

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2018-184  
March 2018

**MARION COUNTY  
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA  
Auditor General

## **Board Members and Superintendent**

During the 2016-17 fiscal year, Dr. Heidi Maier served as Superintendent of the Marion County Schools from 11-22-16, George D. Tomy served as Superintendent before that date, and the following individuals served as School Board Members:

	<u>District No.</u>
Nancy Stacy	1
Beth McCall, Vice Chair from 11-22-16	2
Carol Ely through 11-21-16	2
Bobby James, Chair through 11-21-16	3
Angie Boynton	4
Kelly King, Chair from 11-22-16, Vice Chair through 11-21-16	5

The team leader was Debra L. Hulse, CPA, and the audit was supervised by Denita K. Tyre, CPA.

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

This report and other reports prepared by the Auditor General are available at:

[FLAuditor.gov](http://FLAuditor.gov)

Printed copies of our reports may be requested by contacting us at:

**State of Florida Auditor General**

**Claude Pepper Building, Suite G74 • 111 West Madison Street • Tallahassee, FL 32399-1450 • (850) 412-2722**

# MARION COUNTY DISTRICT SCHOOL BOARD

## ***SUMMARY***

---

This operational audit of the Marion County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2015-051 and the management letter comments in the 2015-16 fiscal year financial audit report. Our operational audit disclosed the following:

**Finding 1:** District procedures did not ensure that time worked by assistant principals and certain school-based support personnel was documented and subjected to supervisory review and approval. A similar finding was noted in our report No. 2015-051.

**Finding 2:** The District did not always appropriately consider college entrance examination scores when determining the eligibility of teachers for Florida Best and Brightest Teacher Scholarship awards.

**Finding 3:** District controls over contractual services agreements and related payments need enhancement.

**Finding 4:** District records did not evidence that instructors who provided virtual instruction contracted services were appropriately certified or that the instructors were subject to required background screenings.

**Finding 5:** District controls need strengthening to ensure accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education.

**Finding 6:** The District did not offer students the required number of virtual instruction options. A similar finding was noted in our report No. 2015-051.

**Finding 7:** District information technology (IT) security controls related to data loss prevention need improvement. A similar finding was noted in our report No. 2015-051.

**Finding 8:** Some unnecessary 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***

---

The Marion 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 Marion County. The governing body of the District is the Marion 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 49 elementary, middle, high, and specialized schools

and a technical college; sponsored 4 charter schools; and reported 42,606 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. 2015-051 and the management letter comments in the 2015-16 fiscal year financial audit report. The results of our audit of the District's financial statements and Federal awards for the fiscal year ended June 30, 2017, were presented in our report No. 2018-053.

## ***FINDINGS AND RECOMMENDATIONS***

---

### **Finding 1: Payroll Processing – Time Records**

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. During the 2016-17 fiscal year, the District reported salary expenditures totaling \$24.1 million for noninstructional contracted personnel, such as assistant principals and school-based educational support employees, located at the 49 elementary, middle, high, and specialized schools and the Marion Technical College. The District paid noninstructional contracted personnel on a payroll-by-exception basis in which 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.

Our discussions with District personnel and examination of District records disclosed that monthly summary sheets are typically maintained for noninstructional contracted personnel to document time worked and leave taken and the sheets are subject to supervisory review and approval. However, although we requested, the District did not provide monthly summary sheets or other time records supporting selected salary payments for the 77 assistant principals and 22 other school-based noninstructional contracted personnel, compensated a total of \$6 million and located at the District's 49 schools and the Marion Technical College. According to District personnel, school principals are aware of employee attendance and efforts will be made to document time worked by all applicable employees and to subject the documentation to supervisory approval.

Without evidence of employee time worked and documented supervisory review and approval of the time worked, there is limited assurance that the employee services were provided consistent with Board expectations. In addition, without accurate records of time worked and supervisory review, there is an increased risk that employees may be incorrectly compensated, employee leave balances may not be accurate, and District records may not be sufficiently detailed in the event of a salary or leave dispute. A similar finding was noted in our report No. 2015-051.

**Recommendation: The District should enhance procedures to require all noninstructional contracted personnel to document their time worked and implement procedures to document supervisory review and approval of such time.**

## **Finding 2: Florida Best and Brightest Teacher Scholarship Program**

The Florida Legislature established the Florida Best and Brightest Teacher Scholarship Program (Program) to reward classroom teachers who achieved high academic standards during their own education. Pursuant to State law,<sup>1</sup> 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 law<sup>2</sup> 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 national percentile ranks in effect when the teacher took the assessment.

To demonstrate eligibility for a scholarship award, an eligible teacher must submit to the District an official record of his or her college entrance examination score demonstrating that the teacher scored at or above the 80th percentile based on the national percentile ranks in effect when the teacher took the assessment. Pursuant to State law,<sup>3</sup> once a classroom teacher is deemed eligible by the District, the teacher shall remain eligible as long as he or she remains employed by the District as a classroom teacher at the time of the award and receives an annual performance evaluation rating of highly effective.

District personnel indicated that, for the 2016-17 fiscal year, two employees from the Employee Services Division reviewed teacher-submitted Program scholarship applications and related documents to determine eligibility for scholarship awards. Subsequently, these two employees and two other employees reviewed and verified the eligibility determinations; however, although we requested, District records were not provided to evidence the reviews. District personnel also indicated that, based on the results of these reviews, the District submitted the number of eligible teachers to the Florida Department of Education (FDOE). The FDOE subsequently disbursed scholarship funds to the District for distribution to the applicable teachers.

During the 2016-17 fiscal year, the District awarded Program scholarships totaling \$381,747 to 56 teachers. We examined District records supporting scholarship awards totaling \$204,507 to 30 selected teachers and found that the District awarded scholarships totaling \$20,451 to 3 teachers who scored 1, 3, and 13 points, respectively, below the required 80th national percentile ranks in effect when the teachers took the college entrance examinations. In response to our inquiries, District personnel indicated that there had been a change in personnel involved in the eligibility determinations. Also, according to District personnel, 2 of the 3 teachers were inadvertently awarded scholarships based on the local percentile rank instead of the national percentile rank; however, the basis for the eligibility determination of the remaining teacher was unavailable. Since the college entrance examination scores were considered in the initial eligibility determination for these 3 teachers during the 2015-16 fiscal year, District personnel indicated that the scores were not reviewed in the 2016-17 fiscal year.

---

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

<sup>2</sup> Section 1012.34, Florida Statutes.

<sup>3</sup> Section 1012.731(3)(b), Florida Statutes.

Absent effective Program scholarship eligibility determinations based on appropriate consideration of college entrance examination scores and documented reviews of the eligibility determinations, there is an increased risk that scholarships may be awarded to ineligible recipients.

**Recommendation:** To ensure that Program scholarships are awarded only to eligible recipients, the District should ensure that Program scholarship eligibility determinations include appropriate consideration of college entrance examination scores based on the relevant national percentile rankings and that reviews of the eligibility determinations be performed and documented. In addition, the District should refund the FDOE for the awards totaling \$20,451 paid to the three ineligible scholarship recipients for the 2016-17 fiscal year and take appropriate actions to recover from those recipients the improper scholarship awards. Further, the District should consult with the FDOE regarding the 2015-16 fiscal year scholarship awards to the three recipients and take appropriate action based on FDOE guidance.

### **Finding 3: Contractual Services**

Effective contract management ensures that records are maintained to evidence satisfactory receipt of contracted services before payments are made for the services. The Board routinely enters contracts for goods and services, and the District has designed and implemented internal controls that generally ensure payments are consistent with contract terms and provisions.

For the period July 2016 through March 2017, payments for contractual services totaled \$18 million. As part of our audit, we examined District records supporting 30 selected payments totaling \$2.7 million relating to 30 contracts to determine the propriety of the payments. We noted that 3 of the 30 contracts related to the Marion County Board of County Commissioners (BCC), the City of Ocala, and a provider of interpreting services for hearing impaired students. For those 3 contracts and the related selected payments, we also noted that:

- Pursuant to State law,<sup>4</sup> the BCC through the Marion County Sheriff's Office (MCSO) provided 12 school resource officers (SROs) and the City of Ocala, through the Ocala Police Department (OPD), provided 12 SROs to provide protection and safety to Marion County students during the 2016-17 fiscal year. During that period, the District paid \$556,114 to the BCC and \$348,050 to the City of Ocala. The 2 contracts provided that each SRO be assigned to a school on a full-time (8-hour) basis on the days the school was in regular session and that the District make monthly payments during the contract period.

In response to our request for District records supporting payments of \$61,790 and \$38,672, respectively, for 1 month of MCSO and OPD SRO services, District personnel indicated that the District relied on the MCSO and the OPD to maintain time records for the SRO services. Subsequently, the District obtained SRO activity logs from the two law enforcement agencies for these services. However, the District had not established procedures to require and ensure that school personnel with direct knowledge of the services confirmed receipt of the services set forth in the contracts.

- The Board entered into a contract for interpreting services for hearing impaired students for the 2016-17 fiscal year and made payments totaling \$85,020 for these services. Pursuant to the contract, contractor employees were required to maintain accurate time records of student contact hours and submit the records for each pay period to the Director of Exceptional Student Education (ESE). Although we requested for examination District records supporting a payment of \$12,350 for 1 month of services, District records were not provided to evidence that the Director

<sup>4</sup> Section 1006.12, Florida Statutes.

of ESE or other District personnel with direct knowledge of the services confirmed receipt of the services set forth in the contract. According to District personnel, time records were not available as the interpreters were independent contractors and not employees of the contractor.

Absent procedures to require evidence of satisfactory receipt of services prior to payment, there is an increased risk that the District may overpay for services or the services provided may not be consistent with Board expectations. Subsequent to our inquiries, District personnel indicated they developed procedures to monitor and document satisfactory receipt of contracted services prior to payment.

**Recommendation: The District should continue efforts to ensure that, before contractual services payments are made, District records evidence satisfactory receipt of services.**

#### **Finding 4: Instructor Certifications and Background Screenings**

State law<sup>5</sup> requires that District instructional personnel, including those providing direct instruction to students through a virtual environment or through a blended virtual and physical environment, hold the certificate required by law. In addition, State law<sup>6</sup> requires 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 screening<sup>7</sup> at least once every 5 years.

The District contracted with a provider of an online program used to supplement the instruction of students and to aid in dropout prevention and academic intervention. The provider had a principal place of business in the State and employed 19 remote instructors. The District's contract with the provider required that instructors be Florida-certified teachers who had successfully completed the background screenings required by State law. Notwithstanding these requirements, the District did not request or obtain confirmation that the provider's instructors were certified or had obtained the required background screenings.

Without controls to confirm that instructors are appropriately certified and that background screenings have been obtained and the results reviewed, the District lacks assurance that instructors are qualified and have backgrounds that are appropriate for interacting with students and accessing confidential or sensitive District data and IT resources.

**Recommendation: The District should enhance procedures to ensure that all instructional personnel are appropriately certified and have obtained the required background screenings. Such procedures should also ensure that background screening results are appropriately considered.**

#### **Finding 5: Adult General Education Classes**

State law<sup>8</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

<sup>5</sup> Section 1012.55(1), Florida Statutes.

<sup>6</sup> Sections 1012.32, 1012.56(10), 1012.465, and 1012.467, Florida Statutes.

<sup>7</sup> A level 2 background screening includes fingerprinting for Statewide criminal history records checks through the Florida Department of Law Enforcement and national criminal history checks through the Federal Bureau of Investigation.

<sup>8</sup> Section 1004.02(3), Florida Statutes.

education, and General Appropriations Act<sup>9</sup> proviso language requires each school district to report enrollment for adult general education programs in accordance with FDOE instructional hours reporting procedures.<sup>10</sup>

FDOE procedures state that fundable instructional contact hours are those scheduled hours that occur between the date of enrollment in a class and the withdrawal date or end-of-class date, whichever is sooner. In addition, contact hours for distance learning classes, online labs, and home material-based classes must be within the constraints of the hours that the students are reasonably expected to attend and the District is expected to document the participation of students in these classes and online labs through assignments, tests, or other records. FDOE procedures also require school districts to develop a procedure for withdrawing students for nonattendance and provide that the standard for setting the withdrawal date be six consecutive absences from a class schedule, with the withdrawal date reported as the day after the last date of attendance.

The District reported 97,182 instructional contact hours for 705 students enrolled in 21 classes for the Summer and Fall 2016 Semesters. As part of our audit, we examined District records for 2,997 hours reported for 30 students enrolled in 15 adult general education classes. We found that the software used by the District to account for attendance and scheduled hours reported hours for every day, including weekends, between the date of enrollment and the date the course ended or the student withdrew, whichever came first. According to District personnel, online courses were only scheduled for Saturdays and Sundays. As such, for 5 students enrolled in 11 online courses, the District over reported 646 hours as attendance was accumulated for 7 days a week during the Summer and Fall 2016 Semesters. Although the District had written procedures for withdrawing online students after six consecutive absences, the attendance software was not programmed to reflect the procedures for attendance or absences for online classes.

In response to our inquiry, District personnel indicated that, as the online courses were scheduled for only Saturdays and Sundays, it would take a minimum of 3 weeks of absences for the six consecutive absences necessary for the attendance software to automatically withdraw the students. However, the District reported hours to the FDOE as if the students attended every day. Because the attendance software did not accurately account for attendance or withdrawals, the full extent of the class hours that may have been misreported in the 2016-17 fiscal year was not readily available.

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

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

---

<sup>9</sup> Chapter 2016-66, Laws of Florida, Specific Appropriation 122.

<sup>10</sup> FDOE-issued Memorandum No. 06-14, dated May 15, 2016, *Reporting Procedures for Adult General Education Enrollments*.

## Finding 6: Virtual Instruction Program – Virtual Instruction Options

State law<sup>11</sup> 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,<sup>12</sup> 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.<sup>13</sup>

During the 2016-17 fiscal year, the District enrolled 114 students in full-time and 2,706 students in part-time VIPs. However, the District only provided two virtual instruction options for students. In response to our inquiry, District personnel indicated that they initially believed allowing students to directly enroll in the FLVS was an allowable third option. Although direct student enrollment in the FLVS is allowable, since the District did not contract with the FLVS for VIP services, such enrollment did not relieve the District of its responsibility to provide students with a third virtual instruction option.

By not providing students in all grade levels with three options for virtual instruction, the District limited student access to virtual instruction and cannot demonstrate compliance with State law. A similar finding was noted in our report No. 2015-051.

**Recommendation: The District should ensure that students are offered at least three virtual instruction options.**

## Finding 7: Information Technology Security Controls – Data Loss Prevention

Security controls are intended to protect the confidentiality, integrity, and availability of data and information technology (IT) resources. Our audit disclosed that certain District security controls related to data loss prevention needed improvement.

We are not disclosing specific details of the issues in this report to avoid the possibility of compromising District data and IT resources. However, we have notified appropriate District management of the specific issues. Without adequate security controls related to data loss prevention, the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. Similar findings were communicated to District management in connection with our report Nos. 2015-051 and 2012-116.

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

---

<sup>11</sup> Section 1002.45(1)(b), Florida Statutes.

<sup>12</sup> Section 1002.45(1)(b), Florida Statutes.

<sup>13</sup> Section 1002.45(1)(c), Florida Statutes.

## Finding 8: Information Technology User Access Privileges

The Legislature has recognized in State law<sup>14</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.

Pursuant to State law,<sup>15</sup> the District identifies each student using the Florida Education Identification Number obtained from the FDOE. However, student SSNs are maintained within the District management information system (MIS) to, for example, register newly enrolled students and transmit that information to the FDOE through a secure-file procedure. Student SSNs are also maintained so the District can provide student transcripts to colleges, universities, and potential employers based on student-authorized requests. Board policies<sup>16</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 the Florida Statutes, State Board of Education rules, and Federal laws and District employees are required to certify that they will comply with these requirements.

The District enterprise resource planning (ERP) software provides for student records data processing and the District maintains student information, including SSNs, in the District MIS within the ERP. The District also uses a separate MIS for Marion Technical College (MTC) student information, including student SSNs. As of May 2017, the District MIS contained SSNs for 196,000 former and 43,000 current District students; the MTC MIS contained SSNs for 23,000 former and 2,000 current students; and 402 District employees (including 47 MTC employees) such as clerks, guidance counselors, and assistant principals, had user access privileges to student SSNs, including 17 users who had systemwide access to the student module within the District MIS. District personnel indicated that annual reviews of 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.

Further, according to District personnel, District employees who only needed access to student demographic information were not precluded from accessing current and former student SSNs. As of January 2018, District personnel indicated they had performed a review of IT user access privileges and removed access to student SSNs for 175 guidance counselors and testing facilitators.

In addition, District personnel indicated that neither the District MIS nor the MTC MIS had a mechanism to restrict user access to the information of current students at the user's respective school. Notwithstanding the MIS limitations, District personnel did not provide evidence that the specific

---

<sup>14</sup> Section 119.071(5)(a), Florida Statutes.

<sup>15</sup> Section 1008.386, Florida Statutes.

<sup>16</sup> Board Policies 5.70, *Student Records* and 8.601, *Technology Acceptable Use*.

responsibilities of the remaining 227 employees, including elementary/middle and middle school guidance clerks and assistant principals, necessitated access to student information, including current and former student SSNs, or why 17 of the 227 users needed systemwide access to the student module within the District MIS.

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

- **Establish documented, periodic reviews of assigned IT user access privileges to determine whether such privileges are necessary and timely remove any unnecessary access privileges detected.**
- **Consult with MIS vendors regarding upgrades to the District MIS and MTC MIS to include a mechanism to differentiate IT user access privileges to current student information from access privileges to former student information.**

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

---

The District had taken corrective actions for applicable findings included in our report No. 2015-051 and the management letter comments in the 2015-16 financial audit report except as noted in Findings 1, 6, and 7 and shown in Table 1.

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

Finding	2013-14 Fiscal Year	2010-11 Fiscal Year
	Operational Audit Report No. 2015-051, Finding	Operational Audit Report No. 2012-116, Finding
1	2	Not Applicable
6	6	Not Applicable
7	12	9

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

The objectives of this operational audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2015-051 and the management letter comments in the 2015-16 financial audit report.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

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

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

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

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

In conducting our audit, we:

- Reviewed District information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security,

systems development and maintenance, network configuration management, system backups, and disaster recovery.

- Evaluated District procedures for maintaining and reviewing employee access to IT resources. We examined selected access privileges for 50 of the 627 users who had access privileges to the District's enterprise resource planning system finance and human resources applications to determine the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties.
- Reviewed District procedures to prohibit former employees' access to electronic data files. We also reviewed selected user access privileges for 48 of the 1,206 employees who separated from District employment during the audit period to determine whether the access privileges had been timely deactivated.
- Evaluated the District security policies and procedures governing the classification, management, and protection of sensitive and confidential information.
- 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.
- Determined whether a comprehensive, written IT risk assessment had been developed to document the District's risk management and assessment processes and security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.
- Evaluated District policies and procedures and examined supporting documentation to determine whether audit logging and monitoring controls were configured in accordance with IT best practices.
- Evaluated the District data center's physical access controls to determine whether vulnerabilities existed.
- Determined whether a fire suppression system had been installed in the District's data center.
- Examined 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).
- Examined District records for the audit period to determine whether the District's career center had informed students and employees at orientation and on its Web site of the existence of the Florida Department of Law Enforcement sexual predator registry Web site and the toll-free telephone number that gives access to sexual predator and sexual offender public information, as required by Section 1006.695, Florida Statutes.
- Examined District records to determine whether the District had developed an anti-fraud policy to provide guidance to employees for communicating known or suspected fraud to appropriate individuals. Also, we examined District records to determine whether the District had implemented appropriate and sufficient procedures to comply with its anti-fraud policy.
- 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 \$2.5 million and transfers totaling \$7.6 million made during the period July 2016 through March 2017 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 \$733,812 and \$6.5 million, respectively, to determine compliance with the restrictions imposed on the use of these resources.

- Analyzed workforce development funds expenditures totaling \$3.8 million for the audit period 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 191 industry certifications eligible for performance funding that were attained by students during the 2015-16 and 2016-17 fiscal years, examined 28 selected certifications to determine whether the District maintained documentation for student attainment of the industry certifications.
- Examined documentation supporting adult general education instructional contact hours reported by the District to the Florida Department of Education (FDOE) to determine whether the hours were reported in accordance with FDOE requirements.
- Evaluated District procedures for protecting student social security numbers (SSNs). Specifically, we examined District records supporting the access privileges of employees who had access to student SSNs during the audit period to determine the appropriateness of and necessity for the access privileges based on the employees' assigned job responsibilities.
- 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 supporting documentation to determine whether required internal funds audits for the 2016-17, 2015-16, and 2014-15 fiscal years were timely performed pursuant to State Board of Education 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.
- Determined whether Business Services performed internal control reviews and considered additional areas for review of operational and financial processes.
- Reviewed District records, the direct-support organization (DSO) audit report, and made inquiries to District personnel to determine whether the District made any transfers or loans to the DSO and reviewed procedures over personal services provided to the DSO by the District. From the population of payments totaling \$7,960 to the DSO, examined District records supporting the largest payment totaling \$7,800 to determine the legal authority of transaction.
- From the population of compensation payments totaling \$159.7 million to 7,072 employees during the period July 2016 through March 2017, examined District records supporting compensation payments totaling \$36,689 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 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.
- From the population of 2,581 instructional personnel and 117 school administrators compensated a total of \$149 million during the audit period, examined supporting documentation for 37 selected employees who were paid a total of \$2 million 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 selected instructional employee's compensation was based on performance in accordance with Section 1012.22(1)(c)4., Florida Statutes.

- Examined District records for the period July 2016 through March 2017 for 30 employees and 30 contractors selected from the population of 7,072 employees and 280 contractors to assess whether personnel who had direct contact with students were subjected to the required fingerprinting and background checks.
- 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 recipients of the Florida Best and Brightest Teacher Scholarship Program awards.
- From the population of 333 payments totaling \$256,560 paid to employees for other than travel and payroll payments during the period July 2016 through April 2017, examined documentation for 30 selected payments totaling \$56,773 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 group medical 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 26 construction projects with expenditures totaling \$2 million and in progress during the period July 1, 2016, through March 23, 2017, selected 3 projects with project expenditures of \$555,468 to determine compliance with Board policies and District procedures and provisions of State laws and rules. In addition, we:
  - Examined District records to determine whether the construction manager was properly selected.
  - Reviewed District procedures for monitoring subcontractor selection and licensure, and examined records to determine whether subcontractors were properly selected and licensed.
  - Examined District records to determine whether the architects were properly selected and adequately insured.
  - Determined whether the District established written policies and procedures addressing negotiation and monitoring of general conditions costs.
  - Examined District records supporting 16 payments totaling \$539,999 to determine whether District procedures for monitoring payments were adequate and payments were sufficiently supported.
- From the population of maintenance contractual services expenditures totaling \$985,969 during the period July 2016 through March 2017, examined District records supporting ten selected expenditures totaling \$143,002 to determine whether the contractor was paid in accordance with the contract and the expenditures were reasonable based on the services provided.
- Examined copies of the most recent annual fire safety, casualty safety, and sanitation inspection reports noting 2,966 deficiencies, reviewed whether any imminent hazards were reported, and determined whether 30 selected deficiencies were timely corrected.

- Evaluated District procedures for limiting and monitoring student access to inappropriate Web sites using District-issued take-home electronic devices.
- From the population of purchasing card (P-card) transactions totaling \$2 million during the period from July 1, 2016, through April 26, 2017, examined documentation supporting 32 selected transactions totaling \$12,317 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 12 of the 16 cardholders who separated from District employment during the audit period.
- Determined whether rebate revenues for the audit period totaling \$37,209 for the P-card program were allocated to the appropriate District funds.
- Reviewed Board policies and District procedures related to identifying potential conflicts of interest. For the ten District employees and elected officials required to file statements of financial interests, we reviewed Florida Department of State, Division of Corporation, records; statements of financial interests; and District records to identify any potential relationships with District vendors that represent a conflict of interest.
- Reviewed the audit reports for four District-sponsored charter schools and the District DSO for the audit period to determine whether the required audits were performed. We also determined whether the 2015-16 fiscal year audits of the District charter schools and DSO were performed pursuant to Chapters 10.700 and 10.850, Rules of the Auditor General, and Section 1001.453, Florida Statutes.
- 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.
- Examined District records and evaluated construction planning processes for the audit period to determine whether processes were comprehensive, included consideration of restricted resources and other alternatives to ensure the most economical and effective approach, and met District short-term and long-term needs.
- Evaluated District procedures for identifying facility maintenance needs and establishing resources to address those needs.
- Evaluated District procedures for determining maintenance department staffing needs. We also determined whether such procedures included consideration of appropriate factors and performance measures that were supported by factual information.
- 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. From the population of expenditures totaling \$65.7 million for the period July 2016 through March 2017, we examined documentation relating to:
  - 30 payments for general expenditures totaling \$587,476.
  - 5 travel expenditures totaling \$1,044.
- From the population of contractual services payments totaling \$18 million during the period July 2016 through March 2017, examined supporting documentation, including the contract documents, for 30 selected payments totaling \$2.7 million to determine whether:
  - The District complied with competitive selection requirements for applicable vendors.
  - The contracts clearly specified deliverables, time frames, documentation requirements, and compensation.
  - District records documented satisfactory receipt of deliverables before payments were made.

- The payments complied with contract provisions.
- For the provider of an online education program that contracted with the District for the audit period, determined whether the District obtained and documented assurance that the provider employees and contracted personnel had obtained background screenings in accordance with Section 1012.32, Florida Statutes, and were certified in accordance with Section 1012.55(1), Florida Statutes.
- Evaluated District records supporting the implementation of the District Minority Women Business Enterprise Program to determine whether the District obtained appropriate legal review of the Program. In addition, we examined District records for two vendors to determine whether the District adhered to the requirements of the Program, including eligibility requirements.
- 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 number of VIP 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 student records and evaluated District procedures for the audit period to determine whether the District ensured that eligible VIP students, who did not already have such resources in their home, were provided the computing resources necessary for program participation as required by Section 1002.45(3)(c) and (d), Florida Statutes.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

## **AUTHORITY**

---

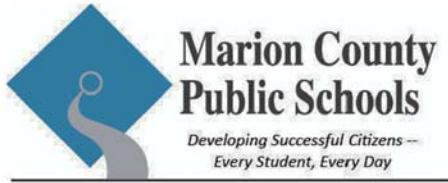
Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



Sherrill F. Norman, CPA  
Auditor General

# MANAGEMENT'S RESPONSE

---



[www.marionschools.net](http://www.marionschools.net)  
512 SE Third Street • Ocala FL 34471-2212  
PO Box 670 • Ocala FL 34478-0670  
352.671.7700 • Fax 352.671.7788  
FRS 800.955.8770 (voice) • 800.955.8771 (TTY)

March 27, 2018

Sherrill F. Norman  
Auditor General  
111 West Madison Street  
Tallahassee, FL 32399-1450

We appreciate your assistance and review of our systems and look forward to working together to continually improve our District. In response to the auditors' comments relative to the operational audit of our District, we offer the following:

#### Finding #1 Payroll Processing – Time Records

We appreciate the auditors bringing to our attention the two groups that were not included in the original time reporting process. Once this was brought to our attention, we immediately revised the parameters of the reports to include those groups in August 2017.

#### Finding #2 Florida Best and Brightest Teacher Scholarship Program

In the 2015-16 fiscal year, the District used local ACT/SAT rankings to determine eligibility for the Florida Best and Brightest Teacher Scholarship Program, since Chapter 2015-116, Laws of Florida, and DPS 2015-116 were silent as to whether national or state rankings should be used. The following year Chapter 2016-62, Laws of Florida created Section 1012.731, Florida Statutes. Within this newly created statute it references national percentile rankings along with a requirement that once a teacher is deemed eligible, including teachers deemed eligible in the 2015-16 fiscal year, the teacher shall remain eligible as long as he or she remains employed by the school district as a classroom teacher at the time of the award and receives an annual performance evaluation rating of highly effective. In light of these provisions, the District interpreted these provisions to grandfather all teachers deemed eligible in the 2015-16 fiscal year and were deemed eligible in subsequent years as long as their performance evaluation was highly effective.

Based on the most recent recommendation, the District will discontinue providing scholarships to these three individuals.

#### Finding #3 Contractual Services

The District has established procedures to provide review of services by authorized personnel prior to payment. These procedures include the school principal verifying time sheets submitted by the school resource officer at the individual schools and reviewing therapist's schedules with Vsoft records. These procedures were implemented in the 2017-18 school year.

Dr. Heidi Maier  
Superintendent

Nancy Stacy  
District 1

Beth McCall  
District 2

Bobby L. James  
District 3

Angie Boynton  
District 4

Kelly King  
District 5



**An Equal Opportunity School District**  
SPEAKUP Hotline 866.SPEAK.UP or Text SPEAKUP to 847411



Finding #4 Instructor Certifications and Background Screenings

As provided in our contracted agreement, the District will obtain confirmation from the contractor that their instructors are certified and have undergone the required level 2 background screening within the past five years.

Finding #5 Adult General Education Classes

As recommended, the District has implemented several systematic and programmatic changes to improve the accuracy of adult general education hours. Additionally, the District will contact the Florida Department of Education for guidance regarding the findings.

Finding #6 Virtual Instruction Program - Virtual Instruction Options

The District has reached out to other entities regarding possible reciprocal contracts. Once the best option is determined a contract will be initiated and reviewed by the District attorney and approved by the School Board.

Finding #7 Information Technology Security Controls – Data Loss Prevention

The District IT department is currently in the final stages of completing a draft data loss prevention policy to be reviewed and adopted by the School Board to ensure that our data loss prevention solution is properly deployed, managed and governed.

Finding #8 Information Technology User Access Privileges

The District IT department will undertake significant preparatory activities to document, periodically review and remove in a timely manner unnecessary access privileges. Additionally, the District IT department will consult with the District MIS and MTC MIS vendor for possible software modifications.

Respectfully,



Heidi Maier, Ed. D., Superintendent of Schools



Theresa Boston-Ellis, Chief Financial Office



Alice A. Posada, Director of Finance