

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2026-055
December 2025

MANATEE COUNTY DISTRICT SCHOOL BOARD



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2024-25 fiscal year, Mr. Kevin Chapman served as interim Superintendent of the Manatee County Schools from May 21, 2025, Dr. Jason Wysong served as Superintendent before that date, and the following individuals served as School Board Members:

| | <u>District No.</u> |
|---|---------------------|
| Heather Felton from 11-19-24 | 1 |
| Gina Messenger through 11-18-24 | 1 |
| Cindy Spray, Vice Chair | 2 |
| Charlie Kennedy from 11-19-24 | 3 |
| Mary Foreman through 11-18-24 | 3 |
| Chad Choate III, Chair | 4 |
| Richard Tatem from 11-19-24, ^a and through 10-29-24 | 5 |

^a Member position vacant 10-30-24, through 11-18-24.

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 Soumaly Phonyothy, and the audit was supervised by Hector J. Quevedo, 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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MANATEE COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Manatee County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2023-017. Our operational audit disclosed the following:

Finding 1: District records did not always demonstrate that impact fee proceeds were used only for authorized purposes, resulting in questioned costs totaling \$853,316.

Finding 2: Purchasing cards were not always promptly canceled when cardholders separated from District employment.

Finding 3: District controls over vendor information changes need improvement.

Finding 4: Some unnecessary information technology user access privileges existed that increased the risk for unauthorized transactions to occur.

BACKGROUND

The Manatee 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 Manatee County. The governing body of the District is the Manatee County District School Board (Board), which is composed of five elected members. The appointed Superintendent of Schools is the Executive Officer of the Board. During the 2024-25 fiscal year, the District operated 54 elementary, middle, high, and specialized schools; sponsored 16 charter schools; and reported 57,074 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Restricted Capital Outlay Resources – Impact Fees

State law¹ allows local governments to adopt an ordinance to collect impact fees to fund the infrastructure necessary to accommodate new population growth, and pursuant to a Manatee County (County) ordinance,² the Board entered into an interlocal agreement with the County and the City of Bradenton on August 27, 2024, for the collection, transfer, and expenditure of educational facilities impact fee funds. The District receives educational facilities impact fee proceeds from the County and accounts for these proceeds in the Capital Projects – Impact Fee Fund.

The County ordinance provides that proceeds from educational impact fees paid by new developments are to be used to finance, defray, or reimburse all or a portion of the costs incurred by the District for the

¹ Section 163.31801, Florida Statutes.

² Manatee County Ordinance No. 24-22, amended on June 6, 2024.

expansion of educational facilities. According to the County ordinance, allowable uses of the impact fees include capital costs to provide additional capacity needed to serve the new growth such as:

- Design and engineering costs.
- Land acquisition and site improvements.
- Cost of constructing, or reconstructing system improvements or educational facility expansions.
- Capital equipment with an expected use life of 5 years or more, including furniture, fixtures, and equipment that are constructed, installed, purchased or established for District school plants and ancillary facilities.

For the period July 2024 through March 2025, the District incurred impact fee expenditures totaling \$65 million. As part of our audit, we requested for examination District records supporting the impact fee expenditures and found that the District expended impact fees mainly for facility acquisition, construction of new schools, and additions to existing facilities. However, we identified impact fee expenditures totaling \$853,316 for purchases individually costing less than \$1,000, that appeared to be for operational purposes. The purchases included, for example, information technology equipment (\$407,000), furniture (\$285,000), and band instruments (\$110,000).

According to District personnel, the District incurred these expenditures to establish the activities of educational programs at newly developed educational facilities and to bring the facilities into service. District personnel also indicated that these costs should not be considered operating costs because they were part of the initial infrastructure. Notwithstanding, District records were not provided to demonstrate that, in accordance with the County ordinance, the purchases constituted capital equipment with an expected use life of 5 years or more. When impact fee funds are not used for authorized purposes, the fees do not provide funding for expanding educational facilities and adding capacity in a way that benefits residents of the new development that paid the impact fees.

Recommendation: The District should maintain records to demonstrate compliance with the impact fee use restrictions. Such records should demonstrate how the impact fee expenditures totaling \$853,316 met the County ordinance use restrictions or the District should restore that amount to the Capital Projects Fund – Impact Fee Fund.

Follow-Up to Management's Response

Management's response states that "the Manatee County Ordinance also allows the use of impact fees for capital improvements at educational facilities such as furniture, fixtures and site improvements ...separate from capital equipment as equipment, with an expected use of life of five years or more." Management's response further indicates that the District General Counsel's legal opinion, along with "...statutes 1013.356(1) and 163.31801(3)(a), F.S., and the lack of restrictive language in the regulations cited by the Auditor General, led to the legal opinion that the purchase of 'furnishings and equipment'...were appropriate...without regard to the capitalization or depreciation life expectancy." However, the point of our finding is that District records did not demonstrate compliance with the County ordinance restriction limiting equipment purchases to equipment with an expected use life of 5 years or more. Absent such records, we continue to recommend that the District demonstrate how impact fee expenditures met the County ordinance use restrictions or restore the questioned costs to the Capital Projects Fund – Impact Fee Fund.

Finding 2: Purchasing Cards

The District uses purchasing cards (P-cards) to provide a cost-effective, convenient, and decentralized method for individuals to make purchases on behalf of the District. According to the District *P-card Manual*, department heads, or designees must notify P-card administrators to promptly cancel applicable P-cards when cardholders separate from District employment. Timely cancellation of P-cards upon cardholder employment termination is important to avoid misuse of the cards and because the financial institution that administers the District P-card program allows only 30 days to dispute charges.

In April 2025 there were 199 P-cardholders and during the period July 2024 through March 2025 the District incurred P-card expenditures totaling \$9.2 million and canceled 23 P-cards. As part of our audit, we examined District records to determine whether P-cards were promptly canceled for 14 selected cardholders who separated from District employment. We found that 4 of the cardholders' P-cards were not canceled until 15 to 86 days, an average of 43 days, after the respective employment separation dates. District personnel indicated that P-card administrators were not promptly notified to cancel 2 P-cards and the other 2 P-cards had undelivered purchases when the cardholders separated from District employment, causing the delayed P-card cancellations. While District records evidenced some delayed deliveries, District records did not clearly demonstrate that such deliveries delayed cancellations of the P-cards, which occurred 47 and 24 days after the cardholders' separation dates.

Although our examination of District records did not disclose any inappropriate P-card charges, our procedures cannot substitute for the District's responsibility to implement adequate controls over P-cards. The untimely cancellation of P-cards increases the risk for P-cards to be misused, unauthorized transactions to occur, and may limit the District's ability to satisfactorily resolve disputed charges.

Recommendation: The District should ensure that P-cards are promptly canceled, or District records clearly demonstrate the basis for delayed P-card cancellations, for cardholders who separate from District employment.

Finding 3: Vendor Information Changes

State law³ requires each school district to establish and maintain internal controls designed to, among other things, detect fraud, promote and encourage compliance with applicable contracts and best practices, and safeguard assets. For example, to ensure that vendor payments are appropriate, and to reduce the likelihood of fraud or errors associated with those payments, it is essential for vendor information (e.g., address and bank account) changes to be properly authorized, documented, and independently verified before payments are made.

According to District personnel, the District requires vendors to complete and e-mail to the District Purchasing Team a vendor request form for vendor information changes. Upon receiving the form, seven employees in the Purchasing Department had authority to update the changes in the ERP System. The ERP System tracks vendor information changes and maintains documentation supporting the changes.

³ Section 1010.01(5), Florida Statutes.

As part of our audit, we examined District records and found that 3,686 vendor address and bank account changes were made during the 2024-25 fiscal year. However, our examination of the available records supporting those changes and inquiries of District personnel disclosed that District personnel did not make direct contact with designated vendor staff to verify the authenticity of requested changes and independent approval of vendor information changes was not required or made.

In response to our inquiries, District personnel agreed that controls over vendor information changes could be improved. Without effective controls over these changes, there is an increased risk for fraud or errors to occur without timely detection and recovery of losses.

Recommendation: The District should establish effective controls over vendor information changes. Such controls should include documented direct contact with designated vendor staff to verify the authenticity of requested changes and documented, independent approval of each change before it is made in the ERP System.

Finding 4: Information Technology User Access Privileges

Access controls are intended to protect data and information technology (IT) resources from unauthorized disclosure, modification, or destruction. Effective access controls provide IT users with access to IT resources based on a demonstrated need to view, add, change, or delete data, restrict employees and other IT users from performing incompatible functions or functions outside their areas of responsibilities, and provide for documented, periodic evaluations of IT user access privileges.

The District ERP System includes finance and human resource (HR) applications, as well as a product setup component that allows for the technical configuration and system administration of both applications. The District finance application allows IT users, for example, to create and edit vendor information, create and post journal entries, and process payment transactions. The District HR application allows IT users, for example, to add new employees, adjust pay rates, and process payroll transactions. The product setup component allows IT users, for example, to add, modify, or delete data; create IT user accounts; and assign IT user access privileges to the District applications and setup component. Additionally, the District maintains records of periodic evaluations of IT access privileges to ensure that the privileges are appropriately assigned.

At the time of our audit, 549 District employees had critical access privileges to finance and HR applications, 8 IT consultants had product setup component privileges, and there were 4 service account and 3 IT administrator account users. As part of our audit, we examined District records supporting critical IT access privileges granted to 16 selected employees and the 8 IT consultants and 7 other account users. We found that the IT user access privileges and job responsibilities for 10 users were incompatible or unnecessary. Specifically:

- The 8 IT consultants, responsible for service and maintenance to applications and databases, had access to the product setup component, established when the ERP System was established in 2018, which allowed them to have security administrator privileges. According to District personnel, the consultants did not need such access since any changes to IT user profiles should be requested from the District security administrators.

- 2 employees, including a manager and an analyst, had incompatible access that allowed them to add employees and process payroll. Subsequent to our review, in August 2025 the inappropriate access for both employees was removed.

While District evaluations of IT user access privileges detected and documented the incompatible or unnecessary access privileges, the privileges were not removed because, according to District personnel, the proper access needed for the IT consultants is under consideration. The existence of inappropriate or unnecessary IT access privileges increases the risk that unauthorized disclosures, modification, or destruction of District data and IT resources may occur and not be timely detected.

Recommendation: District management should continue efforts to ensure that IT user access privileges are limited to those necessary for individuals to perform their assigned duties. Such efforts should include removal of the 8 IT consultants' product setup privileges and enhanced evaluations of IT user access privileges to ensure any incompatible or unnecessary privileges detected during the evaluations are promptly discontinued.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2023-017.

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. 2023-017.
- 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 security, systems development and maintenance, network configuration management, logging and monitoring, system backups, and disaster recovery.
- Evaluated District procedures for maintaining and reviewing employee access to IT data and resources. We examined selected access privileges to District enterprise resource planning (ERP) system finance and human resources (HR) applications to determine the appropriateness and necessity of the access based on employee job duties and user account functions and whether the access 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 examined District records supporting:

- 16 selected users from the 549 employees who had access to critical roles in the finance and HR applications within the ERP System.
- The 8 IT consultant employee accounts granted system administrator access privileges.
- The 3 IT users granted system administrator access privileges.
- The 4 selected IT service accounts granted critical roles in the finance and HR applications within the ERP System.
- Evaluated District procedures to prohibit former employee access to electronic data files. Specifically, we examined District records supporting user access privileges for 27 former employees who separated from District employment during the audit period to determine whether the access privileges were promptly deactivated.
- 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.
- 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 12 monthly consolidated bank account reconciliations for the 8 bank accounts and 96 monthly investment account reconciliations for the 8 investment accounts for the audit period, examined District records supporting 3 selected consolidated bank account reconciliations and 10 selected investment account reconciliations to determine whether the reconciliations were timely performed, reviewed, and approved.
- From the population of expenditures totaling \$145.2 million and transfers totaling \$33.2 million during the period July 2024 through March 2025 from non-voted capital outlay tax levy proceeds, Public Education Capital Outlay funds, and other restricted capital project funds other than impact fee proceeds, examined documentation supporting 12 expenditures and 7 transfers totaling \$14.5 million and \$22.6 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.
- From the population of expenditures totaling \$65 million during the period July 2024 through March 2025 from impact fee proceeds, evaluated the propriety of expenditures totaling \$63.8 million and selected 184 expenditures, each less than \$1,000 and totaling \$853,316, to determine District compliance with the restrictions imposed on the use of impact fee resources, such as compliance with Manatee County Ordinance No. 24-22.
- From the population of 13 major construction projects in progress with contract costs totaling \$531.8 million and expenditures totaling \$153.9 million during the audit period, examined District records supporting 3 selected construction projects with guaranteed maximum price contracts totaling \$220.6 million and selected project expenditures totaling \$89.9 million 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 and licenses.
 - 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 expenditures was sufficient and complied with the contract provisions.
- The contractor furnished payment and performance bonds pursuant to Section 255.05, Florida Statutes.
- The District made use of its sales tax exemption to make direct purchases of materials, or documented justification for not doing so.
- Pursuant to Section 1013.64(6)(d)2., Florida Statutes, obtained from the FDOE the 2023 cost of construction reports of District student station costs. From the population of four construction projects completed during the 2023 calendar year, we examined District records for two selected projects 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 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 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 1006.07(6)(b) and 1012.584, Florida Statutes, and SBE Rule 6A-1.094124, Florida Administrative Code.
- From the population of \$7.9 million in total expenditures from workforce education program funds for the period July 2024 through April 2025, selected 30 expenditures totaling \$1.3 million and examined supporting documentation to determine whether the District used the funds for authorized purposes (i.e., not used to support K-12 programs or District K-12 administrative costs).
- From the population of 706 industry certifications eligible for performance funding during the audit period, examined 30 selected certifications and related support to determine whether the District maintained documentation for student attainment of the industry certifications.
- Examined District records supporting 3,693 reported contact hours for 30 selected students registered in 63 courses from the population of 108,737 contact hours reported for 1,088 adult general instructional students registered in 1,681 courses 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.
- Evaluated severance pay provisions in the Superintendent contract to determine whether the provisions complied with Section 215.425(4), Florida Statutes.
- From the compensation payments totaling \$214.7 million for the period July 2024 through February 2025, examined District records supporting compensation payments totaling \$64,837 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 audit period for 30 contractor workers selected from the population of 2,047 contractor workers to assess whether individuals who had direct contact with students were subjected to the required fingerprinting and background screening.

- Examined Board policies, District procedures, and related records supporting 30 selected school volunteers from the population of 6,447 school volunteers registered with the District for the audit period to determine whether the District searched prospective volunteers' names against the Dru Sjodin National Sexual Offender Public Web site maintained by the United States Department of Justice, as required by Section 943.04351, Florida Statutes.
- 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.
- 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.
- From the population of payments for contracted services totaling \$14.1 million during the period July 2024 through April 2025, examined supporting documentation, including the contract documents, for 30 selected payments totaling \$3.1 million to determine whether:
 - The District complied with applicable competitive selection requirements (e.g., SBE Rule 6A-1.012, Florida Administrative Code).
 - The contracts clearly specified deliverables, time frames, documentation requirements, and compensation.
 - District records evidenced that services were satisfactorily received and conformed to contract terms before payment.
 - The payments complied with contract provisions.
- From the population of general expenditures totaling \$398.7 million during the audit period, examined District records supporting 30 expenditures totaling \$9 million to determine whether selected expenditures were reasonable, correctly recorded, adequately documented, for a valid District purpose, properly authorized and approved, and in compliance with applicable laws, contract terms, and Board policies.
- From the population of purchasing card (P-card) transactions totaling \$9.2 million during the period July 2024 through March 2025, examined documentation supporting 30 selected transactions totaling \$189,424 to determine whether P-cards were administered in accordance with Board policies and District procedures. We also determined whether cardholders for 19 of the 30 new P-cards signed P-card agreements prior to activating and using the P-cards. In addition, we determined whether the District timely canceled the P-cards for 14 of the 23 cardholders who separated from District employment during the audit period.
- Examined District records for the audit period to determine whether District procedures ensured that vendor and employee information changes, such as address, name, 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 fluid and cursive, with the first name being the most prominent.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



SCHOOL BOARD

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Chair

Richard Tatem
Vice Chair

Chad Choate III
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SCHOOL DISTRICT OF MANATEE COUNTY

November 20, 2025

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

Dear Ms. Norman,

Noted below is Manatee County School District's response to the Auditor General's preliminary and tentative audit findings for the 2024-2025 fiscal year Operational Audit. The Executive Leadership team of the District is committed to the implementation of the recommendations to increase accountability and transparency and to promote effective and efficient operations through the District.

Finding 1 - Recommendation: The District should maintain records to demonstrate compliance with the impact fee use restrictions. Such records should demonstrate how the impact fee expenditures totaling \$853,316 met the County ordinance use restrictions or the District should restore that amount to the Capital Projects Fund – Impact Fee Fund.

Finding 1 Response: The Manatee County Ordinance also allows the use of impact fees for capital improvements at educational facilities such as furniture, fixtures and site improvements for School Board owned School plants (page 7) necessary to accommodate students, faculty, administrators, staff and the activities of the education programs and services for each student (page 8), separate from capital equipment as equipment, with an expected use of life of five years or more.

District records of the opening dates for the school buildings/additions and explanations were provided to the auditors on October 31, 2025, to document the intended use of the questioned expenditures, that we believe meet the County ordinance use restrictions to outfit the school or school building addition before opening and operating the facilities. These costs were part of the initial infrastructure associated with creating the activities required to bring the public facility into service, not operating expenses. We believe these costs meet the County ordinance use for the defined educational facilities for the School Board

owned school plants to establish the activities of educational programs at the newly developed educational facilities located at Lake Manatee K-8 (opened July 2025), Parrish Community High School Addition (completed FY 24/25), Barbara Harvey K-8 at River Ranch (opened July 2025), and Lakewood Ranch Addition (completed FY 24/25). Impact fees revenue would not be used for expenditures if the building had already been started/opened.

Furthermore, Section 163.31801(3)(a), F.S. does allow the use impact fee revenue for infrastructure defined in the statute as a fixed capital expenditure or fixed capital outlay **excluding** the cost associated with improvement of public facilities that have a life expectancy of at least 5 years; related to educational facility required for the activities of the educational programs at those specific facilities to bring the facility into service.

The District General Counsel provided his legal opinion: Language from the Interlocal Agreement with Manatee County for the impact fee assessment was relied upon in formulating the opinion that “furnishings, equipment . . . which are necessary to accommodate students, faculty, administrators, staff and the educational programs and services for each student” are properly allocated to impact fee expenditures. Manatee County Ordinance, Article VII – Impact Fees, Division 2 – Educational Facilities; Section 2-29-83 School Plant. This language in combination with the statutes 1013.356(1) and 163.31801(3)(a), F.S., and the lack of restrictive language in the regulations cited by the Auditor General, led to the legal opinion that the purchase of “furnishings and equipment” at the newly constructed schools and newly renovated facilities at existing schools were appropriate to “necessarily accommodate” students’ educational programs and services without regard to the capitalization or depreciation life expectancy or dollar value of the initial purchase.

Finding 2 Recommendation: The District should ensure that P-cards are promptly canceled, or District records clearly demonstrate the basis for delayed P-card cancellations, for cardholders who separate from District employment.

Finding 2 Response: The Finance Department will enhance the P-card cancellation procedures to reduce the waiting time down to 10 days if deliverables on the P-card are not received. Additionally, the Finance department will improve the procedures internally to provide timely notification of employee terminations to the P-Card administrator to ensure the P-cards are canceled timely.

Finding 3 Recommendation: The District should establish effective controls over vendor information changes. Such controls should include documented direct contact with designated vendor staff to verify the authenticity of requested changes and documented, independent approval of each change before it is made in the ERP System.

Finding 3 Response: The District will improve procedures in the Purchasing department to limit the number of positions with the ability to make vendor information changes in the ERP system; improve procedures to document the verification of authenticity of the changes with vendor staff, and document supervisory approval of the changes before the changes are made in the ERP system.

Finding 4 Recommendation: District management should continue efforts to ensure that IT user access privileges are limited to those necessary for individuals to perform their assigned duties. Such efforts should include removal of the 8 IT consultants' product setup privileges and enhanced evaluations of IT user access privileges to ensure any incompatible or unnecessary privileges detected during the evaluations are promptly discontinued.

Finding 4 Response: The District will continue efforts to ensure that IT user access privileges are limited to those necessary for individuals to perform their assigned duties. Additionally, a procedure has been implemented to document any access privileges provided to the IT consultant's (ERP maintenance and support provider) product setup privileges to perform their duties will be provided by the District's PeopleSoft Security Administrator.

The District remains committed to refining its practices to meet the highest standards of fiscal responsibility and internal controls. We believe the steps outlined above address the audit findings effectively while maintaining operational efficiency. We appreciate the professionalism and courtesy of the audit staff throughout the audit process. Please feel free to contact Rachel Sellers, Deputy Superintendent of Business Services, at 941-708-8770 ext. 41108 if you have any questions.


Dr. Laurie Breslin
Superintendent