

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2018-180  
March 2018

**FRANKLIN COUNTY  
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA  
Auditor General

## Board Members and Superintendent

During the 2016-17 fiscal year, Traci Moses served as Superintendent of the Franklin County Schools from 11-22-16, Nina M. Marks served as Superintendent before that date, and the following individuals served as School Board Members.

	<u>District No.</u>
George Thompson, Vice Chair through 11-21-16	1
Pam Marshall	2
Teresa Ann Martin, Vice Chair from 11-22-16	3
Stacy Kirvin, Chair from 11-22-16	4
Carl Whaley from 11-22-16	5
Pam Shiver, Chair through 11-21-16	5

The team leader was Kimberly Phillips, CPA, and the audit was supervised by Shelly G. Curti, 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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# FRANKLIN COUNTY DISTRICT SCHOOL BOARD

## ***SUMMARY***

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This operational audit of the Franklin County School District (District) focused on selected District processes and administrative activities and included a follow-up on applicable findings noted in our report No. 2016-110. Our operational audit disclosed the following:

**Finding 1:** Required background screenings were not always performed for applicable contractor workers.

**Finding 2:** The District had not established procedures to verify that applicants had the required teacher certificates before being hired to teach. As a result, two teachers were incorrectly compensated as certified teachers, instead of non-certified teachers, and were over compensated a total of \$33,791. Additionally, the District did not always comply with the provisions in State law that require parents be notified in writing about out-of-field teaching assignments and out-of-field teachers be reported on the District Web site.

**Finding 3:** District controls over the management of contractual services agreements need enhancement to ensure that the written agreements contain all the necessary provisions, the agreements are approved by the Board before services are rendered, and services are satisfactorily received prior to payment.

**Finding 4:** Instructional and administrative personnel performance evaluations were not always performed in accordance with State law.

**Finding 5:** The District needs to use a competitive selection process, as required by State law, when procuring insurance.

**Finding 6:** The District needs to strengthen controls to ensure the accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education. A similar finding was noted in our report No. 2016-110.

**Finding 7:** The District had not established virtual instruction program comprehensive, written policies and procedures. A similar finding was noted in our report No. 2016-110.

**Finding 8:** The Board needs to adopt appropriate policies and procedures governing the Prekindergarten Enrichment Program fee collection process.

**Finding 9:** Some unnecessary information technology (IT) user access privileges existed that increased the risk that unauthorized disclosure of student social security numbers may occur. In addition, the District did not document that periodic reviews of assigned IT user access privileges were conducted to determine whether such privileges were necessary or that any inappropriate or unnecessary access privileges detected were timely removed.

## **BACKGROUND**

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The Franklin 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 Franklin County. The governing body of the District is the Franklin 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 one consolidated K-12 school and two specialized schools, sponsored one charter school, and reported 1,271 unweighted full-time equivalent students.

This operational audit of the District focused on selected processes and administrative activities and included a follow-up on applicable findings noted in our report No. 2016-110. 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: Background Screenings – Contractor Workers**

State law<sup>1</sup> requires that contractor workers who are permitted access on school grounds when students are present or who have direct contact with students must undergo a level 2 background screening<sup>2</sup> at least once every 5 years. State law<sup>3</sup> provides that noninstructional contractors may be exempt from the background screening requirements if the contractors are under the direct supervision of a school district employee or contractor who has had a criminal history check and meets the statutory background screening requirements. Additionally, for noninstructional contractors, State law<sup>4</sup> requires the District to verify the results of applicable contractor background screenings using the shared system implemented by the Florida Department of Law Enforcement (FDLE).

To promote compliance with the statutory background screening requirements, District procedures require the Human Resources (HR) Department to ensure contractor workers who have access to school grounds undergo required background screenings every 5 years. The HR Department requires each contractor worker to wear a name badge that expires 5 years after the worker's last screening. Once the badge expires, the contractor workers are prohibited from accessing school grounds unless they undergo the required background screening and obtain a new badge. For previously screened contractor workers, the HR Department relies on notifications from the FDLE shared system that indicate when the screenings are near expiration. For new contractor workers, the HR Department relies on supervisors in the departments that receive contractor services to send the workers to the HR Department to ensure that the background screenings are obtained before services are performed.

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<sup>1</sup> Sections 1012.465, and 1012.467, Florida Statutes.

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

<sup>3</sup> Section 1012.468, Florida Statutes.

<sup>4</sup> Section 1012.467(2)(f) and (7)(a), Florida Statutes.

During the 2016-17 fiscal year, the District contracted with 13 vendors who employed 16 contractor workers who had direct contact with students and were not exempt from the background screening requirements. To determine whether required background screenings had been timely performed, we requested for examination background screening records, as of June 2017, for all 16 contractor workers. We found that District records did not evidence that the required screenings had ever been obtained for 3 contractor workers (a mentor in a nonprofit mentoring program, a school tutoring contractor worker, and a contracted therapist) and had not been performed in the last 5 years for another mentor in the nonprofit mentoring program. The 3 contractor workers without documented screenings had worked for the District from 2 to 7 years prior to our inquiry in June 2017 and they were not listed in the FDLE shared system. As of June 2017, the background screening for the other mentor was 10 months overdue as his last screening was in August 2011.

In response to our inquiries, District personnel indicated that some background screening information had been purged from District records and District department supervisors did not always send workers to the HR Department to receive the screenings. During October and November 2017, the District obtained background screenings for 2 of the contractor workers and noted no inappropriate backgrounds. As of February 2018, according to District personnel, the mentor whose last screening was in August 2011 no longer worked at the District and the remaining contractor worker also worked at another school district and there was uncertainty regarding who should pay for the screening.

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

**Recommendation: The District should take immediate action to identify contractor workers 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 remind department supervisors of their responsibility for sending contractor workers to the HR Department so that required background screenings can be obtained before contractor services are performed. In addition, the District should prohibit contractor workers who do not obtain the required background screenings from access to school grounds.**

## **Finding 2: Teacher Certificates**

State law<sup>5</sup> requires each educator to hold the certificate required by State law and rules of the State Board of Education for the type of service rendered. To be eligible for a teacher certificate, State law requires applicants to, for example, be at least 18 years of age, document receipt of bachelor's degree or higher from an accredited institution, submit to background screening, and demonstrate mastery of general and subject area knowledge by attaining passing scores on the Florida Teacher Certification Examinations in the applicable areas. In addition, the Board-approved salary schedule establishes the compensation of certified teachers higher than the compensation of non-certified teachers.

Individuals who seek teacher certificates submit applications to the Florida Department of Education (FDOE). The FDOE determines whether the individuals qualify for certificates and, if so, issues official

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<sup>5</sup> Sections 1012.55(1) and 1012.56, Florida Statutes.

eligibility status statements or professional or temporary certificates, which authorize individuals to teach particular subject areas and grade levels. Issued certificates are retroactively effective from the beginning of the fiscal year of issuance. The FDOE Web site displays the certificate status of individuals who apply to the FDOE for teacher certificates; however, the District had not established procedures to refer to the FDOE Web site, or use other means, to verify that applicants have the required teacher certificates before being hired by the Board to teach.

State law<sup>6</sup> requires, within 30 days before the beginning of each semester, the parents of students in out-of-field teaching assignments to be notified in writing of these assignments and the District must report out-of-field teachers on the District Web site. In response to our inquiries, District personnel indicated that, at the beginning of each semester, they review teacher assignments and teacher certification areas and compile for Board approval a list of teachers assigned to teach out-of-field. District procedures provide that, once approved, District personnel are to send letters to parents notifying them that their children are in a class taught by an out-of-field teacher.

During the period July 1, 2015, through June 30, 2017, the District had 65 teacher positions and the Board hired 39 teachers. We requested for examination District records supporting 10 of the 39 teachers hired to determine whether the selected teachers held the required certificates before they were hired and, for any out-of-field teaching assignments, whether the District notified parents and reported the out-of-field teachers on the District Web site. We also examined District records to determine whether the employees were properly compensated based on their certificate status. We found that:

- During the 2016-17 fiscal year, 2 teachers were hired to provide instruction to District students prior to FDOE issuance of a professional or temporary teaching certificate, or an official statement of status of eligibility indicating that the teachers were eligible to receive a teaching certificate. District personnel indicated that 1 of these individuals was moved to a support position for the 2017-18 fiscal year and the other individual was not rehired for the 2017-18 fiscal year; however, for the 2016-17 fiscal year, the District allowed these individuals to teach without the required certificate. In addition, since these 2 individuals were compensated as certified teachers instead of non-certified teachers, 1 teacher was over compensated \$17,030 and the other was over compensated \$16,761.
- During the 2015-16 fiscal year, 1 teacher, who had a valid temporary teaching certificate, which was received prior to the teacher's start date, was not certified in the area the teacher taught. Although this teacher taught students out-of-field, the District did not notify the students' parents or report the individual as an out-of-field teacher on the District Web site. According to District personnel, this teacher was not included on the list of out-of-field teachers presented to the Board due to a lack of communication. Similar findings were noted in our attestation examination report No. 2017-202, *Franklin County District School Board Florida Education Finance Program Full-Time Equivalent Student Enrollment and Student Transportation for the Fiscal Year Ended June 30, 2016*.

Absent documented verifications that applicants have the required teacher certificates before being hired by the Board to teach, applicable parental notifications of out-of-field teaching assignments, and complete lists of out-of-field teachers on the District Web site, District records do not demonstrate compliance with State law and the risk is increased that non-certified teachers are over compensated. Verification of teacher certificates is necessary to ensure that teachers are qualified to teach District students.

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<sup>6</sup> Section 1012.42, Florida Statutes.

Additionally, timely written parental notification and completed lists of out-of-field teachers reported on the District Web site, provide parents the opportunity to provide input to the Board regarding the out-of-field teaching assignments or to request their children be relocated to other classes.

**Recommendation: To promote compliance with State law, the District should establish procedures to verify that applicants have the required teacher certificate before being hired by the Board to teach. The District should also enhance procedures to ensure that parents are timely notified in writing about out-of-field teaching assignments and that all out-of-field teachers are reported on the District Web site. In addition, the District should document the authority for the compensation payments to the 2 non-certificated teachers or seek recovery of the overpayments totaling \$33,791 from the respective teachers.**

### **Finding 3: Contract Management**

Effective contract management ensures that contract provisions establish required services and related costs and, prior to payment, the satisfactory receipt of contracted services. State law<sup>7</sup> provides that the Board is the contracting agent for the District and the Board routinely enters into contracts for services. The District has designed and implemented internal controls to ensure that payments are generally consistent with contract terms and conditions.

For the 2016-17 fiscal year, the District paid a total of \$765,542 for contractual services. To determine the propriety of the payments, we examined District records supporting selected payments and related contracts and found that:

- According to District personnel, the District received the services of one school resource officer (SRO) from the Franklin County Sheriff's Office from February 1, 2017, through the last day of school in May 2017. However, the Board did not contract with the Sheriff's Office for the services until April 27, 2017, almost 3 months after the services were first provided.

The contract identified the SRO duty requirements and established work hours on days that students were required to attend the District-operated school. In addition, the contract required the District to pay a \$19,632 lump sum payment for the contract period and payment was made in May 2017. However, according to District personnel, procedures had not been established to require that school personnel with direct knowledge of the SRO services confirm receipt of the services set forth in the contract and verify that the SRO time worked conformed to the contract.

In response to our inquiries, District personnel indicated that the services were received before the Board approved the contract because contract negotiations were more extensive than expected, which postponed contract approval. In addition, District personnel indicated that they were not aware that documentation of time worked should be maintained, and they relied on the Sheriff's Office to ensure that the SRO properly performed the services.

- In August 2016, the Board entered into a contract for educational services related to a dropout prevention program and, for the 2016-17 fiscal year, the District paid \$29,250 to the educational service provider. For a selected payment for \$5,250, District personnel provided the service provider's invoice, along with a bi-monthly report identifying student names, student credits needed and earned, and student credit balances remaining. However, neither the contract nor other District records established the service deliverables the District would receive or preauthorized the amount that the District would pay for the services. In response to our inquiries, District personnel explained that they were unaware that the contract lacked this information.

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<sup>7</sup> Section 1001.41(4), Florida Statutes.

- In September 2016, the Board entered a memorandum of understanding agreement with a nonprofit organization and a private contractor to operate a school-based mentoring program funded by a State grant. The agreement specified that the District would carry out the responsibilities of the program through the private contractor and District personnel and the contractor monitored program activities through use of a \$13,542 budget for the 2016-17 fiscal year. The budget information included the employee names for four positions, 1,045 total budgeted contractor staff hours, total budgeted salary and benefit expenditures of \$12,188, and other budget expenditures of \$1,354. In addition, the agreement required the contractor to submit quarterly personnel activity reports demonstrating that the contractor staff hours worked corresponded to the level of funding for each position. The District received monthly invoices from the private contractor, paid the contractor based on the invoices, and received reimbursement from the State grant once a quarter.

For selected payments for salaries totaling \$12,188 for the 2016-17 fiscal year, District personnel provided the monthly invoices from the private contractor, which contained brief descriptions of the contractor staff services. However, although we requested, District records, such as personnel activity reports, were not provided to evidence the hours worked by the contractor staff as required in the agreement. In addition, procedures had not been established to require and ensure that school personnel with direct knowledge of the services provided documented receipt of the services. In response to our inquiries, District personnel indicated that they were not aware that the District should monitor the private contractor staff hours worked and maintain records to support such monitoring.

Without effective procedures for ensuring timely Board approval of contracts before services are rendered, ensuring that service deliverables and related costs are included in contracts, and documenting satisfactory receipt of contracted services prior to payment, there is an increased risk that the services may not be received consistent with the Board's expectations and any overpayments that occur may not be timely detected or recovered.

**Recommendation: The District should ensure that Board approval is obtained for contracts before contractual services begin, and that service deliverables and related costs are included in contracts. In addition, District contract management procedures should be enhanced to ensure and document, prior to payment, the satisfactory receipt of services.**

#### **Finding 4: Performance Evaluations**

State law<sup>8</sup> requires that performance evaluations be conducted for instructional personnel and school administrators at least once a year, and specifies certain evaluation criteria including the criterion that at least one third of the evaluation be based on student performance. State law<sup>9</sup> also requires the evaluator to submit a written evaluation report to the employee no later than 10 days after the evaluation takes place and discuss the written evaluation report with the employee. Pursuant to State law,<sup>10</sup> the Board is to adopt salary schedules that provide annual salary adjustments for school administrators based on student performance and instructional leadership.

For the 2015-16 fiscal year, the District employed a total of 81 instructional personnel and 2 school administrators. District personnel indicated that the principal at the District-operated school was

<sup>8</sup> Section 1012.34, Florida Statutes.

<sup>9</sup> Section 1012.34(3)(c), Florida Statutes.

<sup>10</sup> Section 1012.22(1)(c)5., Florida Statutes.

responsible for the evaluations of the 81 instructional personnel and that the Superintendent was responsible for the evaluations of the 2 school administrators. However, the District had not established procedures to require and ensure that evaluation reports were submitted to the employees no later than 10 days after the evaluations took place, discussed with the employees, and maintained in District personnel files. In addition, District procedures did not provide for an independent documented review of the records supporting the evaluation process to ensure that evaluations were timely and the required evaluation criteria was considered.

To determine whether the District evaluation process complied with the statutory requirements, we requested for examination District records supporting the evaluations of 10 selected instructional personnel and the 2 school administrators for the 2015-16 fiscal year and found that:

- The 10 instructional personnel evaluation reports did not evidence that evaluators submitted the reports to the employees no later than 10 days after the evaluations took place or discussed the reports with the employees. According to District personnel, scheduling conflicts made it difficult to set up meetings with instructional personnel to discuss the evaluation reports.
- Although we requested, District records were not provided to evidence evaluations for the 2 school administrators. In response to our inquiry, District personnel indicated that the evaluations had been performed but could not be located due to staff turnover.

**Recommendation: The District should establish procedures to require and ensure evaluations are conducted in accordance with State law. Such procedures should include documented independent review of the records supporting the evaluation process.**

#### **Finding 5: Insurance Bids**

Pursuant to State law,<sup>11</sup> before entering into any contract for life, health, accident, hospitalization, legal expense, or annuity insurance, or all or any kinds of such insurance, for District officers and employees, the District must advertise for competitive bids and such contract must be let upon the basis of such bids. The District is authorized to undertake simultaneous negotiations with qualified bidders during the selection process. During the 2016-17 fiscal year, District-paid premiums and employee-paid premiums for health, life, and dental insurance totaled \$974,726 and \$305,964, respectively. For that same period, employee-paid premiums through payroll deductions for other group insurance plans, such as short-term disability, long-term disability, hospitalization, and cancer, totaled \$140,323.

Although we requested, District records were not provided to evidence the last time that the District advertised for competitive bids for health, life, dental, or other insurance. According to District personnel, the District directly negotiates with the existing providers through their insurance agent. Although District insurance needs and related costs have varied throughout the years, District personnel indicated that the Board decided that direct negotiations with the existing providers were in the best interests of the District.

By periodically seeking competitive bids for insurance and negotiating with qualified bidders, the District could demonstrate compliance with State law and also gain additional assurance that insurance coverage was obtained at the lowest cost consistent with acceptable quality.

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<sup>11</sup> Section 112.08(2)(a), Florida Statutes.

**Recommendation: As required by State law, the District should use competitive bidding procedures when entering into contracts for health, life, dental, or other insurance.**

### **Finding 6: Adult General Education Courses**

State law<sup>12</sup> defines adult general education, in part, as comprehensive instructional programs designed to improve the employability of the State's workforce. The District received State funding for adult general education, and General Appropriations Act<sup>13</sup> proviso language requires each school district to report enrollment for adult general education programs in accordance with the FDOE instructional hours reporting procedures.<sup>14</sup>

FDOE procedures stated that fundable instructional contact hours are those scheduled hours that occur between the date of enrollment in a class and the withdrawal date or end-of-class date, whichever is sooner. The procedures require school districts to develop a procedure for withdrawing students for nonattendance and provide that the standard for setting the withdrawal date be six consecutive absences from a class schedule, with the withdrawal date reported as the day after the last date of attendance. There is also a minimum enrollment threshold of 12 hours of attendance for each program that must be met before a student can be counted for funding purposes.

For the 2016-17 fiscal year, the District reported 449 instructional contact hours for seven adult general education classes provided to 14 students. As part of our audit, we examined District records for all 14 students and found that, for 10 of these students, the instructional contact hours were under reported by 211 hours. Additionally, our review of District records disclosed that the District did not report instructional contact hours to the FDOE for 10 other students who attended adult general education classes, resulting in 650 under-reported hours, for a total of 861 under-reported hours.

In response to our inquiry, District personnel indicated that these errors mainly occurred because of staff turnover, and the employees who reported the hours did not understand the process. Since funding is based, in part, on enrollment data reported to the FDOE, it is important that the District report accurate data. A similar finding was noted in our report No. 2016-110.

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

### **Finding 7: Virtual Instruction Program Policies and Procedures**

State law<sup>15</sup> provides that school districts are to prescribe and adopt standards and policies to provide each student the opportunity to receive a complete education. Education methods to implement such standards and policies may include the delivery of learning courses through traditional school settings, blended courses consisting of both traditional classroom and online instructional techniques, participation

<sup>12</sup> Section 1004.02(3), Florida Statutes.

<sup>13</sup> Chapter 2016-66, Laws of Florida, Specific Appropriation 122.

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

<sup>15</sup> Section 1001.41(3), Florida Statutes.

in a virtual instruction program (VIP), or other methods. State law<sup>16</sup> establishes VIP requirements and requires school districts to include mandatory provisions in VIP provider contracts; make available optional types of virtual instruction; provide timely, written parental notification of VIP options; ensure the eligibility of students participating in the VIPs; and provide computer equipment, Internet access, and instructional materials to eligible students.

During the 2016-17 fiscal year, the District enrolled ten full-time VIP students. Board policies<sup>17</sup> address various VIP requirements, such as compliance with statutory requirements, student eligibility, and parental notification, that provide a basis for administering the District VIP. However, the policies did not address mandatory provisions in VIP provider contracts, instructional materials, or providing computer equipment and Internet access to eligible students. Comprehensive policies and procedures provide consistent guidance for staff use during personnel changes, ensure sufficient and appropriate training of personnel, and establish a reliable standard to measure the effectiveness and efficiency of operations. A similar finding was noted in our report No. 2016-110.

**Recommendation: To promote compliance and enhance the effectiveness of VIP operations and related activities, District VIP policies and procedures should be revised to be more comprehensive.**

#### **Finding 8: Prekindergarten Program Fee Collections**

The District operates a fee-supported Prekindergarten Enrichment Program (Program), as an optional extended day program for students enrolled in the State's Voluntary Prekindergarten Education Program.<sup>18</sup> State Board of Education (SBE) rules<sup>19</sup> authorize the Board to establish fees for certain programs in amounts that will recover the cost of providing such programs after deducting any State and Federal funding provided for the programs. For the 2016-17 fiscal year, the District recorded \$30,888 for Program fee collections.

To appropriately account for and safeguard Program fee collections, it is important that the Board establish effective controls over the fee collection process. Such controls would require incompatible duties of collecting fees, recording student attendance, and recording fee collections be appropriately separated; properly controlled prenumbered receipts be used to document and account for fee collections; custodial responsibility for fee collections be established; and fee collections be properly secured. If, because of the limited number of staff, the separation of incompatible duties is not practical, compensating controls, such as documented comparisons of historical and current receipts and related collections and evaluations of the reasonableness of the collections performed by independent personnel, would be implemented. Failure to adequately separate duties or provide adequate compensating controls increases the risk that errors or fraud could occur without timely detection.

According to District personnel, Program fees are collected in full on or before the beginning of each week based on a fee rate schedule. The Program Director records student attendance, collects fees,

<sup>16</sup> Section 1002.45, Florida Statutes.

<sup>17</sup> Board Policy No. 2370.14 - *Virtual Instruction*.

<sup>18</sup> Section 1002.53, Florida Statutes.

<sup>19</sup> SBE Rule 6A-1.09983, Florida Administrative Code.

issues prenumbered receipts for each collection, maintains accounts receivable records, and follows up on uncollected accounts. The Program Director also records each collection on a moneys-collected form, signs the form, and transmits the collections along with the form to the District Accounts Payable Clerk. The Clerk, then signs the form and prepares and makes bank deposits and the District Accountant records the fees in the District's accounting system.

As part of our audit, we examined District records and inquired of District personnel regarding the Program fee collection process. Our procedures disclosed that, as of September 2017:

- District personnel responsible for administering the Program had developed a fee schedule to recover the costs associated with the Program. However, the Board had not established Program fees by approving the District-prepared fee schedule or otherwise established fees as prescribed by SBE rules, or adopted policies and procedures for Program operations.
- An inappropriate separation of duties existed as the Program Director was responsible for recording student attendance, collecting fees, issuing prenumbered receipts to parents, maintaining accounts receivable records, following up on delinquent accounts, and preparing the moneys-collected form for transmittal to the District office. Additionally, the District did not have compensating controls to mitigate the inappropriate separation of duties.

We also examined District records supporting Program fees related to ten students' Program participation for 2 weeks and determined that the fees were assessed in accordance with the fee schedule, reconciled to attendance records, and were timely deposited. However, our procedures do not substitute for management's responsibility to implement effective controls.

The lack of Board-adopted Program policies and procedures that establish Program fees; address Program operations; and provide for an appropriate separation of duties for Program collections or, if appropriate, effective compensating controls; increases the risk that fees collected will not recover the cost of providing the Program, the Program may not operate in accordance with Board intent, and errors or fraud, should they occur, may not be timely detected.

**Recommendation: The Board should establish Program fees and adopt policies and procedures for Program operations. Such procedures should provide for an appropriate separation of incompatible duties, or if, because of the limited number of staff, the separation of incompatible duties is not practical, specify appropriate compensating controls.**

#### **Finding 9: Information Technology User Access Privileges – Student Social Security Numbers**

The Legislature has recognized in State law<sup>20</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 other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining the confidential status of such information. Effective controls restrict employees from accessing information unnecessary for their assigned job responsibilities and provide for documented, periodic reviews of employee access privileges to help prevent personnel from accessing sensitive personal information inconsistent with their responsibilities.

<sup>20</sup> Section 119.071(5)(a), Florida Statutes.

Pursuant to State law,<sup>21</sup> the District identified each student using a Florida education identification number obtained from the Florida Department of Education (FDOE). However, student SSNs are maintained in the District MIS to, for example, register newly enrolled students and transmit information to the FDOE through a secure-file procedure and provide student transcripts to colleges, universities, and potential employers based on student-authorized requests. Board policies<sup>22</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 State law, State Board of Education rules, and Federal laws and District employees are required to certify that they will comply with these requirements.

The Panhandle Area Educational Consortium (PAEC) provides student records data processing services for the District and maintains student information, including SSNs, in the District MIS. As of August 2017, the District MIS maintained the SSNs for 7,880 former and 1,106 current District students and 180 District employees had information technology (IT) user access privileges to student information, including student SSNs. District personnel indicated that periodic reviews of information technology (IT) user access privileges to student information are performed to help monitor these privileges; however, although we requested, District records were not provided to evidence that such reviews had been performed. Subsequent to our inquiry, the District performed and documented a review of IT user access privileges in August 2017.

As part of our audit, we observed various District MIS reports showing District employee access privileges in August 2017 and requested District personnel to confirm that the 180 employees with user access privileges to student SSNs had a demonstrated need to access the SSNs to perform their assigned responsibilities. Our observations and District personnel responses disclosed that 129 of the 180 employees did not need access to student SSNs. The 129 employees with the unnecessary IT user access privileges included teachers, support staff, and administrators such as the Director of Financial Services and the Director of Human Resources. In October 2017, District personnel removed the access privileges for the 129 employees and an additional 31 employees the District determined no longer needed access.

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

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

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<sup>21</sup> Section 1008.386, Florida Statutes.

<sup>22</sup> Board Policy 8330 - *Student Records*.

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

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Except for Findings 6 and 7 that were also noted in our report No. 2016-110, as Findings 2 and 3, the District had taken corrective actions for applicable findings included in our report No. 2016-110.

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

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

We conducted this operational audit from March 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 applicable findings included in our report No. 2016-110.
- 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 procedures for maintaining and reviewing employee access to information technology (IT) resources. From the population of 30 employees who had access to the finance and human resource applications, we examined District records supporting the access privileges of 18 selected employees 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.
- Evaluated committee and advisory board meeting minutes for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings and properly maintained meeting minutes).
- Examined District records to determine whether the District had developed an anti-fraud policy and procedures to provide guidance to employees for communicating known or suspected fraud to appropriate individuals.
- Evaluated Board policies related to external organizations to determine whether District procedures documented compliance with the policies.
- Determined whether District controls restricted access to student social security numbers to only individuals who had a demonstrated need for such access.
- 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 its future debt service payments.
- Evaluated the sufficiency of District procedures to determine whether the District charter school was required to be subjected to an expedited review pursuant to Section 1002.345, Florida Statutes.
- 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 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.

- From the population of \$943,184 total expenditures and \$1.9 million total transfers made during the audit period from nonvoted capital outlay levy proceeds, Public Education Capital Outlay funds, and other restricted capital project funds, examined documentation supporting selected expenditures and transfers totaling \$622,062 and \$1.5 million, respectively, to determine compliance with the restrictions imposed on the use of these resources.
- From the population of \$63,902 total workforce development fund expenditures for the 2016-17 fiscal year, examined supporting documentation for 30 selected salary, benefit, and other expenditures totaling \$59,375 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).
- Evaluated the effectiveness of the District Prekindergarten Enrichment Program fee collection procedures and whether the Board authorized the program fees.
- From the population of 14 adult general education instructional students reported for 449 contact hours during the Spring 2017 Semester, examined District records supporting all reported contact hours for all students to determine whether the District reported the instructional contact hours in accordance with Florida Department of Education (FDOE) requirements.
- From the population of compensation payments totaling \$4 million to 246 employees during the period July 1, 2016, through February 28, 2017, examined District records supporting compensation payments totaling \$44,671 to 28 selected employees to determine the accuracy of the rate of pay and whether supervisory personnel reviewed and approved employee reports of time worked.
- From the population of 89 noninstructional and administrative employees compensated a total of \$1.4 million during the period July 1, 2016, through February 28, 2017, examined District records supporting compensation payments totaling \$53,693 to 25 selected employees to determine whether supervisory personnel reviewed and approved employee reports of time worked and leave taken and whether leave records had been properly updated, if applicable.
- Examined documentation to determine whether the District had developed adequate performance evaluation procedures for instructional personnel and school administrators based on student performance and other criteria in accordance with Section 1012.34(3), Florida Statutes.
- Reviewed the Board-approved salary schedule for the audit period and determined whether it provided annual salary adjustments for instructional personnel and school administrators based on performance in accordance with Section 1021.22(1)(c)5., Florida Statutes, and determined whether a portion of each selected instructional employee's compensation was based on performance in accordance with Section 1012.22(1)(c)4., Florida Statutes.
- Examined District records to determine whether the Board adopted a salary schedule with differentiated pay for both instructional personnel and school administrators based on District-determined factors, including, but not limited to, additional responsibilities, school demographics, critical shortage areas, and level of job performance difficulties in compliance with Section 1012.22(1)(c)4.b., Florida Statutes.
- For 10 of the 39 teachers hired by the Board during the 2015-16 and 2016-17 fiscal years, examined District records to determine whether the selected teachers held the required certificates before they were hired and, for any out-of-field teaching assignments, whether the District notified parents and reported the out-of-field teachers on the District Web site. We also examined District records to determine whether the 10 employees were properly compensated based on their certificate status.
- Examined District records for contracted workers and employees to assess whether individuals who had access on school grounds were subjected to the required fingerprinting and background screenings.

- Examined Board policies, District procedures, and related records for volunteers for the audit period to determine whether the District-operated school and the District charter school 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 all four charter school teacher recipients of Florida Best and Brightest Teacher Scholarship Program awards totaling \$27,268 during the audit period.
- From the population of 1,093 non-payroll expenditures totaling \$4.2 million during the period July 1, 2016, through February 28, 2017, examined documentation relating to 30 selected transactions totaling \$35,126 to determine whether the non-payroll expenditures were reasonable, correctly recorded, adequately documented, for valid District purposes, properly authorized and approved, and in compliance with applicable State laws, rules, contract terms, and Board policies.
- From the population of 67 contracts totaling \$765,542 in effect during the audit period, examined supporting documentation, including the contract documents, for 43 selected payments totaling \$175,464 relating to 15 contracts to determine whether:
  - The District complied with competitive selection requirements for applicable vendors.
  - Contracts clearly specified deliverables, time frames, documentation requirements, and compensation.
  - District records documented satisfactory receipt of deliverables before payments were made.
  - Payments complied with contract provisions.
  - Any of the vendors or consultants were also District employees to evaluate whether the District complied with Section 112.313, Florida Statutes, and had not contracted with its employees for services provided beyond those in their salary contract.
- Determined whether District's records evidenced that the District complied with the competitive bid process related to commercial insurance as set forth by Section 112.082(2)a, Florida Statutes.
- Determined whether the District had developed and maintained comprehensive, written virtual instruction program (VIP) policies and procedures 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.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

## ***AUTHORITY***

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



Sherrill F. Norman, CPA  
Auditor General

## **MANAGEMENT'S RESPONSE**

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Superintendent Traci Moses  
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(850)670-2810 ex. 4111

### **Franklin County District Schools**

85 School Rd., Suite 1  
Eastpoint, FL 32328

March 13, 2018

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

Dear Ms. Norman:

Please find below the responses to the Preliminary and Tentative Audit Findings and Recommendations for the Fiscal Year Ended June 30, 2017, for the Franklin County District School Board.

#### **Finding 1: Background Screenings – Contractor Workers**

The District has reviewed all contracted service providers to ensure background screenings have been conducted and are on file. Supervisors have been directed to ensure any new contractors report to the Human Resources Department for proper screening and issuance of badges. Contract vendors who have been cleared by the Human Resources Department are added to the School Check In system. Staff have been directed to deny access to school grounds for any individuals who are not listed in this system or whom do not have an id badge properly displayed.

#### **Finding 2: Teacher Certificates**

The District established a Director of Human Resources position who verifies teacher certification prior to being hired. District procedures require the Principal to send quarterly letters to the parents of all students who are being taught by out-of-field teachers, and documentation of these letters is maintained at the school. The procedures further require the District website be updated quarterly with the names of all out-of-field teachers following Board approval.



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### **Finding 3: Contract Management**

The District has improved contracted services agreements to include that service deliverables and related costs are included in contracts. District staff has been trained to obtain proper documentation for receipt of satisfactory services prior to submitting an invoice payment request to the Finance Department. District Finance staff will review documentation to confirm services are satisfactorily received prior to the payment of invoices.

### **Finding 4: Performance Evaluations**

District procedures require the newly established Director of Human Resources to review the documented evidence of the evaluation process.

### **Finding 5: Insurance Bids**

The District will utilize competitive bidding procedures when entering into contracts for health, life, dental, or other insurance.

### **Finding 6: Adult General Education Courses**

The District established a Coordinator of Assessment and MIS position who verifies and reports instructional contact hours for adult general education classes to the FDOE. The District will also determine to what extent the adult general education hours were misreported for the 2016-17 fiscal year and contact the FDOE for proper resolution.

### **Finding 7: Virtual Instruction Program Policies and Procedures**

The District revised its policies, including virtual school policies, in June 2016 under the guidance of NEOLA, a policy and procedure consulting firm. An update to the policies and procedures is currently in the review process with NEOLA's assistance.

### **Finding 8: Prekindergarten Program Fee Collections**

The District has established appropriate compensating controls which include District staff verification of fees collected based on a review of student attendance and registration forms.



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### **Finding 9: Information Technology User Access Privileges – Student Social Security Numbers**

The District has established procedures to include completing an access privilege form for all new hires, transfers and terminations. The Coordinator of Assessment and MIS updates access which is documented on the access form. The District has consulted with PAEC to confirm that student SSNs are appropriately safeguarded from unnecessary access.

Please contact my office if I may provide further information or assistance.

Sincerely,

Traci Moses  
Superintendent