

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2018-173
March 2018

**HILLSBOROUGH COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2016-17 fiscal year, Jeff Eakins served as Superintendent of the Hillsborough County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Susan L. Valdes	1
Sally A. Harris, Vice Chair from 11-22-16	2
Cindy Stuart, Chair from 11-22-16, Vice Chair through 11-21-16	3
Melissa Snively	4
Tamara P. Shamburger from 11-22-16	5
Doretha W. Edgecomb through 11-21-16	5
April Griffin, Chair through 11-21-16	6
Lynn L. Gray from 11-22-16	7
Carol W. Kurdell through 11-21-16	7

The team leader was Anna A. McCormick, CPA, and the audit was supervised by Eric Davis, CPA.

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HILLSBOROUGH COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Hillsborough County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2015-169. Our operational audit disclosed the following:

Finding 1: District records did not always evidence that ad valorem tax levy proceeds were used only for authorized purposes, resulting in questioned costs totaling \$1.5 million.

Finding 2: Required background screenings were not always performed for applicable instructional and noninstructional employees.

Finding 3: District records did not demonstrate that the District conducted required searches of the names of prospective volunteers against the applicable registration information regarding sexual predators and sexual offenders.

Finding 4: District procedures did not ensure that independent, supervisory review and approval of time worked or leave taken by site administrators was documented.

Finding 5: Contrary to the Board-approved audit committee charter, the District Auditing Services Department did not obtain Board approval of the Department audit work plan for the 2016-17 fiscal year or communicate, of record, the progress and the results of Department audit activities to the Board for the 2016-17 fiscal year.

Finding 6: The District did not always appropriately consider reliable and authentic records of college entrance examination scores and highly effective evaluations based, in part, on student performance when determining the eligibility of charter school teachers for the Florida Best and Brightest Teacher Scholarship awards.

Finding 7: The District did not always document appropriate monitoring of charter school closures. Such monitoring is important to ensure that audit reports are timely completed and that other statutory requirements related to charter school closures are met.

Finding 8: District procedures for canceling purchasing card privileges could be enhanced.

Finding 9: As similarly noted in our report Nos. 2015-169 and 2013-094, the District did not offer students the required number of virtual instruction options.

Finding 10: Some unnecessary information technology (IT) user access privileges existed that increased the risk that unauthorized disclosure of student social security numbers may occur.

BACKGROUND

The Hillsborough 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 Hillsborough County. The governing body of the District is the Hillsborough County District School Board (Board),

which is composed of seven elected members. The appointed Superintendent of Schools is the Executive Officer of the Board. During the 2016-17 fiscal year, the District operated 250 elementary, middle, high, and specialized schools; sponsored 40 charter schools; and reported 210,932 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. 2015-169. 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: Ad Valorem Taxation

State law¹ allows the District to levy ad valorem taxes for capital outlay purposes within specified millage rates subject to certain precedent conditions. Allowable uses of ad valorem tax levy proceeds include, among other things, funding new construction and remodeling projects; maintenance, renovation, and repair of existing schools; purchases of new and replacement equipment; certain enterprise resource software (ERS) used to support Districtwide administration or State-mandated reporting requirements; and property and casualty insurance premiums to insure educational and ancillary plants subject to certain conditions and limitations. Also, State law² provides a definition of maintenance and repair that specifically excludes custodial and groundskeeping functions.

The District accounts for the ad valorem tax levy proceeds in the Capital Projects – Local Capital Improvement Fund (LCI Fund). For the 2016-17 fiscal year, the District's LCI Fund expenditures totaled \$41.3 million and transfers to the General Fund totaled \$38.4 million. According to District personnel, the Budget and Operations Accounting Departments prepare budgets for each LCI Fund. To help ensure compliance with the restrictions imposed by State law, Operations Accounting Department accountants review purchase orders, invoices, and other documented support before LCI Fund disbursements are made. We examined District records supporting selected LCI Fund expenditures and transfers totaling \$10.8 million and \$4.5 million, respectively, to determine their propriety. As summarized in Table 1, we found that LCI Fund transfers totaling \$1,491,592 were for purposes that did not appear to be authorized by State law.

¹ Section 1011.71, Florida Statutes.

² Section 1013.01(12), Florida Statutes.

Table 1
Local Capital Improvement Fund
Potential Unallowable Costs
2016-17 Fiscal Year

Cost Description	Amount
Salaries and Benefits Expenditures for:	
Four Information Technology (IT) personnel	\$ 255,227
Two Custodial personnel	155,364
Two Safety Office personnel	100,859
Two Energy Management (EM) personnel	72,737
One Landscaping Crew Leader	46,464
Other Expenditures:	
Payments to Vendors for Groundskeeping	860,941
Total	<u>\$1,491,592</u>

For example, we found that certain duties defined in the applicable employees' job descriptions for the IT, Safety Office, and EM personnel with amounts shown in Table 1, did not relate to allowable uses of ad valorem tax levy proceeds. Specifically:

- The four IT employees' duties involved, for example, coordinating computer resource use training, planning and monitoring of data backups, supervision of shift supervisors and data entry operators, and coordinating user support services, network administration, and computer operations. Although we requested, District records, such as personnel activity reports, were not provided to evidence the time spent by these employees on allowable uses of ad valorem tax levy proceeds.
- We extended our procedures, interviewed the four employees, and determined the percentages of the employees' work efforts devoted to unallowable activities. The work effort percentages represented 100 percent of the total salaries and benefits for a Supervisor of Computer Operations and the Assistant Department Manager of IT; 75 percent of the total salaries and benefits of the Manager of IT, Infrastructure and Shared Services; and 30 percent of the total salaries and benefits for a technology specialist. Based on these percentages, we calculated potential unallowable costs totaling \$255,227.
- The duties of a Safety Office clerk involved, for example, screening telephone referrals to staff, coordinating meetings and records proceedings for the District Safety Committee and workers' compensation functions, researching accident investigation files in support of worker's compensation claims, and providing administration support for the Workers' Compensation Coordinator. In addition, none of the duties in the job description for the Safety Office Director of Risk Management (Director) appeared to represent allowable uses of ad valorem tax proceeds. The Director's duties involved, for example, planning and implementing programs to train employees in work safety practices, fire prevention, and the leading of investigations of accidents and injuries in preparation for hearings, lawsuits, and insurance investigations. Although we requested, District records, such as personnel activity reports, were not provided to evidence the time spent by the clerk or Director on activities representing allowable uses of ad valorem tax levy proceeds.
- We extended our procedures, interviewed the clerk, and determined that 60 percent of the clerk's salary and benefits represented unallowable activities. As the Director was no longer employed with the District we interviewed the Director's supervisor, and, notwithstanding the duties defined in the Director's job description, determined that 60 percent of the Director's salary and benefits

represented unallowable activities. Based on these percentages, we calculated potential unallowable costs totaling \$100,859.

- The duties of the two EM personnel (Supervisor of Energy Management Services and an Energy Conservation Mentor) involved, for example, supervising and training EM staff, monitoring utility bills and compiling monthly energy reports, producing an annual energy report, and administering the utility rebate program. Although we requested, District records, such as personnel activity reports, were not provided to evidence the time spent by these employees on allowable uses of ad valorem tax levy proceeds.
- We extended our procedures, interviewed these employees, and determined that 60 percent and 38 percent of the work efforts of the Supervisor of Energy Management Services and Energy Conservation Mentor, respectively, were devoted to unallowable activities. Based on these percentages, we calculated potential unallowable costs totaling \$72,737.

In response to our inquiries, District personnel indicated that they were unaware that time records needed to be maintained for those salary expenditures or that ad valorem tax levy proceeds could not be used for groundskeeping services. Subsequent to our inquiries, in February 2018 the District restored these questioned costs totaling \$1,491,592 to the LCI Fund.

Without an adequate understanding of the restrictions associated with the use of ad valorem tax levy proceeds and effective controls to monitor such use, the risk is increased that the District will violate the expenditure restrictions governing the use of the proceeds.

Recommendation: The District should enhance procedures to ensure and demonstrate that ad valorem tax levy proceeds are only used for authorized purposes. Such enhancements could include appropriate training to ensure that the District employees responsible for approving the use of ad valorem tax levy proceeds understand the restrictions for such use and documentation to support the work efforts of District employees whose duties relate to allowable uses of the proceeds.

Finding 2: Background Screenings

State law³ requires that each person hired or contracted to serve in an instructional or noninstructional capacity that requires direct contact with students to undergo a level 2 background screening⁴ at least once every 5 years. To promote compliance with the statutory background screening requirements, District procedures require individuals to undergo a level 2 background screening before they report for District employment. In addition, the District maintains clearance cards, which are accessible by personnel at each school, to demonstrate that employees have been screened and have suitable backgrounds for District employment and to help school personnel monitor individuals on campus. Additionally, the District Fingerprinting Department monitors background screenings using a monthly report from the human resource (HR) system to help ensure that the backgrounds of applicable employees are screened at least once every 5 years.

During the 2016-17 fiscal year, the District employed 17,195 instructional and 11,452 noninstructional personnel. To determine whether required background screenings had been timely performed for these

³ Sections 1012.32, 1012.56(10), and 1012.465, Florida Statutes.

⁴ A level 2 background screening includes fingerprinting for Statewide criminal history records checks through the Florida Department of Law Enforcement (FDLE) and national criminal history records checks through the Federal Bureau of Investigation.

employees, we initially examined District records supporting 20 selected personnel and identified 2 employees who had not obtained the required background screenings at least once in the past 5 years and 2 employees hired in the 2016-17 fiscal year who did not obtain background screenings. We expanded our procedures to include an analysis of a District database that included screening dates for all instructional and noninstructional personnel. The combined results of our initial and expanded background screening procedures disclosed that:

- For 27 instructional and 10 noninstructional personnel, the required background screenings had not been performed at least once in the past 5 years. As of June 30, 2017, background screenings for the 37 employees had not been performed for periods ranging from 5 years 4 months to over 12 years. According to District personnel, the District had inadvertently not identified these employees in the HR system for screening. Subsequent to our inquiry in June 2017, District personnel obtained background screenings for these 37 employees and determined each had suitable backgrounds for District employment. Additionally, effective January 2018, the District began use of another report to help identify employees who were not properly identified in the HR system for screening.
- District records did not evidence the background screenings for 2 assistant coaches who were hired during the 2016-17 fiscal year and separated from District employment in May and June 2017, respectively. In response to our inquiries, District personnel indicated that the 2 employees never made screening appointments and, because of oversights, clearance cards were not issued and no one at the schools where the employees worked detected that the employees lacked the cards and the screenings.

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

Recommendation: The District should take immediate action to identify applicable employees who have not obtained the required background screenings, ensure the screenings are promptly obtained and evaluated, and make decisions, as necessary, based on evaluations of the screenings. The District should also continue efforts to ensure that required background screenings are performed for applicable employees at least once every 5 years.

Finding 3: School Volunteers

State law⁵ requires that the District, before making any decision to appoint a person to work as a volunteer at a place where children regularly congregate, conduct a background search of that person's name against the registration information regarding sexual predators and sexual offenders through the Dru Sjodin National Sexual Offender Public Web site (NSOPW) maintained by the United States Department of Justice. The NSOPW is a national database that presents sex offender data from public, state, territorial, and tribal sex offender registries in one national search Web site. If that site is not available, a search of the registration information regarding sexual predators and sexual offenders (i.e., Florida Sexual Offenders and Predators Registry) maintained by the Florida Department of Law Enforcement (FDLE) is required.

According to District personnel, during the 2016-17 school year, school volunteers were required to complete an online application on the District Web site. Applicants volunteering for potential one-on-one, unsupervised interaction with students, such as chaperones for overnight field trips, were required to

⁵ Section 943.04351, Florida Statutes.

obtain a level 2 background screening. District personnel also indicated that all other volunteers were screened against the FDLE sex offender Web site, Hillsborough County Sheriff's Office Web site, and the Florida Department of Corrections Web site. However, District procedures did not require a background search against the registration information through the NSOPW for any of the 42,571 volunteer applicants during the 2016-17 school year who were not subjected to State and national criminal background screenings. Although State and county screenings provide some assurances, those screenings are not as extensive as searches against the national sex offender data provided by the NSOPW. NSOPW searches would provide greater assurance as to the suitability of the backgrounds of individuals and are essential given the risks associated with allowing individuals access to places where children regularly congregate.

As part of our audit, we extended our procedures to search the names of 30 selected volunteers against the NSOPW database and determined that none of those volunteers were listed as a sexual predator or sexual offender. However, our procedures cannot substitute for management's responsibility to ensure, and document, that District schools perform the appropriate NSOPW searches of volunteer names and information in accordance with State law. Absent effective controls to ensure that background searches of school volunteers are performed in accordance with State law, there is an increased risk that volunteers with unsuitable backgrounds may have direct contact with students. Effective July 1, 2017, and subsequent to audit inquiry, the District implemented a revised process requiring that the names of prospective volunteers be searched against the NSOPW.

Recommendation: The District should continue efforts to ensure that background searches of the names of all prospective volunteers against the registration information regarding sexual predators and sexual offenders through the NSOPW are conducted.

Finding 4: Payroll Processing Procedures

Effective internal controls require supervisory approval of time worked and leave used by employees to ensure that compensation payments are appropriate and leave balances are accurate. The District pays District-defined administrative contracted employees (e.g., site administrators such as area superintendents, department directors, supervisors, and principals) on a payroll-by-exception basis whereby the employees are paid a fixed authorized gross amount for each payroll cycle unless the amount is altered. A payroll-by-exception methodology assumes, absent any payroll action to the contrary, that an employee worked or used available accumulated leave for the required number of hours in the pay period.

During the 2016-17 fiscal year, the District had 422 site administrators who were compensated a total of \$41.1 million. According to District personnel, site administrators are responsible for documenting their time worked, approval of their time worked, and approval of their leave use. The leave use forms are routed to the designated timekeeper at each site who enters the leave information into the payroll system. However, since the site administrator who prepared the records also approved the records, the documented approvals have limited value. In response to our inquiry, District personnel indicated that efforts would be made to remedy this deficiency.

Without documented independent, supervisory review and approval of time worked and leave taken, there is limited assurance that site administrator services are provided consistent with Board

expectations. In addition, without accurate records of time worked and leave taken, there is an increased risk that site administrators may be incorrectly compensated, leave balances may not be accurate, and District records may not be sufficiently detailed in the event of a salary or leave dispute.

Recommendation: The District should enhance procedures to require and ensure that independent, supervisory review and approval of site administrator time recorded as worked and leave taken is documented to support the payroll and leave balance record-keeping processes.

Finding 5: Internal Audit Function

An internal audit function can provide assurance that management and internal controls are adequately designed and functioning effectively and can ensure compliance with State and Federal laws, regulations, and guidelines and Board-approved policies and procedures. The objective of the District Auditing Services Department (Department) is to maintain a Districtwide compliance and audit function. The Board-approved Audit Committee charter establishes the Department's purpose, authority, and responsibility and requires the Department to conduct a periodic Districtwide risk assessment as a basis for recommending an annual and long-range audit work plan. The charter also requires that the Board, as the Audit Committee, review and approve the work plans and the prior year planned versus actual audit results. While the charter did not define the period a long-range audit work plan should encompass, District personnel indicated that the Department work plan should be part of a larger long-range strategic plan developed in conjunction with the Board. Additionally, the charter requires that the Auditing Manager⁶ will prepare an agenda item to report findings to the Audit Committee at least each quarter or as needed.

Our examination of District records and discussions with District personnel related to the internal audit function disclosed that:

- The Auditing Manager conducted a Districtwide risk assessment as the basis for preparing the Department audit work plan for the 2016-17 fiscal year. The Department work plan identified, for example, activities associated with audits of the District workers' compensation self-insurance program, school internal accounts, reported full-time equivalent student data, and a review of purchasing card violations. However, contrary to the charter, neither the audit work plan for the 2016-17 fiscal year nor a long-range work plan was presented for approval to the Audit Committee. While Department annual goals and objectives were included in the November 2015 Board-approved District strategic plan for 2015 through 2020 which referenced audit results as a key performance indicator, no audit work plans were included in the strategic plan.
- The Department did not present any agenda items to the Board or otherwise document any communications with the Board regarding the progress or the results of the Department audit activities for the 2016-17 fiscal year. The Department presented the results of the 2015-16 fiscal year audit of school internal accounts to the Board in August 2017. In addition, while the Department prepared an audit work plan for the 2014-15 fiscal year, the Board did not review and approve the plan nor the 2014-15 fiscal year planned versus actual audit results. In response to our inquiries, District personnel indicated that, as of January 2018, the 2016-17 fiscal year audit of the school internal accounts had been completed, a summary of the results would be presented to the Board later in the year, a report draft of the workers' compensation audit was currently

⁶ Effective February 2007, the chief auditing officer position was eliminated and the Auditing Manager began directing the Department.

being completed and would also be taken to the Board later in the year, and no formal reports were prepared for the other work included in the 2016-17 fiscal year audit work plan.

According to District personnel, every 6 months the Chief Business Officer and Auditing Manager held meetings with Board members to review concerns, issues, or suggestions; however, although we requested, District records were not provided to evidence that these meetings occurred. Without documentation to evidence required approval of annual and long-range audit work plans and documented, periodic communications with the Board, the Department cannot demonstrate compliance with the Board-approved Audit Committee charter or that the Department operated as intended by the Board, as the Audit Committee. Board action to approve annual and long-range audit work plans, and related audit results, could help inspire public confidence in the internal audit function and serve as a basis for operational improvements.

Recommendation: The Department should strive to demonstrate compliance with the Board-approved Audit Committee charter and ensure that annual and long-range audit work plans are prepared and submitted for Board approval and communications with the Board regarding the progress and the results of Department audit activities are documented. Alternatively, if the Board intends for the Department to operate differently than the manner prescribed by the charter, Board action should be taken to clearly set forth how the Department should operate and report.

Finding 6: Florida's Best and Brightest Teacher Scholarship Program

The Florida Legislature established the Florida Best and Brightest Teacher Scholarship Program (Program)⁷ 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 teacher took the assessment and have been evaluated as highly effective pursuant to State law⁸ in the school year immediately preceding the year in which the scholarship will be awarded, or if the teacher is a first-year teacher who has not been evaluated pursuant to State law, must have scored at or above the 80th percentile on a college entrance examination based on the percentile ranks in effect when the teacher took the assessment.

To demonstrate eligibility for a scholarship award for District school teachers, teachers were required to submit an application along with an official college entrance examination score at or above the 80th percentile based upon the percentile ranks in effect when the teacher took the assessment. To determine eligibility of charter school teachers, the District required charter schools to submit specific college entrance examination score information for the scholarship applicants. Additionally, the District required the charter schools to indicate whether applicants were active and certified classroom teachers who had been evaluated as highly effective, and to certify that the information submitted was correct and that each charter school governing board approved the proposed recipients. District personnel were responsible for determining teacher eligibility for scholarships and annually submitting the number of eligible teachers

⁷ Section 1012.731, Florida Statutes.

⁸ Section 1012.34, Florida Statutes. Section 1012.34(3)(a), Florida Statutes, requires the evaluation to include consideration of student performance.

to the FDOE. The FDOE disburses scholarship funds to the District based on information submitted by the District.

During the 2016-17 fiscal year, the District received \$3.6 million for Program scholarship awards for 532 personnel, including 512 District school employees who were awarded \$3.49 million and 20 charter school employees who were awarded \$136,338. Although the District did not request charter schools to submit official records to demonstrate the eligibility of the charter school scholarship recipients, the District received appropriate records to support 2 charter school scholarship recipients. However, the District did not request or receive official records from the charter schools to demonstrate the eligibility of the other 18 charter school scholarship recipients who received scholarship awards totaling \$122,704.

In response to our inquiry, District personnel indicated that several steps and procedures were required for charter school principals to certify their teachers were eligible for Program scholarship awards and that the District remained committed to complying with Program requirements. However, absent District verification of college entrance examination scores based on reliable and authentic records, such as college transcripts or final examination reports, and highly effective performance evaluations based, in part, on student performance for charter school classroom teachers, there is an increased risk that scholarships may be awarded to ineligible recipients. Subsequent to our inquiry, effective October 2017 the District implemented a revised process requiring the submission of original test score records and copies of prior year evaluations for charter school teachers.

Recommendation: The District should continue efforts to ensure that Program scholarships are awarded to charter school classroom teachers who are determined eligible based on college entrance examination scores reported on reliable and authentic records and highly effective evaluations based, in part, on student performance.

Finding 7: Charter School Closures

State law⁹ provides that, upon initial notification of nonrenewal, closure, or termination of its charter, a charter school may not expend more than \$10,000 per expenditure without prior written approval from the sponsor unless such expenditure was included within the annual budget submitted to the sponsor pursuant to the charter contract, is for reasonable attorney fees and costs during the pendency of any appeal, or is for reasonable fees and costs to conduct an independent audit. An independent audit is to be completed within 30 days after notice of nonrenewal, closure, or termination to account for all public funds and assets.

According to District personnel, the District implemented procedures to notify charter schools of the requirements in State law. For example, when terminating or not renewing a charter, District personnel meet with the charter school staff to review closure procedures and applicable statutory requirements. Our examination of District records and discussions with District personnel regarding the three charter schools that closed during the 2015-16 and 2016-17 fiscal years disclosed that:

⁹ Section 1002.33(9)(o), Florida Statutes.

- District records did not evidence efforts to monitor the three charter schools' activities to ensure that prior District approval was obtained for expenditures over \$10,000 that were not already budgeted.
- Independent audits for two charter schools were not completed until 54 to 328 days, respectively, after the schools' closures, and one charter school never obtained the required audit.

In response to our inquiries, District personnel indicated that the District has a very robust monitoring process for all charter schools that includes, for example, collecting and reviewing monthly and quarterly financial reports, communicating with schools when there are questions regarding the financial reports, and communicating charter school board members and principals. In addition, District personnel indicated that the charter school that did not obtain an audit lacked the funding to pay for the audit. District personnel also indicated that charter school closure documents would be enhanced to ensure that documented District preapproval is obtained for expenditures over \$10,000 that are not already budgeted.

Effective monitoring of charter school closures is essential to provide assurances that public funds and assets will appropriately revert to the District and any charter school transaction errors or misappropriations that may occur will be timely detected.

Recommendation: The District should ensure that charter school closures are appropriately monitored and that District monitoring efforts are documented. At a minimum, District monitoring records should demonstrate that:

- Upon initial notification of a charter school closure, the District made appropriate efforts to review and preapprove any charter school expenditure exceeding \$10,000.
- The District took appropriate actions to ensure that an independent audit would be completed within 30 days after the notice of a charter school closure. Such actions should include:
 - The annual review of charter school audit contracts to confirm that an independent audit was required to be completed within 30 days after the notice of a charter school closure.
 - Increased communications with the charter school and the charter school auditor to ensure timely completion of the audit.
 - For charter schools that lack the funds to pay for audits, a cost-benefit analysis assessing whether it would be in the District's best interest to pay for the audit which could be used to determine whether the charter school properly reverted applicable public funds and assets to the District.

Finding 8: Purchasing Cards

The District uses purchasing cards (P-cards) to expedite and simplify the purchase of selected goods and services. Purchases made with P-cards are subject to the same rules and regulations that apply to other District purchases and are subject to additional requirements in Board policies¹⁰ and the *Purchasing Card Program Guidelines and Procedures Handbook (P-Card Handbook)*. Board policies and the *P-Card Handbook* require principals and site administrators or site card managers to collect P-cards from

¹⁰ Board Policy 6426 – Purchasing Cards.

cardholders who separate from District employment and immediately notify the District P-Card Manager, by e-mail, of any P-card requiring cancellation.

For the 2016-17 fiscal year, District P-card expenditures totaled \$38.2 million and, as of June 30, 2017, 1,787 P-cards were in use. To determine whether the District promptly canceled applicable P-cards, we examined District records for the 42 cardholders who separated from District employment during the period July 1, 2016, through May 15, 2017. We found that the District did not timely cancel the P-cards for 25 of the 42 former employees as the P-cards were canceled 7 to 222 days, or an average of 61 days, after the cardholders' employment separation dates.

In response to our inquiries, District personnel indicated that the untimely P-card cancellations were due to reliance on site administrators to alert the P-Card Manager of cancellations. District personnel further indicated that the District P-Card Manager would, effective October 2017, begin use of a weekly report to help identify all cardholders who are separating from District employment and provide for prompt cancellation of the applicable P-cards.

While the agreement between the District and the bank that administers the P-card program allows the District 60 days to dispute charges, and our examination of P-card activity for the 25 former employees disclosed that no purchases were made after the cardholders separated from District employment, untimely cancellation of P-card privileges increases the risk that such privileges could be misused by former employees or others and may limit the District's ability to satisfactorily resolve disputed charges.

Recommendation: The District should strengthen procedures to ensure that P-card privileges are timely canceled upon a cardholder's separation from District employment.

Finding 9: Virtual Instruction Options

State law¹¹ requires school districts, under certain conditions, to provide students the option of participating in part-time and full-time virtual instruction programs (VIPs). Pursuant to State law, as the District is not in a sparsely populated county, the District must offer at least three options for part-time and full-time virtual instruction for all students in kindergarten through grade 12. To provide students with the required number of virtual instruction options, the District may contract with an FDOE-approved provider, the Florida Virtual School (FLVS), another school district, or a virtual charter school or establish a District-operated VIP.¹²

During the 2016-17 fiscal year, the District enrolled 499 students in full-time and 3,102 students in part-time VIPs. District records evidenced that the District provided at least three full-time options for all grade levels but did not offer students in kindergarten through grade 5 the opportunity to participate in part-time virtual instruction. In response to our inquiries, District personnel indicated that, by offering virtual course offerings pursuant to State law,¹³ they thought they offered a part-time option to students in kindergarten through grade 5. However, the course offerings were not one of the options for virtual instruction prescribed in State law. By not providing students in all grade levels with a part-time option,

¹¹ Section 1002.45(1)(b), Florida Statutes.

¹² Section 1002.45(1)(c), Florida Statutes.

¹³ Section 1003.498, Florida Statutes.

the District limited student access to virtual instruction and cannot demonstrate compliance with State law. We noted similar findings in our report Nos. 2015-169 and 2013-094.

Recommendation: The District should ensure that all students are offered three part-time and full-time virtual instruction options as required by State law.

Finding 10: Information Technology User Access Privileges

The Legislature has recognized in State law¹⁴ 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 such information to ensure its confidential status. Effective controls restrict employees from accessing information unnecessary for their assigned job responsibilities and provide for periodic reviews of information technology (IT) access privileges to help prevent personnel from accessing sensitive personal information inconsistent with their responsibilities.

Pursuant to State law,¹⁵ 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 student information system (SIS) 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 that the District can provide student transcripts to colleges, universities, and potential employers based on student-authorized requests. Board policies¹⁶ 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.

As of October 2017, the District SIS contained the SSNs for 101,821 former and 627,638 current District students and 3,677 District employees had access to the student SSNs. According to District personnel, the District SIS did not contain a mechanism to differentiate user access privileges to current student information, such as student SSNs, from user access privileges to former student information. District personnel also indicated that periodic reviews of IT user access privileges for employees who separate from District employment or transfer between departments were performed to help monitor access privileges; however, these reviews did not extend to access privileges to student SSNs.

As part of our procedures, we examined District records supporting IT user access privileges to current and former student SSNs for 30 selected District employees and found that the access privileges for 20 of the 30 employees were unnecessary to perform the employees' job functions. The 20 employees included, for example, an accountant, a security officer, a lunchroom manager, and an aide for a bilingual class.

¹⁴ Section 119.071(5)(a), Florida Statutes.

¹⁵ Section 1008.386, Florida Statutes.

¹⁶ Board Policy 8330, Student Records.

In response to our inquiries, the District indicated that the principal or site supervisor at each location is responsible for requesting the appropriate SIS access for their staff, and the District SIS did not allow SSNs to be displayed separately from other student information. Therefore, employees who needed access privileges to student information to perform their job functions were able to view student SSNs.

The existence of unnecessary access privileges and the lack of documented, periodic reviews of IT user access privileges to student SSNs 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 access to confidential student information is properly safeguarded, the District should:

- **Upgrade the District SIS to include 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 to ensure the timely removal of any inappropriate or unnecessary access privileges detected.**

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for applicable findings included in our report No. 2015-169, except that Finding 9 was also noted in our report No. 2015-169 as finding No. 6 and in report No. 2013-094 as finding No. 5.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

We conducted this operational audit from May 2017 to February 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. 2015-169.
- 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 the District's 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. From the population of 2,837 IT access user accounts who had access to the finance and human resource applications, we reviewed access for 31 selected accounts 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 reviewed the appropriateness of access for the 6 accounts related to the network administrator systems security group that have access to all network resources.

- Determined whether appropriate periodic reviews of assigned access privileges were performed by IT security staff.
- 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 adequacy of Board policies and District procedures related to security incident response and reporting.
- Evaluated the District data center physical access controls to determine whether vulnerabilities existed.
- Determined whether a fire suppression system had been installed in the District data center.
- Examined Board, committee, and advisory 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.
- From the population of expenditures totaling \$102 million and transfers totaling \$43.4 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 \$10.8 million and \$4.5 million, respectively, to determine compliance with the restrictions imposed on the use of these resources.
- Selected 30 expenditures totaling \$1.6 million from the population of \$21.6 million total workforce education program funds expenditures for the audit period and examined supporting documentation 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).
- From the population of 324 industry certifications eligible for performance funding that were attained by students during the 2015-16 and 2016-17 fiscal years, examined 32 selected certifications to determine whether the District maintained documentation for student attainment of the industry certifications.
- From the population of 1,236,925 contact hours for 6,545 adult general education instructional students for the Fall 2016 Semester, examined District records supporting 2,785 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.
- Evaluated the sufficiency of District controls over access to student social security numbers.
- 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.
- Examined 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 2014-15 and 2015-16 fiscal years.
- Examined District documentation to determine whether required internal funds audits for the 2016-17, 2015-16, and 2014-15 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.

- Reviewed the organizational chart and internal audit plan for the audit period to determine whether the District Auditing Services Department (Department) reported directly to the Board or its designee as required by Section 1001.42(12)(l), Florida Statutes, and whether the internal auditor developed the annual audit work plan based on risk assessments considering input from other finance and administrative management. We also determined whether the Department performed its internal audit and monitoring function in compliance with the Board-approved Audit Committee charter.
- Examined District records supporting the 14 payments and transfers totaling \$104,370 made during the audit period from the District to a direct-support organization (Hillsborough Education Foundation) to determine the legal authority for such transactions.
- From the population of compensation payments totaling \$1.2 billion to 34,362 employees during the audit period, examined District records supporting compensation payments totaling \$48,407 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.
- Examined Board policies and District procedures 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, and determined whether a portion of each instructional employee's compensation was based on performance in accordance with Section 1012.22(1)(c)4., Florida Statutes.
- Examined District records supporting 20 selected employees and 10 selected contractors during the audit period from the population of 28,647 employees and 9,661 contractors to assess whether personnel who had direct contact with students were subjected to the required fingerprinting and background screenings. We also expanded our procedures to include an analysis of a District database, which included screening dates for employees during the audit period to evaluate whether appropriate fingerprinting and background screenings were performed.
- Examined Board policies, District 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 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:
 - 30 selected District recipients of the Florida Best and Brightest Teacher Scholarship Program awards from the population of 512 District teachers who received scholarship awards totaling \$3.5 million during the audit period.
 - 20 charter school teachers who received scholarship awards totaling \$136,338 during the audit period.
- From the population of 43 payments totaling \$20,502 paid to 39 employees for other than travel and payroll payments during the audit period, examined documentation for 3 selected payments totaling \$13,478 to determine whether such payments were reasonable, adequately supported, for valid District purposes, and were not contrary to Section 112.313, Florida Statutes.
- Reviewed District procedures for bidding and purchasing health insurance to determine compliance with Section 112.08, Florida Statutes. We also reviewed procedures for 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.

- For the seven significant construction projects with expenditures totaling \$29.6 million and in progress during the audit period, examined documentation for selected project expenditures totaling \$2.6 million to determine compliance with Board policies and District procedures and provisions of State laws and rules and whether District procedures for monitoring payments were adequate, payments were sufficiently supported, and the District made use of its sales tax exemption to make direct purchases of materials, or documented its justification for not doing so. Also, for three construction management contracts with guaranteed maximum prices of \$16.6 million, \$8 million, and \$6 million, we:
 - Examined District records to determine whether the construction managers were properly selected.
 - Reviewed District procedures for monitoring subcontractor selection and licensure, and examined District records to determine whether subcontractors were properly selected and licensed.
 - Examined District records to determine whether architects were properly selected and adequately insured.
 - Determined whether the District established policies and procedures addressing negotiation and monitoring of general conditions costs.
 - Examined District records to determine whether projects progressed as planned and were cost effective and consistent with established benchmarks, and whether District records supported that the contractors performed as expected.
- Pursuant to Section 1013.64(6)(d)2., Florida Statutes, obtained from the FDOE the August 2017 reports of District student station costs. We examined District records for the four construction projects completed during the 2016 calendar year, to determine whether the August 2017 reports accurately reported student station costs and complied with the student station cost limits established by Section 1013.64(6)(b)1., Florida Statutes.
- From the population of purchasing card (P-card) transactions totaling \$38 million during the audit period, examined documentation supporting 30 selected transactions totaling \$269,318 to determine whether P-cards were administered in accordance with Board policies and District procedures. We also determined whether the District timely canceled the P-cards for 42 cardholders who separated from District employment during the audit period.
- For the three charter school charters that were not renewed or were terminated in the 2016-17, 2015-16, or 2014-15 fiscal years, evaluated District procedures to determine whether applicable funds and property appropriately reverted to the District and whether the District did not assume debts of the school or center, except as previously agreed upon by the District.
- Evaluated the sufficiency of District procedures to determine whether District charter schools were required to be subjected to an expedited review pursuant to Section 1002.345, Florida Statutes.
- 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 \$1.3 billion for the period July 1, 2016, through June 17, 2017, we examined documentation relating to:
 - 30 payments for general expenditures totaling \$100,209.
 - 15 travel expenditures totaling \$2,684.

- From the population of consultant contract payments totaling \$186.8 million for the period July 1, 2016, through May 18, 2017, examined supporting documentation, including the contract documents, for 30 selected payments totaling \$2.8 million related to 30 contracts to determine whether:
 - The District complied with competitive selection requirements for the consultants.
 - 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.
- 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.
- Evaluated the adequacy of District Virtual Instruction Program (VIP) policies and procedures.
- Evaluated District records for the audit period to determine whether the District provided the required virtual instruction options and 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 the contract document for the FDOE-approved VIP provider to determine whether the contract contained required statutory provisions. Also, we examined the contract document to determine whether provisions were included to address compliance with contract terms and student-teacher ratios.
- 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

School Board

Sally A. Harris, Chair
Tamara P. Shamburger, Vice Chair
Lynn L. Gray
April Griffin
Melissa Snively
Cindy Stuart
Susan L. Valdes



Superintendent of Schools
Jeff Eakins

Deputy Superintendent
Van Ayres

Chief of Schools
Harrison Peters

Chief Business Officer
Gretchen Saunders

March 22, 2018

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

Dear Ms. Norman:

In connection with your operational audit, we have reviewed the preliminary and tentative audit report for the fiscal year ended June 30, 2017.

Our responses to the audit findings and corrective action proposals follow. Please note that individual Charter Schools' Governing Boards also have the responsibility to monitor their schools' compliance.

Finding 1: Ad Valorem Taxation

The District should enhance procedures to ensure and demonstrate that ad valorem tax levy proceeds are only used for authorized purposes. Such enhancements could include appropriate training to ensure that the District employees responsible for approving the use of ad valorem tax levy proceeds understand the restrictions for such use and documentation to support the work efforts of District employees whose duties relate to allowable uses of the proceeds.

HCPS Response

The District has put into place safeguards to ensure that ad valorem tax levy proceeds are only used for authorized purposes. Training has occurred and will be ongoing for those responsible to approve transfers so that there is a clear understanding of those restrictions. In addition, there will now be a secondary review process from the Operations Division to ensure any future transfers relate to allowable uses of the proceeds.

Finding 2: Background Screenings

The District should take immediate action to identify applicable employees who have not obtained the required background screenings, ensure the screenings are promptly obtained and evaluated, and make decisions, as necessary, based on evaluations of the screenings. The District should also continue efforts to ensure that required background screenings are performed for applicable employees at least once every 5 years.

HCPS Response

On a monthly basis a verification report of all applicable employees are being reviewed. Through this monthly report, the Human Resources (HR) team are able to determine no employee exceeds the 5-year threshold and the employees who need to have resubmittals completed are accurately noted for timely reporting. This information is also cross referenced with payroll reports as another check for employees.

For consultant coaches, the Director of Athletics works closely with HR to remind all school sites of the need to verify full clearance has been obtained before any student contact is allowed.

Finding 3: School Volunteers

The District should continue efforts to ensure that background searches of the names of all prospective volunteers against the registration information regarding sexual predators and sexual offenders through the NSOPW are conducted.

HCPS Response

Beginning July 1, 2017, The District's Volunteer Services Department implemented the following:

The District took a proactive stance to inform our contacts at the state and other contiguous counties of the requirement as well as updated all training materials and documents used as part of the volunteer screening procedures. The District remains committed to complying with federal, state, and local requirements currently in place.

The change in procedures has been included in all documents used to train school/district staff; the summary below notates the inclusion of the review using the Dru Sjodin National Sex Offender national database as part of the district's guidelines for screening and review for every volunteer interested in working with the district. It has become one of the four screening review requirements.

Since automation of the volunteer online application in the 2016-2017 academic year, the FDLE SOP review occurs in real-time once the application is submitted. Similarly, when a visitor, including a volunteer signs in to a school, they must "swipe-in" via our Safenet system which is another way of screening through the FDLE SOP database.

All volunteers and community partners must complete the HCPS online Volunteer Application each school year. Anyone who submits a volunteer application beginning July 1 will remain *active* in our system through June 30 or end of the fiscal year. A new application is available on July 1, the start of a new school year.

Finding 4: Payroll Processing Procedures

The District should enhance procedures to require and ensure that independent, supervisory review and approval of site administrator time recorded as worked and leave taken is documented to support the payroll and leave balance record-keeping processes.

HCPS Response

We recognize the need to improve the supervisory review and approval of time worked and leave taken by site administrators. The district has purchased a robust Workforce Management (WFM) System which includes a time and attendance system and a leave time system. This new system will allow us to set up the appropriate supervisory process so that all administrators will have an administrator review and approve their time and leave requests. We have begun the project and expect a phase one go live for July 1, 2018.

Finding 5: Internal Audit Function

The Department should strive to demonstrate compliance with the Board-approved Audit Committee charter and ensure that annual and long-range audit work plans are prepared and submitted for Board approval and communications with the Board regarding the progress and the results of Department audit activities are documented. Alternatively, if the Board intends for the Department to operate differently than the manner prescribed by the charter, Board action should be taken to clearly set forth how the Department should operate and report.

HCPS Response

Prior audit work plans compiled by the Auditing Services Department were communicated to our School Board through our Office of Strategy Management as part of the District's Strategic Plan and through quarterly meetings with our Chief Business Officer and school board members. Future audit work plans will be prepared and submitted for Board approval. Progress and results of audit engagements will be submitted as information items on a quarterly or as needed basis.

Finding 6: Florida's Best and Brightest Teacher Scholarship Program

The District should continue efforts to ensure that Program scholarships are awarded to charter school classroom teachers who are determined eligible based on college entrance examination scores reported on reliable and authentic records and highly effective evaluations based, in part, on student performance.

HCPS Response

For this school year, the Charter Schools Office worked with the charter principals to ensure all necessary records were obtained. As information was received from the state regarding the 17-18 program, this was communicated and shared with the Charter Schools Office for necessary follow-up. The Charter Schools Office reports this information to the HR Best and Brightest contact for timely reporting to the state. Additionally, the Charter Office made changes to their process in October 2017 to require each charter school to submit original test score records and copies of prior year evaluations for charter school teachers.

Finding 7: Charter School Closures

The District should ensure that charter school closures are appropriately monitored and that District monitoring efforts are documented. At a minimum, District monitoring records should demonstrate that:

- 1) Upon initial notification of a charter school closure, the District made appropriate efforts to review and preapprove any charter school expenditure exceeding \$10,000.
- 2) The District took appropriate actions to ensure that an independent audit would be completed within 30 days after the notice of a charter school closure. Such actions should include:
 - o The annual review of charter school audit contracts to confirm that an independent audit was required to be completed within 30 days after the notice of a charter school closure.
 - o Increased communications with the charter school and the charter school auditor to ensure timely completion of the audit.
 - o For charter schools that lack the funds to pay for audits, a cost-benefit analysis assessing whether it would be in the District's best interest to pay for the audit which could be used to determine whether the charter school properly reverted applicable public funds and assets to the District.

HCPS Response

The Charter Office had meetings with the charter schools that were closing to ensure the proper procedure for reversion of property and financial reporting requirements were understood and met. The letter sent to the schools, inadvertently did not document the requirement of the audit being submitted within 30 days. The letter has been updated and includes this requirement at this time. If the district and the charter school agree on a different timeline, as allowable by law, the agreement will be documented in the letter.

Finding 8: Purchasing Cards

The District should strengthen procedures to ensure that P-card privileges are timely canceled upon a cardholder's separation from District employment.

HCPS Response

The Procurement team along with our HR Division worked together to develop a process in October 2017 to mitigate any financial risk.

Our process is every Friday a report of all employees that have separated from the district in the previous seven days, is sent over from Human Resources. The Procurement Card Team Manager matches the data from the report to the listing of the list of all P-Card holders. If any matches are found, the card is closed. As a result, we should never have any card open for more than 8 days (Friday through Friday) after the employee terminates.

Finding 9: Virtual Instruction Operations

The District should ensure that all students are offered three part-time and full-time virtual instruction options as required by State law.

HCPS Response

The district offered a co-enrolled virtual option for K-5 co-enrolled students and had many students participate. However, we used site number 7006 in error. This was due to the curriculum not being FLVS Franchise curriculum.

In addition, the district has board approved Inter-District Agreements with other school districts throughout the state to allow students to enroll in full-time and/or co-enroll in virtual courses/programs. Copies available through the Choice Office.

With the newly passed legislation will provide the opportunity to correct the finding.

HB7069 accomplished the following goals:

- ❖ Section 1002.455, Florida Statutes (F.S.), Student eligibility for K-12 virtual instruction: All students, including home education and private school students, are eligible to participate in any of the virtual instruction options.
- ❖ Beginning in the 2017-18 SY, as part of a school district's controlled open enrollment process, and in addition to the existing public school choice programs provided in Section 1002.20 (6)(a), F.S., (which includes virtual instruction programs), each school district school board shall allow a parent from any school district in the state whose child is not subject to a current expulsion or suspension to enroll his/her child in ... any public school that has not reached capacity in the district.

Finding 10: Information Technology User Access Privileges

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

- 1) Upgrade the District SIS to include a mechanism to differentiate IT user access privileges to current student information from access privileges to former student information.
- 2) Document periodic reviews of IT user access privileges to determine whether such privileges are necessary and to ensure the timely removal of any inappropriate or unnecessary access privileges detected.

HCPS Response

HCPS is in the process of releasing a bid to replace the district's legacy student information system as part of a multi-year project. As the current system was not designed to differentiate security access to social security numbers. The specifications for the new student information system will address the first noted item.

Regarding the second IT finding, we are extending our practices of periodic review for user access privileges to include the Student Information side of IT.

Ms. Sherrill F. Norman, CPA
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We have made available to your team all documentation applicable to your examination, as requested, except for those cases disclosed by your examination procedures, if any, where such documentation was missing and could not be located.

We would like to thank your audit team, Eric Davis and Anna McCormick for their support of our school district and helpful feedback they have provided.

For additional information, please contact our Chief Business Officer, Gretchen Saunders.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Eakins". The signature is fluid and cursive, with the first name "Jeff" and last name "Eakins" clearly distinguishable.

Jeff Eakins
Superintendent