

DEPARTMENT OF EDUCATION

**CLASS SIZE REDUCTION,
INFORMATION TECHNOLOGY CONTROLS,
AND PRIOR AUDIT FOLLOW-UP**

Operational Audit



COMMISSIONER OF THE DEPARTMENT OF EDUCATION

Pursuant to Article IX, Section 2 of the State Constitution and Section 20.15, Florida Statutes, the State Board of Education supervises the system of free public education and is the head of the Department of Education. The State Board of Education appoints the Commissioner of Education who serves as the Executive Director of the Department. The following individuals served as Commissioner of Education during the period of our audit:

Pam Stewart	From September 17, 2013
Pam Stewart, Interim	From August 2, 2013, through September 16, 2013
Tony Bennett	From January 14, 2013, through August 1, 2013
Pam Stewart, Interim	From August 31, 2012, through January 13, 2013
Gerard Robinson	From July 29, 2011, through September 28, 2012
John Winn	Through July 28, 2011

The audit team leader was Nick Pappas, CPA, and the audit was supervised by Janet K. Bentley, CPA. Please address inquiries regarding this report to Christi Alexander, CPA, Audit Manager, by e-mail at christialexander@aud.state.fl.us or by telephone at (850) 412-2786.

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DEPARTMENT OF EDUCATION

Class Size Reduction, Information Technology Controls, and Prior Audit Follow-Up

SUMMARY

This operational audit of the Department of Education (Department) focused on the Department's administration of class size reduction requirements and information technology (IT) controls. The audit also included a follow-up on the findings noted in our report No. 2011-177. Our audit disclosed the following:

CLASS SIZE REDUCTION AMENDMENT

Finding No. 1: Department controls for administering class size reduction requirements could be enhanced to provide additional assurance that Department responsibilities related to class size are administered in accordance with constitutional and statutory requirements.

INFORMATION TECHNOLOGY (IT) CONTROLS

Finding No. 2: Departmentwide IT policies and procedures, and Department efforts to monitor the utilization of IT policies and procedures, need improvement.

Finding No. 3: The Department could not demonstrate that plans for disaster recovery and continuity of operations included all the significant Department applications and systems needed to administer the Department's mission-essential functions.

Finding No. 4: The Department did not always ensure that contracts for IT services contained the required provisions or that contracted IT workers received required background screenings and agreed, in writing, to immediately disclose any arrests for disqualifying offenses.

Finding No. 5: The Department had not formally adopted a security awareness training policy and the Department's security awareness training program continues to need enhancement.

BACKGROUND

Pursuant to State law,¹ the Department of Education (Department) is responsible for assisting in providing professional leadership and guidance and in carrying out education policies, procedures, and duties authorized by State law and by the State Board of Education (SBE), and as necessary, attaining the purposes and objectives of the Florida K-20 Education Code.² The Department oversees public education offerings in the State including prekindergarten through grade 12, charter schools, State colleges, and career education. Under the direction of the SBE, the Department plans, administers, and delivers its programs and services through the Office of the Commissioner of Education, seven divisions, and two offices.³

The Department serves as the single repository of education data from school districts, State and community colleges, universities, and independent postsecondary institutions. According to the Department, the Department serves nearly 2.7 million students, 4,200 public schools, 28 colleges, 192,000 teachers, 47,000 college professors and administrators, and 321,000 full-time staff throughout the State. The Department's mission is to increase the proficiency of all students within one seamless, efficient system, by providing them with the opportunity to expand their knowledge and skills through learning prospects and research valued by students, parents, and communities, and to maintain an accountability system that measures student progress.

¹ Section 1001.20(2), Florida Statutes.

² Chapters 1000 through 1013, Florida Statutes.

³ Section 20.15(2), Florida Statutes.

FINDINGS AND RECOMMENDATIONS

Class Size Reduction Amendment

In November 2002, Florida’s voters approved an amendment⁴ to the State Constitution that established limits on the number of students in core-curricula public school classes.⁵ Table 1 illustrates, by grade grouping, the specified class size limits on the number of students that could be assigned to a classroom in which a core course⁶ was taught by the beginning of the 2010 school year.

**Table 1
Constitutional Class Size Limits by Grade Grouping**

Grade Grouping	Maximum Number of Students	Core-Curricula Courses
Pre-K – 3	18	<ul style="list-style-type: none"> • Language arts/reading, mathematics, social studies, and science; • Exceptional student education courses; and • English for Speakers of Other Languages courses.
4 – 8	22	<ul style="list-style-type: none"> • Subjects that are measured by State assessment at any grade level and courses required for middle school promotion; • Exceptional student education courses; and • English for Speakers of Other Languages courses.
9 – 12	25	<ul style="list-style-type: none"> • Subjects that are measured by State assessment at any grade level and courses that are specifically identified by name in statute as required for high school graduation and that are not measured by State assessment; • Exceptional student education courses; and • English for Speakers of Other Languages courses.

Source: State Constitution and Section 1003.01(14), Florida Statutes.

In 2003, the Legislature enacted implementing legislation⁷ pursuant to which the Department was to measure compliance with the class size⁸ requirements at the:

- District level for each of the three grade groupings (Pre-K through grade 3, grade 4 through grade 8, and grade 9 through grade 12) during the 2003-04 through 2005-06 fiscal years;
- School level for each of the three grade groupings during the 2006-07 through 2007-08 fiscal years; and
- Individual classroom level for each of the three grade groupings beginning with the 2008-09 fiscal year and thereafter.

However, the deadline for measuring class size at the school level was extended twice by the Legislature, thereby delaying measurement of compliance at the individual classroom level until the 2010-11 fiscal year. In 2010, the

⁴ Article IX, Section I, of the State Constitution.

⁵ Article IX, Section I, of the State Constitution, specifies that the class size requirements do not apply to extracurricular classes. Section 1003.01(15), Florida Statutes, defines extracurricular courses to include courses that are not defined as “core-curricula courses” and specifies that such courses may include, but are not limited to, physical education, fine arts, performing fine arts, career education, and courses that may result in college credit.

⁶ Section 1003.01(14), Florida Statutes, defines the applicable core courses.

⁷ Chapter 2003-391, Laws of Florida.

⁸ A class is identified as a course or section combination with one or more teachers scheduled in a particular room, in a particular school, in a specified term, and during a specified period and day of the week. The count of students meeting for that class section constitutes the class size.

Legislature specified that, effective July 1, 2010, charter schools must also comply with the constitutional class size requirements.⁹

The class size reduction amendment required the Legislature to provide, beginning with the 2003-04 fiscal year, sufficient funds to reduce the average number of students in each classroom by at least two students per year, until the maximum number of students per classroom did not exceed the constitutional limits. Since the amendment was approved, the Legislature has appropriated more than \$25 billion for operational expenses and \$2.5 billion in facilities funding to implement the requirements of the class size amendment. The Legislature specified in the applicable General Appropriations Acts how the Department was to allocate the funds appropriated for class size reduction.

For school districts and charter schools determined to be out of compliance with the class size requirements, State law¹⁰ requires the Department to reduce the class size categorical allocation. State law¹¹ specifies that the amount of funds to be reduced shall be the lesser of the Department's calculated penalty or the undistributed balance of the school district's or charter school's class size categorical allocation. The Department is to calculate the penalty at the individual classroom level for traditional public schools operated by school districts.¹² For charter schools¹³ and district-operated public schools of choice,¹⁴ the Department is to calculate the penalty using the average number of students at the school level. The penalties for traditional public schools and district-operated schools of choice are then to be combined to make a total potential adjustment for each school district.

If the Commissioner of Education (Commissioner) has evidence that a school district or charter school was unable to meet the class size requirements despite appropriate efforts to do so, or because of an extreme emergency, the Commissioner may recommend, subject to approval by the Legislative Budget Commission, the reduction of an alternative amount from the district's class size categorical allocation.¹⁵ School districts that do not comply with the class size requirements must submit a plan by February 1st,¹⁶ certified by the district school board, which describes the specific actions the district will take to be in compliance by October of the following school year. Similar requirements exist for charter schools.

Our audit included procedures to evaluate the Department's administration of the class size reduction requirements, including the Department's process for calculating class size measures and penalties for school districts and charter schools not in compliance with class size requirements. As discussed in finding No. 1, the results of our audit procedures disclosed areas in which Department procedures could be enhanced.

Finding No. 1: Class Size Reduction

Pursuant to State law,¹⁷ during each of several school weeks a survey of each school is to be made by each district to determine the full-time equivalent (FTE) student membership by school and by district. State law¹⁸ requires the

⁹ Chapter 2010-154, Laws of Florida.

¹⁰ Sections 1003.03(4), and 1002.33(16)(b)3., Florida Statutes.

¹¹ Section 1003.03(4)(b), Florida Statutes.

¹² Section 1003.03(4), Florida Statutes.

¹³ Section 1002.33(16)(b)3., Florida Statutes.

¹⁴ Section 1002.31(9), Florida Statutes.

¹⁵ Section 1003.03(4)(c), Florida Statutes.

¹⁶ Section 1003.03(4)(e), Florida Statutes, and Chapter 2012-113, Laws of Florida. Prior to July 1, 2012, school districts and charter schools were required to submit such a plan by February 15th.

¹⁷ Section 1011.62(1)(a), Florida Statutes, provides for student membership surveys to be made as part of the computation of the basic amount to be included in the annual allocation from the Florida Education Finance Program (FEFP) to each district for operation of schools.

¹⁸ Section 1003.03(2)(a), Florida Statutes.

Department to annually calculate class size measures based upon the October student membership survey. For the 2011-12 fiscal year, the October student membership survey was conducted during the week of October 10th through October 14th, the survey results were due to the Department by October 28th, and all corrections were to be submitted before the Department concluded the data processing on November 11th.

To assist the district school superintendents with the conduct of the surveys and the reporting of the survey results, the Department published *FTE General Instructions 2011-12* and provided memoranda with additional instructions. The memoranda specified that each district school superintendent or designee was to certify the survey full-time equivalent (FTE) totals.

In addition to providing guidance to school districts and charter schools, the Department encouraged the accuracy of the October student membership survey data by allowing school districts and charter schools to participate in a trial run of the survey data processing. Specifically, beginning in mid-September, the Department conducted trial runs by subjecting preliminary survey data to a series of automated edits in the Automated Student Information System (ASIS).¹⁹ If a school district's or charter school's data submission had an error rate of 20 percent or more, the Department rejected the data and made summary data reports available to the school districts and charter schools so that corrections could be made before the October survey data submission was due. Also, as part of the actual October survey data submission process, and until the Department concluded the data processing, school districts and charter schools were provided the opportunity to make survey data corrections. In addition, Department management indicated that, upon receipt and acceptance of actual October school district and charter school survey data, Department staff performed reasonableness reviews which included comparing the survey data to prior school year data and identifying any anomalies.

To calculate class size measures, the Department processed October student membership survey data through a series of algorithms in ASIS. This processing identified the total number of classes in which the student FTE exceeded the class size requirements. Pursuant to State law,²⁰ the Department then calculated a preliminary reduction amount for the noncompliant school districts and charter schools and notified the applicable school districts and charter schools of the preliminary reduction amount as well as the process for appeal.

A noncompliant school district or charter school can appeal to the Commissioner for the reduction of an alternate amount of funds. The appeal is to be based on extenuating circumstances which the Department considers on a case-by-case basis. If provided evidence that a district or school was unable to meet the class size requirements despite appropriate efforts to do so or because of an extreme emergency, the Commissioner may recommend, by February 15th, the reduction of an alternate amount of funds.²¹

After concluding the appeals process, the Department determines the final class size funding reduction amount for noncompliant school districts and charter schools and reallocates 25 percent of the final reduction amount to the school districts and charter schools determined by the Department to be in compliance with the class size requirements.²² Pursuant to State law²³ and Department guidance, each school district and charter school that did not comply with the class size requirements must submit to the Commissioner by February 1st a compliance plan certified by the school board or charter school board of directors, as applicable. The compliance plan must describe the

¹⁹ The automated edits included, but were not limited to, edits to verify that the reported course number related to a core course, the classroom identification number was valid, each student record was related to a teacher record, the students' grade level agreed to the appropriate FEFP program number, and each teacher had a Florida Educator Certificate.

²⁰ Section 1003.03(4)(a), Florida Statutes.

²¹ Section 1003.03(4)(c), Florida Statutes.

²² Section 1003.03(4)(d), Florida Statutes.

²³ Section 1003.03(4)(e), Florida Statutes.

specific actions the school district or charter school will take in order to fully comply with the class size requirements by October of the following school year. Noncompliant school districts and charter schools that submit a certified compliance plan by the statutory deadline are to be allocated the remainder of the final reduction amount.

For the 2011-12 fiscal year, the class size categorical funding for noncompliant districts and schools was reduced by approximately \$44 million, of which approximately \$11 million was reallocated to the districts and schools determined to be in compliance with the class size requirements. The Department restored the remaining \$33 million to the noncompliant districts and schools. **EXHIBIT A** to this report shows the class size categorical funding allocations as adjusted for noncompliant schools for the 2011-12 fiscal year.

As part of our audit, we examined the Department's policies and procedures and evaluated the processes used by the Department to determine school district and charter school compliance with the class size requirements and to calculate the reductions and reallocations of funds for the 2011-12 fiscal year. We also examined Department documentation related to the receipt of compliance plans and reviewed 18 compliance plans, 11 submitted by noncompliant school districts and 7 submitted by noncompliant charter schools. We found that enhanced Department controls would provide additional assurance that Department responsibilities are administered in accordance with constitutional and statutory requirements. Specifically:

- To ensure the appropriateness of Department compliance determinations and the accuracy of Department calculations for reducing class size categorical allocations and then reallocating funds, controls designed to verify the accuracy and completeness of the FTE survey data received are necessary. In response to our audit inquiries, Department management indicated that the Department relied upon certifications from district school superintendents attesting to the accuracy of the FTE totals, attestation engagements performed by the Auditor General related to FEFP compliance,²⁴ and system data edits to ensure the accuracy and completeness of school district and charter school survey data. However, while the certifications may provide some assurance, the timing of the FEFP compliance attestation engagements does not correspond to the statutory dates for the calculation of the class size measures and any required FTE adjustments noted in the attestation reports would not be made prior to the class size calculations. Also, the Department had not designed specific system data edits to address each data element needed to determine class size compliance. For example, there were no data edits designed to verify that when team-teaching strategies were used, teachers had the requisite years of teaching experience and were teaching in-field.²⁵
- Upon receipt and acceptance, the Department processed the submitted FTE survey data through a series of algorithms in order to generate classroom compliance data. As the Department determines school district and charter school compliance with constitutional class size requirements and calculates requisite funding reductions for noncompliance based on this generated classroom compliance data, it is critical that the Department adequately document its efforts to assess the reasonableness and accuracy of the generated data. As previously described, Department staff were to perform reasonableness reviews during the October survey data processing. However, in response to our audit inquiry, Department management was unable to provide documentation demonstrating the conduct of such reviews.
- Effective information technology (IT) change management controls include procedures designed to ensure that all program changes are properly authorized, tested, and approved prior to implementation. We noted that the Department did not ensure that changes to the algorithms used during FTE survey data processing

²⁴ Pursuant to Section 1010.305, Florida Statutes, the Auditor General is to periodically examine the records of school districts, and other agencies as appropriate, to determine compliance with law and State Board of Education rules relating to the classification, assignment, and verification of FTE student enrollment and student transportation reported under the Florida Education Finance Program (FEFP). The FEFP was adopted by the Legislature in 1973 to guarantee to each student in the State's public school system the availability of programs and services appropriate to the student's educational needs which are substantially equal to those available to any similar student, notwithstanding geographic differences and varying local economic factors.

²⁵ Section 1003.03(5)(b), Florida Statutes, allows school districts to use teaching strategies that include the assignment of more than one teacher to a classroom subject to certain restrictions.

were appropriately documented, as well as authorized, tested, and approved prior to implementation. While Department management provided change management policies and procedures and documentation of e-mails requesting a class size algorithm change and indicating that a change was made in September 2011, the policies and procedures, established in March 2005, appeared to be out of date and the e-mail documentation did not demonstrate that the change was appropriately authorized, tested, and approved prior to implementation. Absent effective change management controls, the risk is increased that unauthorized or inappropriate changes impacting the calculation of class size measures may occur and not be timely detected.

- Reviews of the compliance plans submitted by noncompliant school districts and charter schools are necessary to ensure that the school districts and charter schools complied with the statutory plan requirements by describing the specific actions that will be taken in order to fully comply with the class size requirements and by appropriately certifying and timely submitting the plans. Although the Department received compliance plans from the 22 school districts and 15 charter schools²⁶ that had been determined to be noncompliant with the class size requirements during the 2011-12 fiscal year, the Department did not review the submitted plans to verify that the plans contained provisions describing the specific actions that would be taken to ensure full compliance with the class size requirements by October of the following school year. Additionally, for 8 of the 11 school district compliance plans and all 7 of the charter school compliance plans we examined, the Department did not ensure that the compliance plans had been certified by the school boards or charter school board of directors, as applicable. In response to our audit inquiry, Department management stated that the compliance plans were not reviewed as the Department was not required by law to do so. Department management further stated that the Department only ensured that the compliance plans were timely submitted and that the Department placed responsibility on the school districts and charter schools for ensuring that the plans were appropriately certified. While the Department is not specifically required by State law to review the content of the compliance plans submitted or to verify that the plans were appropriately certified, absent such efforts, the Department is restoring funding to noncompliant school districts and charter schools based on plans that may not meet the statutory requirements.

Recommendation: We recommend that Department management enhance Department controls to provide additional assurance that Department responsibilities related to class size are administered in accordance with constitutional and statutory requirements. Specifically, Department management should:

- Enhance Department controls, including system data edits, to verify the accuracy and completeness of the FTE survey data received.
 - Ensure that staff reviews of the reasonableness of the class size data are documented.
 - Ensure that system changes, including those made to the class size algorithms, are properly authorized, tested, and approved prior to implementation and that appropriate documentation of the changes is maintained.
 - Review the compliance plans submitted to the Department to ensure that the plans were certified by the applicable school board or charter school board of directors and to verify that the plans contained provisions describing specific actions to address the noncompliance issues and prevent future noncompliance.
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Information Technology Controls

An entitywide information technology (IT) control program is the foundation of an IT control structure and a reflection of senior management's commitment to addressing control risks. An effective IT control program establishes, among other things, a framework and continuing cycle of activity for assessing risk, establishing entitywide IT policies and procedures, developing comprehensive disaster recovery and continuity of operations plans, and providing security awareness training.

²⁶ One of the 22 school districts and 2 of the 15 charter schools were developmental research (laboratory) schools established pursuant to Section 1002.32(2), Florida Statutes.

Finding No. 2: Information Technology Policies and Procedures

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

During the period of our audit, the Department, Office of Technology Information Systems (OTIS), was responsible for various IT functions including technology planning and management and creating, communicating, and monitoring compliance with Departmentwide IT policies and procedures. Effective September 1, 2013, the Department established the Division of Technology and Innovation (DTI) and transferred OTIS responsibilities to the DTI. As part of our audit, we evaluated the OTIS-established IT policies and procedures and OTIS activities and noted:

- Management approval of the policies and procedures was not always documented and the policies and procedures did not always include the effective dates, or revision dates, as applicable. Consequently, it was not clear which Departmentwide IT policies and procedures established by the OTIS were current, or if the IT policies and procedures had been approved by Department management. According to Department management, the last extensive Department management review and approval of IT policies and procedures occurred in 2004. Also, although the OTIS had established and maintained “*Best Practices*” and published “*How To’s*” on its Intranet for all Department employees to access, such guidance does not have the authority of management-approved policies and procedures.
- OTIS staff did not monitor each Division’s utilization of, and compliance with, Departmentwide IT policies and procedures. Instead, according to Department management, each Division was responsible for ensuring compliance with the Departmentwide IT policies and procedures established by the OTIS.
- While some Divisions had established supplemental IT policies and procedures to address Division-specific issues, such as Federal program requirements, OTIS management and staff did not review such policies and procedures to ensure agreement with established Departmentwide IT policies and procedures.

Absent the inclusion of effective and, as applicable, revision dates in the IT policies and procedures, Department staff cannot readily identify the appropriate policies and procedures to follow. Also, without evidence that only the IT policies and procedures approved by management are disseminated to Department staff, Department management lacks assurance that IT controls have been suitably designed and will be appropriately implemented. Additionally, absent a comprehensive process to monitor staff compliance with Departmentwide IT policies and procedures, the risk is increased that IT controls may not be properly followed. The review and approval of Division-specific IT policies and procedures is necessary to ensure that those policies and procedures are consistent with Departmentwide IT policies and procedures and management’s expectations.

Recommendation: We recommend that Department management ensure that IT policies and procedures are up-to-date, approved in writing by management, and readily available to Department staff. Additionally, we recommend that DTI management implement processes to monitor the utilization of, and compliance with, Departmentwide IT policies and procedures and to review and approve Division-specific IT policies and procedures.

Finding No. 3: Disaster Recovery Plans and Continuity of Operations Plans

In the event of a disaster, whether natural, environmental, or man-made, an agency should have a documented plan for the recovery and protection of the agency IT infrastructure and architecture. To ensure that disaster recovery

plans²⁷ and continuity of operations plans²⁸ are prepared for all the significant applications and systems necessary to perform its mission-essential functions, the Department must identify and maintain a comprehensive inventory listing of all Department IT applications and systems and appropriately assign responsibility for maintaining the listing.

As part of our audit, we noted that the Department had established responsibilities for the Department's Chief Information Officer role with the OTIS (now DTI) that included maintaining an IT infrastructure and architecture with a high-level of availability and providing leadership in the day-to-day operations of the Department's IT functions. However, we also noted that, while the Department had established plans for disaster recovery and continuity of operations, the Department could not demonstrate that these plans were inclusive of all significant IT applications and systems utilized by the Department. In response to our audit request for a listing of all Department IT applications and systems, Department management stated that a comprehensive listing could not be provided. Department management also indicated that OTIS management was not aware of all the IT applications and systems within some divisions (e.g., Division of Vocational Rehabilitation and Division of Blind Services) as those divisions operated independent of the OTIS.

Absent a coordinated effort to maintain a comprehensive listing of all Department IT applications and systems, the Department cannot be assured that all significant applications and systems are addressed in Department disaster recovery plans and continuity of operations plans so that, in the event of a major disruption in IT services, the Department will be prepared to minimize the effects of the disruption and timely recover.

Recommendation: We recommend that DTI management, in coordination with management in other Department divisions and offices, identify all Department IT applications and systems and then prepare and maintain a comprehensive listing of those applications and systems. Additionally, we recommend that Department management periodically review the listing and ensure that Department disaster recovery plans and continuity of operations plans address all the significant IT applications and systems necessary to perform the Department's mission-essential functions.

Finding No. 4: Contracted IT Workers

State law²⁹ requires every State agency to designate those positions that, because of the special trust or responsibility or sensitive location of those positions, require background screenings. State law further specifies that all persons and employees³⁰ in such positions, as a condition of employment and continued employment, be subject to level 2 screenings. As defined in State law,³¹ a level 2 screening includes, but need not be limited to, fingerprinting for Statewide criminal history records checks through the Department of Law Enforcement, national criminal records checks through the Federal Bureau of Investigation, and may include local criminal history records checks through local law enforcement agencies.

²⁷ A disaster recovery plan outlines the IT resources and procedures necessary to ensure the availability of critical resources needed to support an agency's mission in the event of a disaster and to return to normal operations within an accepted time frame. The disaster recovery plan is to take into account availability requirements, recovery time frames, recovery procedures, back-up/mirroring details, systematic and regular testing, and training.

²⁸ A continuity of operations plan is a documented plan detailing how an agency will respond to incidents that could jeopardize the organization's core mission.

²⁹ Section 110.1127(2)(a), Florida Statutes.

³⁰ For the purposes of background screenings and other requirements of Chapter 435, Florida Statutes, Section 435.02, Florida Statutes, defines employees to include persons who are contractors, licensees, or volunteers.

³¹ Section 435.04, Florida Statutes.

Agency for Enterprise Information Technology (AEIT)³² rules,³³ advises agency heads to designate IT positions with access to information processing facilities and certain system, database, developer, and network capabilities as positions of special trust. AEIT rules³⁴ also require each State agency to ensure that contracts and agreements include language whereby the contractor agrees to comply with agency IT security policies and that level 2 screenings are performed for contracted IT workers. In addition, State law³⁵ provides that every employee must agree to inform their employer immediately if arrested for any disqualifying offenses while employed by the employer.

Department records indicated that, as of May 2013, the Department employed 136 IT workers and had 62 contracted IT workers. As part of our audit, we reviewed Department policies and procedures for level 2 screenings and examined Department records for 40 IT workers (30 Department IT employees and 10 contracted IT workers) to determine whether the workers had received the required level 2 screenings. We also inquired about the language in Department contracts for IT services and examined relevant contract documentation. We found that:

- The Department did not ensure that 7 of the 10 contracted IT workers underwent the required level 2 screenings. In response to our audit inquiry, Department management stated that Department IT employees and contracted IT workers must undergo level 2 screenings; however, the Department had not finalized a process for ensuring that contracted workers clear a level 2 screening and the Department's IT policies and procedures did not include provisions requiring that level 2 screenings be performed for contracted IT workers.
- Department IT services contracts active during the period July 2011 through February 2013 did not include language whereby the contractor agreed to comply with Department IT security policies. Department management indicated in response to our audit inquiry that they were in the process of working with the Department's legal representatives to add the required contract language.
- The Department required and obtained from only 3 of the 10 contracted workers written statements that the workers agreed to inform the Department immediately if they were arrested for any disqualifying offense. Department management indicated in response to our audit inquiry that, at the time the Department contracted with the other 7 IT workers, the Department did not have a process in place to obtain the written statements of agreement.

Requiring level 2 screenings be performed for all IT workers helps ensure that only those individuals with appropriate backgrounds are granted access to sensitive Department data and IT resources. In addition, contract provisions specifying that contractors must agree to comply with Department security policies and requiring contracted IT workers to agree, in writing, to immediately disclose any arrests for disqualifying offenses promote compliance with Department IT security policies and the safeguarding of Department data and IT resources.

Recommendation: We recommend that Department management enhance policies and procedures to require that level 2 screenings be performed for all contracted IT workers and take appropriate steps to ensure that all current contracted IT workers have received the required screenings. We also recommend that Department management ensure that IT services contracts specify that IT contractors must agree to comply with Department security policies and that contracted IT workers agree, in writing, to inform the Department immediately if arrested for any disqualifying offense. In addition, Department management should obtain such a written agreement from all current contracted IT workers.

³² During the 2014 Legislative Session, a bill (HB 7073) was passed creating the Agency for State Technology (AST) within the Department of Management Services and authorizing a type two transfer of all records; property; administrative authority; administrative rules in Chapters 71A-1 and 71A-2, Florida Administrative Code; and existing contracts of the AEIT to the AST.

³³ AEIT Rule 71A-1.004(1), Florida Administrative Code.

³⁴ AEIT Rule 71A-1.005(3) and (6), Florida Administrative Code.

³⁵ Section 435.05(2), Florida Statutes.

Finding No. 5: Security Awareness Training

Effective security awareness programs include initial training for new employees and periodic refresher training for all employees. Additionally, security awareness training should include not only State agency personnel but also contractors and other users of information systems that support the agency's operations and assets. AEIT rules³⁶ require that agency workers³⁷ receive initial security awareness training within 30 days of their employment start date and, at a minimum, receive annual security awareness training. Such initial training is to include instruction on acceptable use restrictions, procedures for handling confidential and exempt information, and computer security incident reporting procedures.³⁸ In addition, AEIT rules³⁹ require that each agency worker agree in writing to comply with the agency's acceptable use policies prior to using agency IT resources and with the agency's procedures for handling confidential and exempt information prior to accessing the information.

In our report No. 2011-177, finding No. 8, we noted that participation in the Department's security awareness training program was voluntary for Department employees. Our follow-up audit procedures disclosed that the OTIS had developed an information security awareness policy outlining the procedures for implementing and maintaining a mandatory information security awareness program; however, there was no documented approval of the policy by Department management. The lack of an approved policy may have contributed to the information security awareness training program deficiencies disclosed by our follow-up audit procedures. Specifically, we inquired as to security awareness training for contracted IT workers, examined the Department's security awareness training materials, and reviewed available rosters and supporting documentation for 40 Department IT employees (29 hired prior to June 2011 and 11 hired during the period June 2011 through February 2013) and noted that:

- While the Department's information security awareness policy specified that all Department employees, contractors, consultants, and other workers utilizing Department IT resources were to receive initial security awareness training within 30 days of their employment start date and prior to accessing confidential information, as well as receive on-going annual security awareness training, the Department was not always able to demonstrate that such training had been received. Specifically:
 - The Department was unable to demonstrate that security awareness training was offered to contracted IT workers. Department records indicated that as of May 2013, the Department had 62 contracted IT workers.
 - The Department was unable to provide documentation demonstrating that 8 of the 11 Department IT employees hired during the period June 2011 through February 2013 had completed initial security awareness training. Although the Department was able to provide documentation evidencing that the remaining 3 IT employees had completed initial security awareness training, such training was received from 83 to 273 days after the IT employees' employment starting dates.
 - The Department was unable to demonstrate that the 29 IT employees hired prior to June 2011 had received any annual security awareness training during the period June 2011 through February 2013.
- The Department's security awareness training materials did not address the handling of exempt and confidential information or computer security incidents. In response to our audit inquiry, Department management indicated that during new employee orientation, procedures were verbally mentioned and discussions were held regarding employee responsibility for protecting Department information, keeping data secure, and actions to take if unsure about what data was confidential. Department management further

³⁶ AEIT Rule 71A-1.008(2) and (3), Florida Administrative Code.

³⁷ AEIT Rule 71A-1.002(101) and (102), Florida Administrative Code, defines agency workers to include employees, contractors, volunteers, trainees, and other persons whose conduct, in the performance of work for an agency, is under the direct control of the agency, whether or not they are paid by the agency.

³⁸ AEIT Rule 71A-1.008(5), Florida Administrative Code.

³⁹ AEIT Rule 71A-1.019(3) and (4), Florida Administrative Code.

stated that new employee orientation participants were urged and directed to examine the Department's Web site for materials on information security. We also noted that the Department did not require each worker to agree, in writing, to comply with the agency's procedures for handling confidential and exempt information prior to accessing the information and, therefore, was unable to provide such statements signed by the 40 IT workers.

In our report No. 2011-177, finding No. 8, we also disclosed that training rosters did not demonstrate participation by Commission for Independent Education (Commission) staff and contracted employees in the Department's security awareness training program. As part of our follow-up audit procedures, we examined security awareness training rosters and supporting documentation for the Commission's 43 Commission Information Management System (CIMS) users (33 CIMS users hired prior to May 2011 and 10 CIMS users hired during the period May 2011 through February 2013) and noted that:

- The Commission was unable to provide documentation demonstrating that 7 of the 10 CIMS users hired during the period May 2011 through February 2013 had completed initial security awareness training. Although the Commission was able to provide documentation evidencing that the other 3 CIMS users had completed initial security awareness training, such training was received from 55 to 67 days after the CIMS users' employment start dates.
- The Commission was unable to demonstrate that 13 of the 33 CIMS users hired prior to May 2011 received any annual security awareness training during the period May 2011 through February 2013.

The lack of security awareness training for Department and Commission employees and contractors increases the risk that workers may inadvertently compromise security because of an inadequate awareness or understanding of Department security requirements. Department assurances regarding the handling of confidential and exempt information could be strengthened by effective security awareness training and by obtaining from all IT workers signed statements of agreement to comply with applicable Department procedures.

Recommendation: We recommend that Department management:

- **Formally adopt a security awareness training policy.**
 - **Develop security awareness training materials that address all required procedures.**
 - **Provide security awareness training to all Department employees and contracted IT workers and retain documentation of each worker's participation in accordance with AEIT rules.**
 - **Obtain from all Department employees and contracted IT workers a written agreement to comply with Department procedures for handling confidential and exempt information.**
-

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the Department had taken corrective actions for the findings noted in our report No. 2011-177.

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 February 2013 through August 2013, and selected actions through February 2014, 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 class size reduction and information technology controls. The overall objectives of the 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, administrative rules, contracts, grant agreements, and other guidelines.
- To 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, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit also included steps to determine whether management had corrected, or was in the process of correcting, all deficiencies noted in our report No. 2011-177.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable governing laws, rules, or contracts, 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's 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. Unless otherwise indicated in this report, these transactions and records 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 agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit we:

- Interviewed Department personnel, evaluated Department policies and procedures, and examined documentation to determine whether the Department had established a process to administer class size reduction requirements.

- Evaluated whether the Department had established policies and procedures that promoted compliance with the Class Size Reduction Amendment.
- Evaluated the adequacy of Department procedures for receiving, processing, analyzing, and determining the accuracy and completeness of school district and charter school survey data.
- Evaluated the adequacy of the Department's process for obtaining certifications regarding the FTE student totals and reviewed the certifications obtained by the Department from 20 of the 67 school districts and the 6 special districts (laboratory schools) for the 2011-12 fiscal year.
- Evaluated the adequacy of Department processes for calculating class sizes and determining whether school district and charter school class size calculations were based on the October student membership survey and in accordance with State law.
- Evaluated Department processes for calculating class size reduction, reallocation, and restoration of class size categorical funds to determine whether the Department had established effective procedures for reducing funds to school districts and charter schools that were not in compliance with State law, reallocating funds to school districts and charter schools that were in compliance with State law, and restoring funds as provided by State law.
- Tested the Department's allocation and reallocation of 2011-12 fiscal year class size reduction categorical funds to the 67 school districts and 6 special districts to determine whether the Department allocated and reallocated class size funds in accordance with State law.
- Tested the Department's calculation for reducing and restoring 2011-12 fiscal year class size reduction categorical funds for 5 of the 22 school districts and 5 of the 15 charter schools determined by the Department to be out of compliance with the class size requirements to assess whether the Department reduced and restored funds in accordance with State law.
- Reviewed Department processes for obtaining compliance plans from school districts and charter schools determined by the Department to be out of compliance with the class size requirements for the 2011-12 fiscal year and evaluated whether the Department, for 11 school districts and 7 charter schools, obtained compliance plans in accordance with State law.
- Examined Department organizational charts and the Chief Information Officer (CIO) position description to determine whether the Department's organizational placement of the OTIS and CIO responsibilities permitted the CIO to have an appropriate degree of independence and oversight of all Department IT operations.
- Interviewed Department personnel and reviewed Departmentwide IT policies and procedures to determine whether the Department had established, documented management approval of, and communicated written IT policies and procedures which conformed to State law and AET rules.
- Interviewed Department personnel to determine whether the OTIS monitored division utilization and compliance with Departmentwide IT policies and procedures.
- Interviewed Department personnel to determine whether the OTIS reviewed and approved supplemental IT policies and procedures, established by Department divisions, and assessed whether such policies and procedures were consistent with established Departmentwide IT policies and procedures.
- Interviewed Department personnel and examined Department records to determine whether the Department identified and maintained a comprehensive listing of all IT applications and systems to appropriately identify, assess, analyze, and mitigate the Department's IT risk.
- Examined Department records for 40 IT workers (30 Department IT employees and 10 contracted IT workers) employed as of May 2013 to determine whether the workers had undergone the required level 2 screenings, the Department had appropriately addressed disqualifying offenses, if any, and the Department had obtained from the IT workers signed agreements to notify the Department of any arrest, in accordance with State law.

- Reviewed IT training materials and inquired of Department personnel to determine whether the Department developed training materials and obtained signed statements from IT workers agreeing to comply with Department procedures for handling confidential and exempt information, in accordance with AEIT rules.
- Examined security awareness training rosters for 40 IT workers (29 IT workers hired prior to June 2011 and 11 IT workers hired during the period June 2011 through February 2013) to determine whether the Department provided security awareness training to IT workers in accordance with AEIT rules.
- Evaluated Department actions taken to correct the deficiencies noted in our report No. 2011-177. Specifically:
 - Interviewed Commission for Independent Education (Commission) personnel and examined Commission records to determine whether the member composition of the Commission was in accordance with State law.
 - Interviewed Commission personnel and reviewed established policies and procedures to determine whether the Commission had established written policies and procedures governing its major functions and activities.
 - Interviewed Commission personnel and reviewed the Department's 2012-16, 2013-17, and 2014-18 long-range program plans to evaluate whether the Commission had established appropriate performance measures for key Commission activities.
 - Interviewed Commission personnel, reviewed established policies and procedures, and examined documentation for six complaints submitted to the Commission during the period September 30, 2011, through February 28, 2013, to determine whether the Commission had established a process to properly handle and timely resolve complaints.
 - Interviewed Commission personnel, reviewed established policies and procedures, and examined Commission records related to actions taken upon notification of six school closures and program terminations during the period September 30, 2011, through February 28, 2013, to determine whether Commission actions were in accordance with State law and Department rules.
 - Interviewed Commission personnel, reviewed established policies and procedures and Commission meeting minutes, and examined the Commission's analysis of the Student Protection Fund to determine whether the Commission had established a policy that provided procedures for any train-out of a closed institution, established a process to monitor and review the financial status of the Student Protection Fund, and analyzed the actuarial soundness of the Student Protection Fund.
 - Interviewed Commission personnel, reviewed Department rules, and examined financial forms and payment information submitted to the Commission by ten licensed nonpublic, nondegree-granting schools to determine whether the Commission had defined "tuition revenue" in Department rules and established a process to ensure schools paid fees to the Student Protection Fund in accordance with Department rules.
 - Interviewed Commission personnel, reviewed established IT policies and procedures, and examined IT documents to determine whether the Commission and Department had established adequate controls for the CIMS to ensure sufficient protection of sensitive and critical resources. Also, examined security awareness training rosters to determine whether the Commission or Department provided security awareness training to 43 CIMS users during the period May 2011 through February 2013.
 - Interviewed Commission personnel, reviewed Department policies and procedures, and examined Department records for 5 of the 43 CIMS users during the period July 2011 through February 2013 to determine whether level 2 screenings were performed in accordance with State law, Department rules, and Department policies and procedures.
 - Interviewed Commission personnel, reviewed Department policies and procedures, and examined documentation related to five CIMS program changes made during the period September 2011 through February 2013 to determine whether controls were in place to ensure a proper separation of duties.

- Interviewed Commission personnel and evaluated Commission processes for collecting and utilizing social security numbers to determine the extent of Commission compliance with the requirements of State law.
 - Reviewed selected Commission IT security controls for the CIMS to determine whether the Commission had enhanced security controls.
- Reviewed applicable laws, rules, and other State guidelines to obtain an understanding of the legal framework governing Department operations.
 - Interviewed Department personnel and reviewed established policies and procedures to obtain an understanding of Department internal controls related to the Department’s administration of the State Purchasing Card Program, travel expenditures, wireless communications and other devices, tangible personal property, and the Florida Single Audit Act (FSAA).
 - Observed, documented, and evaluated the effectiveness of selected administrative processes and procedures related to the Department’s administration of the State Purchasing Card Program, travel expenditures, wireless communications and other devices, tangible personal property, and the FSAA.
 - 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.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency 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.



David W. Martin, CPA
Auditor General

MANAGEMENT’S RESPONSE

In a response letter dated June 23, 2014, the Commissioner of the Department of Education provided responses to our audit findings and recommendations. The Commissioner’s response is included as **EXHIBIT B**.

**EXHIBIT A
CLASS SIZE ALLOCATIONS AS ADJUSTED FOR NONCOMPLIANT SCHOOLS
FOR THE 2011-12 FISCAL YEAR**

	Initial Class Size Allocation	Traditional School Adjustments			Charter School Adjustments			Revised Class Size Allocation
		Adjusted Reduction Amount ^a	Funds Reallocated to Compliant Schools ^b	Funds Restored to Noncompliant Schools ^c	Adjusted Reduction Amount ^a	Funds Reallocated to Compliant Schools ^b	Funds Restored to Noncompliant Schools ^c	
2011-12 Class Size Allocation Totals:								
All Schools:	<u>\$2,927,464,879</u>	<u>\$(43,407,465)</u>	<u>\$10,851,866</u>	<u>\$32,555,599</u>	<u>\$(652,851)</u>	<u>\$163,213</u>	<u>\$489,638</u>	<u>\$2,927,464,879</u>
Schools Not in Compliance, by District: ^d								
Alachua	\$ 28,421,182	\$ (229,869)	\$ -	\$ 172,402	\$ -	\$ 1,783	\$ -	\$ 28,365,498
Broward	293,275,690	(34,483,283)	-	25,862,462	(298,312)	25,168	223,733	284,605,458
Columbia	10,333,429	(316,193)	-	237,145	-	-	-	10,254,381
Miami-Dade	389,048,571	(2,306,602)	-	1,729,952	-	40,002	-	388,511,923
Dixie	2,097,880	(15,122)	-	11,341	-	15	-	2,094,114
Duval	142,756,031	(2,588,961)	-	1,941,721	-	4,918	-	142,113,709
Flagler ^e	13,273,875	-	79,826	-	(21,679)	270	16,259	13,348,551
Franklin	1,286,802	(1,189)	-	892	-	299	-	1,286,804
Gadsden	5,986,838	(7,838)	-	5,878	-	274	-	5,985,152
Hamilton	1,713,621	(173,036)	-	129,777	-	-	-	1,670,362
Holmes	3,222,165	(41,612)	-	31,209	-	-	-	3,211,762
Jefferson	1,051,119	(4,836)	-	3,627	-	-	-	1,049,910
Lafayette	1,178,332	(24,489)	-	18,367	-	-	-	1,172,210
Lee ^e	93,770,896	-	486,635	-	(251,641)	9,102	188,731	94,203,723
Levy	5,826,702	(241,383)	-	181,037	-	190	-	5,766,546
Liberty	1,319,805	(2,688)	-	2,016	-	-	-	1,319,133
Manatee	49,485,154	(721,122)	-	540,842	(56,855)	2,939	42,642	49,293,600
Pasco	72,523,079	(2,065,393)	-	1,549,045	-	1,906	-	72,008,637
Putnam	11,598,378	(58,436)	-	43,827	-	188	-	11,583,957
Santa Rosa	26,039,860	(9,996)	-	7,497	-	95	-	26,037,456
Suwannee	6,060,538	(104,937)	-	78,703	-	-	-	6,034,304
Union	2,293,134	(3,251)	-	2,438	-	-	-	2,292,321
Washington	3,467,212	(2,102)	-	1,576	-	-	-	3,466,686
FAMU Lab School	547,823	(5,127)	-	3,845	-	-	-	546,541
FSU Broward	873,081	-	-	-	(19,863)	-	14,897	868,115
FSU Leon	1,663,388	-	-	-	(4,501)	-	3,376	1,662,263
Totals	<u>\$1,169,114,585</u>	<u>\$(43,407,465)</u>	<u>\$ 566,461</u>	<u>\$32,555,599</u>	<u>\$(652,851)</u>	<u>\$ 87,149</u>	<u>\$489,638</u>	<u>\$1,158,753,116</u>
Schools In Compliance:								
All Other Districts	<u>\$1,758,350,294</u>	<u>\$ -</u>	<u>\$10,285,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,064</u>	<u>\$ -</u>	<u>\$1,768,711,763</u>

- ^a Chapter 2012-133, Laws of Florida, reduced the reduction amount for noncompliant districts and charter schools from 100 percent of the class size allocation to 50 percent.
- ^b Pursuant to Section 1003.03(4)(d), Florida Statutes, up to 25 percent of the allocation reduction calculation for noncompliant districts and schools are to be reallocated to the districts and schools that fully met the class size requirements.
- ^c Pursuant to Section 1003.03(4)(e), Florida Statutes, upon the timely submittal of a certified compliance plan, noncompliant districts and schools may have a portion of their allocation reduction restored.
- ^d Not all charter schools in the referenced district were determined to be noncompliant. The charter school amounts shown are the combined amounts for the noncompliant charter schools.
- ^e The traditional schools in the Flagler and Lee districts were determined to be compliant, only some charter schools in the districts were noncompliant.

Source: Compiled from Department records (May 7, 2012, Memorandum to District School Superintendents and Charter School Directors).

EXHIBIT B
MANAGEMENT'S RESPONSE



FLORIDA DEPARTMENT OF
EDUCATION
fldoe.org

State Board of Education

Gary Chartrand, *Chair*
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Pam Stewart
Commissioner of Education

June 23, 2014

David W. Martin, CPA
Auditor General
111 West Madison Street
G74 Claude Pepper Building
Tallahassee, FL 32399-1450

Dear Mr. Martin:

The following responses are offered regarding the preliminary and tentative audit findings as amended on June 19, 2014, with respect to the operational audit of the Department of Education's Class Size Reduction, Information Technology Controls and Prior Audit follow-up on report No. 2011-177:

Finding No. 1: Department controls for administering class size reduction requirements could be enhanced to provide additional assurance that Department responsibilities related to class size are administered in accordance with constitutional and statutory requirements.

Recommendation: We recommend that Department management enhance Department controls to provide additional assurance that Department responsibilities related to class size are administered in accordance with constitutional and statutory requirements. Specifically, Department management should:

- Enhance Department controls, including system data edits, to verify the accuracy and completeness of the FTE survey data received.
- Ensure that staff reviews of the reasonableness of the class size data are documented.
- Ensure that system changes, including those made to the class size algorithms, are properly authorized, tested, and approved prior to implementation and that appropriate documentation of the changes is maintained.
- Review the compliance plans submitted to the Department to ensure that the plans were certified by the applicable school board or charter school board of directors and to verify that the plans contained provisions describing specific actions to address the noncompliance issues and prevent future noncompliance.

EXHIBIT B (CONTINUED)
MANAGEMENT'S RESPONSE

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FDOE Response: Responses to the elements of this recommendation are as follows:

- The FTE survey data referenced in this finding and recommendations are used primarily for funding of public schools through the Florida Education Finance Program (FEFP). However, there are many important uses of these data, including determination of class size compliance. The student and staff database which results from the various surveys is the most complex and comprehensive database of its kind in the nation. It has been used as a model in other states. In fact, the US Department of Education has also used elements of this database in the creation of a national reporting system. Although certifications from districts are required, the system edits form the key monitoring tool for identifying potential compliance issues. There are currently approximately 1,600 edits included in the system. The complete listing of edits is available on the website at <http://www.fldoe.org/eias/dataweb/default.asp>. Staff from the Office of Educational Information and Accountability Services (EIAS) continuously review and update the edits and notify district staff of changes to the edits. As part of this continuous review and revision process, staff will include data elements related to the class size compliance calculations to determine if any additional edits are needed and feasible.
- Reasonableness reviews take place in both EIAS and the Office of Funding and Financial Reporting (OFFR). Again, this is a continuous process and is not a one-time action. Therefore, it is not simple to document. The reasonableness reviews look at variables such as a comparison with prior-year data to see if there are significant variations. Staff in both offices continually scrutinize the data as they are submitted and contact districts immediately if any anomalies are identified. In the future, staff in EIAS and OFFR will document these “reviews” to the extent that it is possible to do so without disrupting the workflow associated with these complex and high-stakes data sets.
- As noted in other findings, the change management procedures will be reviewed as part of the overall department-wide review of internal operating procedures and revised as necessary and appropriate. Documentation such as the referenced e-mails evidences that the change in the algorithm was appropriately authorized and approved prior to implementation; however, EIAS has established a more formal process for documenting any necessary changes.
- It is not correct to state that compliance plans are not reviewed. These required plans are reviewed to ensure that the minimum statutory compliance requirements are met, e.g., that the plan contains one or more of the options available to the district to correct the noncompliance. This compliance review is strictly limited to determining whether or not the plan meets the statutory requirements. The statutes governing the compliance plans not only do not require FDOE to determine whether implementation of the plans would result in full compliance with the requirements, they do not authorize FDOE to conduct such a qualitative assessment. Absent specific statutory authorization to expand the department’s level of scrutiny, the department is precluded from conducting such a qualitative review. It is suggested that if the Auditor General’s Office feels such expansion of responsibility is needed, that the recommendation be forwarded to the Legislature for consideration. Finally, a space for a signature certifying the plans has

EXHIBIT B (CONTINUED)
MANAGEMENT'S RESPONSE

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been added to the template provided by the department to the districts for use with the compliance plans.

Finding No. 2: Department-wide IT policies and procedures, and Department efforts to monitor the utilization of IT policies and procedures, need improvement.

Recommendation: We recommend that Department management ensure that IT policies and procedures are up-to-date, approved in writing by management, and readily available to Department staff. Additionally, we recommend that DTI management implement processes to monitor the utilization of, and compliance with, Department-wide IT policies and procedures and to review and approve Division-specific IT policies and procedures.

FDOE Response: The department has a well-defined process for establishing new and modifying existing internal operating procedures (IOPs) which include review and approval of proposed procedures as well as modifications to existing procedures. This process includes written documentation of management approval including approval of the commissioner. As part of a department-wide review of all its internal operating procedures, a thorough review of IT policies and procedures will be undertaken and revisions made as appropriate. To the extent feasible given limitations in staff resources, DTI will also review division-specific procedures for adherence to department-wide IT procedures. Finally, the department will consider adopting a formal procedure for review and approval of proposed division-specific IT procedures and revisions to such procedures prior to their implementation. The review and updating of all IOPs is expected to be complete by December 31, 2014; however, priority will be given to IT procedures.

Finding No. 3: The Department could not demonstrate that plans for disaster recovery and continuity of operations included all the significant Department applications and systems needed to administer the Department's mission-essential functions.

Recommendation: We recommend that DTI management, in coordination with management in other Department divisions and offices, identify all Department IT applications and systems and then prepare and maintain a comprehensive listing of those applications and systems. Additionally, we recommend that Department management periodically review the listing and ensure that Department disaster recovery plans and continuity of operations plans address all the significant IT applications and systems necessary to perform the Department's mission-essential functions.

FDOE Response: Although there have been efforts in prior years to prepare a comprehensive listing of IT applications and systems throughout the department, it has been difficult to maintain a complete listing given the large number of applications and systems and staff/resource limitations. However, DTI will establish a procedure for inventorying the department's IT applications and systems in order to develop and maintain a comprehensive listing. The department's existing continuity of operations plans and disaster recovery plans are updated no

EXHIBIT B (CONTINUED)
MANAGEMENT'S RESPONSE

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less than annually. During the next scheduled update, particular emphasis will be placed on ensuring that all mission-critical applications and systems are properly included in those plans.

Finding No. 4: The Department did not always ensure that contracts for IT services contained the required provisions or that contracted IT workers received required background screenings and agreed, in writing, to immediately disclose any arrests for disqualifying offenses.

Recommendation: We recommend that Department management enhance policies and procedures to require that level 2 screenings be performed for all contracted IT workers and take appropriate steps to ensure that all current contracted IT workers have received the required screenings. We also recommend that Department management ensure that IT services contracts specify that IT contractors must agree to comply with Department security policies and that contracted IT workers agree, in writing, to inform the Department immediately if arrested for any disqualifying offense. In addition, Department management should obtain such a written agreement from all current contracted IT workers.

FDOE Response: The department has recently implemented a more systematic strategy for keeping track of all contracted employees since People First, which previously tracked contracted staff, is no longer doing so. The Contractor Tracking System maintains data on all contracted staff working in the building and any other contract staff who have access to data systems. This new system enables the department to ensure, for example, that no contracted employee receives an identification badge or access to IT applications and systems, until s/he is entered into the system and steps have been taken for appropriate onboarding. Onboarding for all contracted staff, including IT staff, will include written agreement to comply with security policies and procedures as well as agreement to inform the department immediately if arrested for any disqualifying offense. The department has also made several efforts to ensure that all contracted staff receive level 2 background screenings with little success. Until recently it has proven difficult if not impossible to implement such a procedure. It now appears that we will be able to implement a level 2 background screening for all new and current contract employees no later than September 30, 2014. Contracts for the 14-15 fiscal year will include such assurances.

Finding No. 5: The Department had not formally adopted a security awareness training policy and the Department's security awareness training program continues to need enhancement.

Recommendation: We recommend that Department management:

- Formally adopt a security awareness training policy.
- Develop security awareness training materials that address all required procedures.
- Provide security awareness training to all Department employees and contracted IT workers and retain documentation of each worker's participation in accordance with AEIT rules.
- Obtain from all Department employees and contracted IT workers a written agreement to comply with Department procedures for handling confidential and exempt information.

EXHIBIT B (CONTINUED)
MANAGEMENT'S RESPONSE

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FDOE Response: The department has taken or will take the following actions:

- The security awareness training policy will be adopted as part of the overall review and revision of internal operating procedures addressed in the response to Finding 2.
- The department has recently hired a new staff member who is tasked with enhancing staff development of all employees. As part of the overall plan for increased/enhanced staff development, security awareness training will be given priority. Additionally, DTI has a staff member who has responsibility for training related to IT issues. This individual will serve as the subject matter expert for expanded security awareness training.
- Security awareness training will be provided to all employees including contracted employees. Documentation of participation will be maintained.
- Written agreements to comply with procedures for handling confidential and exempt information will be obtained from all current employees and from new employees during the onboarding process. Copies of such agreements will be maintained in the employees' personnel files.

If you need additional information, please feel free to contact Martha Asbury at 850-245-0420 or via email at Martha.Asbury@fldoe.org.

Sincerely,



Pam Stewart
Commissioner

PS/tn