 – Fax: 386.792.3681
Lee Wetherington-Zamora, Superintendent
April Perez, Director of Business Services

School Board Members
Cheryl McCall – District 1
Gary Godwin – District 2
Saul Speights – District 3
Johnny Bullard – District 4
Sammy McCoy – District 5

October 7, 2025

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

Dear Ms. Norman:

Please accept the below as our District's written explanation concerning preliminary and tentative audit findings and recommendations in the 2024-25 operational audit of Hamilton County School Board:

- Finding 1: Tangible Personal Property Controls
The District will continue strengthening its internal controls over tangible personal property inventory. During the audited inventory period, staff reassignments and changes in employee duties contributed to weaker oversight. The District is actively tracking missing items, and if any cannot be located, a police report will be filed, and a formal investigation will be conducted in accordance with District policy.
- Finding 2: Workforce Education Program Spending Plan
The District will develop and adopt a formal spending plan for Workforce Education Program funds. Low program participation, combined with the ongoing receipt of funding, previously limited qualified spending opportunities. With new leadership now in place, the District anticipates improved program participation and more effective, timely use of available funds.
- Finding 3: Controls Over Contracted Services and Payments
The District will continue enhancing controls related to contracted services and corresponding payments. All contracts will be reviewed and updated to include required provisions, and purchase orders will remain mandatory for contracted vendors. In addition, the District will implement a verification process to confirm actual hours worked or services rendered prior to authorizing payment.
- Finding 4: IT Access Controls
The District will continue ensuring that IT system access aligns appropriately with employees' assigned job functions. Periodic reviews will be conducted to confirm

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Hamilton County School District

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that access privileges reflect any changes in employee duties. Documentation will be maintained for all access modifications resulting from these reviews. The District remains committed to refining access controls and maintaining proper security measures for all staff members.

Please feel free to contact my office with any additional questions you may have.

Sincerely,

Lee Wetherington-Zamora
Superintendent of Schools

“Ensuring a Successful Future for Every Student”

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