STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2018-026
October 2017

TAYLOR COUNTY
DISTRICT SCHOOL BOARD



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2016-17 fiscal year, Danny Glover Jr. served as Superintendent of the Taylor County Schools from 11-22-16, Paul E. Dyal served as Superintendent before that date, and the following individuals served as School Board Members:

	District No.
Bonnie Sue Agner from 11-22-16	1
Danny Glover Jr., Vice Chair through 11-21-16	1
Brenda H. Carlton, Chair	2
Jeannie Mathis from 11-22-16	3
Darrell Whiddon through 11-21-16	3
Danny Lundy, Vice Chair from 11-22-16	4
Deidra A. Dunnell from 11-22-16	5
Kenneth R. Dennis through 11-21-16	5

The team leader was Maria G. Loar, CPA, and the audit was supervised by Edward A. Waller, CPA.

Please address inquiries regarding this report to Micah E. Rodgers, CPA, Audit Manager, by e-mail at micahrodgers@aud.state.fl.us or by telephone at (850) 412-2905.

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TAYLOR COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Taylor County School District (District) focused on selected District processes and administrative activities and included a follow-up on applicable findings noted in our report No. 2016-091. Our operational audit disclosed the following:

Finding 1: Some unnecessary information technology (IT) user access privileges existed that increased the risk that unauthorized disclosure of student social security numbers may occur. In addition, the District did not document that periodic reviews of assigned IT user access privileges were conducted to determine whether such privileges were necessary or that any inappropriate or unnecessary access privileges detected were timely removed.

Finding 2: District records did not always demonstrate that the District conducted searches of the names of prospective volunteers against the applicable registration information regarding sexual predators and sexual offenders.

BACKGROUND

The Taylor 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 Taylor County. The governing body of the District is the Taylor 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 2016-17 fiscal year, the District operated 7 elementary, middle, high, combination, and specialized schools; and reported 2,641 unweighted full-time equivalent students.

This operational audit of the District focused on selected processes and administrative activities and included a follow-up on applicable findings noted in our report No. 2016-091. The results of our audit of the District's financial statements and Federal awards for the fiscal year ended June 30, 2017, will be presented in a separate report.

FINDINGS AND RECOMMENDATIONS

Finding 1: Information Technology User Access Privileges

The Legislature has recognized in State law[1] that social security numbers (SSNs) can be used to acquire sensitive personal information, the release of which could result in fraud against individuals, or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining such information to ensure its confidential status. Effective controls restrict employees from accessing information unnecessary for their assigned job responsibilities and provide for periodic reviews

[1] Section 119.071(5)(a), Florida Statutes.

of information technology (IT) access privileges to help prevent personnel from accessing sensitive personal information inconsistent with their responsibilities.

Pursuant to State law,[2] the District identified each student using a Florida education identification number obtained from the Florida Department of Education (FDOE). However, student SSNs are maintained within the management information system (MIS) to, for example, register newly enrolled students and transmit that information to the FDOE through a secure-file procedure. Student SSNs are also maintained so that the District can provide student transcripts to colleges, universities, and potential employers based on student-authorized requests. Board policies[3] allow designated District school personnel access to student records to perform administrative, supervisory, or instructional responsibilities that serve a legitimate educational purpose in accordance with applicable Florida statutes, State Board of Education rules, and Federal laws, and District employees are required to certify that they will comply with these requirements. District personnel indicated that annual reviews of information technology (IT) user access privileges to student information are performed to help monitor these privileges; however, although we requested, District records were not provided to evidence that such reviews had been performed.

The Panhandle Area Educational Consortium provides student records data processing services for the District and maintains student information, including SSNs, in the District MIS. As of August 2017, SSNs for 7,400 former and 2,800 current District students were maintained in the District MIS and 129 District employees had access to the student SSNs. We examined District records supporting IT user access privileges and found that 99 of the 129 District employees did not need access to student SSNs. The 99 employees with the unnecessary IT user access privileges included teachers and support staff and administrators, such as the Finance Director and the Director of Human Resources.

In response to our inquiries, District personnel could not explain why the user access privileges had been granted and agreed that the access was unnecessary. The access privileges were removed for the 99 employees in August 2017. The existence of unnecessary access privileges and the lack of documented, periodic reviews of IT user access privileges increase the risk of unauthorized disclosure of student SSNs and the possibility that sensitive personal information may be used commit a fraud against District students.

Recommendation: The District should continue efforts to ensure that only those employees who have a demonstrated need to access student SSNs have such access. Such efforts should include documented, periodic reviews of assigned IT user access privileges to determine whether such privileges are necessary and the timely removal of any inappropriate or unnecessary access privileges detected.

Finding 2: School Volunteers

State law[4] requires the District, before making any decision to appoint a person to work as a volunteer at a place where children regularly congregate, to conduct a search of that person's name or other identifying information against the registration information regarding sexual predators and sexual

[2] Section 1008.386, Florida Statutes.

[3] Board Policy No. 5.15, Student Records.

[4] Section 943.04351, Florida Statutes.

offenders through the Dru Sjodin National Sexual Offender Public Web site (NSOPW) maintained by the United States Department of Justice. If that site is not available, a search of the registration information regarding sexual predators and sexual offenders (i.e., Florida Sexual Offenders and Predators Registry) maintained by the Florida Department of Law Enforcement (FDLE) is required.

Board policies[5] require each prospective volunteer to complete a school volunteer application form and the form is to be filed at the respective school. According to District personnel, each school's designated employee conducts a search of the applicant's name against the registration information through the NSOPW or the FDLE Florida Sexual Offenders and Predators Registry and indicates completion of the search on the form. However, District procedures did not require supervisory review and approval of the forms nor independent verification of the school volunteer approval process at the District level to ensure that the forms were properly completed, verified to the applicable registration information, and retained at the schools.

To determine whether District schools documented appropriate searches, we inquired of District personnel and requested for examination District records supporting 26 selected volunteers from the population of 195 school volunteers during the 2016-17 fiscal year. However, although we requested, the school volunteer application forms, or other records to evidence the performance of appropriate searches of volunteer names and information, were not provided for 21 volunteers at the Taylor County Elementary School and Taylor County Middle School. In response to our inquiries regarding records for these 21 volunteers and the other 114 volunteers at these two schools, District personnel indicated that the school volunteer application forms had been completed but that the records were destroyed at the end of the 2016-17 school year. Subsequent to our inquiries in July 2017, District procedures were revised for the 2017-18 school year to require each school to maintain all school volunteer application forms for a minimum of 3 years.

As part of our audit, we extended our procedures and determined that none of the 26 selected volunteers were listed as a sexual predator or sexual offender on the NSOPW database. However, our procedures cannot substitute for management's responsibility to ensure, and document, that District schools perform the appropriate searches of volunteer names and information in accordance with State law. Absent effective controls to evidence that searches of volunteer names and information are timely and appropriately performed by District school personnel, the District has limited assurance that only volunteers with suitable backgrounds have direct contact with students and the District cannot demonstrate compliance with State law.

Recommendation: The District should continue efforts to ensure that searches of prospective school volunteers' names and information are performed against the applicable registration information regarding sexual predators and sexual offenders and that records of such searches are retained. Such efforts should include supervisory review and approval of the forms or independent verification of the school volunteer approval process at the District level.

[5] Board Policy 3.18, School Volunteers.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for applicable findings included in our report No. 2016-091.

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 2017 to August 2017 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.

The objectives of this operational audit 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 applicable findings included in our report No. 2016-091.
- 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 programs, activities, or functions included within the scope of the audit, weaknesses in management's internal controls, 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; 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 transactions, as well as events and conditions, occurring during the 2016-17 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:

- Examined Board, committee, and advisory board meeting minutes to determine whether Board approval was obtained for policies and procedures in effect during the audit period and for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- Reviewed District information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, systems development and maintenance, network configuration management, system backups, and disaster recovery.
- Evaluated District procedures for maintaining and reviewing employee access to IT resources. We examined selected user access privileges to the District's finance system applications and human resources/payroll (HR/Payroll) system applications to determine the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the user access prevented the performance of incompatible duties. Specifically, we tested selected user access privileges for:
    - The 50 employees who had access to the finance system applications to evaluate the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties.
    - The 10 employees who had access to the HR/Payroll system applications to evaluate the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties.
    - The 79 employees who separated from District employment during the audit period to determine whether any had user access to the finance system applications or HR/Payroll system applications and, if so, whether such access was timely terminated.
- Reviewed user access for the 129 employees who had access to system applications containing student social security numbers (SSNs) to determine whether District controls appropriately secured and protected the confidentiality of the SSNs and that access to SSNs was only granted to District personnel as necessary for assigned job responsibilities.
- Analyzed the District's General Fund total unassigned and assigned fund balances at June 30, 2017, to determine whether the total was less than 3 percent of the fund's projected revenues, as specified in Section 1011.051, Florida Statutes.

- Examined the District Web site to determine whether the 2016-17 fiscal year proposed, tentative, and official budgets were prominently posted pursuant to Section 1011.035(2), Florida Statutes.
- From the population of expenditures totaling $2.3 million and transfers totaling $1.3 million during the audit period from nonvoted capital outlay tax levy proceeds, Public Education Capital Outlay funds, and other restricted capital project funds, examined documentation supporting selected expenditures and transfers totaling $1.6 million and $1.3 million, respectively, to determine compliance with the restrictions imposed on the use of these resources.
- Examined documentation for the only significant construction in progress project with a construction management entity during the audit period, to determine whether the District complied with applicable Board policies and procedures and provisions of State laws and rules. During the 2016-17 fiscal year, there was no final contract with the construction management entity and construction for this project was scheduled to begin in the 2017-18 fiscal year. Specifically, we:
  - Examined District records to determine whether the construction manager was properly selected.
  - Examined District records to determine whether the architect was properly selected and adequately insured.
  - Determined whether the Board had established policies and procedures to ensure that all new construction, renovation, remodeling, day labor, and maintenance projects conformed to the Florida Building Code, Florida Fire Prevention Code, and other applicable building and life safety codes in accordance with Section 1013.38, Florida Statutes.
  - Examined District records supporting project expenditures totaling $462,964 to determine whether District procedures for monitoring payments were adequate and the payments were sufficiently supported.
- Analyzed workforce education program funds expenditures totaling $1.2 million for the audit period and examined 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 61 industry certifications eligible for performance funding that were attained by students during the 2015-16 and 2016-17 fiscal years, examined 23 selected certifications to determine whether the District maintained documentation for student attainment of the industry certifications.
- From the population of 18,725 contact hours reported for 130 adult general education instructional students during the audit period, examined District records supporting 802 reported contact hours for 30 selected students to determine whether the District reported the instructional contact hours in accordance with Florida Department of Education (FDOE) requirements.
- Examined District records for the audit period for 30 District employees selected from the population of 621 District employees to assess whether District employees who had direct contact with students were subjected to the required fingerprinting and background screenings.
- Examined District records for the audit period for the total 25 contractor workers to assess whether individuals who had direct contact with students were subjected to the required fingerprinting and background checks.
- From the population of 277 noninstructional and administrative employees compensated a total of $5.6 million during the audit period, examined District records supporting compensation payments totaling $27,224 to 14 selected employees to determine whether supervisory personnel reviewed and approved employee reports of time worked and leave taken and whether leave records had been properly updated, if applicable.

- Examined Board policies, procedures, and related records for the audit period for school volunteers 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.
- From the population of 259 instructional personnel and 8 school administrators compensated a total of $9.7 million during the audit period, examined supporting documentation to determine whether the District had developed adequate performance assessment procedures for instructional personnel and school administrators based on student performance and other criteria in accordance with Section 1012.34(3), Florida Statutes, and also determined whether a portion of each selected instructional employee's compensation was based on performance in accordance with Section 1012.22(1)(c)4., Florida Statutes.
- From the population of 6,745 employee compensation payments totaling $17.5 million during the audit period, examined District records supporting compensation payments totaling $73,208 to 30 selected employees to determine the accuracy of the rate of pay and whether supervisory personnel reviewed and approved employee reports of time worked.
- Examined District records supporting the eligibility of the 10 District employees who received Florida Best and Brightest Teacher Scholarship Program awards totaling $68,169 during the audit period.
- From the population of 319 contractual services expenditures totaling $1.5 million during the audit period, examined supporting documentation, including the contract documents, for 30 selected contract expenditures totaling $362,867 to determine whether:
    - The District complied with competitive selection requirements.
    - The contracts clearly specified deliverables, time frames, documentation requirements, and compensation.
    - District records documented satisfactory receipt of deliverables before payments were made.
    - The payments complied with contract provisions.
- Determined whether the District used supplemental academic instruction and research-based reading instruction allocations to provide, to the applicable schools, pursuant to Section 1011.62(9), Florida Statutes, an additional hour of intensive reading instruction to students every day, schoolwide during the audit period. Also, we reviewed the District records to determine whether the District appropriately reported to the FDOE, pursuant to the 2016 General Appropriations Act (Chapter 2016-066, Laws of Florida), the funding sources, expenditures, and student outcomes for each participating school.
- From the population of nonpayroll expenditures totaling $12.6 million for the audit period, examined documentation relating to 30 selected payments totaling $145,217. Specifically, we determined whether the expenditures were reasonable, correctly recorded, adequately documented, for a valid District purpose, properly authorized and approved, and in compliance with applicable State laws, rules, contract terms and Board policies and whether the vendors were properly selected.
- From the population of purchasing card (P-card) transactions totaling $1.4 million during the audit period, examined documentation supporting 33 selected transactions totaling $66,130 to determine whether P-cards were administered in accordance with Board policies and procedures.
- From the population of Superintendent and Board Member travel expenses totaling $24,038 during the audit period, examined 25 selected travel expenses totaling $9,378 to determine whether the expenses were reasonable, adequately supported, for valid District purposes, and limited to amounts allowed by Section 112.061, Florida Statutes.

- From the population of 32 payments totaling $10,417 paid to employees for other than travel and payroll during the audit period, examined documentation for 19 selected payments totaling $7,037 to determine whether such payments were reasonable, adequately supported, for valid District purposes, and were not contrary to Section 112.313, Florida Statutes.
- Evaluated District records for the audit period to determine whether the District properly informed parents and students about students' rights to participate in a Virtual Instruction Program (VIP) and the VIP enrollment periods as required by Section 1002.45(1)(b) and (10), Florida Statutes.
- 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

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

THE DISTRICT SCHOOL BOARD OF TAYLOR COUNTY

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Danny Glover Jr., Superintendent

October 25, 2017

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

Dear Ms. Norman:

The preliminary and tentative findings and recommendations for the fiscal year ending June 30, 2017 have been reviewed by the appropriate District staff. Our response to the findings and recommendations are listed below.

Finding No. 1: Information Technology User Access Privileges

The District will continue efforts to ensure that only those employees who have a demonstrated need to access student SSNs have such access. Documented and periodic reviews of such access will be completed at the end of each school semester.

Finding No. 2: School Volunteers

The District will ensure that searches of prospective school volunteers' names and information are performed against the applicable registration information regarding sexual offenders and predator and that records of such searches are retained.

We wish to commend Maria Loar and her staff; the audit was conducted with much courtesy and professionalism. We value their knowledge and expertise relating to school business.

Sincerely,

Danny Glover Jr.

Danny Glover, Jr.
Superintendent, Taylor County Schools

School Board Members

Bonnie Sue Agner
Residence Area One

Brenda H. Carlton
Residence Area Two

Jeannie Mathis
Residence Area Three

Danny Lundy
Residence Area Four

Deidra Dunnell
Residence Area Five

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