

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2018-028
November 2017

**UNION COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2016-17 fiscal year, Carlton Faulk served as Superintendent of the Union County Schools and the following individuals served as School Board Members.

	<u>District No.</u>
Allen Parrish, Chair	1
Russell Gordon from 11-29-16	2
Alvin Griffis, Vice Chair through 11-28-16	2
Curtis Clyatt, Vice Chair from 11-29-16	3
Becky Raulerson	4
Terra Johnson	5

The team leader was Julee W. Tinsler, CPA, and the audit was supervised by Denita K. Tyre, CPA.

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

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UNION COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Union County School District (District) focused on selected District processes and administrative activities. Our operational audit disclosed the following:

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

Finding 2: The District needs to strengthen controls to ensure that instructional contact hours for adult general education classes are accurately reported to the Florida Department of Education.

BACKGROUND

The Union 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 Union County. The governing body of the District is the Union County District School Board (Board), which is composed of five elected members. The elected Superintendent of Schools is the executive officer of the Board. During the 2016-17 fiscal year, the District operated 6 elementary, middle, high, and specialized schools; and reported 2,292 unweighted full-time equivalent students.

This operational audit of the District focused on selected processes and administrative activities. The results of our audit of the District's financial statements and Federal awards for the fiscal year ended June 30, 2017, will be presented in a separate report.

FINDINGS AND RECOMMENDATIONS

Finding 1: Information Technology User Access Privileges

The Legislature has recognized in State law¹ that social security numbers (SSNs) can be used to acquire sensitive personal information, the release of which could result in fraud against individuals, or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining the confidential status of such information. Effective controls restrict employees from accessing information unnecessary for their assigned job responsibilities and provide for documented, periodic reviews of employee access privileges to help prevent personnel from accessing sensitive personal information inconsistent with their responsibilities.

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

Pursuant to State law,² the District identified each student using a Florida education identification number obtained from the Florida Department of Education (FDOE). However, student SSNs are maintained within the District management information system (MIS) to, for example, register newly enrolled students and transmit that information to the FDOE through a secure-file procedure. Student SSNs are also maintained so the District can provide student transcripts to colleges, universities, and potential employers based on student-authorized requests. Board policies³ allow designated District school personnel access to student records to perform administrative, supervisory, or instructional responsibilities that serve a legitimate educational purpose in accordance with applicable Florida statutes, State Board of Education rules, and Federal laws and District employees are required to certify that they will comply with these requirements. District personnel indicated that biannual reviews of information technology (IT) user access privileges to student information are performed to help monitor these privileges; however, although we requested, District records were not provided to evidence that such reviews had been performed. Subsequent to our inquiry, the District performed and documented a review of IT user access privileges in June 2017.

The North East Florida Educational Consortium (NEFEC) provides student records data processing services for the District and maintains student information, including SSNs, in the District MIS. As of June 2017, SSNs for 11,900 former and 2,200 current District students were maintained in the District MIS and 53 District employees had access to the student SSNs. As part of our audit procedures, we observed various MIS computer screens and requested District personnel to confirm that the 53 employees needed this access to perform their assigned responsibilities. Our observations and the District's response indicated that 50 of the 53 employees did not need access to student SSNs. Specifically:

- 40 of the employees, such as academic coaches, schoolwide teachers, and District-level employees, had responsibilities that required access to student demographic data. However, the employees' responsibilities did not require access to the student SSNs included in the demographic data. According to District personnel, reviews of user access privileges in April 2014 disclosed these unnecessary privileges but, due to programming limitations, the District was unable to mask SSNs in the data. Subsequent to our inquiry, in July 2017, the District implemented a vendor-initiated programming change so these 40 employees could no longer access the student SSNs.
- 10 other employees, such as data entry clerks, guidance counselors, and testing coordinators, needed access to the SSNs for current students at their respective schools but also had unnecessary access to the SSNs of former students. In response to our inquiries, District personnel indicated that, as of August 2017, the MIS did not have a mechanism to differentiate employee access to current student SSNs from former student SSNs.

The existence of unnecessary access privileges and the lack of documented, periodic reviews of IT user access privileges increase the risk of unauthorized disclosure of student SSNs and the possibility that sensitive personal information may be used to commit a fraud against District students.

Recommendation: The District should continue efforts to ensure that only those employees who have a demonstrated need to access student SSNs have such access. Such efforts should include documented, periodic reviews of assigned IT user access privileges to determine whether

² Section 1008.386, Florida Statutes.

³ Board Policy 5.19, Student Records.

such privileges are necessary and the timely removal of any inappropriate or unnecessary access privileges detected. The District should also consult with NEFEC to ensure that student SSNs are appropriately safeguarded from unnecessary access.

Finding 2: Adult General Education Classes

State law⁴ defines adult general education, in part, as comprehensive instructional programs designed to improve the employability of the State's workforce. The District received State funding for adult general education, and General Appropriations Act⁵ proviso language required each district to report enrollment for adult general education programs in accordance with FDOE instructional hours reporting procedures.⁶

FDOE procedures state that fundable instructional contact hours are those scheduled hours that occur between the date of enrollment in a class and the withdrawal date or end-of-class date, whichever is sooner. The procedures also require school districts to develop a procedure for withdrawing students for nonattendance and provide that the standard for setting the withdrawal date be six consecutive absences from a class schedule, with the withdrawal date reported as the day after the last day of attendance.

For the 2016-17 fiscal year, the District reported 3,719 instructional contact hours for 8 adult general education classes provided to 54 students. As part of our audit, we examined District records for 1,472 contact hours reported for 30 students enrolled in 8 adult general education classes. We found that instructional contact hours were over reported a total of 128 hours, and included 194 over-reported hours (ranging from 3 to 87 hours) for 8 students and 66 under-reported hours for 1 student. In response to our inquiries, District personnel indicated that the errors occurred because of employee oversights in documenting student attendance.

Since future funding is based, in part, on enrollment data submitted to the FDOE, it is important that the District report accurate data.

Recommendation: The District should strengthen controls to ensure instructional contact hours for adult education classes are accurately reported to the FDOE. The District should also determine to what extent the adult general education hours were misreported for the 2016-17 fiscal year and contact the FDOE for proper resolution.

PRIOR AUDIT FOLLOW-UP

There were no prior audit findings requiring follow-up.

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.

⁴ Section 1004.02(3), Florida Statutes.

⁵ Chapter 2016-66, Laws of Florida, Specific Appropriation 122.

⁶ FDOE-issued Memorandum No. 06-14, dated May 15, 2006, *Reporting Procedures for Adult General Education Enrollments*.

We conducted this operational audit from April 2017 to August 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

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

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

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

Our audit included transactions, as well as events and conditions, occurring during the 2016-17 fiscal year audit period, and selected District actions taken subsequent thereto. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

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

In conducting our audit we:

- Reviewed District security settings for the finance and human resources (HR) applications to determine whether authentication controls were configured and enforced in accordance with Information Technology (IT) best practices.
- Evaluated District procedures for maintaining and reviewing employee access to IT resources. We examined selected user access privileges to the District's enterprise resource planning system finance and HR applications to determine the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties. We also examined the administrator account access privileges granted and procedures for oversight of administrative accounts for the network and applications to determine whether these accounts had been appropriately assigned and managed. Specifically, we tested selected user access privileges for:
 - The 29 users who had access to the finance application and the 19 users who had access to the HR application.
 - The 3 users who had security access to the District's application systems, datasets, and programs for the finance and HR applications.
- Reviewed selected user access privileges for 22 of 49 former employees who separated from District employment during the audit period to determine whether the access privileges had been timely deactivated.
- Evaluated the District's security policies and procedures governing the classification, management, and protection of sensitive and confidential information.
- For social security numbers (SSNs) collected, evaluated whether District controls appropriately secured and protected the confidentiality of the SSNs.
- Reviewed the Board's written agreement with the North East Florida Educational Consortium (NEFEC) for IT services and examined payments totaling \$123,996 to NEFEC to determine whether the payments were made in accordance with the terms of the agreement.
- Examined Board and committee meeting minutes to determine whether Board approval was obtained for policies and procedures in effect during the audit period and for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- 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 examined District records to determine whether the District had implemented appropriate and sufficient procedures to comply with its anti-fraud policy.
- Analyzed the District's General Fund total unassigned and assigned fund balances at June 30, 2017, to determine whether the total was less than 3 percent of the fund's projected revenues, as specified in Section 1011.051, Florida Statutes. We also performed analytical procedures to determine the ability of the District to make future debt service payments.
- From the population of expenditures totaling \$296,130 and transfers totaling \$189,776 during the audit period from nonvoted capital outlay tax levy proceeds and Public Education Capital Outlay funds, examined documentation supporting selected expenditures and transfers totaling \$237,568 and \$106,366, respectively, to determine compliance with the restrictions imposed on the use of these resources.
- From the population of workforce education program (WEP) fund expenditures totaling \$64,636 for the audit period, of which 92 percent was employee salary costs and 8 percent was other smaller dollar expenditures, examined selected District records supporting WEP fund

expenditures to determine whether the District used the funds for authorized purposes (i.e., not used to support K-12 programs or District K-12 administrative costs). Specifically, we examined District records supporting WEP fund expenditures totaling \$62,966, including all the employee salary expenditures and selected other smaller dollar expenditures.

- From the population of 3,719 contact hours reported for 54 adult general education instructional students during the audit period, examined District records supporting 1,472 reported contact hours for 30 selected students to determine whether the District reported the instructional contact hours in accordance with Florida Department of Education (FDOE) requirements.
- Examined the District Web site to determine whether the 2016-17 fiscal year proposed, tentative, and official budgets were prominently posted pursuant to Section 1011.035(2), Florida Statutes.
- For the audit period, examined the original and final budgets and related budget amendments to determine whether they were prepared and adopted in accordance with State law and State Board of Education (SBE) rules.
- Examined supporting documentation to determine whether required internal funds audits for the 2014-15 and 2015-16 fiscal years were timely performed pursuant to SBE Rule 6A-1.087, Florida Administrative Code, and Chapter 8 – School Internal Funds, *Financial and Program Cost Accounting and Reporting for Florida Schools (Red Book)*, and whether the audit reports were presented to the Board.
- From the population of 394 employees compensated a total of \$11.8 million during the audit period, examined District records supporting annualized compensation payments totaling \$868,930 to 30 selected employees to determine the accuracy of the rate of pay and whether supervisory personnel reviewed and approved employee reports of time worked.
- From the population of 180 instructional personnel who received performance bonuses totaling \$101,500 during the audit period, examined supporting documentation for 27 selected employees who were paid a total of \$15,250 to determine whether the District had developed adequate performance assessment procedures for instructional personnel based on student performance and other criteria in accordance with Section 1012.34(3), Florida Statutes, and also determined whether a portion of each selected instructional employee's compensation was based on performance in accordance with Section 1012.22(1)(c)4., Florida Statutes.
- Examined District records for the audit period for 30 employees selected from the population of 394 employees to assess whether District employees who had direct contact with students were subjected to the required background screenings.
- Examined District policies, procedures, and related records for the audit period for school volunteers to determine whether the District searched prospective volunteers' names against the Dru Sjodin National Sex Offender Public Web site maintained by the United States Department of Justice, as required by Section 943.04351, Florida Statutes.
- Examined District records supporting the eligibility of 18 selected District recipients of the Florida Best and Brightest Teacher Scholarship Program awards from the population of 28 District teachers who received scholarships totaling \$190,873 during the audit period.
- From the population of 478 payments totaling \$15,268 to employees for other than travel and payroll payments during the audit period, reviewed 469 expenditures totaling \$14,181 to determine whether such payments were reasonable, for valid District purposes, and were not contrary to Section 112.313, Florida Statutes.
- Evaluated District policies and procedures related to identifying potential conflicts of interest. For the 7 District employees required to file statements of financial interests, we reviewed Department of State, Division of Corporation, records; statements of financial interests; and District records to identify any potential relationships with District vendors that represent a conflict of interest.

- Evaluated District procedures for limiting and monitoring students' access to inappropriate Web sites using District-issued take-home electronic devices.
- Determined whether expenditures were reasonable, correctly recorded, adequately documented, for a valid District purpose, properly authorized and approved, and in compliance with applicable State laws, rules, contract terms and Board policies; and applicable vendors were properly selected. From the population of expenditures totaling \$4.1 million for the audit period, we examined District records supporting:
 - 30 payments for general expenditures totaling \$61,312.
 - 10 payments for contractual services totaling \$205,843.
- From the population of Superintendent and Board member travel expenses totaling \$1,883 during the audit period, examined documentation supporting all transactions to determine if expenditures were properly supported and complied with Section 112.061, Florida Statutes.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

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



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE

THE SCHOOL BOARD OF UNION COUNTY

Carlton Faulk, Superintendent

55 SW 6th Street

Lake Butler, FL 32054

(386) 496-2045

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Board Members:

Allen Parrish,
District 1

Russell B. Gordon,
District 2

Curtis Clyatt,
District 3

Becky Raulerson,
District 4

Terra Johnson
District 5

October 25, 2017

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

Dear Ms. Norman:

Please accept the statements below as our official response to the preliminary and tentative operational audit findings dated October 17, 2017 for the Union County District School Board for the fiscal year ending June 30, 2017.

Finding 1:

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

Recommendation:

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

District Response:

The district acknowledges finding 1 with comment. The current Student Information System (SIS) is written by Skyward, Inc. The vendor does not provide a method of restricting access to the current school of enrollment only. Currently, the system allows access to a student (including sensitive

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information) that has been at that school for anytime previously regardless where the student is enrolled currently. The District will revisit this issue with Skyward working through NEFEC and collaborating with other Skyward Districts expecting to initiate a SIS change to develop a method of controlling sensitive data.

Finding 2: The District needs to strengthen controls to ensure that instructional contact hours for adult general education classes are accurately reported to the Florida Department of Education.

Recommendation: The District should strengthen controls to ensure instructional contact hours for adult education classes are accurately reported to the FDOE. The District should also determine to what extent the adult general education hours were misreported for the 2016-17 fiscal year and contact the FDOE for proper resolution.

District Response: The district agrees with this finding. It should be noted to all parties copied on attachment that no funds are impacted by this finding. Additional training for data personnel and more involved district oversight will be in effect for future reporting.

We appreciate the assistance provided by the Gainesville section office during the audit.

If you have any questions or need further assistance please contact me.

Sincerely,



Carlton Faulk
Superintendent
Union County District School Board

Pc: Renae P. Prevatt
Lanier Clyatt