

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2016-075  
January 2016

**VOLUSIA COUNTY  
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA  
Auditor General

## Board Members and Superintendent

During the 2014-15 fiscal year, the following individuals served as Board members or Superintendent:

	<u>District No.</u>
Candace Lankford to 11-17-14, Chair	1
Dr. John Hill from 11-18-14	1
Ida D. Wright, Vice Chair from 11-18-14	2
Stan Schmidt to 11-17-14, Vice Chair	3
Linda Cuthbert from 11-18-14	3
Linda Costello, Chair from 11-18-14	4
Melody Johnson from 11-18-14	5
Diane Smith to 11-17-14	5

Dr. Margaret A. Smith, Superintendent to 1-26-15  
James T. Russell, Interim Superintendent from 1-27-15 to 6-22-15,  
Superintendent from 6-23-15

The audit was supervised by Keith A. Wolfe, CPA. For the information technology portion of this audit, the audit team leader was Shawn McCormick, CPA, CISA, and the supervisor was Heidi G. Burns, CPA, CISA.

Please address inquiries regarding this report to Douglas R. Conner, CPA, Audit Supervisor, by e-mail at [dougconner@aud.state.fl.us](mailto:dougconner@aud.state.fl.us) or by telephone at (850) 412-2730.

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# VOLUSIA COUNTY DISTRICT SCHOOL BOARD

## ***SUMMARY***

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This operational audit of Volusia County District School Board focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2013-039 and District findings noted in report No. 2013-094. Our audit disclosed the following:

### **Personnel and Payroll**

**Finding 1:** The District did not always timely perform required background screenings for applicable instructional and noninstructional employees and contractor workers.

### **Procurement and Payments**

**Finding 2:** District contractual services procurement and payment processing controls could be improved.

### **Virtual Instruction Program**

**Finding 3:** As similarly noted in our report No. 2013-094, the District's two virtual instruction program (VIP) provider contracts did not include certain necessary provisions and District records did not evidence the basis upon which District personnel determined the reasonableness of student-teacher ratios established in the Florida Department of Education approved VIP provider contract.

**Finding 4:** District records did not evidence that VIP provider employees were subject to required background screenings. A similar finding was noted in our report No. 2013-094.

### **Information Technology**

**Finding 5:** The District did not maintain the access control documentation necessary to ensure that periodic reviews of employee access privileges could be performed.

**Finding 6:** Some inappropriate information technology access privileges exist.

**Finding 7:** District security controls related to user authentication and data loss prevention continue to need improvement.

## ***BACKGROUND***

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The Volusia County School District (District) is part of the State system of public education under the general direction of the Florida Department of Education, and is governed by State law and State Board of Education rules. Geographic boundaries of the District correspond with those of Volusia County. The governing body of the District is the Volusia 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 2014-15 fiscal year, the District operated 69 elementary, middle, high, and specialized schools; sponsored 8 charter schools; and reported 61,351 unweighted full-time equivalent students.

This operational audit of District focused on selected processes and administrative activities and included a follow-up on findings noted in our report No. 2013-039 and District findings included in report

No. 2013-094. The results of our audit of the District's financial statements and Federal awards for the fiscal year ended June 30, 2015, was presented in our report No. 2016-064.

## ***FINDINGS AND RECOMMENDATIONS***

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### PERSONNEL AND PAYROLL

#### **Finding 1: Background Screenings**

State law<sup>1</sup> requires that each person serving in an instructional capacity, including personnel providing direct instruction to students through a virtual environment or through a blended virtual and physical environment, undergo background screenings. In addition, State law<sup>2</sup> provides that instructional and noninstructional contractors who are permitted access on school grounds when students are present or who have direct contact with students must undergo a level 2 background screening<sup>3</sup> at least once every 5 years. State law<sup>4</sup> provides that noninstructional contractors who are under the direct supervision of District personnel or have had a criminal background check and meet specified screening requirements are exempt from background screenings. To promote compliance with the statutory background screening requirements, District procedures require employees and contractor workers who have access to school grounds to undergo required background screenings.

During the 2014-15 fiscal year, the District employed 5,589 instructional and 2,680 noninstructional personnel and 540 of these employees<sup>5</sup> were due for the required 5-year background screening. Our review of District records disclosed that, while all 540 employees received screenings, the backgrounds for 131 employees<sup>6</sup> had not been timely screened. Specifically, the background screenings for these 131 employees ranged from 5 to 392 days after the applicable 5-year period elapsed. District personnel and records indicated that the screening delays occurred, in part, because the fingerprinting registration Web site did not always function properly.

From the population of 542 contractor workers who provided services for the District during the 2014-15 fiscal year, we selected and examined District records for 35 contractor workers to determine whether background screenings were performed. Our test disclosed that background screenings were not performed for 5 workers, who were not under the direct supervision of District personnel and who were employed by 2 contractors that provided student services. In response to our inquiry, District personnel indicated that the contractors were required to perform the background screenings of their employees, but the District did not verify that the screenings occurred.

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<sup>1</sup> Sections 1012.32 and 1002.45(2)(a)3., Florida Statutes.

<sup>2</sup> Sections 1012.56(10), 1012.465, and 1012.467, Florida Statutes.

<sup>3</sup> A level 2 background screening includes fingerprinting for Statewide criminal history records checks through the Florida Department of Law Enforcement and national criminal history records checks through the Federal Bureau of Investigation.

<sup>4</sup> Section 1012.468(1)(a)1., Florida Statutes.

<sup>5</sup> The 540 employees included 437 instructional and 103 noninstructional employees.

<sup>6</sup> The 131 employees included 99 instructional (including 3 charter school employees) and 32 noninstructional (including 1 charter school employee) personnel.

Absent effective controls to ensure that required background screenings are timely performed, there is an increased risk that individuals with unsuitable backgrounds may be allowed access to students.

**Recommendation: The District should take immediate action to identify employees and contractor workers who have not obtained the required background screenings, ensure the screenings are promptly obtained and evaluated, and make personnel decisions, as necessary, based on evaluations of the screenings. In the future, the District should ensure that required background screenings are timely performed for District employees and applicable contractor workers.**

## PROCUREMENT AND PAYMENTS

### Finding 2: Contractual Services

The Board routinely enters into contracts for services, and internal controls have been designed and implemented that generally ensure payments are consistent with contract terms and conditions. For the 2014-15 fiscal year, payments for contractual services totaled \$37.8 million and, to determine the propriety of these payments, we selected and examined District records supporting 30 payments totaling \$3.9 million related to 25 contracts. Our tests disclosed that:

- Pursuant to State law,<sup>7</sup> the District contracted with the Volusia County Sheriff for 14 school resource deputies (SRDs) and made to the Sheriff monthly payments of \$98,023 (payments for the 2014-15 fiscal year totaled \$1,176,276). Under another contract, the Sheriff provided a criminal background clerk to perform fingerprinting services for the District at the Sheriff's Office for monthly payments of \$3,029 (payments for the 2014-15 fiscal year totaled \$36,348). The contracts established the SRDs' and criminal background clerk's daily work times and locations and the District made monthly payments for the services based on invoices provide by the Sheriff. However, District procedures had not been established to ensure that school personnel with direct knowledge of the SRD services confirmed receipt of the services and that the clerk worked the daily schedule set forth in the contract. District personnel indicated that they relied on the Sheriff to maintain time records to evidence the work efforts of these individuals. Appropriate monitoring of the contractual services provided by the Sheriff could include the use of SRD sign-in and sign-out sheets and review of Sheriff payroll records supporting the clerk's time worked.
- The District contracted with a school custodial services provider and made to the provider monthly service payments of \$982,692 (payments for the 2014-15 fiscal year totaled \$11,792,304). However, District procedures had not been established to ensure that school personnel with direct knowledge of the custodial services confirmed receipt of the services. The Board decided, during the June 2, 2015, meeting, to terminate the contract with the provider at the end of June 2015 because of dissatisfaction with the services.
- The District contracted with a vendor for mowing, edging, weeding, and other grounds keeping services and made to the vendor monthly service payments of \$109,840 (payments for the 2014-15 fiscal year totaled \$1,318,080). The contract required service provider crew leaders to sign-in at the main offices of District sites where services would be performed and assigned different service costs for common grounds and athletic areas. However, District procedures had not been established to ensure that school personnel with direct knowledge of the services confirm receipt of the services or to require that personnel reconcile the sign-in sheets and invoiced service costs to the vendor contract.

<sup>7</sup> Section 1006.12, Florida Statutes.

Without procedures to require adequate documentation of the services received and reconciliations of invoiced service costs to vendor contracts, the risk is increased that overpayments may occur or that the services provided may not be consistent with the Board's expectations.

**Recommendation: The District should establish procedures to require, before payments are made, documentation of the satisfactory receipt of services and the performance of reconciliations of invoiced service costs to vendor contracts.**

## VIRTUAL INSTRUCTION PROGRAM

### Finding 3: Provider Contracts

State law<sup>8</sup> requires that each contract with a Florida Department of Education (FDOE) approved Virtual Instruction Program (VIP) provider and the Florida Virtual School (FLVS) contain certain provisions. In addition, to ensure appropriate controls over data quality, security measures, and provider contract compliance, VIP provider contracts need to contain other necessary provisions to establish the District's expectations for these providers. District records also need to evidence the basis upon which District personnel determined the reasonableness of student-teacher ratios established in the VIP provider contracts.

The District entered into contracts with an FDOE-approved VIP provider and the FLVS. Our review of these contracts and other records disclosed that:

- State law<sup>9</sup> requires FDOE-approved VIP providers to publish student-teacher ratios and other instructional information in all contracts negotiated pursuant to the applicable section of State law. Although the contract with the FDOE-approved provider established student-teacher ratios, the ratios appeared disproportionate, as the ratios ranged from 30:1 (grades kindergarten through 8) to 250:1 (elective courses for grades 9 through 12). Further, District records did not evidence the basis upon which District personnel determined the reasonableness of the ratios. Without records documenting the reasonableness of established ratios, there is an increased risk that the number of students in the VIP classes may be excessive and reduce the quality of the provider's virtual instruction.
- The FDOE-approved provider contract did not include data quality requirements. Providers are to maintain significant amounts of education data to support the VIP administration and to meet District reporting needs for compliance with State funding, information, and accountability requirements in State law.<sup>10</sup> Accordingly, it is essential that accurate and complete data maintained by the provider on behalf of the District be available in a timely manner. Inclusion of data quality requirements in the provider contract would help ensure that District expectations for the timeliness, accuracy, and completeness of education data are clearly communicated to providers.
- The contracts did not specify any minimum required security controls the District considered necessary to protect the confidentiality, availability, and integrity of critical and sensitive education data. While the contracts contained requirements for the providers to implement, maintain, and use appropriate administrative, technical, or physical security measures required by Federal

<sup>8</sup> Section 1002.45(4), Florida Statutes.

<sup>9</sup> Section 1002.45(2)(a)8.e., Florida Statutes.

<sup>10</sup> Section 1008.31, Florida Statutes.

law,<sup>11</sup> without specified minimum required security controls, there is an increased risk that provider information security and other information technology controls may not be sufficient to protect the education data.

- The contracts did not provide for the District's monitoring of provider compliance with contract terms or quality of instruction. Without such a provision, District personnel may be limited in their ability to perform such monitoring. Such monitoring could include confirmation or verification that the VIP provider protected the confidentiality of student records and supplied students with necessary instructional materials.

A similar finding was noted in our report No. 2013-094.

**Recommendation: The District should ensure that VIP provider contracts include a provision for monitoring provider compliance as well as provisions necessary to promote quality instruction and education data integrity. In addition, District records should document the reasonableness of the student-teacher ratios established in the FDOE-approved VIP provider contract.**

#### **Finding 4: Provider Background Screenings**

State law<sup>12</sup> requires VIP providers to conduct background screenings for all employees as a condition of approval by the FDOE as a VIP provider in the State. The FDOE process for approving VIP providers requires applicants to submit assurances that applicant employees have obtained the required background screenings and the required assurances indicate that lists of the background-screened employees are to be provided to each applicable school district. However, the District's contracted FDOE-approved VIP provider did not initially provide the District a list of provider employees that obtained the required background screenings. In response to our inquiry, the District verified that the provider employees obtained the required background screenings.

As similarly noted in Finding 1, absent effective controls to ensure that background screenings of VIP provider employees are timely performed, there is an increased risk that individuals with unsuitable backgrounds may be interacting with students. In addition, individuals with unsuitable backgrounds may also be granted access to confidential or sensitive District data and information technology (IT) resources. A similar finding was noted in our report No. 2013-094.

**Recommendation: The District should routinely verify that the required background screenings are performed for all VIP provider employees.**

#### INFORMATION TECHNOLOGY

#### **Finding 5: Access Control**

Effective IT access controls include documentation of identified authorized employees and their assigned access privileges along with the periodic review of the assigned employee access privileges. Periodic reviews of IT access privileges are necessary to ensure that employees can only access those

<sup>11</sup> The Family Educational Rights and Privacy Act (Title 20, Section 1232g, United States Code).

<sup>12</sup> Section 1002.45(2)(a)3, Florida Statutes.

IT resources that are necessary to perform their assigned job duties and that assigned access privileges enforce an appropriate separation of incompatible duties.

Our audit procedures disclosed that the District did not maintain the access control documentation necessary to ensure that periodic reviews of employee access privileges to the District's finance and human resources (HR) applications could be performed. Specifically, we found that:

- The District's access reports applicable to the finance application included the employees and their area of related responsibilities for the application, such as budget, finance, capital assets, and purchasing, but did not include the level of detail needed to review the functions and transactions assigned to employees to ensure the continued appropriateness of assigned access privileges.
- Although District personnel had reviewed all user profiles and the access granted to menus and screen panels within the HR application in the 2008 calendar year, District records did not evidence periodic reviews or documentation of the user profiles that had been assigned within the application since that year.
- District records did not evidence the periodic review of special authorities assigned for the operating system hosting the HR application.

Without appropriate documentation of access privileges, the ability to perform a comprehensive review of access privileges is limited, which increases the risk that the existence of inappropriate or unnecessary access privileges may not be timely detected. Had appropriate access control documentation been available and comprehensive periodic reviews of access privileges been performed, District personnel may have detected the inappropriate or unnecessary access privileges noted in Finding 6.

**Recommendation: District management should maintain adequate access control documentation and ensure that the continued appropriateness of assigned access privileges is reviewed on a comprehensive and periodic basis.**

#### **Finding 6: Access Privileges**

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 inconsistent with their assigned job duties.

Our review of selected access privileges to the District's finance and HR applications disclosed some access privileges that were unnecessary or permitted employees to perform incompatible functions. Specifically, we found that 9 IT employees had the ability to update critical transactions with the HR application by adding a new employee, changing employee information, adding or changing employee positions, adjusting rates of pay, inputting time adjustments, adding or changing deductions, and initiating manual payroll processing. Subsequent to our inquiry, the District modified the inappropriate update access privileges to inquiry for 7 of the 9 employees and removed the access privileges for the other 2 employees. In addition, we found that these 9 employees and another 10 IT employees had the ability to update security within the HR application and security administrator functions had not been assigned to the employees. Subsequent to our inquiry, District management indicated that the security update access privileges for all 19 employees had been modified to inquiry.

The District had certain established controls (e.g., supervisory monitoring of expenditures and employee activities) that somewhat mitigated the access control deficiencies and our tests disclosed that the District's HR transactions were properly supported. However, the existence of inappropriate or unnecessary access privileges increases the risk that unauthorized disclosure, modification, or destruction of District data and IT resources may occur. Appropriate access control documentation and periodic reviews of access privileges, as discussed in Finding 5, may timely detect inappropriate or unnecessary access privileges.

**Recommendation: The District should ensure that assigned access privileges enforce an appropriate separation of incompatible duties, restrict employees to only those functions necessary for their assigned job duties, and timely remove unnecessary access privileges.**

**Finding 7: User Authentication and Data Loss**

Security controls are intended to protect the confidentiality, integrity, and availability of District data and IT resources. Our audit procedures disclosed that certain District security controls related to user authentication and data loss prevention 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 and data loss prevention, the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. A similar finding related to data loss prevention was communicated to District management in connection with our report No. 2013-039.

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

***PRIOR AUDIT FOLLOW-UP***

The District had taken corrective actions for findings included in previous audit reports, except as noted in Findings 3, 4, and 7 and shown in Table 1.

**Table 1  
Findings Also Noted in Previous Audit Reports**

Finding	2011-12 Fiscal Year	
	Operational Audit Report No. 2013-039, Finding	VIP Operational Audit Report No. 2013-094, Finding
3	Not Applicable	4
4	Not Applicable	7
7	6	Not Applicable

## ***OBJECTIVES, SCOPE, AND METHODOLOGY***

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The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from March 2015 through October 2015 in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and the safeguarding of assets.
- Determine whether management had taken corrective actions for findings included in previous audit reports.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, weaknesses in management's internal controls; instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of records and transactions. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of District management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit we:

- Reviewed the District's written information technology (IT) policies and procedures to determine whether they addressed certain important IT control functions, such as authorization, testing, and approval of program changes; network configuration management; security administration; and logging and monitoring of system activity.
- Examined supporting documentation to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Determined whether District access controls enabled effective administration and review of access privileges assigned to the District's finance and human resources (HR) applications and the HR application's host operating system.
- Examined selected access privileges to the District's finance application, HR application, and network to determine the appropriateness and necessity based on employees' job duties and user account functions and adequacy with regard to preventing the performance of incompatible duties.
- Evaluated District written policies, procedures, and programs in effect governing the District's classification, management, and protection of confidential and sensitive information.
- Evaluated the adequacy of written policies and procedures, plans, and forms related to security incident response and reporting.
- Determined whether a comprehensive IT disaster recovery plan was in place, designed properly, operating effectively, and had been recently tested.
- Determined whether a written, comprehensive IT risk assessment had been developed to document the District's risk management and assessment processes and security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.
- Reviewed the data center's physical access controls to determine whether vulnerabilities existed.
- Interviewed District personnel and reviewed supporting documentation to determine whether the District effectively monitored charter schools.
- Examined Board, committee, and advisory board minutes to determine whether Board approval was obtained for policies and procedures in effect during the audit period and for evidence of compliance with Sunshine law requirements (i.e., proper notice of meetings, ready access to the public, and maintenance of minutes).
- Examined District records to determine whether the District had developed an anti-fraud policy and procedures to provide guidance to employees for communicating known or suspected fraud to appropriate individuals. Also, we determined whether the District had implemented appropriate and sufficient procedures to comply with its anti-fraud policies.
- Applied analytical procedures to determine whether the General Fund total unassigned and assigned fund balances at June 30, 2015, to the fund's revenues was less than 3 percent specified in Section 1011.051, Florida Statutes. We also performed analytical procedures to determine the

reasonableness of, and the ability of the District to make, the District's future debt service payments.

- From the population of \$21.4 million and \$57.8 million total expenditures and transfers, respectively, made during the 2014-15 fiscal year from nonvoted capital outlay tax levy proceeds and local sales tax revenues, selected and examined documentation supporting 31 expenditures and 5 transfers totaling \$2.8 and \$51.6 million, respectively, to determine compliance with the restrictions imposed on the use of these resources.
- Examined a total of nine statements of financial interests for the Superintendent, Board members, Chief Financial Officer, and certain purchasing agents to determine whether the statements of financial interests were appropriately filed pursuant to Section 112.3145, Florida Statutes.
- Examined the District's Web site to determine whether it showed the proposed, tentative, and official budgets pursuant to Section 1011.035(2), Florida Statutes.
- Examined District records to determine whether District procedures for preparing the budget were sufficient to ensure that all potential expenditures were budgeted.
- Examined supporting documentation to determine whether budgets and amendments to budgets were prepared and adopted in accordance with State law and State Board of Education (SBE) rules.
- Examined authorized signatures for all banking agreements to determine whether timely changes were made in response to personnel changes.
- Examined financial reports and analyses presented to the Board to determine whether comparisons of financial results with budget estimates were made.
- Reviewed District records to determine whether the District established an audit committee and followed prescribed procedures to contract for audit services pursuant to Section 218.391, Florida Statutes, for the 2 preceding fiscal years.
- Examined supporting documentation to determine whether required internal funds audits for the current and 2 preceding fiscal years were timely performed pursuant to SBE rule 6A-1.087, Florida Administrative Code (FAC), and whether the audit reports were presented to the Board.
- From the population of eight payments totaling \$10,680, made during the 2014-15 fiscal year from the District to its direct-support organization, selected and examined seven transactions totaling \$10,500 and determined the legal authority of such transactions.
- Reviewed District policies and procedures to evaluate controls over transportation parts inventory to determine the adequacy of the District controls over safeguarding transportation parts.
- Reviewed severance pay provisions in one employee contract to determine whether the severance pay provisions complied with Section 215.425(4), Florida Statutes. We also examined records for all severance pay during the 2014-15 fiscal year totaling \$69,275 to one employee to determine whether severance payments complied with State law and Board policies.
- Determined whether the appointed Superintendent's compensation was in accordance with State law, rules, and Board policies.
- From the population of 9,699 employees compensated a total of \$159,705,859 during the period July 1, 2014 to February 28, 2015, selected and examined District records for 30 employees compensated a total of \$50,597 for a selected pay period to determine the accuracy of the rate of pay and whether supervisory personnel reviewed and approved employee time reports.
- Examined supporting documentation to determine whether the Board adopted a salary schedule with differentiated pay for both instructional personnel and school-based administrators based on District-determined factors, including, but not limited to, additional responsibilities, school

demographics, critical shortage areas, and level of job performance difficulties, in compliance with Section 1012.22(1)(c)4.b., Florida Statutes.

- Examined records for employees to assess whether personnel who had direct contact with students were subjected to the required fingerprinting and background checks.
- Examined Department of Highway Safety and Motor Vehicle records to assess whether District procedures were adequate to ensure that bus drivers were properly licensed and monitored.
- Reviewed District policies and procedures to ensure health insurance was provided only to eligible employees, retirees, and dependents and that such insurance was timely canceled upon employee separation from employment. We also determined whether the District had procedures for reconciling health insurance costs to employee, retiree, and Board-approved contributions.
- Reviewed District procedures for bidding and purchasing health insurance and the reasonableness of procedures for acquiring other types of commercial insurance to determine whether the basis for selecting insurance carriers was documented in District records and conformed to good business practice.
- From the population of purchasing card (P-card) transactions totaling \$10 million during the 2014-15 fiscal year, selected and examined documentation supporting 30 transactions totaling \$133,877 to determine whether P-cards were administered in accordance with District policies and procedures. Also, we determined whether the 13 former employees assigned a P-card and who separated from employment during the 2014-15 fiscal year had their P-cards canceled upon separation from employment.
- Determined whether rebate revenues totaling \$90,800 received from P-card and e-Payable programs were allocated to the appropriate District funds.
- Reviewed District policies and procedures related to identifying potential conflicts of interest. For District employees required to file statements of financial interests forms, we reviewed Department of State, Division of Corporation, records; statements of financial interests; and District records to identify any potential relationships that represent a conflict of interest with District vendors.
- Reviewed the audit reports for the eight District-sponsored charter schools to determine whether the required audits were performed pursuant to Section 218.39(1)(e), Florida Statutes.
- For one charter school that was terminated, reviewed District procedures to determine whether applicable funds and property appropriately reverted to the District, and that the District did not assume debts of the school or center, except as previously agreed upon by the District.
- Reviewed sufficiency of District procedures to determine whether its charter schools and charter technical career centers were required to be subjected to an expedited review pursuant to Section 1002.345, Florida Statutes.
- From the population of 217 contractual arrangements totaling \$ 37.8 million in progress during the 2014-15 fiscal year, selected and examined documentation supporting 25 contracts payments totaling \$4.4 million to determine whether the District complied with competitive selection requirements; whether the District contracted with its employees for services provided beyond that provided in their salary contracts contrary to Section 112.313, Florida Statutes; and whether the contracts clearly specified deliverables, time frames, documentation requirements, and compensation. Also, we selected and examined documentation supporting 30 payments for proper support and compliance with contract terms.
- Determined whether the District used supplemental academic instruction and research based reading instruction allocations to provide an additional hour of intensive reading instruction to students every day, school-wide to the applicable schools pursuant to Section 1011.62(9), Florida Statutes. Also, pursuant to the 2014 General Appropriations Act, we determined whether the

District appropriately reported the funding sources, expenditures, and student outcomes for each participating school by September 30, 2015.

- Determined whether the District had adequate policies and procedures for administering the District's Virtual Instruction Program (VIP).
- Reviewed District records to determine whether the District provided the required VIP options and properly informed parents and students about their rights to participate in a VIP and the VIP enrollment periods as required by Sections 1002.45(1)(b) and 1002.45(10), Florida Statutes.
- Reviewed student records and District procedures to determine whether the District ensured that VIP students were provided with all necessary instructional materials and, for those eligible students who did not already have such resources in their home, computing resources necessary for program participation as required by Sections 1002.45(3)(c) and 1002.45(3)(d), Florida Statutes.
- From the population of 178 students enrolled in the District VIP, selected 30 students and examined related District records to determine whether the students enrolled met statutory eligibility requirements provided by Section 1002.45(5), Florida Statutes.
- For the FDOE-approved VIP provider and the Florida Virtual School (FLVS) that contracted with the District, determined whether the District obtained a list of provider employees and contracted personnel who could interact with students and whether background screenings were completed in accordance with Section 1012.32, Florida Statutes.
- From the population of 178 students enrolled in the District VIP, selected and examined District records for 30 students to determine whether the students met statutory participation requirements, including compulsory attendance and State assessment testing requirements set forth by Sections 1002.45(6)(a) and 1002.45(6)(b), Florida Statutes.
- Examined the contract documents for the FDOE-approved VIP provider and the FLVS that contracted with the District to determine whether the contracts contained provisions required by State law, including: (1) a method for resolving conflicts (Section 1002.45(4)(c), Florida Statutes); (2) authorized reasons for contract terminations (Section 1002.45(4)(d), Florida Statutes); (3) a requirement that the provider be responsible for all debts of the VIP should the contract be terminated or not renewed (Section 1002.45(4)(e), Florida Statutes); and (4) a requirement that the provider comply with Section 1002.45, Florida Statutes. Also, we:
  - Reviewed the contract documents to determine whether provisions were included to address compliance with contract terms, the confidentiality of student records, and monitoring of the providers' quality of virtual instruction and data quality.
  - Reviewed contract fee provisions and inquired as to how fees were determined for services rendered.
  - Evaluated District-established controls to determine whether residual VIP funds were restricted and used for the District's local instructional improvement system or other technological tools, as required by law
- Compared the certification coverages listed on the teachers' certificates to the required coverages for courses taught as listed on the FDOE's Course Code Directory to determine whether the 56 VIP teachers were properly certified.
- Determined whether the District established controls to ensure that residual VIP funds were restricted and used for the District's local instructional improvement system or other technological tools, as required by Section 1002.45(1)(e), Florida Statutes.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.

- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

## ***AUTHORITY***

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Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



Sherrill F. Norman, CPA  
Auditor General

# MANAGEMENT'S RESPONSE



**James T. Russell**  
Superintendent

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**School Board of Volusia County**

**Mrs. Ida D. Wright, Chairman**  
**Mrs. Melody Johnson, Vice-Chairman**  
**Mrs. Linda Costello**  
**Mrs. Linda Cuthbert**  
**Dr. John Hill**

December 16, 2015

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

Dear Ms. Norman:

This letter is in response to preliminary and tentative audit findings and recommendations for the fiscal year ended June 30, 2015.

As requested, enclosed you will find a written statement in response to the preliminary and tentative findings, along with the corrective action where we feel corrective action is warranted.

Sincerely,



James T. Russell  
Superintendent of Schools

JTR/dd

Enclosure

Copy to: School Board Members

**An Equal Opportunity Employer**

**December 16, 2015**

**Finding No. 1: Personnel and Payroll**

Regarding the finding that 131 employees had not been timely rescreened – re-fingerprinted - as required by law every five years the district has taken steps to correct and prevent the issue from occurring in the future.

As shared with Auditor General Staff, there was a period of three to six months where the vendor had a malfunction in their system and we were not able to resubmit current employees for screenings. Each time the vendor thought they had a fix, it failed. At no time during that period were employees not being monitored and the district not being notified by FDLE of any arrests. These notifications occur on a continuous basis and are monitored by our Professional Standards department.

The District has recently changed fingerprint vendors to a nationwide vendor who also has more sites locally. In addition, the district has changed procedures to ensure timeliness of re-fingerprinting. First, all individuals who need to be physically reprinted are being done once a year, in the spring (April) so they have time to get it done prior to expiring and the start of the next academic year.

Individuals who are rescreened electronically are being submitted quarterly. Individuals submitted in January will cover those who expire prior to April 30; April submissions will cover those who expire prior to July 31; July submissions will cover those who expire prior to October 31; and, October submissions will cover those who expire prior to January 31.

Regarding contracted workers, FSS 1012.467 (8) (a) directs DOE to create a “statewide badge” to be worn by “cleared” contracted vendors. Any FL county can perform the background check and issue the statewide badge. So, if an individual is screened and cleared in Flagler County, all other counties must accept the badge and consider the individual cleared. This is so, even if Volusia County did not perform the background check. It is very likely that many contracted personnel are on our campuses without being screened/cleared in Volusia County. However, each should be in possession of a statewide badge that is unexpired. This has been communicated to each District location where contracted workers are present and are not under the direct supervision of District personnel. The District will be more vigilant in verifying all contractors have the required background screening.

**Finding No. 2: Contractual Services**

**School Resource Deputies** – The District is requiring, as of the date of this letter, that all SRD’s submit their monthly time sheets to the District with their invoice. The Principal at each school will review the time sheets and sign off on a cover page certifying the SRD was present during those times the District is being invoiced for.

**District Custodial and Grounds Services** – All custodial personnel are required to sign in at the beginning and end of each shift. District personnel with direct knowledge of these employees will verify all custodial

and grounds personnel have worked the hours being invoiced to the District on a monthly basis and sign off on a cover page certifying the invoice is correct.

### **Finding No. 3: Provider Contracts**

Each of the vendor contracts will include the excerpts below to ensure that the District will monitor provider compliance with student-teacher ratios, education data timeliness and integrity, and quality instruction.

The Auditor General noted that published student-teacher ratios “appeared disproportionate” at ranges from 30:1 (grades K-8) and 250:1 (grades 9-12). When consulting with the State Virtual Education office, Volusia was informed that ratios are usually different at the elementary level (teacher for most of the day) vs. a course (which is a period or class) and also for PT. A ratio of 30:1 for elementary is reasonable and 250:1 for electives would represent a teacher teaching 7 courses with 35 students in each.

The Department of Education has the following mechanisms in place to effectively monitor student-teacher ratios by VIP Approved Providers:

1. A new edit beginning in the 2015-16 SY requiring the Florida Educators Certificate Number be included in the Teacher Course Schedule for School Number 7001 = VIP Approved Providers. From the Teacher Course Schedule, Edit 12, link here: <http://fldoe.org/core/fileparse.php/12026/urlt/1516tc.pdf>
2. Florida approved Virtual Instruction Providers are required to publish their student-teacher ratios on their Disclosure Website and to update their websites as changes occur. The Virtual Education office includes these links on our department website:
  - a. Edgenuity - <http://www.edgenuity.com/florida>
  - b. K12 Florida - <http://www.k12.com/Florida-DOE>
3. The Virtual Education office has included the student-teacher ratios in the Model VIP Contract that is posted on our department website and is available as a template for districts to use when entering in contracts with VIP approved providers: [Model VIP Provider Contract](#)

Furthermore, see the approach to student-teacher ratio from our K12 vendor:

*Students in the online environment are not divided up into class periods, and as such student-teacher ratios in this environment are complex to calculate. Teachers most often work with students in a 1:1 ratio to review course content, provide individualized feedback or deliver instructional support. Teachers may also work in small groups with students in a 5:1 or 10:1 or 25:1 setting for support or direct instruction. Other interactions or class meetings can be up to 200:1 if the full class is invited to a synchronous session. The student teacher ratio is fluid based on the nature of the student-teacher interaction. Using the average teacher loads, and considering a typical brick and mortar school day of 6 periods for grades 6-12 and electives (with grades K-3 not divided into class periods), the average student-teacher ratios can be calculated as*

*follows: grades K-3 full time core courses 65:1; grades K-3 part time core courses 35:1; grades K-3 grades full time electives 42:1; grades K-3 part time electives 21:1; grades 4-8 full time core 22:1; grades 4-8 part time core 11:1; grades 4-8 full time electives 42:1; grades 4-8 part time electives 21:1; grades 9-12 full time core 33:1; grades 9-12 part time core 17:1; grades 9-12 full time electives 42:1; and grades 9-12 part time electives 21:1. We balance loads by teacher across the FL districts to ensure teacher course loads are maintained.*

In order to ensure that vendors will submit data quality requirements in a timely manner, future contract will include language that requires vendors to remit teacher data to Volusia at least 3 work days prior to the start date of each semester to ensure that the District has had sufficient time to vet the accuracy of the data.

Beginning with the 2016-17 school year, the vendor contracts will be updated with the following minimum required security controls necessary to protect the confidentiality of critical and sensitive education data:

- VENDOR CONTRACT #1: "K12, Inc. will maintain a secure database of student and teacher data that is only accessible by the Registrar, Counselor and Coordinator of Volusia Online Learning."
- VENDOR CONTRACT #2: "Edgenuity will provide student and teacher data within 24 hours upon written request from the District. The data will be password protected and accessible by District Registrar, Counselor and Coordinator. The file will expire after 48 hours."

In order to ensure that students are supplied with necessary instructional materials, it will be noted in the contract that the vendor should add a column in their database that signifies the date that materials are shipped to students. The District Registrar will monitor this column of information and follow up with students to verify the receipt of materials.

#### **Finding No. 4: Provider Background Screenings**

The District has established and published its procedure for routinely verifying that the required background screenings are performed for all VIP provider employees. The procedure on pages 10-11 of the *VIP Policies & Procedures Handbook* is excerpted below:

"Each vendor will send an electronic copy of the county badge to the District, upon the District's request. The badge will be password-protected when in transmission to the District's Online Learning Registrar who will then secure a copy of the badge in a password-protected file as documentation. The expiration date will be added to in-District records for frequent monitoring by the District Registrar. The Registrar will stay in contact with the vendor to request updated clearance badges, as appropriate as well as conduct monthly checks of the Employee Practices Commission site."

**Finding No. 5: Information Technology - Access Control**

This was corrected immediately upon this finding being communicated to District staff. The District has also hired a new Director and Assistant Director of Technology who will oversee the Department to ascertain the recommendation does not recur in the future.

**Finding No. 6: Information Technology – Access Privileges**

This was corrected immediately upon this finding being communicated to District staff. The District has also hired a new Director and Assistant Director of Technology who will oversee the Department to ascertain the recommendation does not recur in the future.

**Finding No. 7: Information Technology – User Authentication and Data Loss**

This was corrected immediately upon this finding being communicated to District staff. The District has also hired a new Director and Assistant Director of Technology who will oversee the Department to ascertain the recommendation does not recur in the future.