

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2018-157  
March 2018

**HIGHLANDS COUNTY  
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA  
Auditor General

## Board Members and Superintendent

During the 2016-17 fiscal year, Dr. Brenda Longshore served as Superintendent of the Highlands County Schools from 11-22-16, Wally Cox served as Superintendent before that date, and the following individuals served as Board members:

	<u>District No.</u>
Charlene Edwards	1
Donna Howerton, Chair through 11-21-16	2
Jan Shoop, Chair from 11-22-16, Vice Chair through 11-21-16	3
Bill Brantley	4
Jill Compton Twist, Vice Chair from 11-22-16	5

The team leader was Mary W. Lynn, CPA, and the audit was supervised by Mark A. Arroyo, CPA.

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

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# HIGHLANDS COUNTY DISTRICT SCHOOL BOARD

## **SUMMARY**

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This operational audit of the Highlands County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2016-164. Our operational audit disclosed the following:

**Finding 1:** The District awarded Florida Best and Brightest Teacher Scholarship Program scholarships to three teachers who had not received highly effective evaluations based on student performance pursuant to State law. As such, those 3 teachers were ineligible for Program scholarships totaling \$20,451.

**Finding 2:** Some unnecessary information technology (IT) user access privileges existed that increased the risk that unauthorized disclosure of student social security numbers (SSNs) may occur. In addition, the District did not document that periodic reviews of assigned IT user access privileges to student SSNs were conducted to determine whether such privileges were necessary and to ensure the timely removal of any inappropriate or unnecessary access privileges detected.

## **BACKGROUND**

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The Highlands County School District (District) is part of the State system of public education under the general direction of the Florida Department of Education (FDOE), and is governed by State law and State Board of Education rules. Geographic boundaries of the District correspond with those of Highlands County. The governing body of the District is the Highlands 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 17 elementary, middle, high, and specialty schools, and reported 12,280 unweighted full-time equivalent students.

This operational audit of the District focused on selected processes and administrative activities and included a follow-up on findings noted in our report No. 2016-164. 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**

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### **Finding 1: Florida Best and Brightest Teacher Scholarship**

The Florida Legislature established the Florida Best and Brightest Teacher Scholarship Program (Program)<sup>1</sup> to reward teachers who achieved high academic standards during their own education. Pursuant to State law, to be eligible for a scholarship, a teacher must have scored at or above the 80th percentile on a college entrance examination based on the national percentile ranks in effect when the

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<sup>1</sup> Section 1012.731, Florida Statutes.

teacher took the assessment and have been evaluated as highly effective based, in part, on student performance.<sup>2</sup> If the teacher is a first-year teacher who has not been evaluated pursuant to State law, the teacher must have scored at or above the 80th percentile on a college entrance examination based on the national percentile ranks in effect when the teacher took the assessment.

To demonstrate eligibility for a scholarship award, an eligible teacher must submit to the District an official record of his or her college entrance examination score demonstrating that the teacher scored at or above the 80th percentile based on the percentile ranks in effect when the teacher took the assessment. Pursuant to State law, once a classroom teacher is deemed eligible by the District, the teacher shall remain eligible as long as he or she remains employed by the District as a classroom teacher at the time of the award and receives an annual performance evaluation rating of highly effective.

District personnel were responsible for determining teacher eligibility for scholarships and annually submitting the number of eligible teachers to the FDOE. The FDOE disburses scholarship funds to the District based on the information submitted by the District.

During the 2016-17 fiscal year, the District awarded Program scholarships totaling \$122,704 to 18 teachers. According to District personnel and District records, all 18 scholarship recipients received the scholarships based on appropriate college entrance examination scores and because the teachers had received evaluations of highly effective without considering student performance. However, once student performance was considered, 3 of the scholarship recipients did not have highly effective evaluations. As such, those 3 teachers were ineligible for Program scholarships totaling \$20,451.

In response to our inquiry, District personnel indicated that the District decided to award scholarships to all teachers who received highly effective evaluations without considering student performance. Notwithstanding District personnel's explanation for determining eligibility, we are unaware of any authority for awarding scholarships to teachers who do not receive highly effective evaluations based on student performance.

Subsequent to our inquiry, in April 2017 the District returned the \$20,451 to the FDOE and in August 2017 received settlements of \$15,359 (\$20,451 less benefits of \$5,092) from the 3 ineligible scholarship recipients. Absent effective procedures to ensure that Program scholarship applicants have received highly effective evaluations based, in part, on student performance, there is an increased risk that scholarship recipients may be ineligible for the awards.

**Recommendation: The District should ensure that Program scholarships are only awarded to teachers who have met all statutory requirements for the awards, including receipt of highly effective evaluations based, in part, on student performance.**

## **Finding 2: Information Technology User Access Privileges**

The Legislature has recognized in State law<sup>3</sup> 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

<sup>2</sup> Pursuant to Section 1012.34(3)(a), Florida Statutes, a performance evaluation must be conducted for each teacher at least once a year and at least one-third of the performance evaluation must be based upon data and indicators of student performance.

<sup>3</sup> Section 119.071(5)(a), Florida Statutes.

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 individuals from accessing information unnecessary for their assigned job responsibilities and provide for documented, periodic reviews of information technology (IT) user access privileges to help prevent individuals from accessing sensitive personal information inconsistent with their responsibilities.

Pursuant to State law,<sup>4</sup> the District identified each student using a Florida education identification number obtained from the Florida Department of Education (FDOE). However, student SSNs were maintained within two separate District management information systems (systems). The student SSNs were maintained in the systems to, for example, register newly enrolled students and transmit information to the FDOE through a secure-file procedure and to enable the District to provide students transcripts to colleges, universities, and potential employers based on student-authorized requests. Board policies<sup>5</sup> 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 Florida Statutes, State Board of Education rules, and Federal laws.

As of October 2017, the two District systems contained the SSNs for 65,511 former and 12,472 current District students and a total of 408 District employees had IT user access privileges to student information, including student SSNs. However, according to District personnel, the systems did not contain a mechanism to differentiate employee access to current student information, such as student SSNs, from former student information and personnel did not always have a demonstrated need to access both current and former student information. Further, periodic reviews of IT user access privileges to student information had not been performed for the two systems.

As part of our audit, we observed various system computer screens showing District employee access privileges and requested District personnel to confirm that 30 selected employees with access privileges to current and former student SSNs needed this access to perform their assigned responsibilities. Our observations and District personnel responses disclosed that 7 (a transportation area supervisor, bus driver, computer technician, and four others) of the 30 employees had access to certain demographic data that contained student SSNs in the older of the two systems and did not need SSN access to perform their duties. Subsequent to our inquiry, in January 2018 the District removed the 7 employees' access privileges to student SSNs.

In response to our inquiries in January 2018, District personnel indicated that the District planned to discontinue use of the older system and a review of IT user access privileges will be completed in the future for the other system. The existence of unnecessary access privileges and 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 and others.

**Recommendation: To ensure that access to confidential student information is properly safeguarded, the District should:**

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<sup>4</sup> Section 1008.386, Florida Statutes.

<sup>5</sup> Board Policy 5.70 Student Records.

- **Ensure that the management information systems used by the District to maintain student information has a mechanism to differentiate IT user access privileges to current student information from access privileges to former student information.**

**Document periodic reviews of IT user access privileges to determine whether such privileges are necessary and ensure the timely removal of any inappropriate or unnecessary access privileges detected.**

## ***PRIOR AUDIT FOLLOW-UP***

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The District had taken corrective actions for findings included in our report No. 2016-164.

## ***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 January 2017 to January 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2016-164.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

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

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

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

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

In conducting our audit, we:

- Reviewed District information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, systems development and maintenance, network configuration management, system backups, and disaster recovery.
- Evaluated District procedures for maintaining and reviewing employee access to IT resources. We examined selected user access privileges to District enterprise resource planning system finance and human resources (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 evaluated the appropriateness of user access privileges granted to 25 of 134 employees who were allowed access to finance and HR application functions.
- Reviewed selected user access privileges for 27 of the 229 former employees who separated from District employment during the period July 1, 2016, through March 15, 2017, to determine whether the access privileges had been timely deactivated.
- Determined whether a comprehensive IT disaster recovery plan was in place, designed properly, operating effectively, and had been recently tested.
- Examined selected operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Evaluated the District data center's physical access controls to determine whether vulnerabilities existed.
- Determined whether a fire suppression system had been installed in the District's data center.

- Examined District records to determine whether the District had developed an anti-fraud policy 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.
- Examined Board meeting minutes to determine whether Board approval was obtained for policies and procedures in effect during the audit period and for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- 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.
- Examined the District Web site to determine whether the 2016-17 fiscal year proposed, tentative, and official budgets were prominently posted pursuant to Section 1011.035(2), Florida Statutes.
- From the population of expenditures totaling \$2.7 million and transfers totaling \$6.8 million during the audit period from nonvoted capital outlay tax levy proceeds, Public Education Capital Outlay funds, and other restricted capital project funds, examined documentation supporting selected expenditures and transfers totaling \$335,731 and \$1.7 million, respectively, to determine compliance with the restrictions imposed on the use of these resources.
- Examined District records to determine whether the District had adequate controls over obtaining social security numbers (SSNs) from students, granting and reviewing employee access privileges to student records that include SSNs, and securely storing electronic records that contain SSNs.
- Examined financial reports and analyses presented to the Board during the audit period and determined whether the Board monitored financial results and related budget estimates.
- From the population of 24 District facilities, analyzed the District Annual Comprehensive Safety and Compliance Reports for the 2015-16 and 2016-17 fiscal year reports for 5 facilities to determine whether the District continued to use facilities that had significant unresolved maintenance deficiencies such as life-safety hazards.
- Evaluated District procedures for identifying facility maintenance needs and establishing resources to address those needs.
- From the population of compensation payments totaling \$57.4 million to 1,223 employees during the period July 2016 through March 2017, examined District records supporting compensation payments totaling \$45,897 for 30 selected employees to determine the accuracy of pay rates and whether supervisory personnel reviewed and approved employee reports of time worked.
- Examined District policies and procedures and related records to determine whether the District had developed adequate performance assessment procedures for instructional personnel and school administrators based on student performance and other criteria in accordance with Section 1012.34(3), Florida Statutes.
- From the population of 820 instructional and 1,124 noninstructional employees who had direct contact with students during the period July 2016 through December 2016, examined District records supporting 30 selected employees to determine whether the employees were subjected to required fingerprinting and background screenings.
- Examined Board policies, District procedures, and related records for the audit period for 30 of 390 school volunteers to determine whether the District obtained background screenings or searched prospective volunteers' names against the Dru Sjodin National Sexual Offender Public

Web site maintained by the United States Department of Justice, as required by Section 943.04351, Florida Statutes.

- Examined District records supporting the eligibility of the 18 District recipients of Florida Best and Brightest Teacher Scholarship Program awards totaling \$122,704 during the audit period.
- From the population of 16 payments totaling \$3,332 paid to employees for other than travel and payroll payments during the audit period, examined documentation for 3 selected payments totaling \$1,627 to determine whether such payments were reasonable, adequately supported, for valid District purposes, and were not contrary to Section 112.313, Florida Statutes.
- From the population of purchasing card (P-card) transactions totaling \$953,926 during the period July 2016 through May 2017, examined documentation supporting 30 selected transactions totaling \$59,618 to determine whether P-cards were administered in accordance with District policies and procedures. We also determined whether the District timely canceled the P-cards for seven cardholders who separated from District employment during the audit period.
- Evaluated District policies and procedures related to identifying potential conflicts of interest. For all 8 key District employees required to file statements of financial interests, we reviewed Florida 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 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 \$16.6 million for the period July 2016 through March 2017, we examined District records supporting 30 payments for general expenditures totaling \$117,051.
- From the population of 170 consultant contracts totaling \$10.6 million during the period July 2016 through December 2017, examined supporting documentation, including the contract documents, for four selected payments totaling \$37,352 related to 4 contracts totaling \$406,302 to determine whether:
  - The District complied with competitive selection requirements for applicable vendors.
  - The contracts clearly specified deliverables, time frames, documentation requirements, and compensation.
  - District records documented satisfactory receipt of deliverables before payments were made.
  - The payments complied with contract provisions.
- Examined District records supporting all Superintendent and Board member travel expenditures totaling \$7,580 for the period July 2016 through March 2017 to determine whether expenditures were properly supported and complied with Section 112.061, Florida Statutes.
- Determined whether the District used supplemental academic instruction and research-based reading instruction allocations to provide, to the applicable schools, pursuant to Section 1011.62(9), Florida Statutes, an additional hour of intensive reading instruction to students every day, schoolwide, during the audit period. Also, we reviewed District records to determine whether the District appropriately reported to the FDOE, pursuant to the 2016 General Appropriations Act (Chapter 2016-066, Laws of Florida), the funding sources, expenditures, and student outcomes for each participating school.
- Determined whether the District had adequate Virtual Instruction Program (VIP) policies and procedures.

- For the FDOE-approved VIP provider that contracted with the District for the audit period, determined whether the District obtained a list of provider employees and contracted personnel who had obtained background screenings in accordance with Section 1012.32, Florida Statutes.
- Evaluated District records for the audit period to determine whether the District properly informed parents and students about students' rights to participate in a VIP and the VIP enrollment periods as required by Section 1002.45(1)(b) and (10), Florida Statutes.
- Examined student records and evaluated District procedures for the audit period to determine whether the District ensured that the District's 19 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 Section 1002.45(3)(c) and (d), Florida Statutes and that all students complied with compulsory attendance requirements.
- 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.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large initial 'S'.

Sherrill F. Norman, CPA  
Auditor General



# *The School Board of Highlands County*

426 School Street • Sebring, FL 33870-4048

(863) 471-5555 • FAX (863) 471-5600 • TDD (863) 382-3693

**Dr. Brenda Longshore**  
Superintendent

**Jill Compton Twist**  
Chairperson

**Charlene Edwards**  
Vice Chairperson

**Bill Brantley**

**Donna Howerton**

**Jan Shoop**

March 5, 2018

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

Subject: Audit Response

Dear Ms. Norman:

We have enclosed our responses to the preliminary and tentative audit findings of the audit conducted by your office for the period ending June 30, 2017.

**Finding No. 1: Florida Best and Brightest Teacher Scholarship**

The District will review its procedures to insure that only teachers who qualify will receive the Best & Brightest (B&B) Teacher Scholarship Program.

**Finding No. 2: Information Technology User Access Privileges**

The District will limit access to former student information to a select number of employees. The District will verify access capabilities to student records for all employees annually.

We wish to thank your office for the professionalism and courtesy shown by your staff during the audit. We are confident that the District will benefit from this review.

Sincerely,

Dr. Brenda Longshore  
Superintendent of Schools

MA:BL/cw

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