

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2027-026
October 2026

HIGHLANDS COUNTY DISTRICT SCHOOL BOARD



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the audit period July 2025 through April 2026, Dr. Brenda Longshore served as Superintendent of the Highlands County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Dr. Isaac Durrance, Chair from 11-11-25	1
Donna Howerton	2
Mason Whidden, Vice Chair from 11-11-25	3
Reese Martin, Vice Chair through 11-10-25	4
Nicole Radonski, Chair through 11-10-25	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 Becky D. Grode, CPA, and the audit was supervised by Mark A. Arroyo, CPA.

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

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HIGHLANDS COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Highlands County School District (District) focused on selected District processes and administrative activities and included a follow-up on the finding noted in our report No. 2024-005. Our operational audit disclosed the following:

Finding 1: District records did not always demonstrate compliance with State Board of Education emergency drill requirements.

Finding 2: The Board entered into a guaranteed maximum price (GMP) contract with a construction management entity (CME) for a project with costs totaling \$6.9 million, including \$5.5 million for subcontractor services. However, District personnel did not attend subcontractor bid openings for the project to verify that the CME used a competitive selection process to select subcontractors, verify qualifications of the selected subcontractors, or ensure that the subcontractor bid awards agreed with subcontractor contract amounts.

Finding 3: District personnel did not verify that the subcontractor contract amounts agreed with the GMP contract amounts and CME pay requests for subcontractor services.

Finding 4: District procedures for negotiating, monitoring, and documenting the reasonableness of CME general conditions costs need improvement.

Finding 5: Although the District is statutorily exempt from paying sales tax on direct purchases, the District did not take advantage of this exemption by directly making purchases for the CME project, resulting in additional costs for the project.

Finding 6: District facilities management procedures could be enhanced to better assist District management in assessing the operating effectiveness and efficiency of the District Facilities Department.

BACKGROUND

The Highlands 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 Highlands County. The governing body of the District is the Highlands 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 2025-26 fiscal year, the District operated 16 elementary, middle, and high schools; a virtual school and 2 other specialized schools; and reported 13,187 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Emergency Drills

To ensure proper attention to the health, safety, and welfare of students and District staff, State law¹ requires the Board to formulate and prescribe policies and procedures for emergencies, including fires, natural disasters, active assailant and hostage situations, and bomb threats. State Board of Education (SBE) rules² require that each school conduct six emergency drills annually. Four of these drills must address active threats, defined as active assailant, hostage situation, or bomb threats; and the remaining two must cover other emergencies such as severe weather, natural disasters, hazardous materials, or reunification.³

For the 2025-26 fiscal year, the District was required to conduct a total of 108 emergency drills, consisting of 72 active threat emergency drills and 36 other emergency drills.⁴ As part of our audit, we examined District records supporting the emergency drills. As summarized in Table 1, we found that the District met the active threat drill requirement but fell short in conducting other emergency drills.

Table 1
Emergency Drills
For the 2025-26 Fiscal Year

Drill Category	Drills Required	Drills Conducted	Requirement Met or Drills Deficient
Active Threat	72	104 (including 16 bomb threat drills)	Met
Other Emergency	36	22	14 Drills Deficient
Total Drills	<u>108</u>		

Source: District records.

According to District personnel, the deficiency occurred because District personnel mistakenly believed that the 16 bomb threat drills, included in the 104 active threat drills, could be counted toward the other emergency drill requirement. Notwithstanding, absent proper conduct of other emergency drills, the District cannot demonstrate compliance with SBE rule requirements or ensure appropriate preparedness for emergencies such as severe weather, natural disasters, hazardous materials, and reunification.

Recommendation: The District should strengthen procedures to ensure that school personnel understand and comply with all emergency drill requirements, including conducting two drills each year for severe weather, natural disasters, hazardous materials, or reunification.

¹ Section 1006.07(4), Florida Statutes.

² SBE Rule 6A-1.0018(16), Florida Administrative Code.

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

⁴ Drills are required at each school, except the virtual school.

Finding 2: Subcontractor Selections

Under the construction management entity (CME) process, contractor profit and overhead are contractually agreed upon, and the CME is responsible for all scheduling and coordination in both the design and construction phases and for the successful, timely, and economical completion of the construction project. State law⁵ establishes certain certification requirements for persons engaged in construction contracting, including licensing requirements for specialty contractors such as electrical, air conditioning, plumbing, and roofing contractors.

The CME may be required to offer a guaranteed maximum price (GMP), which allows for the difference between the actual cost of the project and the GMP amount, or the net cost savings, to be returned to the District. Good business practices dictate that District personnel monitor the subcontractor selection process to ensure that services are provided by qualified subcontractors at the lowest cost consistent with acceptable quality and to ensure that cost savings are realized under the GMP contract.

From the two significant construction projects with expenditures totaling \$8.1 million for the period July 2025 through April 2026, we selected one CME project with a GMP contract totaling \$6.9 million to evaluate District controls. According to District records, the Board entered into the GMP contract for the Lake Country Elementary School Expansion Project, which included \$5.5 million for services provided by 22 subcontractors. The GMP contract for the project required the CME to solicit subcontractor bids and award subcontracts to qualified subcontractors. Through March 2026, the District had paid the CME \$6.8 million, which included payment for the subcontractor services costs.

According to District personnel, they did not attend the CME subcontractor bid openings or verify subcontractor licenses to confirm that qualified subcontractors were competitively selected. Nor did District personnel obtain subcontractor bids and related subcontracts to ensure that subcontractor bid award amounts and contract amounts agreed. Instead, District personnel relied on the CME subcontractor selection process; however, such reliance provided limited assurance that the subcontractors were qualified and that services were obtained at appropriate cost and quality.

As part of our audit, we requested nine selected subcontracts with costs totaling \$4.7 million, along with bid correspondence, and the District was able to obtain that documentation. Our examination of the information and other support disclosed that the nine subcontractors were properly selected and that the six subcontractors required to be licensed met the required qualifications. Notwithstanding, our procedures do not substitute for the District's responsibility to establish effective controls over CME subcontractor selection and contracting. Without such, there is an increased risk that subcontractor services may not be obtained at the lowest cost consistent with acceptable quality.

Recommendation: The District should establish effective procedures over CME subcontractor selection and contracting processes. Such processes should require District personnel to document attendance at subcontractor bid openings, verify applicable subcontractor qualifications, and confirm that subcontractor bid awards and subcontractor contract amounts agree.

⁵ Chapter 489, Florida Statutes.

Finding 3: Monitoring Construction Payments

To ensure potential savings in material and labor costs and prevent cost overruns or other impediments to successful completion of the GMP contracts, it is important that District personnel verify, before payments are made, that CME pay requests agree with applicable support such as GMP and subcontractor contracts. As part of our audit, we inquired of District personnel and requested District records supporting payments totaling \$1.6 million made to the CME, including for subcontractor services and related costs, to evaluate District controls. District records evidenced that District personnel verified the mathematical accuracy of CME pay requests and that prior CME payments were properly accumulated. However, District personnel indicated that they did not compare CME pay requests and related payments for subcontractor services to the GMP and subcontractor contracts.

Our examination of nine subcontractor contracts (discussed in Finding 2) and District records supporting payments totaling \$4.4 million to the CME for those subcontractor services disclosed that District payments were generally consistent with the GMP contract amounts. However, we found that the subcontractor contract costs for roofing and trusses were \$384,732 and \$250,000, respectively; or \$113,138 and \$71,725 less than the GMP amounts for those services. However, because the District relied on the CME to monitor subcontractor services, District personnel were unaware that the differences existed and justification for the differences was not readily apparent. Following our inquiry, District personnel indicated that they will collaborate with the CME to clarify discrepancies and strengthen controls over construction pay requests.

Absent effective monitoring of CME payment processes, there is an increased risk that CME pay requests may include inaccurate subcontractor costs and that the maximum cost savings may not be achieved under the GMP contract process.

Recommendation: To ensure that the District realizes maximum cost savings under a GMP contract, the District should verify that, before CME payments are made, CME pay requests are consistent with the GMP and subcontractor contracts. If the information does not agree, the District should document justification for the difference. In addition, the District should obtain appropriate records to justify the noted differences between the GMP contract and the individual subcontractor bids and related contracts or consult legal counsel to determine whether District action should be taken against the CME for possible subcontractor service overcharges.

Finding 4: General Conditions Costs

GMP contracts typically include provisions for general conditions costs that are not directly associated with a particular activity and may include costs relating to labor supervision, temporary offices and utilities, travel expenses, clean-up, permits, and testing. Established policies and procedures that provide appropriate guidance for effectively negotiating, monitoring, and documenting the reasonableness of general conditions costs are essential to ensure that potential cost savings are realized under GMP contracts. For contracts that include general conditions costs, appropriate policies and procedures could include, for example:

- Comparisons of proposed general conditions costs with those of similar projects, including similar projects at other school districts.

- Negotiations with the CME to determine a reasonable amount for total budgeted general conditions costs.
- Verifications that the general conditions costs are supported by detailed documentation, such as CME payroll records and CME-paid invoices, and comply with the GMP contract.

The District GMP contract with the CME for the Lake Country School Project included provisions for general conditions costs totaling \$381,850, which were based on actual costs of all work, and CME pay requests referenced these costs as the costs were incurred. However, District records did not identify the methodology used and the factors considered to establish the reasonableness of those costs.

As part of our audit, we examined District records supporting three selected pay requests totaling \$1.6 million and found that the CME billed general labor, construction waste management, and cleaning costs totaling \$57,278 to the District on monthly pay requests. However, detailed records, such as time sheets supporting labor costs and invoices for waste management and cleaning services, were not available to demonstrate District monitoring efforts to verify the accuracy of these costs.

In response to our inquiry, District personnel explained that general conditions costs were not monitored because the costs were negotiated upfront not to exceed a lump sum. However, without effective monitoring of detailed documentation to support CME general conditions costs, the District may be limited in its ability to determine the reasonableness and propriety of CME payment requests for such costs or to realize cost savings associated with general conditions costs in GMP contracts.

Recommendation: The District should establish effective procedures for negotiating, monitoring, and documenting the reasonableness of general conditions costs. Such procedures should require documentation of the methodology used and factors considered in negotiating general conditions costs. In addition, the District should maintain records that evidence the receipt and review of sufficiently detailed documentation, at least on a test basis, supporting the general conditions costs included in CME pay requests.

Finding 5: Direct Purchases

State law⁶ exempts the District from paying State sales tax on direct purchases. The District could take advantage of this exemption by directly purchasing construction materials in accordance with Florida Department of Revenue (FDOR) rules.⁷ Although it may not be feasible to directly purchase all materials, the District has the ability to directly purchase a substantial portion of needed construction materials and benefit from sales tax savings.

Our examination of District records supporting the Lake Country School Project with costs totaling \$6.9 million disclosed that the District did not make any direct purchases of construction materials to utilize its sales tax exemption. According to our estimates, direct material purchases totaling \$563,000 for the project's trusses, roofing, and heating ventilation and air conditioning equipment could have resulted in \$39,000 in sales tax savings.

In response to our inquiry, District personnel indicated that they did not believe material purchases would yield substantial savings. However, by making direct purchases of construction materials and exercising

⁶ Section 212.08(7)(o), Florida Statutes.

⁷ FDOR Rule 12A-1.094, Florida Administrative Code, *Public Works Contracts*.

the sales tax exemption, the District could demonstrate its support for economical and efficient operations⁸ by reducing construction project costs and using the savings to support other educational priorities.

Recommendation: To the extent practicable and efficient, the District should make efforts to minimize construction expenditures by directly purchasing construction project materials and utilizing its sales tax exemption.

Finding 6: Facilities

State law⁹ requires the District to have an audit conducted of the District's educational planning and construction activities not less than once every 5 years. Given the significant commitment of public funds to maintain educational facilities, it is important for the District to establish policies and procedures for evaluating the effectiveness and efficiency of facility operations at least annually, using performance data and established benchmarks. Additionally, documented processes should exist for evaluating facilities maintenance techniques to ensure that the most cost-effective and efficient methods are being used.

At June 30, 2025, the historical cost of the District's educational and ancillary facilities was \$200.3 million. As shown in the Florida Department of Education Florida Inventory of School Houses data, the average age of the District permanent facilities was 40 years, encompassing approximately 2 million square feet.

The Facilities Department (Department) is responsible for ensuring that District facilities are safe and suitable for their intended use. Department personnel perform heating, ventilating, and air conditioning; electrical; plumbing; and other maintenance-related tasks. During the period July 2025 through April 2026, the Department employed 21 full-time employees and had operating costs totaling \$3.2 million. During that period, District expenditures for Capital Projects Fund construction and renovation projects totaled \$13.9 million. As reflected in the Board-approved District 5-Year Facilities Work Plan, the District planned to spend \$62 million on renovation, repair, and maintenance over the next 5 fiscal years.

Although our examination of District records indicated that Department procedures were generally adequate, we identified certain areas for improvement. Specifically:

- The Department had not established short-term and long-term goals. Progress toward meeting goals could be measured by clearly defined benchmark time frames for routine employee job assignments. Accountability systems could also be developed to monitor work orders for return assignments or to prompt corrective action when jobs do not initially meet building code requirements. Further, job costs could be compared to industry standards for similar work.
- The Department did not have procedures to identify or develop a staffing approach tailored to its mission needs, nor did it maintain a credible basis or justification for existing staffing levels or future staffing needs. As a result, staffing levels remained unchanged from prior years without a formal assessment of current Department needs.

According to District personnel, current staffing levels and software limitations make assessment of benchmarks infeasible, and staffing has remained unchanged due to budget constraints. However, given

⁸ Section 1010.01(5)(c), Florida Statutes.

⁹ Section 1013.35(2)(f), Florida Statutes.

the significant District resources expended for facility operations and maintenance, establishing appropriate performance standards and clearly defined measurable objectives or benchmarks for evaluating the Facilities Department performance could assist the District in determining whether the Department is operating effectively and efficiently and current staffing levels remain appropriate.

Recommendation: The District should establish goals and objectives for the Facilities Department that identify measurable cost-effectiveness and efficiency outcomes, as well as a staffing allocation plan to ensure staffing levels are appropriate.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective action for the finding included in our report No. 2024-005.

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 2026 through July 2026 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 action for findings included in our report No. 2024-005.
- 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 July 2025 through April 2026, 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 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, from the population of 305 user accounts as of August 29, 2025, we evaluated the District records supporting the propriety of 30 selected user accounts that were allowed view, add, change, or delete access privileges to selected critical ERP system finance and HR application functions. 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.
- Examined District records and inquired of District personnel 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 period July 2025 through June 2026.

- Examined District records and inquired of District personnel related to public records requests received during the audit period to determine whether the District had established effective controls and related records to demonstrate compliance with Chapter 119, Florida Statutes.
- From the population of expenditures totaling \$18.4 million and transfers totaling \$5.4 million for the audit period from nonvoted capital outlay tax levy proceeds and other restricted capital project funds, examined documentation supporting selected expenditures and transfers totaling \$3.1 million and \$4.6 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.
- 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).
- Examined Board policies, District procedures, and related records supporting school volunteers 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 two significant construction projects with expenditures totaling \$8.1 million for the audit period, selected one construction management project with guaranteed maximum price contract totaling \$6.9 million and examined documentation for selected project expenditures totaling \$1.6 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 payments was sufficient and complied with the contract provisions.
 - The projects progressed as planned consistent with established benchmarks, and were cost effective, and the contractors performed as expected.
 - The District made use of its sales tax exemption to make direct purchases of materials or documented justification for not doing so.

- Examined documentation for the most recent annual fire safety, casualty safety, and sanitation inspection reports to determine whether timely action was taken to correct previously cited deficiencies.
- 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 \$2.2 million during the audit period, examined documentation supporting 30 selected expenditures totaling \$138,057 to determine whether P-cards were administered in accordance with Board policies and District procedures. We also determined whether the District promptly canceled the P-cards for the eight cardholders who separated from District employment during the audit period.
- 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 determining Maintenance Department staffing needs. We also determined whether such procedures included consideration of appropriate factors and performance measures supported by factual information.
- Examined District records for the period July 2025 through June 2026 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.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



Administration
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September 29, 2026

Sherrill F. Norman, CPA
Auditor General
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111 West Madison Street
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Subject: Audit Response

Dear Ms. Norman:

We have enclosed our responses to the preliminary and tentative audit findings of the operational audit conducted by your office for the period ending June 30, 2026.

Finding No. 1: Emergency Drills

The District has already taken corrective action to strengthen procedures and ensure school personnel understand and comply with State Board of Education emergency drill requirements. The District has reviewed scheduled emergency drills with school personnel and has ensured that all currently scheduled school drills are in compliance with State requirements, including the requirement to conduct two drills each year for severe weather, natural disasters, hazardous materials, or reunification.

Finding No. 2: Subcontractor Selections

The District will strengthen procedures for monitoring CME subcontractor selection and contracting. Procedures will include appropriate District oversight, verification of required subcontractor qualifications and licensing, and confirmation that bid awards agree with subcontract amounts.

Finding No. 3: Monitoring Construction Payments

The District will strengthen procedures for reviewing CME pay requests. Going forward, District personnel will verify pay requests against applicable GMP and subcontractor contracts and document any differences. The District will also review the identified discrepancies with the CME and take appropriate action, if necessary.

Finding No. 4: General Conditions Costs

The District will strengthen procedures for negotiating and monitoring general conditions costs. Going forward, the District will document the methodology used to determine reasonableness and review supporting documentation for general conditions costs included in CME pay requests.

Dr. Brenda Longshore, Superintendent
Dr. Isaac Durrance, Chairperson, Mason Whidden Vice Chairperson
Donna Howerton · Reese Martin

A fully accredited school system of the Southern Association of Colleges and Schools
Equal Opportunity Employment and Veteran's Preference Employer

Finding No. 5: Direct Purchases

For future construction projects, the District will evaluate opportunities for direct material purchases and utilize its sales tax exemption when practical, and when doing so provides a cost benefit to the District.

The District had not completed a major construction project in more than a decade; as a result, certain construction-related processes had not been fully incorporated into current practices. The District is actively reviewing and strengthening these practices to enhance oversight and ensure appropriate controls are in place for future construction projects. In addition, the District is in the process of engaging an independent auditing firm to perform a final construction audit of the two recently completed wing addition projects.

Finding No. 6: Facilities

The District is in the process of upgrading its facilities management software to improve project tracking, planning, and performance monitoring. In addition, the Facilities Department is working to ensure procedures are properly documented and maintained and will use improved data to establish measurable goals and evaluate staffing and operational efficiency.

We wish to thank your office for the professionalism and courtesy shown by your staff during the audit. We are confident that the District will benefit from this review.

Sincerely,

A handwritten signature in blue ink that reads "Brenda Longshore". The signature is fluid and cursive, with the first name "Brenda" and last name "Longshore" clearly distinguishable.

Dr. Brenda Longshore
Superintendent of Schools

MA:BL/cw