

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2018-185  
March 2018

**MARTIN COUNTY  
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA  
Auditor General

## Board Members and Superintendent

During the 2016-17 fiscal year, Laurie J. Gaylord served as Superintendent of the Martin County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Christia Li Roberts, Vice Chair from 11-22-16	1
Marsha Powers, Chair through 11-21-16	2
Rebecca Negrón	3
Tina McSoley, Chair from 11-22-16, Vice Chair through 11-21-16	4
Michael DiTerlizzi	5

The team leader was Simone Oladejo, and the audit was supervised by Diana G. Garza, 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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# MARTIN COUNTY DISTRICT SCHOOL BOARD

## **SUMMARY**

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This operational audit of the Martin County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2016-065. Our operational audit disclosed the following:

**Finding 1:** Required annual inspections were not performed for any of the District relocatable facilities during the 2015-16 and 2016-17 fiscal years. During those fiscal years, the District had 71 and 63 relocatable facilities, respectively.

**Finding 2:** The District needs to strengthen controls to ensure accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education.

**Finding 3:** 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 and ensure that any inappropriate or unnecessary access privileges detected were timely removed.

## **BACKGROUND**

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The Martin County School District (District) is part of the State system of public education under the general direction of the Florida Department of Education (FDOE), and is governed by State law and State Board of Education rules. Geographic boundaries of the District correspond with those of Martin County. The governing body of the District is the Martin 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 22 elementary, middle, high, and specialized schools; sponsored 2 charter schools; and reported 18,748 unweighted full-time equivalent students.

This operational audit of the District focused on selected processes and administrative activities and included a follow-up on findings noted in our report No. 2016-065. 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 a separate report.

## **FINDINGS AND RECOMMENDATIONS**

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### **Finding 1: Relocatable Facility Inspections**

State law<sup>1</sup> requires an educational facilities plan to be prepared annually that includes information about the relocatable facilities used for conducting District instructional programs. Additionally, according to

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<sup>1</sup> Section 1013.35(2), Florida Statutes.

FDOE, Office of Educational Facilities (OEF), publications,<sup>2</sup> all school district relocatable classrooms must be inspected for compliance with the standards for satisfactory buildings. The OEF created and supports the Florida Inventory of School Houses (FISH), which is an electronic database that provides record keeping capabilities for all school district facilities, including relocatable facilities, and is used to allocate maintenance funds to school districts. Annual inspection reports for relocatable facilities designed as classrooms or spaces intended for student occupancy must be filed with the Board and correction plans must be adopted by the Board. Pursuant to State law,<sup>3</sup> relocatable facilities that fail to meet the standards must not be reported as satisfactory in FISH.

Our examination of District records disclosed that the District prepared an educational facilities plan that included information about the relocatable facilities used for conducting District instructional programs. However, according to District personnel, required annual inspections were not performed for any of the District relocatable facilities during the 2015-16 and 2016-17 fiscal years. During those fiscal years, the District had 71 and 63 relocatable facilities, respectively, that were reported as satisfactory classrooms in FISH. In response to our inquiries, District management indicated that, in June 2014, the District terminated the employment of the individual responsible for performing the inspections and the position duties were outsourced to a private inspector. However, the relocatable facility inspection requirement was overlooked and excluded from the private inspector's contract.

When relocatable facilities are not inspected to evaluate whether the facilities meet the standards for satisfactory buildings, there is an increased risk that the facilities may not meet the standards, be incorrectly reported in FISH, and not be properly maintained due to insufficient maintenance funding. In addition, absent required inspections, unsafe conditions may exist and not be timely identified and corrected.

**Recommendation: The District should provide for required annual inspections of relocatable facilities designed as classrooms or spaces intended for student occupancy, ensure those facilities comply with State standards, and ensure that only those facilities that meet the standards are reported as satisfactory in FISH.**

## **Finding 2: Adult General Education**

State law<sup>4</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>5</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>6</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. The procedures also require school districts to develop a procedure for withdrawing students for

<sup>2</sup> Sections 4.4(2) and 5(14) of the FDOE publication, *State Requirements for Educational Facilities (2014)*.

<sup>3</sup> Section 1013.20(1), Florida Statutes.

<sup>4</sup> Section 1004.02(3), Florida Statutes.

<sup>5</sup> Chapter 2016-66, Laws of Florida, Specific Appropriation 122.

<sup>6</sup> FDOE-issued Memorandum No. 60-14, dated May 15, 2006, *Reporting Procedures for Adult General Education Enrollments*.

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 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 76,151 instructional contact hours for 39 adult general education classes provided to 615 students. As a part of our audit, we reviewed District records for 1,220 hours reported for 30 students enrolled in 10 adult general education classes. We found that instructional contact hours were over reported a total of 197 net hours, including 292 hours (ranging from 2 to 43 hours) over reported for 25 students and 96 hours (ranging from 7 to 63 hours) under reported for 3 students. In response to our inquiry, District personnel indicated that the errors occurred because the District enterprise resource planning (ERP) system incorrectly calculated the hours reported.

Since future finding 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 and modify the District's ERP system, as appropriate, to ensure instructional contact hours for adult general education classes are accurately calculated and 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.**

### **Finding 3: Information Technology User Access Privileges**

The Legislature has recognized in State law<sup>7</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 such information to ensure its confidential status. Effective controls restrict individuals from accessing information unnecessary for their assigned job responsibilities and provide for documented, periodic reviews of information technology (IT) user access privileges to help prevent individuals from accessing sensitive personal information inconsistent with their responsibilities.

Pursuant to State law,<sup>8</sup> the District identifies each student using a 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. District personnel indicated that IT user access privileges are controlled by security profiles and a form must be completed and approved by authorized personnel before access is granted. District personnel also indicated that an annual review of IT user access privileges is performed to help monitor these privileges; however, the review did not extend to access to student SSNs.

As of June 2017, the MIS contained the SSNs of 120,424 former students and 10,266 current students. Our examination of District records disclosed that a total of 398 District employees, such as school

<sup>7</sup> Section 119.071(5)(a), Florida Statutes.

<sup>8</sup> Section 1008.86, Florida Statutes.

administrators, teachers, paraprofessionals, and food and nutrition service workers, had access to student SSNs. However, although we requested, District records were not readily available to identify the individuals who needed continuous access to current or former student SSNs.

In response to our inquiries, District personnel indicated that, while the MIS had a mechanism to mask SSNs, the mechanism had not been used as of February 2018. The existence of unnecessary access privileges and the lack of documented, periodic reviews of IT user access privileges to student SSNs increase the risk of unauthorized disclosure of student SSNs and the possibility the sensitive personal information may be used to commit a fraud against District students or others.

**Recommendation: The District should ensure that only those individuals who have a demonstrated need to access student SSNs have such access. Such efforts should include:**

- **Documented, periodic reviews of access privileges to student SSNs to determine whether such privileges are necessary and the timely removal of any inappropriate or unnecessary access privileges detected.**
- **Use of the mechanism in the MIS to mask SSNs or other District action to restrict access privileges to certain data fields, such as student SSNs, to only those authorized with a demonstrated need for such information.**
- **Identification of the employees who need continuous access privileges to current or former student SSNs and documented authorization of the purpose for such privileges. If an employee only requires occasional access, access privileges should be granted only for the time needed.**

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

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The District had taken corrective actions for applicable findings included in our report No. 2016-065.

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

The objectives of this operational audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2016-065.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

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

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

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

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

In conducting our audit, we:

- Reviewed the District's information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, systems development and maintenance, network configuration management, system backups, and disaster recovery.
- Reviewed District procedures for maintaining and reviewing employee access to IT resources. Specifically, we examined selected access privileges to the District enterprise resource planning (ERP) system finance and human resources (HR) applications for 17 critical areas of access to determine the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties. We also examined the administrator account access privileges granted and procedures for oversight of administrative accounts for the network and applications to determine whether these accounts had been appropriately assigned and managed.
- Reviewed District procedures to prohibit former employees' access to electronic data files. We also reviewed selected user access privileges for 30 of the 676 employees who separated from District employment during the audit period to determine whether the access privileges had been timely deactivated.
- Evaluated the District's security policies and procedures governing the classification, management, and protection of sensitive and confidential information.
- 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.
- Determined whether an adequate, comprehensive IT security awareness and training program was in place.
- Evaluated IT procedures for requesting, testing, approving, and implementing changes to the District's business system.
- Evaluated Board policies and District procedures and examined supporting documentation to determine whether audit logging and monitoring controls were configured in accordance with IT best practices.
- Evaluated the adequacy of Board policies and District procedures related to security incident response and reporting.
- Evaluated the District data center's physical access controls to determine whether vulnerabilities existed.
- Determined whether a fire suppression system had been installed in the District's data center.
- Reviewed District records to determine whether the District effectively monitored charter schools.
- 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 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.
- 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.
- From the population of expenditures totaling \$51.8 million and transfers totaling \$5.3 million during the 2015-16 and 2016-17 fiscal years 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 \$8.0 million and \$3.7 million, respectively, to determine compliance with the restrictions imposed on the use of these resources.
- Examined support for software application contract payments totaling \$297,425 made during the audit period to determine whether the deliverables met the terms and conditions of the contract.
- Compared the annual fire safety, casualty safety, and sanitation inspection reports for the audit period with the previous years' and reviewed the repeat violations to determine whether timely corrective actions were taken.
- Analyzed workforce development funds expenditures totaling \$1.3 million 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 76,151 contact hours for 615 adult general education instructional students during the audit period, examined District records supporting 1,220 reported contact hours for 30 selected students to determine whether the District reported the instructional contact hours in accordance with Florida Department of Education (FDOE) requirements.
- Examined the District Web site to determine whether the 2016-17 fiscal year proposed, tentative, and official budgets were prominently posted pursuant to Section 1011.035(2), Florida Statutes.
- From the population of compensation payments totaling \$93.2 million to 3,618 employees during the period July 2016 through May 2017, examined District records supporting compensation payments totaling \$46,351 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.
- Examined Board policies and District procedures 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, 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 May 2017 for 15 employees selected from the population of 3,939 employees to assess whether personnel who had direct contact with students were subjected to the required fingerprinting and background screenings.
- 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 22 recipients of the Florida Best and Brightest Teacher Scholarship Program awards from the population of 64 teachers who received scholarship awards totaling \$436,282 during the audit period.
- Analyzed payments totaling \$163,543 paid to employees for other than travel and payroll payments during the audit period. We also examined documentation for three selected payments totaling \$7,861 to determine whether such payments were reasonable, adequately supported, for valid District purposes, and were not contrary to Section 112.313, Florida Statutes.
- Determined whether expenditures were reasonable, correctly recorded, adequately documented, for a valid District purpose, properly authorized and approved, and in compliance with applicable State laws, rules, contract terms and Board policies; and applicable vendors were properly selected. From the population of expenditures totaling \$76.8 million for the audit period, we examined documentation relating to 31 payments for general expenditures totaling \$2 million.
- From the population of 163 consultant contracts totaling \$5.2 million during the period July 2016 through May 2017, examined supporting documentation, including contract documents, for 30 selected consultant contract payments and other purchased services totaling \$742,330 to determine whether:
  - The District complied with competitive selection requirements for applicable consultants.
  - The contracts clearly specified deliverables, time frames, documentation requirements, and compensation.
  - District records documented satisfactory receipt of deliverables before payments were made.
  - The payments complied with contract provisions.
- Determined whether the District used supplemental academic instruction and research-based reading instruction allocations to provide, to the applicable schools, pursuant to Section 1011.62(9), Florida Statutes, an additional hour of intensive reading instruction to students every day, schoolwide during the audit period. Also, we reviewed District records to determine whether the District appropriately reported to the FDOE, pursuant to the 2016 General Appropriations Act (Chapter 2016-066, Laws of Florida), the funding sources, expenditures, and student outcomes for each participating school.
- Evaluated District records for the audit period to determine whether the District properly informed parents and students about students' rights to participate in a virtual instruction program (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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## THE SCHOOL BOARD OF MARTIN COUNTY, FLORIDA

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March 27, 2018

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

Dear Ms. Norman:

The purpose of this letter is to respond to the preliminary and tentative audit findings for the School Board of Martin County as a result of the audit for the fiscal year ending June 30, 2017. The following response has been submitted by District staff:

### **Finding No. 1: Relocatable Facility Inspections**

The District concurs with the auditor's position and will ensure that the District will provide the for the annual inspections, ensure the facilities comply with State standards, and ensure that only those facilities that meet the standards are reported as satisfactory in FISH.

### **Finding No. 2: Adult General Education**

The District concurs with the auditor's position and has addressed the issue with the Florida Department of Education; school year 2016-17 data has been corrected. The District has put into action an improvement plan, that includes monthly data meetings and data collection to ensure withdrawal and contact data is accurate for each student.

### **Finding No. 3: Information Technology User Access Privileges**

The District concurs with the auditor's position and have included the following efforts:

- A procedure has been established for the review of access privileges in FOCUS SIS. The procedure was performed from 2/21/18 – 3/09/18 and updates were made to FOCUS reducing the number of district employees who have access to student SSN's from 398 to 194. This procedure will be performed on an annual basis.
- While the FOCUS system cannot mask the SSN field, the field has been hidden from those employees who do not need access to view or edit it.

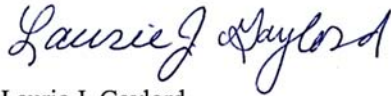
*Laurie J. Gaylord, Superintendent*

School Board Members: Michael DiTerlizzi • Tina McSoley • Rebecca Negron • Marsha Powers • Christia Li Roberts  
"An Equal Opportunity Agency"

- The District is currently verifying that a form for SSN access is on file for all district employees who currently have access. If an access form is missing from an employee's profile, the Technology Department will request a new updated form be submitted by the site administrator. If the form is not received in a timely manner, the Technology department will remove the employee's access to student SSNs.

In closing, I would like to thank the staff from your office for their cooperation in the conduct of the aforementioned audit. Please feel free to contact my office if you have any questions concerning this matter.

Sincerely,



Laurie J. Gaylord  
Superintendent

CC: School Board Members