

**SEMINOLE COUNTY**

**DISTRICT SCHOOL BOARD**

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**Operational Audit**



## BOARD MEMBERS AND SUPERINTENDENT

Board members and the Superintendent who served during the 2010-11 fiscal year are listed below:

	District No.
Diane Bauer	1
Sandra Robinson to 11-15-10, Chair	2
Karen Almond from 11-16-10	2
Dede Schaffner, Chair from 11-16-10	3
Sylvia Pond, Vice Chair from 11-16-10	4
Jeanne Morris to 11-15-10, Vice Chair	5
Dr. Tina Calderone from 11-16-10	5

Bill Vogel, Ed.D., Superintendent

The audit team leader was Nancy Heyman, CPA, and the audit was supervised by Keith A. Wolfe, CPA. For the information technology portion of this audit, the audit team leader was Earl Butler, CISA, and the supervisor was Heidi G. Burns, CPA, CISA. Please address inquiries regarding this report to Gregory L. Centers, CPA, Audit Manager, by e-mail at [gregcenters@aud.state.fl.us](mailto:gregcenters@aud.state.fl.us) or by telephone at (850) 487-9039.

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**SEMINOLE COUNTY**

## District School Board

**SUMMARY**

Our operational audit disclosed the following:

**PERSONNEL AND PAYROLL**

**Finding No. 1:** District records did not sufficiently evidence that performance assessments of instructional personnel and school administrators were based primarily on student performance, contrary to Section 1012.34(3), Florida Statutes (2010).

**Finding No. 2:** The Board had not adopted formal policies and procedures for ensuring that a portion of each instructional employee's compensation was based on performance pursuant to Section 1012.22(1)(c)2., Florida Statutes (2010), and documenting the differentiated pay process of instructional personnel and school-based administrators using the factors prescribed in Section 1012.22(1)(c)4., Florida Statutes (2010).

**FACILITIES ADMINISTRATION AND MONITORING**

**Finding No. 3:** Controls over facilities construction and maintenance activities could be enhanced.

**INFORMATION TECHNOLOGY**

**Finding No. 4:** The District lacked written policies and procedures for certain information technology (IT) functions.

**Finding No. 5:** The District had not developed a written, comprehensive IT risk assessment.

**Finding No. 6:** Some inappropriate or unnecessary IT access privileges existed within the District, and the District did not have written procedures for the review of employee IT access privileges.

**Finding No. 7:** The District's security controls related to user authentication, logging, and data loss prevention needed improvement.

**Finding No. 8:** The District's security incident response procedures did not include provisions for a team trained in incident response.

**BACKGROUND**

The Seminole County School District (District) is part of the State system of public education under the general direction of the Florida Department of Education. Geographic boundaries of the District correspond with those of Seminole County. The governing body of the District is the Seminole 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 2010-11 fiscal year, the District operated 61 elementary, middle, high, and specialized schools; sponsored 2 charter schools; and reported 63,904 unweighted full-time equivalent students.

The results of our audit of the District's financial statements and Federal awards for the fiscal year ended June 30, 2011, was presented in our report No. 2012-025, dated November 2, 2011.

**FINDINGS AND RECOMMENDATIONS**

**Personnel and Payroll**

**Finding No. 1: Performance Assessments**

Section 1012.34(3), Florida Statutes (2010),<sup>1</sup> required the District to establish annual performance assessment procedures for instructional personnel and school administrators. When evaluating the performance of these employees, the procedures were to primarily include consideration of student performance, using results from student achievement tests, such as the Florida Comprehensive Assessment Test (FCAT), pursuant to Section 1008.22(3), Florida Statutes (2010), at the school where the employee works. Additional employee performance assessment criteria prescribed by Section 1012.34(3)(a), Florida Statutes (2010), included evaluation measures such as the employee’s ability to maintain appropriate discipline, knowledge of subject matter, ability to plan and deliver instruction and use of technology in the classroom, and other professional competencies established by rules of the State Board of Education and Board policies. Section 1012.34(3)(d), Florida Statutes (2010), requires that, if an employee is not performing satisfactorily, the performance evaluator had to notify the employee in writing and describe the unsatisfactory performance.

While the assessments of instructional personnel and school administrators generally met the requirements of Section 1012.34(3)(a), Florida Statutes (2010), including student performance as a component of the evaluation, District records did not sufficiently evidence a correlation between student performance and the employee’s performance assessments nor that student performance was the primary factor for the overall evaluation rating. For example, the evaluation forms did not provide a numeric or percentage indicator to show that student achievement was the primary contributing factor used to evaluate employee performance.

District personnel indicated that they delayed revisions to performance assessments until implementation of the Federal Race-to-the-Top grant requirements, which are subject to approval by the Florida Department of Education for the 2011-12 fiscal year. However, without measuring employee performance by the required criteria, performance assessments of instructional personnel may not effectively communicate the employee’s accomplishments or shortcomings.

**Recommendation: The District should ensure that performance assessment procedures for instructional personnel and school administrators include consideration of student performance, and maintain records to evidence this.**

<sup>1</sup> Sections 1012.34 and 1008.22, Florida Statutes, were amended by Chapter 2011-1, Laws of Florida, effective July 1, 2011. For the 2011-12 fiscal year, pursuant to Section 1012.34(3)(a), Florida Statutes (2011), at least 50 percent of performance evaluations of instructional personnel and school administrators must be based upon data and indicators of student learning growth assessed annually by statewide or district assessments spanning three years of data. However, if three years of data is not available, the District must use the available data and the percentage of the evaluation based upon student learning growth may be reduced to not less than 40 percent for administrators and in-classroom instructional personnel, and to not less than 20 percent for instructional personnel who are not classroom teachers.

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**Finding No. 2: Compensation and Salary Schedules**


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Section 1001.42(5)(a), Florida Statutes, requires the Board to designate positions to be filled, prescribe qualifications for those positions, and provide for the appointment, compensation, promotion, suspension, and dismissal of employees, subject to the requirements of Chapter 1012, Florida Statutes. Section 1012.22(1)(c)2., Florida Statutes (2010),<sup>2</sup> provided that, for instructional personnel, the Board must base a portion of each employee's compensation on performance. In addition, Section 1012.22(1)(c)4., Florida Statutes (2010), required the Board to adopt a salary schedule with differentiated pay for instructional personnel and school-based administrators. The salary schedule was subject to negotiation as provided in Chapter 447, Florida Statutes, and was required to provide differentiated pay based on District-determined factors, including, but not limited to, additional responsibilities, school demographics, critical shortage areas, and level of job performance difficulties.

Board Policy 6.42 provides that salary schedules will include provisions for performance based pay and differentiated pay in accordance with Florida Statutes. In addition, the teachers' union contract provides that teachers who receive a satisfactory performance assessment will, during the next fiscal year, have their salary advance to the next step on the salary schedule, and salaries of those receiving an unsatisfactory assessment will remain at the same step on the salary schedule during the next fiscal year. However, the Board had not adopted policies and procedures to document the process identifying the instructional personnel and school-based administrators entitled to differentiated pay using the factors prescribed in Section 1012.22(1)(c)4., Florida Statutes (2010). Such procedures could specify the prescribed factors to be used as the basis for determining differentiated pay, the documented process for applying the prescribed factors, and the individuals responsible for making such determinations.

The 2010-11 fiscal year salary schedule and applicable union contracts for instructional personnel and school-based administrators provided pay levels based on various factors such as job classification, years of experience, level of education, and other factors. However, the District's procedures for documenting compliance with Section 1012.22(1)(c), Florida Statutes (2010), could be improved, as follows:

- **Instructional Personnel.** District personnel indicated that the performance assessments of instructional personnel did not impact their compensation because, due to budget constraints, none of the instructional personnel received the salary schedule step increase for the 2010-11 fiscal year. As such, District records did not evidence that a portion of the compensation of each instructional employee was based on performance, contrary to Section 1012.22(1)(c)2., Florida Statutes (2010).

The instructional personnel salary schedule and union contract provided salary supplements for additional responsibilities beyond the standard work day, such as supplements for athletic and drama coaches and department chairpersons. Also, for the school demographics and critical shortage area differentiated pay factors, instructional personnel at Title I schools identified as at risk of becoming, or identified as, schools in need of improvement were provided a supplement of \$500, and District records evidenced the high turnover of instructional personnel at these schools. In addition, District personnel indicated that a salary supplement was provided for level of job performance difficulties of occupational specialists and physical therapists;

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<sup>2</sup> Section 1012.22, Florida Statutes, was amended by Chapter 2011-1, Laws of Florida, effective July 1, 2011. For the 2011-12 fiscal year, pursuant to Section 1012.22(1)(c)4.b., Florida Statutes, the District must base a portion of each employee's compensation upon performance demonstrated under Section 1012.34, Florida Statutes, and provide differentiated pay for instructional personnel and school administrators based upon district-determined factors, including, but not limited to, additional responsibilities, school demographics, critical shortage areas, and level of job performance difficulties.

however, neither the salary schedule nor the union contract identified that level of performance difficulties was the basis for providing additional compensation for these instructional personnel. Further, District records did not sufficiently evidence the basis for identifying the level of job performance difficulties of occupational specialists and physical therapists in contrast to other instructional personnel. For level of job performance difficulties, consideration could be documented to demonstrate how specific tasks or job classifications have special challenges or other difficulties that impact personnel compensation.

- **School-based Administrators.** District personnel indicated that the salary schedule for school-based administrators provided salary supplements for additional responsibilities, school demographics, and level of performance difficulties for administrators meeting certain assessment criteria, such as student achievement, at risk school challenges, and annual district goals; however, because of budget constraints, these supplements were not provided during the 2010-11 fiscal year. As such, District records did not demonstrate compliance with these differentiated pay requirements. In addition, District personnel indicated that the differentiated pay factor for critical shortage areas did not apply to school-based administrators since the District had plenty of candidates to fill any vacancy; however, this would not exempt the District from this requirement. Further, District records did not evidence that any criteria had been established for determining critical shortage areas of school-based administrators. To document this process, records could evidence the number of applicants, personnel turnover rates, and other factors relating to hiring and retaining administrators.

District personnel indicated that salary schedule revisions to comply with the statutory performance and differentiated pay requirements were delayed to ensure consistency with Federal Race-to-the-Top grant requirements. However, without Board-adopted policies and procedures clearly identifying the basis for the differentiated pay, the District may have been limited in its ability to demonstrate that the various differentiated pay factors were consistently considered and applied.

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**Recommendation:** The Board should revise its formal policies and procedures for ensuring that differentiated pay of instructional personnel and school-based administrators is appropriately identified on salary schedules, consistent with Section 1012.22(1)(c), Florida Statutes.

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<b>Facilities Administration and Monitoring</b>
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**Finding No. 3: Facilities Management**

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The facilities planning department is responsible for managing construction and renovation projects. During the 2010-11 fiscal year, this department employed 11 full-time employees, including construction and administrative personnel, and the department's expenditures were approximately \$14 million. Also, during this fiscal year, the District had expenditures totaling approximately \$13 million for capital projects fund construction and renovation projects and, as shown on the District's Five-Year Work Plan as approved by the Board on September 28, 2010, the District planned to spend an additional \$33 million on these projects over the next four fiscal years. However, due to anticipated shortfalls in capital outlay revenues, the Board indefinitely postponed a large project for one school at the June 21, 2011 meeting, which reduced planned expenditures for renovations and small projects to \$24 million. At June 30, 2011, the cost of the District's educational and ancillary facilities was approximately \$1 billion and, as shown in the Florida Department of Education's Florida Inventory of School Houses data, District facilities had an average age of 21 years.

The facilities maintenance department is responsible for ensuring facilities are safe and suitable for their intended use. The facilities maintenance department performed heating, ventilating, and air-conditioning (HVAC); electrical; plumbing; and other maintenance-related jobs. During the 2010-11 fiscal year, the department employed 145 employees, and the department's operating cost was approximately \$13 million.

Given the significant commitment of public funds to construct and maintain educational facilities, it is important that the District establishes procedures to evaluate the effectiveness and efficiency of facility operations at least annually using performance data and established benchmarks. Such procedures could include written policies and procedures documenting processes for evaluating facilities construction methods and maintenance techniques before commitment of significant resources to the most cost effective and efficient method or technique. In addition, performance evaluations could include established goals for facility and maintenance operations and measurable objectives or benchmarks that are clearly defined to document the extent to which goals are achieved and accountability for facilities and maintenance department employees. While our review of facilities management procedures indicated that procedures were generally adequate, we noted the following procedural enhancements could be made:

- **Alternate Maintenance Techniques.** Maintenance-related jobs, such as HVAC replacement and repair, are routinely performed by maintenance personnel based on safety and suitability priorities. District personnel indicated that hiring and training competent maintenance staff familiar with the best practices in their areas of expertise, combined with bidding costly projects resulted in an efficient and effective maintenance department, demonstrated by the fact that the District's facilities are generally well maintained and the District's maintenance costs per square foot are low compared to the other Florida districts. However, District personnel indicated that they had not established written policies or procedures for evaluating the various maintenance-related job techniques and, while they consider alternate maintenance techniques, they have not documented evaluations of the various approaches to determine for each significant maintenance-related job which would be most cost effective and beneficial. Without Board-approved policies and procedures, and documented evaluations, there is an increased risk that the District may not use the most cost effective and beneficial maintenance technique.
- **Accountability.** The District's facilities planning and maintenance departments have established short-term and long-term goals in the strategic plan and various Board policies. The strategic plan provides that the staff must continually analyze regional and State costs per square foot for public school projects to ensure project costs are at or below average, and the requirement is linked to a key performance indicator of State-wide cost comparisons, which is presented to the Board at least once per year. However our review disclosed that these goals did not address accountability for these departments. For example, the goals for the facilities planning department included monitoring construction and renovation projects construction phases and continuing to use environmentally friendly building designs. Examples of facilities maintenance goals include charting the number of work orders completed in a month, the average costs and labor hours to complete the work orders, and the District square footage to determine the number of maintenance personnel required to service the various District facilities. However, the goals of these departments did not sufficiently identify efficiency or cost-effectiveness outcomes or how department personnel are held accountable for such outcomes.

To adequately establish outcome measures, the departments could set goals such as completing construction or maintenance projects that meet or exceed building code industry standards at the lowest possible cost. Progress in attaining the goals could be measured by developing accountability systems to monitor work orders for return assignments or corrective action because a project did not initially meet building code requirements, and comparing project costs to industry standards for similar work. Additional goals could include setting benchmark time frames for routine projects or jobs and progress toward meeting the goal could be measured by comparing project or job completion times to industry standards for similar work. Establishing goals that focus on accountability and measurable objectives and benchmarks could assist the District in determining whether its facilities planning and maintenance departments are operating as effectively as possible.

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**Recommendation:** The District should consider developing written policies and procedures requiring periodic evaluations of techniques for performing significant maintenance-related jobs, and document these evaluations. Also, the District should consider developing additional goals and objectives for the facilities planning and maintenance departments to identify efficiency or cost-effectiveness outcomes for department personnel.

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**Information Technology**

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**Finding No. 4: Written Policies and Procedures**

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Each information technology (IT) function needs complete, well-documented policies and procedures to describe the scope of the function and its activities. Sound policies and procedures provide benchmarks against which compliance can be measured and contribute to an effective control environment.

Although informal procedures were followed, the District lacked written policies and procedures for administration of vendor-supplied user identification codes (IDs) and routine monitoring of application and network security logs. Without written policies and procedures, the risk is increased that IT controls may not be followed consistently and in a manner pursuant to management’s expectations. A similar finding was noted in our report No 2009-055.

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**Recommendation:** The District should establish written policies and procedures to document management’s expectations for the performance of the above-listed IT functions.

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**Finding No. 5: Risk Assessment**

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Management of IT-related risks is a key part of enterprise IT governance. Incorporating an enterprise perspective into day-to-day governance actions helps an entity understand its greatest security risk exposures and determine whether planned controls are appropriate and sufficient to secure IT resources from unauthorized disclosure, modification, or destruction. IT risk assessment, including the identification of risks and the evaluation of the likelihood of threats and the severity of threat impact, helps support management’s decisions in establishing cost-effective measures to mitigate risk and, where appropriate, formally accept residual risk.

The District’s *Information Services Security Manual* details a risk analysis program and provides for a documented risk assessment and, although the District had informally considered external and internal risks and identified security controls such as selected configuration settings and policies and procedures to mitigate these risks, the District had not developed a written, comprehensive IT risk assessment. The absence of a written, comprehensive IT risk assessment may limit the District’s assurance that all likely threats and vulnerabilities have been identified, the most significant risks have been addressed, and appropriate decisions have been made regarding which risks to accept and which risks to mitigate through security controls.

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**Recommendation:** The District should develop a written, comprehensive IT risk assessment to provide a documented basis for determining how IT-related risks are managed.

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**Finding No. 6: Access Privileges**

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Access controls are intended to protect data and IT resources from unauthorized disclosure, modification, or destruction. Effective access controls provide employees access to IT resources based on a demonstrated need to view, change, or delete data and restrict employees from performing incompatible functions or functions outside of their areas of responsibility. Periodically reviewing IT access privileges assigned to employees promotes good internal control and is necessary to ensure that employees cannot access IT resources inconsistent with their assigned job responsibilities.

Our review of selected access privileges to the human resources (HR) applications disclosed some employees who had excessive access privileges. Specifically:

- An accountant in the finance department had the ability to change employees' addresses; however, only HR department employees responsible for adding or updating employee information should generally be granted such access.
- One professional standards investigator in the HR department had the ability to add or update job codes, although only HR employees responsible for adding or updating job position information should be granted such access.

The District had controls that compensated, in part, for the above deficiencies, such as independent reviews of various transaction and change reports. However, the access privileges described above gave the employees the ability to perform incompatible duties and District personnel confirmed that these access privileges were unnecessary for their assigned job responsibilities. Allowing employees to have excessive access privileges increases the risk of unauthorized disclosure, modification, or destruction of District data and IT resources.

Although the District's Application Security Specialist reviewed Board agendas related to employee terminations and transfers and periodically reviewed access forms on file, the District did not have written procedures for the review of employees' IT access privileges by the District's data owners. Without a periodic review of all employees' access, inappropriate access privileges may not be timely detected and addressed by the District, as indicated by the excessive access privileges described above. A similar finding was noted in our report No. 2009-055.

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**Recommendation:** The District should establish written procedures for the review of employee IT access privileges, enhance its reviews of application access privileges, and timely remove or adjust any inappropriate access detected to ensure that access privileges enforce an appropriate separation of incompatible duties and do not exceed what is necessary for assigned job duties.

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**Finding No. 7: Security Controls – Authentication, Logging, and Data Loss Prevention**

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Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit disclosed certain District security controls related to user authentication, logging, and data loss prevention that needed improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising District data and IT resources. However, we have notified appropriate District management of the specific issues. Without adequate security controls related to user authentication, logging, and data loss prevention, the confidentiality, integrity, and availability of data and IT resources may be compromised, increasing the risk that District data and IT resources may be subject to improper disclosure, modification, or destruction. Some similar issues were noted in our report No. 2009-055.

**Recommendation:** The District should improve its security controls related to user authentication, logging, and data loss prevention to ensure the continued confidentiality, integrity, and availability of District data and IT resources.

**Finding No. 8: Security Incident Response Plan**

Computer security incident response plans are established by management to ensure an appropriate, effective, and timely response to security incidents. These written plans typically detail responsibilities and procedures for identifying, logging, and analyzing security violations and include provisions for designated staff to be trained in incident response and notification to affected parties.

Although the District had written procedures for reporting, analyzing, and responding to computer security incidents, the security incident response plan did not include provisions for a trained incident response team. Should an event occur that involves the potential or actual compromise, loss, or destruction of District data or IT resources, the lack of a trained incident response team could result in the District’s failure to take appropriate and timely actions to prevent further loss or damage to the District’s data and IT resources.

**Recommendation:** The District should designate and train a security incident response team to provide reasonable assurance that the District will respond in a timely and appropriate manner to events, should they occur, that may jeopardize the confidentiality, integrity, or availability of data and IT resources.

**PRIOR AUDIT FOLLOW-UP**

The District had taken corrective actions for findings included in previous audit reports.

**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 January 2011 to September 2011 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: (1) obtain an understanding and make overall judgments as to whether District internal controls promoted and encouraged compliance with applicable laws, rules, regulations, contracts, and grant agreements; the economic and efficient operation of the District; the reliability of records and reports; and the safeguarding of assets; (2) evaluate management’s performance in these areas; and (3) determine whether the District had taken corrective actions for findings included in previous audit reports. Also, pursuant to Section 11.45(7)(h), Florida Statutes, our audit may identify statutory and fiscal changes to be recommended to the Legislature.

The scope of this operational audit is described in Exhibit A. Our audit included examinations of various records and transactions (as well as events and conditions) occurring during the 2010-11 fiscal year.

Our audit methodology included obtaining an understanding of the internal controls by interviewing District personnel and, as appropriate, performing a walk-through of relevant internal controls through observation and examination of supporting documentation and records. Additional audit procedures applied to determine that internal controls were working as designed, and to determine the District’s compliance with the above-noted audit objectives, are described in Exhibit A. Specific information describing the work conducted to address the audit objectives is also included in the individual findings.

**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.



David W. Martin, CPA  
Auditor General

**MANAGEMENT’S RESPONSE**

Management’s response is included as Exhibit B.

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**EXHIBIT A**  
**AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Information technology (IT) logical access controls and user authorization.	Reviewed selected operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
IT access privileges and separation of duties.	Reviewed procedures for maintaining and reviewing access to IT resources. Tested selected access privileges over the operating system, database, network, and applications to determine the appropriateness based on the employees' job functions and responsibilities and adequacy with regard to preventing the performance of incompatible duties.
IT termination of employee access.	Reviewed procedures to prohibit former employees' access to electronic data files. Tested access privileges for former employees to determine whether their access privileges had been timely disabled.
IT logging and monitoring.	Reviewed procedures and reports related to the capture, review, maintenance, and retention of system and security event logs.
IT policies and procedures.	Reviewed written policies and procedures to determine whether they addressed certain important IT control functions.
IT data loss prevention.	Reviewed written policies, procedures, and programs in effect governing the classification, management, and protection of sensitive and confidential information.
IT security incident response.	Reviewed written policies and procedures, plans, and forms related to security incident response and reporting.
IT risk management and assessment.	Reviewed the District's risk management and assessment processes and security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.
Financial condition - General Fund.	Applied analytical procedures to determine whether the percent of the General Fund total unassigned and assigned fund balances at June 30, 2011, to the fund's revenues was less than the percents specified in Section 1011.051, Florida Statutes. Analytical procedures were also applied to determine the reasonableness and ability of the District to make its future debt service payments.
Financial condition - Internal Service Funds.	Applied analytical procedures to determine the reasonableness of the unrestricted net assets of the internal service funds at June 30, 2011.
Limitations on investment types..	Examined written policies and supporting documentation to determine compliance with Section 218.415, Florida Statutes.

**EXHIBIT A**  
**AUDIT SCOPE AND METHODOLOGY (CONTINUED)**

Scope (Topic)	Methodology
Restrictions on use of nonvoted capital outlay tax levy proceeds, Public Education Capital Outlay (PECO) funds, and other capital outlay funds.	Applied analytical procedures, tested payments made from nonvoted capital outlay tax levy proceeds, PECO funds, and other capital outlay funds, and examined supporting documentation to determine whether the District complied with requirements related to the use of nonvoted capital outlay tax levy proceeds, PECO funds, and other capital outlay funds.
Social security numbers.	Examined records to determine whether the District had provided individuals with a written statement as to the purpose of collecting social security numbers pursuant to Section 119.071(5)(a), Florida Statutes.
Cash collection procedures at District-operated after school programs.	Reviewed collection procedures at selected locations and tested daily cash collections to determine the effectiveness of the District's collection procedures. Ensured the District is performing timely fee audits of its after school programs.
Fingerprinting and background checks for personnel that had direct contact with students.	Tested District personnel who had direct contact with students and examined supporting documentation to determine whether the District provided for a level 2 rescreening of existing noninstructional and instructional personnel after five years.
Performance assessments.	Examined supporting documentation to determine whether the District had established adequate performance assessment procedures for instructional personnel and school administrators based primarily on student performance and other criteria in accordance with Section 1012.34(3), Florida Statutes.
Compensation and salary schedules.	Examined supporting documentation to determine whether the Board, for instructional personnel, based a portion of each employee's compensation on performance, and adopted a salary schedule with differentiated pay for instructional personnel and school-based administrators based upon District-determined factors, including, but not limited to, additional responsibilities, school demographics, critical shortage areas, and level of job performance difficulties.
Overtime payments.	Performed an analysis of overtime payments to ensure the District is effectively monitoring overtime payments; to determine the reasonableness of overtime paid out; and to review trends from year-to-year. Tested overtime payments and reviewed supporting documentation to determine whether overtime hours were properly documented, authorized, and calculated.
Board member compensation.	Examined supporting documentation to determine whether Board members' salaries were in compliance with Section 1001.395, Florida Statutes.

**EXHIBIT A**  
**AUDIT SCOPE AND METHODOLOGY (CONTINUED)**

Scope (Topic)	Methodology
John M. McKay Scholarships for Students with Disabilities Program.	Examined records to determine whether parents and guardians were notified annually of the John M. McKay Scholarships for Students with Disabilities Program pursuant to Section 1002.39(5)(a), Florida Statutes.
Consultant expenditure payments.	Performed a test of expenditures for professional and technical services to determine propriety of the expenditures.
Wireless communication devices.	Determined whether the District reported the value of cellular telephone and other wireless device services provided to employees as income for those employees.
Purchasing card transactions.	Tested purchasing card transactions for propriety and compliance with related laws, rules, and District procedures.
Electronic payments.	Evaluated procedures for making electronic payments for the payment of goods and services.
Charter school administrative fee.	Examined records to determine whether the District properly withheld the charter school administrative fee pursuant to Section 1002.33(20)(a), Florida Statutes.
Direct-support organization and charter school audits.	Reviewed the audit reports for the District's direct-support organization and charter schools to determine whether the audits were performed pursuant to Chapter 10.700, Rules of the Auditor General, and Section 1001.453, Florida Statutes.
Construction planning processes.	Examined records and evaluated construction planning processes to determine whether processes were comprehensive, including consideration of restricted resources and other alternatives to ensure the most economical and effective approach, and met District short-term and long-term needs.
Selecting construction contractors.	Tested selected construction project records to determine whether contractors were awarded construction projects in accordance with applicable laws and rules.
Monitoring progress of construction projects.	Tested a major construction project to determine whether the District properly monitored the construction process, and, determined that payments to the architect and contractor were made in accordance with contract terms; a certificate of occupancy was obtained prior to school opening date; and the contract included the required penalty clauses.

**EXHIBIT A**  
**AUDIT SCOPE AND METHODOLOGY (CONTINUED)**

Scope (Topic)	Methodology
Identifying and prioritizing facility maintenance needs and tracking maintenance jobs.	Evaluated procedures for identifying facility maintenance needs, including identification of health and safety deficiencies, and establishing resources to timely address those needs. Compared maintenance plans with needs identified in safety inspection reports, reviewed inspection reports for compliance with Federal and State inspection requirements and timely resolution of deficiencies identified during inspections, and reviewed the work order system for appropriate tracking of jobs.
Evaluation of maintenance department staffing needs.	Reviewed procedures for evaluating maintenance department staffing needs. Determined whether such procedures included consideration of appropriate factors and performance measures that were supported by factual data.
Procurement of banking services.	Reviewed District’s selection process and ensured the District complied with Board Policy. Reviewed the agreement and determined its adequacy.
Self-insurance programs.	Determined that selected workers’ compensation and general liability claim payments were valid and adequately supported by detailed claim reports, and reviewed actuary reports and the prescription program third-party administrator’s <i>Statement on Auditing Standards</i> No. 70 report.
Statements of financial interest.	Determined whether the Superintendent, Board members, and key personnel filed statements of financial interest in accordance with Section 112.3145(2), Florida Statutes.

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EXHIBIT B  
MANAGEMENT'S RESPONSE



BILL VOGEL, Ed.D.  
*Superintendent*

**Educational Support Center**  
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Sanford, Florida 32773-7127  
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Fax: (407) 320-0281

**SCHOOL BOARD**

DR. TINA CALDERONE  
*Chairman*

KAREN ALMOND  
*Vice Chairman*

DIANE BAUER  
*Board Member*

SYLVIA POND  
*Board Member*

DEDE SCHAFFNER  
*Board Member*



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School District***

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December 6, 2011

David W. Martin, CPA  
Auditor General  
State of Florida  
G74 Claude Pepper Building  
111 West Monroe Street  
Tallahassee, Florida 32399-1450

Included below is my response to your list of preliminary and tentative audit findings for the operating audit of the Seminole County District School Board (District) for the fiscal year ended June 30, 2011.

**Finding No. 1: Performance Assessments**

On October 27, 2011, the District received notification that the Florida Department of Education (FLDOE) approved the District's Evaluation System for Instructional Personnel to be implemented for the school year 2011-2012. Similarly, FLDOE approved the District's School-Based Administrator Evaluation System in August 2011 to be implemented for the school year 2011-2012. All instructional and school-based administrative personnel will be evaluated using a measurement of student learning growth in compliance with the provisions of Section 1012.34, Florida Statutes.

**Finding No. 2: Compensation and Salary Schedules**

Prior to submission to the School Board for approval, the fiscal year 2011-12 District's Salary Schedule will be amended so that the level of job performance difficulties is identified as the basis for providing additional compensation for all instructional personnel. The salary schedule will also be amended to indicate that salary supplements for school-based administrators, will be provided, as needed, based upon District determined factors including additional responsibilities, school demographics, level of performance difficulties for meeting certain assessment criteria (i.e. student achievement, at-risk school challenges, and annual district goals) and critical shortage areas.

Section 1012.22(1)(c)4, Florida Statutes specifically provides that "the salary schedule must allow differentiated pay based on **district-determined factors**, including, but not limited to additional responsibilities, school demographics, critical shortage areas, and level of job performance difficulties." The statute clearly specifies that it is in the District's purview to make the determination as to whether differentiated pay for critical shortage areas is needed based upon the

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District's particular circumstances. The District's experience has been that there has always been an abundance of candidates for any school based administrative positions. As a result, good business practice would dictate that no differentiated pay should be paid for such positions. Records are kept documenting the number of applicants, personnel turnover rates, and other factors relating to hiring and retaining of school-based administrators.

**Finding No. 3: Facilities Management**

While the ideal situation would provide for "periodic evaluations of techniques for performing significant maintenance related jobs, and documenting these evaluations", the Maintenance Department has endured significant resource and staff reductions that make this recommendation impracticable to implement. As noted in the auditor's comments, we believe that the hiring and training of competent maintenance staff familiar with the best practices in their areas of expertise, combined with the bidding of any costly projects has resulted in an efficient and effective Maintenance Department, demonstrated by the fact that the District's facilities are generally well maintained and the District's maintenance costs per square foot are relatively low compared to the other Florida districts, as reported in the latest Florida Department of Education report "Annual Maintenance and Operations Cost Information" for Florida school districts.

As noted in the auditor's comment, the District has developed goals and objectives for the Facilities Planning and Maintenance Departments. These goals and objectives are included in the District's strategic plan and various School Board policies. The District's strategic plan provides that the staff shall "continually analyze regional and state costs per square foot for public school projects to ensure project costs are at or below average." This requirement is linked to a key performance indicator of state-wide cost comparisons, which is presented to the school board at least once per year. The Florida Department of Education, Finance and Operations, Educational Facilities website provides a listing of the cost of construction projects completed through the 2009 year. A review of the state-wide projects completed during the years 2006-2009, listed five District projects among the lowest cost per square foot and cost per student station in the state. In fact, two of the District's projects had the lowest cost per square foot and two others had the lowest cost per student stations. In addition, the Facilities Planning Department continues to update its written procedures including the "Educational Specifications" for elementary, middle and high schools and the "Standards & Guidelines for the Design and Construction of Educational Facilities". These accomplishments demonstrate the high degree of commitment and competence of the District's Facilities Planning Department in the building of low cost and efficient schools.

For the Maintenance Department, the District's strategic plan specifies that electrical and water conservation programs are monitored and reported, that leased portable classrooms are also reduced and that facilities are maintained in good working order. All of these objectives have spawned active programs for the past five years, are accompanied by key performance metrics, are reported annually to the School Board and have shown demonstrable positive results for the District. These demonstrate the Maintenance Departments commitment to being an efficient and effective organization.

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**Finding No. 4: Written Policies and Procedures**

We are reviewing the audit findings and will develop policies and procedures to document our current processes as practicable and financially feasible.

**Finding No. 5: Risk Assessment**

We are reviewing the audit findings and will develop risk assessment procedures, as practicable and financially feasible, to address concerns identified in the audit.

**Finding No. 6: Access Privileges**

We will develop policies and procedures to periodically review employee access privileges to ensure that access is in line with job duties and functions.

**Finding No. 7: Security Controls – Authentication, Logging, and Data Loss Prevention**

We are reviewing the security control findings and making adjustments, as needed, in line with the audit recommendations.

**Finding No. 8: Security Incident Response Plan**

We are reviewing the audit findings to determine the need and scope for a security incident response plan, to include the appropriate training for assigned personnel to respond in a timely manner in the event that a security incident is discovered.

Sincerely,



Bill Vogel, Ed.D  
Superintendent