

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2019-057
November 2018

OKALOOSA COUNTY DISTRICT SCHOOL BOARD



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2017-18 fiscal year, Mary Beth Jackson served as Superintendent of the Okaloosa County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Dr. Lamar White, Chair	1
Dewey Destin, Vice Chair	2
Rodney L. Walker	3
Tim Bryant	4
Melissa Thrush	5

The team leader was Christy L. Johnson, CPA, and the audit was supervised by Kenneth C. Danley, CPA.

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OKALOOSA COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Okaloosa County School District (District) focused on selected District processes and administrative activities and included a follow-up on the findings noted in our report No. 2016-129. Our operational audit disclosed the following:

Finding 1: Contrary to State law, the Board had not adopted instructional personnel grandfathered salary schedules for the 2014-15 through 2017-18 fiscal years that based compensation, in part, upon employee performance.

Finding 2: District records did not document that the 63 charter school teachers who received Florida Best and Brightest Teacher Scholarship awards totaling \$128,000 from the District during the 2017-18 fiscal year were eligible for those awards.

Finding 3: Two assistant principals received \$5,000 and \$4,000 Florida Best and Brightest Principal Scholarship awards, respectively, for which they were not eligible as they were not school principals as defined in State law.

Finding 4: The District did not obtain documentation to support the eligibility of all dependents enrolled into the District health insurance plan. In addition, the District had not established procedures to document periodic verifications to ensure that dependent participants in the plan remain eligible.

Finding 5: The District career center, Okaloosa Technical College, did not properly inform students and employees about sexual predator and sexual offender public information.

Finding 6: The District needs to strengthen controls over the collection of school-age child care fees.

Finding 7: Eligibility for performance funding was not always supported by District records demonstrating student attainment of industry certifications.

Finding 8: District controls over payments for school resource officer services need enhancement.

Finding 9: The District did not always timely cancel purchasing cards after cardholders separated from District employment.

Finding 10: Some unnecessary information technology (IT) user access privileges existed that increase the risk that unauthorized disclosure of sensitive personal information of students and employees may occur.

Finding 11: As similarly noted in prior audit reports, some unnecessary IT user access privileges existed that increase the risk that unauthorized disclosure, modification, or destruction of District data and IT resources may occur.

Finding 12: The District had not developed a comprehensive, IT risk assessment. A similar finding was noted in our report No. 2016-129.

Finding 13: Certain District IT security controls related to data loss prevention and monitoring system activity continue to need improvement.

BACKGROUND

The Okaloosa 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 Okaloosa County. The governing body of the District is the Okaloosa 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 2017-18 fiscal year, the District operated 42 elementary, middle, high, and specialized schools; sponsored 3 charter schools; and reported 31,306 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Instructional Personnel Grandfathered Salary Schedule

State law¹ requires the Board to adopt a grandfathered salary schedule for instructional personnel hired before July 1, 2014, that bases a portion of each employee's compensation upon performance demonstrated under State law.² The Board adopted grandfathered salary schedules for each of the 2014-15 through 2017-18 fiscal years and approved instructional personnel bargaining agreements for personnel compensated based on the grandfathered salary schedules. The grandfathered salary schedules and bargaining agreements set forth instructional personnel compensation based on instructional personnel experience and educational backgrounds; however, neither the grandfathered salary schedules nor the bargaining agreements based instructional personnel compensation, in part, on employee performance. In response to our inquiry, District personnel indicated that they were unaware of the requirement to include performance measures in the grandfathered salary schedules.

Table 1 shows the number of instructional personnel compensated based on the grandfathered salary schedules and total compensation of those employees.

Table 1
Number of Instructional Personnel and Related Compensation
For the 2014-15 Through 2017-18 Fiscal Years

Source	2014-15	2015-16	2016-17	2017-18
Number of Instructional Personnel Compensated Based on the Grandfathered Salary Schedule	1,698	1,515	1,384	1,240
Total Instructional Personnel Compensation Based on the Grandfathered Salary Schedule (in Millions)	\$88.2	\$82.4	\$77.4	\$70.6

Source: District records.

¹ Section 1012.22(1)(c)4.b., Florida Statutes.

² Section 1012.34, Florida Statutes.

Absent grandfathered salary schedules that base a portion of each applicable employee's compensation on performance, the District cannot demonstrate compliance with State law.

Recommendation: The Board should comply with State law by adopting instructional personnel grandfathered salary schedules that base each applicable employee's compensation, in part, upon performance demonstrated under State law.

Finding 2: Florida Best and Brightest Teacher Scholarships

The Florida Legislature established the Florida Best and Brightest Teacher Scholarship Program to reward classroom teachers who achieved high academic standards during their own education. Pursuant to State law,³ to be eligible for a \$6,000 scholarship, a classroom 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 law⁴ 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. In addition, State law provides for a \$1,200 or \$800 scholarship for a classroom teacher who was evaluated as highly effective or effective, respectively, pursuant to State law in the school year immediately preceding the year in which the scholarship will be awarded.

District personnel are responsible for determining teacher eligibility for the scholarships and annually submitting the number of eligible teachers to the Florida Department of Education (FDOE). The FDOE then disburses scholarship funds to the District for each eligible classroom teacher to receive a scholarship as provided in State law. To demonstrate eligibility for a \$6,000 scholarship, District-employed teachers are required to 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. District personnel determine whether District-employed teachers were evaluated as highly effective based on prior school year performance assessments. Pursuant to State law,⁵ once a classroom teacher is deemed eligible for this award 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.

According to District personnel, charter schools are required to submit to the District the number of charter school teachers determined to be eligible for the scholarships. However, the District had not established procedures to verify that scholarships are only awarded to eligible charter school classroom teachers.

During the 2017-18 fiscal year, the District awarded scholarships totaling \$2.8 million to 1,540 District-employed teachers and scholarships totaling \$128,000 to 63 charter school teachers. To

³ Section 1012.731, Florida Statutes.

⁴ Section 1012.34, Florida Statutes. Section 1012.34(3)(a), Florida Statutes, requires the evaluation to include consideration of student performance.

⁵ Section 1012.731(3)(b), Florida Statutes.

determine whether the recipients met the eligibility requirements for the scholarships, we requested for examination District records supporting the eligibility of 30 scholarship recipients (23 District-employed teachers and 7 charter school teachers) who were awarded a total of \$136,800. Since the District had not established procedures for verifying the eligibility of charter school scholarship recipients, the District requested and obtained from the respective charter schools eligibility documentation for the 7 charter school scholarship recipients. Our examination of the documentation provided indicated that the 23 District-employed scholarship recipients and 6 of the 7 charter school scholarship recipients were eligible to receive the scholarships. However, a \$6,000 scholarship was incorrectly awarded to a charter school teacher who scored one point below the required college entrance examination score. This error occurred because charter school personnel used an estimated composite score and not the actual composite score of the examination when determining eligibility.

In response to our inquiries, District personnel indicated that they relied upon charter school personnel to determine the eligibility of charter school teachers. However, absent District verification of the eligibility of charter school teachers, there is an increased risk that scholarships will be awarded to ineligible recipients.

Recommendation: To ensure that scholarships are awarded only to eligible recipients, the District should:

- Enhance procedures to document verifications that scholarships are awarded to eligible charter school teachers based on qualifying college entrance examination scores reported on reliable and authentic records and, as applicable, highly effective or effective evaluations pursuant to State law.
- Take appropriate actions to recover from the ineligible charter school teacher the scholarship award totaling \$6,000 and refund that amount to the FDOE.
- Determine the propriety of the other 56 scholarships totaling \$77,600 awarded to charter school teachers and, for any scholarships awarded to ineligible recipients, take appropriate actions to recover and refund the amounts improperly awarded to the FDOE.

Finding 3: Florida Best and Brightest Principal Scholarships

The Florida Legislature established the Florida Best and Brightest Principal Scholarship Program to reward school principals who recruit and retain a high percentage of classroom teachers designated as Florida's best and brightest teacher scholars pursuant to State law.⁶ State law⁷ defines school principals as school principals or school directors who are staff members performing the assigned activities as the administrative head of a school and to whom have been delegated responsibility for the coordination and administrative direction of the instructional and noninstructional activities of the school.

Pursuant to State law,⁸ to be eligible to receive a scholarship, a principal must have served as school principal at his or her school for at least 2 consecutive school years including the current school year and his or her school has a ratio of best and brightest teachers to other classroom teachers that is at the 80th percentile or higher for schools within the same grade group, Statewide, including elementary schools,

⁶ Section 1012.731, Florida Statutes.

⁷ Section 1012.01(3)(c), Florida Statutes.

⁸ Section 1012.732, Florida Statutes.

middle schools, high schools, and schools with a combination of grade levels. A scholarship of \$5,000 must be awarded to every eligible school principal assigned to a Title I school and a scholarship of \$4,000 to every eligible school principal who is not assigned to a Title I school.

In December 2017, District personnel submitted to the FDOE information for 42 individuals identified by the District as principals for schools, including charter schools, within the District. The submitted information included each principal's name, school, whether the principal had been principal at the school for the most recent 2 years, the number of classroom teachers at the school during the 2016-17 fiscal year, and the number of classroom teachers at the school during the 2016-17 fiscal year who were eligible for a best and brightest teacher scholarship. Based upon that information, the FDOE determined that 5 individuals were eligible to receive a scholarship and, during the 2017-18 fiscal year, disbursed \$22,000 in scholarship funds to the District to award to these individuals.

Our examination of District records, such as District human resource and payroll records, supporting the five scholarship awards disclosed that two scholarship recipients awarded \$4,000 and \$5,000, respectively, worked as assistant principals during the 2016-17 and 2017-18 fiscal years. In response to our inquiries, District personnel indicated that the assistant principals were the only administrators assigned to their respective schools and, therefore, met the definition of a school principal pursuant to State law. Notwithstanding the District's response, FDOE personnel indicated to us that the two scholarship recipients were not school principals or school directors and, therefore, the \$9,000 in scholarships represent questioned costs.

Recommendation: The District should enhance procedures to ensure that scholarships are awarded only to school principals as defined in State law. Additionally, the District should either document to the FDOE the allowability of the two scholarships awarded to assistant principals or take appropriate actions to recover the \$9,000 from the assistant principals and refund that amount to the FDOE.

Finding 4: Health Insurance Plan Dependent Eligibility

During the 2017-18 fiscal year, the District provided health insurance for District employees and their dependents and contributed \$24.2 million toward the health insurance premium costs. As of June 2018, the District health insurance plan insured 2,866 employees, 113 retirees, and 862 employee and retiree dependents. Pursuant to State law,⁹ retirees who elect to continue participation in the District's health insurance plan pay a premium cost¹⁰ of no more than the premium cost applicable to active employees. Eligible dependents include spouses, qualifying children, and qualifying grandchildren if under the legal custody of the employee. To ensure that only eligible dependents participate in the District health insurance plan, procedures to obtain and verify documentation supporting dependent eligibility are necessary.

To enroll in the District health insurance plan, employees and retirees are required to complete a benefit enrollment application that includes each insured dependent's name, social security number, and date of birth. The application is to be completed when an individual is hired, during open enrollment periods, or

⁹ Section 112.0801(1), Florida Statutes.

¹⁰ During the 2017-18 fiscal year, retirees participating in the District's health insurance plan paid premium costs totaling \$101,000.

after a qualifying life event such as marriage, birth, or adoption. However, the District had not established procedures to require documented verification of evidence supporting dependent eligibility, such as birth and marriage certificates for child and spouse dependents. In addition, the District had not established procedures to document periodic verifications to ensure that dependents of health insurance plan participants continue to be eligible for plan services.

As part of our audit, we requested for examination District records supporting verifications of the eligibility of 30 dependents, including 24 children and 6 spouses, enrolled in the District health insurance plan. However, District records evidencing District actions to verify the 30 dependents' eligibility were not provided. In response to our inquiries, District personnel provided the District benefit guide that authorized the District to audit the eligibility of selected dependents at any time, including requiring documentation to confirm dependent eligibility. Notwithstanding the District's response, although we requested, District records were not provided to demonstrate District audits to confirm dependent eligibility. Without dependent eligibility verification procedures, there is an increased risk that the dependents receiving insurance benefits may not be eligible for those benefits. In addition, claims for ineligible dependents could result in future increases in health insurance premium costs paid by the District, District employees, and the District's participating retired employees.

Recommendation: The District should require and ensure, upon enrollment of a dependent into the District health insurance plan, verification of applicable documentation such as birth or marriage certificates. The District should also establish documented, periodic verification procedures to ensure that dependent participants in the plan continue to be eligible.

Finding 5: Florida Department of Law Enforcement Sexual Predator and Sexual Offender Registry Notification

State law¹¹ requires each career center to inform students and employees at orientation and on the career center's Web site of the existence of the Florida Department of Law Enforcement (FDLE) sexual predator and sexual offender registry Web site and the toll-free telephone number that gives access to sexual predator and sexual offender public information. Our audit procedures disclosed that, for the 2017-18 fiscal year, the District career center, Okaloosa Technical College (OTC), did not inform its students or employees of the FDLE's sexual predator and sexual offender registry Web site or toll-free telephone number at orientation, nor was the information posted on the OTC Web site.

In response to our inquiries, OTC personnel indicated that they were unaware of the statutory requirement to provide the information. Subsequent to our inquiries, in February 2018 the required information regarding the FDLE's registered sexual predator and sexual offender registry Web site and toll-free telephone number was added to the 2017-18 fiscal year OTC student and staff handbooks distributed at orientation and available on the OTC Web site. Without proper notification of the required information, students and employees may be unaware of how to obtain information about the sexual predators and sexual offenders who may be on campus.

¹¹ Section 1006.695, Florida Statutes.

Recommendation: The District should continue efforts to ensure that the OTC informs students and employees of the FDLE's sexual predator and sexual offender registry Web site and toll-free telephone number at orientation and on the OTC Web site.

Finding 6: School-Age Child Care Fee Collections

State law¹² requires the Board to adopt procedures whereby the general public can be adequately informed of the educational programs, needs, and objectives of public education within the District. The District operates fee-supported, school-age child care programs before and after school and during the summer at seven District schools. State Board of Education (SBE) rules¹³ authorize the Board to establish appropriate fees for such programs and during the 2017-18 fiscal year, the District recorded \$1.4 million in child care fee collections.

Effective controls over the child care fee collection process promote accountability and the safeguarding of collections and require that:

- Responsibilities for recording fee assessments, student attendance, and fee collections be appropriately separated from fee collection duties. If, because of the limited number of staff the separation of incompatible duties is not practical, compensating controls, such as supervisor-documented comparisons of historical and current child care fee collections, periodic observations of child care attendance, and evaluations of the reasonableness of fee collections based on the comparisons and observations, should be implemented.
- Properly controlled prenumbered receipts be used to document and account for fee collections.
- Custodial responsibility for fee collections be established.
- The collections be properly secured.

District child care procedures require schools that provide child care programs to create a handbook that outlines child care requirements for the school, including fee amounts, guidelines for collecting child care tuition payments in advance of student attendance, and school principal discretion in awarding child care scholarships. Child care coordinators at each school are responsible for entering into the child care fee payment system fee assessments for planned student attendance for regular attendees and actual student attendance for drop-in students. Schools accepting fee collections in person must also designate one staff member to collect fees and provide a prenumbered receipt at the time of collection. The printing vendor provides the District with a vendor-prepared list of consecutive receipt numbers and related prenumbered receipts, which are confirmed by District personnel, retained in the District Finance Department, and issued to schools as needed.

To obtain an understanding of and evaluate the adequacy and sufficiency of District controls over the child care fee collection process, we inquired of District personnel and examined District procedures and records associated with the Plew Elementary and Bob Sikes Elementary child care programs. We found that:

- Although we requested, District records were not provided to evidence that the Board had adopted District child care procedures, established child care fee amounts, or approved the 2017-18 fiscal year school handbooks, including fee amounts. In addition, we noted that the District child care

¹² Section 1001.42(17), Florida Statutes.

¹³ SBE Rule 6A-1.09983, Florida Administrative Code.

procedures and school handbooks did not provide for fee exemptions or discounts. Absent Board-adopted child care program procedures and Board-established fee amounts, the District cannot demonstrate that the school-age child care programs consistently operated in accordance with Board expectations and complied with SBE rules for establishing program fees.

- An inappropriate separation of duties existed as the child care coordinator at Plew Elementary had the ability to record student attendance, collect fees, issue prenumbered receipts, record entries in and maintain student account ledgers, and prepare and make bank deposits. Additionally, compensating controls were not in place to mitigate the inappropriate separation of duties. Without adequately separating incompatible duties or establishing adequate compensating controls, errors or fraud, should they occur, may not be timely detected and resolved.
- Fee collections were not properly secured at Plew Elementary as fee collections were kept in a cash lock box accessible to several employees. Without established responsibility for cash custody, the District may be limited in its ability to effectively fix responsibility should a loss of collections occur.
- District personnel, independent of the collection process, did not account for the consecutive use of all prenumbered receipts assigned to and issued by Plew Elementary or trace the amounts listed on all receipts to the amounts deposited. Independent verification of the consecutive use of all prenumbered receipts, and independently tracing amounts listed on all receipts to deposits, would strengthen District fee collection controls.

Our audit procedures for Plew Elementary and Bob Sikes Elementary child care programs also included examining District records supporting the attendance of 30 selected students for whom fees totaling \$2,203 should have been assessed for the week ended February 16, 2018, to determine whether fees were properly assessed, recorded in student account ledgers, agreed to attendance records, collected in advance of the services provided, and timely deposited. We noted that:

- For 1 of the 30 students, no fees were assessed for the week because, due to an oversight, the child care coordinator did not record the student's attendance. The student's account should have been assessed \$22 based on the school-established fee rates. Although not assessed, fees for the week were paid by the student's parents, resulting in a \$22 credit to the student's account. Subsequent to our inquiries, District personnel assessed and recorded the \$22 fee to the student's account. Without promptly and properly recording student attendance and related fee assessments, District accountability for the fees is diminished.
- Although not addressed in District child care procedures or school handbooks, a fee discount of \$5 per week was provided for 2 of the 30 students. In response to our inquiries, District personnel explained that discounts were provided when more than one student from the same family participated in the child care program at the school. Notwithstanding this explanation, the authority for the fee discount was not supported.
- For 3 of the 30 students, contrary to the school handbook, established fees were prorated based on student attendance, resulting in a net fee under assessment of \$70, and 2 of the students were each assessed a \$4 proration surcharge. In response to our inquiries, District personnel indicated that fees assessed for students who did not attend each day during the week were prorated based on the number of days the student attended. Notwithstanding this explanation, District child care procedures and the school handbook required advance payments of tuition regardless of student attendance and did not address prorated fees and surcharges.
- The schools provided child care services for 11 of the 30 students before collecting the required fees and, therefore, extended credit to the students' parents, contrary to District child care procedures. According to District records, at the end of the week selected for testing, the balances due for the 11 students ranged from \$8 to \$35 and totaled \$148. In response to our inquiries,

District personnel indicated that they work with parents when possible to ensure child care services are not interrupted. Failure to collect fees before services are rendered increases the risk that fees may not be ultimately collected.

In response to our inquiries, District personnel also indicated that 18 children of Plew Elementary employees were allowed to participate in that school's child care program at no charge, 2 children of Bob Sikes Elementary employees were allowed to participate in that school's child care program at a 75 to 82 percent discount, and 4 children of other District employees were allowed to participate in the Plew Elementary child care program at a 50 percent discount. However, as previously discussed, fee exemptions and discounts were not addressed in the school handbooks and District child care procedures did not provide for these fee exemptions and discounts.

Recommendation: The District should ensure Board adoption of child care procedures and Board establishment of appropriate child care fees, including any Board-approved fee exemptions, discounts, and surcharges. The child care procedures should include appropriate controls over fee assessments and collections to ensure that:

- **Incompatible duties are appropriately separated or, if the District does not have a sufficient number of staff to appropriately separate duties, compensating controls exist.**
- **Prenumbered receipts are properly controlled, used, and accounted for.**
- **Custodial responsibility for fee collections is established and collections are properly secured.**
- **Fees are properly assessed and collected in accordance with Board-established fees before services are rendered.**

Finding 7: Performance Funding for Industry Certifications

State law¹⁴ provides performance funding for industry certifications for school district workforce education programs contingent upon specific appropriation in the General Appropriations Act. General Appropriations Act¹⁵ proviso language provided funding for workforce education programs for industry certifications attained by students during the 2015-16 and 2016-17 academic years in certain occupational areas, such as electrician, practical nursing, and automotive service technology. The General Appropriations Act proviso language further provided that school districts should maintain documentation for student attainment of industry certifications that are eligible for performance funding and, if a school district is unable to comply, the school district should refund the performance funding to the State.

During the 2017-18 fiscal year, the District received performance funding of \$17,228 for 24 industry certifications reported to the FDOE. As part of our audit, we requested for examination District records supporting the 24 reported industry certifications, including 9 automotive service technology industry certifications. However, District records were not provided to document that two students each attained 3 automotive service technology industry certifications for which the District received performance funding totaling \$4,308.

¹⁴ Section 1011.80(6)(b), Florida Statutes.

¹⁵ Chapter 2016-66, Laws of Florida, Specific Appropriation 120.

According to District personnel, instructors were responsible for maintaining documentation for student attainment of industry certifications and that no supervisory review or approval of the documentation was required. District personnel also indicated that the District no longer employed the instructor of these two students and that the documentation could not be found in the instructor's files. Without such documentation, the District cannot demonstrate that the six reported industry certifications were eligible for performance funding.

Recommendation: The District should enhance procedures to ensure that documentation is maintained to demonstrate student attainment of industry certifications eligible for performance funding. Such enhanced procedures should require supervisory review and approval of the sufficiency of the documentation maintained. In addition, the District should document that the six industry certifications were attained by the two students or refund the \$4,308 in unearned performance funding to the FDOE.

Finding 8: Contractual Services

Effective contract management ensures that contract provisions establish required services and related service times and compensation for contractual services and that services are satisfactorily received before payment. For the period July 1, 2017, through December 31, 2017, the District paid \$6.2 million for various contractual services.

As part of our audit, we examined District records supporting ten selected payments totaling \$3.4 million related to five contracts. While District records indicated that the District designed and implemented internal controls that generally ensure payments are consistent with contract terms and provisions, we identified certain contracting and monitoring control deficiencies for one contract, the school resource officer (SRO) services contract, with one related payment of \$104,628.

We expanded our audit procedures to evaluate District records supporting SRO services and related payments for the period July 16, 2017, through July 15, 2018. We found that, pursuant to State law,¹⁶ the Board entered into a \$1.5 million fixed-price contract with the Okaloosa County Sheriff's Office (OCSO) for SRO services at 36 District schools and 2 charter schools for that period. The contract identified the SROs' daily work locations and indicated that the SROs would make every effort to remain at their work locations during normal school operating hours for 160 hours each 28-day payroll period. The District paid the contract amount to the OCSO based on OCSO monthly invoices. As agreed to by the charter schools, the District deducted amounts applicable to the charter school SROs from the charter schools' monthly funding. However, we also found that the District made 10 of the 12 monthly payments totaling \$1.2 million to the OCSO before the SRO services were provided for the respective month. In addition, District records did not evidence school personnel with direct knowledge of the SRO services documented receipt of the services.

In response to our inquiries, District personnel indicated that the OCSO contract did not require documented receipt of SRO services and that employees and administrators with direct knowledge of the SRO services visually observe the SRO services and interact with the SROs on a daily basis. Consequently, District personnel believed that any SRO not present would be immediately noticed and

¹⁶ Section 1006.12, Florida Statutes.

communicated to both the District specialist responsible for the SRO contract and the OCSO. Notwithstanding the District's response, the District had not established procedures to require school personnel with direct knowledge of the SRO services to document satisfactory receipt of the services prior to payment. Absent such procedures, there is an increased risk that any overpayments that may occur will not be timely detected.

Recommendation: The District should establish procedures to require that before payments are made personnel with direct knowledge of SRO services document receipt of the services.

Finding 9: Purchasing Card Program

The District uses purchasing cards (P-cards) to expedite the purchase of selected goods and services. The District *P-Card Manual* requires that, when a cardholder separates from District employment, the P-card is to be collected and immediately canceled by the District P-card administrator. The *P-Card Manual* also requires that the District P-card vendor be notified of any disputed charge within 60 days after the billing cycle in which the disputed charge first appears.

During the period July 1, 2017, through February 28, 2018, 318 P-cards were in use and the District incurred P-card expenditures totaling \$2.5 million. To determine whether the District promptly canceled applicable P-cards, we examined District records for the 11 cardholders who separated from District employment during that period. We found that the District did not timely cancel the P-cards for 4 of the 11 cardholders as the P-cards were canceled 6 to 174, or an average of 61 days, after the cardholders' employment separation dates. In response to our inquiries, District personnel indicated that the P-card cancellation delays primarily related to staff vacancies.

While the agreement between the District and the bank that administers the P-card program allows the District 60 days to dispute charges and our examination of the P-card activity for the 4 former employees did not identify any purchases made after the cardholders separated from District employment, untimely cancellation of P-card privileges increases the risk that such privileges could be misused by former employees or others and may limit the District's ability to satisfactorily resolve disputed charges.

Recommendation: The District should continue efforts to ensure the timely cancellation of P-cards upon a cardholder's separation from District employment.

Finding 10: Information Technology - User Access

The Legislature has recognized in State law¹⁷ that social security numbers (SSNs) can be used to acquire sensitive personal information, the release of which could result in fraud against individuals or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining such information to ensure its confidential status. Effective controls restrict employees from accessing information unnecessary for their assigned job responsibilities and provide for documented periodic evaluations of information technology (IT) user access privileges to help prevent personnel from accessing sensitive personal information inconsistent with their responsibilities.

¹⁷ Section 119.071(5)(a), Florida Statutes.

Pursuant to State law,¹⁸ the District identified each student using a Florida education identification number assigned by the FDOE. However, student SSNs are included in the student records maintained within the District management information system (MIS). Student SSNs are maintained in the District MIS to, for example, register newly enrolled students and transmit that information to the FDOE through a secure-file procedure and provide student transcripts to colleges, universities, and potential employers based on student-authorized requests. In addition, the District identified each employee using a unique identification number. Employee SSNs are maintained in employee records within the District MIS to, for example, verify citizenship or immigration status, process employee benefits, and comply with Federal reporting requirements. Board policies¹⁹ allow designated District employees access to student and employee records in the exercise of their respective job responsibilities.

As of March 2018, the District MIS contained information for 168,109 former and 27,251 current District students and 23,102 former and 4,458 current District employees. District records indicated that 557 employees and 65 contract workers had IT user access privileges to sensitive personal information of former and current students, and 599 employees had IT user access privileges to sensitive personal information of former and current employees. In response to our inquiries, District personnel indicated that, although periodic evaluations of IT user access privileges were documented, the procedures did not include a specific evaluation of IT user access privileges to sensitive personal information. District personnel also indicated that, although the MIS could differentiate access to former and current student sensitive personal information, this mechanism had not been utilized as of March 2018.

Subsequent to our inquiries, District personnel evaluated IT user access privileges to sensitive personal information and determined that many IT users either did not need access or did not need continuous access to this information to perform their assigned responsibilities. For example, District personnel determined that bookkeepers did not need access to student SSNs while vice-principals needed only occasional access to student SSNs. As a result, during Spring and Summer 2018, District personnel reduced unnecessary IT user access privileges by:

- Removing 428 employees' and 57 contract workers' IT user access privileges to sensitive personal information of current and former students and 470 employees' IT user access privileges to sensitive personal information of former and current employees.
- Eliminating or masking student SSNs from certain application screens in the District MIS.
- Creating new IT user profiles that differentiate access to former and current student sensitive personal information.

The existence of unnecessary access privileges increases the risk of unauthorized disclosure of SSNs and the possibility that sensitive personal information may be used to commit a fraud against District students, employees, and others.

Recommendation: The District should continue efforts to ensure that only those IT users with a demonstrated need to access the sensitive personal information of students and employees have such access. Such efforts should include documented, periodic evaluations of assigned IT user access privileges to sensitive personal information to determine whether such privileges are necessary and the timely removal of any unnecessary access privileges detected. If an individual

¹⁸ Section 1008.386, Florida Statutes.

¹⁹ Board Policies 05-09, Disclosure of Information, and 06-13, Personnel Files and Data Information.

only requires occasional access to such information, the privileges should be granted only for the time needed.

Finding 11: Information Technology User Access Privileges – Business Application

Access controls are intended to protect data and IT resources from unauthorized disclosure, modification, or destruction. Effective access controls provide IT users access to IT resources based on a demonstrated need to view, change, or delete data and restrict IT users from performing incompatible functions or functions outside of their areas of responsibilities. Periodically evaluating assigned IT access privileges helps ensure that IT users cannot access or modify IT resources that are unnecessary or incompatible with their assigned job responsibilities.

Our examination of District records for 19 employees with IT access privileges to selected critical functions within the District business application disclosed that 4 employees, including a Curriculum and Instruction Department secretary, two Human Resource (HR) Department secretaries, and an HR Department specialist had the ability to access and adjust employee salary records; however, such access was unnecessary for their assigned job responsibilities. Although the District documented an annual evaluation of assigned IT access privileges in March 2018, the unnecessary access privileges were not detected during that evaluation. In response to our inquiries, District personnel indicated that, subsequent to our examination, the unnecessary access privileges for these employees were removed in May 2018.

Although the District had certain controls (e.g., monitoring of budgets, payroll and other expenditure processing controls) that somewhat mitigated inappropriate access, the existence of unnecessary access privileges increases the risk of unauthorized disclosure, modification, or destruction of District data and IT resources may occur and not be timely detected. A similar finding was noted in our report No. 2016-129.

Recommendation: The District should continue efforts to ensure the assignment of appropriate access privileges, periodic documented evaluations of assigned access privileges, and timely removal or adjustment of any unnecessary or inappropriate access privileges detected.

Finding 12: Information Technology Risk Assessment

Management of IT-related risks is a key part of enterprise IT governance. Incorporating an enterprise perspective into day-to-day governance actions helps an entity understand its greatest security risk exposures and determine whether planned controls are appropriate and adequate to secure IT resources from unauthorized disclosure, modification, or destruction. IT risk assessment, including the identification of risks, the evaluation of the likelihood of threats, and the severity of threat impact, helps support management's decisions in establishing cost effective measures to mitigate risk and, where appropriate, formally accept residual risk.

In July 2017, the District obtained a security vulnerability assessment from a technology vendor that provides personal computer hardware, support, and service for the District. The assessment included a review of security domains within the contractual scope of the District and the District's technology vendor. In July 2018, the District obtained an information security assessment from the District

technology vendor that focused on the risks to sensitive data assets and services such as student and employee personally identifiable information, electronic mail communications, financial data, and security camera video data.

In addition to obtaining these assessments, District personnel informally considered external and internal risks; however, the District had not developed a comprehensive, written IT risk assessment. A comprehensive, written IT risk assessment would also document consideration of threats and vulnerabilities to all District IT assets, systems and subsystems, and data, and document the range of risks that District assets, systems and subsystems, and data may be subject to, including those posed by internal and external users. In response to our inquiries, District personnel indicated that the District is planning to obtain a comprehensive, written IT risk assessment from the District's technology vendor.

The absence of a comprehensive, written IT risk assessment may lessen the District's assurance that all likely threats and vulnerabilities have been identified, the most significant risks have been addressed, and appropriate decisions have been made regarding which risks to accept and which risks to mitigate through security controls. A similar finding was noted in our report No. 2016-129.

Recommendation: The District should develop a comprehensive, written IT risk assessment to provide a documented basis for managing IT-related risks.

Finding 13: Information Technology Security Controls – Data Loss Prevention and Monitoring of Application Activity

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit disclosed that certain District security controls related to data loss prevention and monitoring of system activity need 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 and monitoring of system activity, 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 No. 2016-129.

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

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for applicable findings included in our report No. 2016-129 except as noted in Findings 11, 12, and 13 and shown in Table 2.

Table 2
Findings Also Noted in Previous Audit Reports

Finding	2014-15 Fiscal Year Audit Report	2011-12 Fiscal Year Audit Report
	No. 2016-129, Finding	No. 2013-121, Finding
11	13	10
12	10	Not Applicable
13	14	13

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 February 2018 to July 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. 2016-129.
- 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 2017-18 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 application access, authentication, monitoring, system backups, and disaster recovery.
- Evaluated District procedures for maintaining and reviewing employee access to IT resources. We examined selected access privileges to the District's enterprise resource planning (ERP) system finance and human resources (HR) applications to determine the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties.
- Reviewed District procedures to prohibit former employee access to electronic data files. We also reviewed selected access user privileges for all 6 employees who had access to the finance and HR applications and who separated from District employment during the period July 1, 2017, through February 28, 2018, to determine whether the access privileges had been timely deactivated.
- Evaluated Board security policies and District 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 District 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 training program was in place.
- 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 District procedures related to security incident response and reporting.
- Evaluated the District data center's physical access controls and determined whether vulnerabilities existed.
- Evaluated District procedures for protecting student and employee social security numbers (SSNs).
- Examined selected District records to determine whether the District provided individuals with a written statement as to the purpose of collecting their SSNs.
- Examined Board, committee, and advisory board meeting minutes to determine 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 technical college informed students and employees at orientation and on its Web site of the existence of the Florida Department of Law Enforcement sexual predator and sexual offender 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.
- Evaluated the sufficiency of District procedures for determining whether District charter schools were required to be subjected to an expedited review pursuant to Section 1002.345, Florida Statutes.
- Examined the District Web site to determine whether the 2017-18 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 2015-16 and 2016-17 fiscal years.
- Examined District records to determine whether required internal funds audits for the 2015-16 and 2016-17 fiscal years were timely performed pursuant to SBE Rule 6A-1.087, FAC, 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.
- Analyzed the District General Fund total unassigned and assigned fund balances at June 30, 2018, to determine whether the total was less than 3 percent of the Fund's projected revenues, as specified in Section 1011.051, Florida Statutes.
- Determined whether the Board adopted and implemented school safety policies and procedures and completed an annual self-assessment of safety and security practices pursuant to Section 1006.07, Florida Statutes, and the Superintendent designated a school safety specialist for the District pursuant to Section 1006.07(6), Florida Statutes.
- From the population of ten construction projects with expenditures totaling \$805,232 administered by the District total project manager (TPM) during the period July 1, 2017, through March 9, 2018, selected two TPM projects with expenditures totaling \$383,582, and:
 - o Examined District records to determine whether the TPM was properly selected.

- o Evaluated District procedures for monitoring subcontractor selection and licensure and examined District records to determine whether the District ensured subcontractors were properly selected and licensed.
- o Examined District records supporting nine selected payments totaling \$383,582 to determine whether District procedures for monitoring payments were adequate and payments were sufficiently supported.
- From the population of expenditures totaling \$7.4 million and transfers totaling \$18.6 million during the audit period from nonvoted capital outlay tax levy proceeds, Public Education Capital Outlay funds, and other restricted capital project funds, examined documentation supporting selected expenditures and transfers totaling \$383,582 and \$8.6 million, respectively, to determine compliance with the restrictions imposed on the use of these resources.
- Examined District records and evaluated District procedures to determine whether the District distributed the correct amount of local capital improvement funds to its eligible charter schools by February 1, 2018, pursuant to Section 1013.62(3), Florida Statutes.
- From the population of \$1.6 million total workforce education program funds expenditures for the period July 1, 2017, through March 31, 2018, selected expenditures totaling \$313,812 and examined supporting documentation to determine whether the District used the funds for authorized purposes (i.e., not used to support K-12 programs or K-12 administrative costs).
- From the population of 24 industry certifications reported to the Florida Department of Education that generated performance funding of \$17,228 for the 2017-18 fiscal year, requested for examination District records to determine whether documentation was maintained for student attainment of the industry certifications.
- Evaluated District controls over the collection of school-age child care fees.
- From the population of compensation payments totaling \$70.2 million to 4,280 employees during the period July 1, 2017, through December 31, 2017, examined District records supporting compensation payments totaling \$110,991 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.
- Reviewed District procedures to determine whether the District had developed adequate performance assessment procedures for instructional personnel and school administrators based on student performance and other criteria in accordance with Section 1012.34(3), Florida Statutes.
- Reviewed Board-adopted salary schedules used as the basis for paying all instructional employees to determine whether a portion of each instructional employee's compensation was based upon performance as required by Section 1012.22, Florida Statutes.
- Examined District records for the period July 1, 2017, through December 31, 2017, for 15 employees selected from the population of 4,280 employees, 12 charter school employees or members of the governing board from the population of 136 charter school employees or members of the governing board, and 8 contract workers from a population of 579 contract workers, to assess whether individuals who had direct contact with students were subjected to the required fingerprinting and background screening.
- Examined Board policies, District procedures, and related records for volunteers for the audit period 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 to determine whether the eligibility of selected District and charter school recipients of the Florida Best and Brightest Teacher Scholarship Program awards during the audit period was adequately supported.
- Evaluated District procedures to implement the Florida Best and Brightest Principal Scholarship Program pursuant to Section 1012.732, Florida Statutes. We also examined District records to determine whether the District submitted to the FDOE accurate information about principals and the number of classroom teachers at the principal's school as required by Section 1012.731(4), Florida Statutes, and whether the District timely awarded the correct amount to each eligible principal.
- Evaluated Board policies and District procedures to ensure health insurance was provided only to eligible employees, retirees, and dependents and that, upon an employee's separation from District employment, insurance benefits were timely canceled as appropriate based on Board policies. We also determined whether the District had procedures for reconciling health insurance costs to employee, retiree, and Board-approved contributions.
- Reviewed District procedures for bidding and purchasing health insurance to determine compliance with Section 112.08, Florida Statutes. We also evaluated the reasonableness of procedures for acquiring other types of commercial insurance and determined whether the basis for selecting insurance carriers was documented in District records and conformed to good business practices.
- From the population of purchasing card (P-card) transactions totaling \$2.5 million during the period July 1, 2017, through February 28, 2018, examined documentation supporting 30 selected transactions totaling \$25,509 to determine whether P-cards were administered in accordance with Board policies and District procedures. We also reviewed District P-card procedures for assigning single transaction and monthly dollar limits. We further determined whether the District timely canceled the P-cards for cardholders who separated from District employment during the period July 1, 2017, through February 28, 2018.
- Evaluated District procedures for allocating Title I funds to ensure compliance with Section 1011.69(5), Florida Statutes. We examined District records to determine whether the District identified eligible schools, including charter schools, limited Title I allocations to eligible schools based on the threshold established by the District for the 2016-17 school year or the Statewide percentage of economically disadvantaged students, and distributed all remaining funds to all eligible schools in accordance with Federal law and regulation.
- From the population of nonsalary expenditures totaling \$68.5 million during the period July 1, 2017, through December 31, 2017, examined documentation relating to 30 selected expenditures totaling \$1.3 million to determine 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 professional, technical, and other purchased services expenditures totaling \$6.2 million during the period July 1, 2017, through December 31, 2017, selected ten payments totaling \$3.4 million and examined supporting documentation, including the five applicable contract documents to determine whether:
 - o The District complied with competitive selection requirements.
 - o The contracts clearly specified deliverables, time frames, documentation requirements, and compensation.
 - o District records documented satisfactory receipt of deliverables before payments were made.
 - o The payments complied with contract provisions.
- Evaluated the adequacy of District Virtual Instruction Program (VIP) policies and procedures.

- For the FDOE-approved VIP provider that contracted with the District for the audit period, determined whether the District obtained a list of provider employees and contracted personnel who had obtained background screenings in accordance with Section 1012.32, Florida Statutes.
- Examined 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, for those eligible VIP students who did not already have such resources in their home, computing resources necessary for program participation were provided as required by Section 1002.45(3)(d), Florida Statutes.
- Examined the contract documents for the District FDOE-approved VIP provider to determine whether the documents contained required statutory provisions.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

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



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE

SCHOOL DISTRICT OF OKALOOSA COUNTY

SUPERINTENDENT OF SCHOOLS
MARY BETH JACKSON

ATTORNEY TO THE BOARD
C. JEFFREY McINNIS, Esq.



BOARD MEMBERS
TIM BRYANT
DEWEY DESTIN
MELISSA THRUSH
RODNEY L. WALKER
LAMAR WHITE

November 16, 2018

Sherrill F. Normal
Auditor General
7282 Plantation Road, Suite 401
Pensacola, Florida 32514

RE: Preliminary and Tentative Audit Findings and Recommendations for the Fiscal Year Ended
June 30, 2018

Dear Ms. Norman,

Enclosed are the District's responses to the Preliminary and Tentative Audit Findings and
Recommendations for the fiscal year ended June 30, 2018.

Should you have any questions or require additional information regarding the responses, please do not
hesitate to contact me.

Sincerely,



Mary Beth Jackson
Superintendent

RRS:cjb

C: Dr. Lamar White, Chairperson, School Board
Tim Bryant, School Board Member
Dewey Destin, School Board Member
Melissa Thrush, School Board Member
Rodney Walker, School Board Member
Rita R. Scallan, Chief Financial Officer

ADMINISTRATION COMPLEX-120 LOWERY PLACE S.E.-FORT WALTON BEACH, FLORIDA 32548
TELEPHONE (850) 833-3100 FAX (850) 833-3436

CARVER HILL ADMINISTRATION COMPLEX-461 W. SCHOOL AVENUE-CRESTVIEW, FLORIDA 32536
TELEPHONE (850) 689-7117 FAX (850) 689-7121

Finding No. 1: Instructional Personnel Grandfathered Salary Schedule

District Response:

The District will comply with Florida Statute by adopting an instructional personnel grandfathered salary schedule which bases a portion of the employee's compensation on performance as defined pursuant to Florida Statute 1012.22(1) (c) 4.b.

Finding No. 2: Florida Best and Brightest Teacher Scholarships

District Response:

The District has established and implemented enhanced procedures to document verification that scholarships are awarded to only eligible charter school teachers who have qualifying college entrance examination scores reported on reliable and authentic records and, as applicable, highly effective evaluations pursuant to State law.

All charter schools will be required to submit the name of eligible teachers along with reliable and authentic college entrance examination scores and evaluation ratings from the prior school year to the District for final verification of eligibility based on the criteria outlined in s. 1012.731 prior to submitting to the State for the Florida Best and Brightest Teacher Scholarship award. This should eliminate ineligible charter school teachers from receiving the award.

The District is developing a plan to determine the appropriate action for reviewing and verifying the eligibility of the 63 charter school employees who were awarded the scholarship in fiscal year 2017-2018. The District will determine the action to be taken in regards to recovering the \$6,000 awarded to the ineligible charter school teacher, as well as any others that may be deemed ineligible.

Finding No. 3: Florida Best and Brightest Principal Scholarships

District Response:

District personnel from the Human Resource department reviewed Florida Statute 1012.01(3) carefully prior to submitting the names and criteria to the FDOE. The statute states the School Principal or School Director who are staff members "performing the assigned activities as the administrative head" of a school and to whom have been delegated responsibility for the coordination and administrative direction of the instructional and non-instructional activities of the school. As a result, the District believed the specific position title was irrelevant when determining eligibility as long as they were the administrative head with responsibilities referenced in the Statute. The two assistant principals were acting as the administrative head of the school, which includes performing all assigned tasks that school principals perform and were responsible for the direction of instructional and non-instructional activities at the school. The District verified that the two assistant principals were assigned the tasks, duties,

activities and responsibilities of an administrative head of a school and therefore were deemed eligible for the award. The positions were reviewed and reclassified to School Principals.

Finding No. 4: Health Insurance Plan Dependent Eligibility

District Response:

The District has implemented a corrective action plan that requires all new hire employees requesting health insurance coverage for dependents to submit an executed affidavit attesting that all eligibility requirements for said dependent(s) have been met. The affidavit will be reviewed and approved by the Risk Management office before any dependent coverage becomes effective.

During the Open Enrollment period for the 2020 Plan year, all employees electing to add or renew dependent health insurance coverage will be required to complete and submit the above referenced affidavit. The affidavit will be submitted via the health benefits administration system for review and approval by the Risk Management Office prior to the renewal or addition of dependent health coverage.

Finding No. 5: Florida Department of Law Enforcement Sexual Predator and Sexual Offender Registry Notification

District Response:

The District and Okaloosa Technical College (OTC) have implemented a corrective action plan. All current students have been and all future students will be provided a Student Handbook at orientation containing the FDLE's sexual predator and sexual offender website and toll-free telephone number. Okaloosa Technical College (OTC) has also added an electronic version of the handbook to the school website containing the sexual predator/offender website and toll-free telephone number.

Finding No. 6: School-Age Child Care Fee Collections

District Response:

The District will implement a corrective action plan whereby all childcare fees, discounts, exemptions and/or surcharges are annually approved by the School Board. The District will also ensure that schools utilize pre-numbered receipt books and establish procedures to ensure separation of duties and if not possible then ensure mitigating controls are implemented.

Finding No. 7: Performance Funding for Industry Certifications

District Response:

The District and Okaloosa Technical College (OTC) implemented a corrective action plan in the spring of 2018 to ensure that documentation of certifications earned are scanned into a District server file and maintained by the site administrator. Procedures related to documenting certifications earned at OTC will be included in the staff handbook and the site administrator will monitor compliance.

Finding No. 8: Contractual Services

District Response:

The District will establish a procedure, which requires personnel with direct knowledge of School Resource Officer services to document, and verify that said services have been received prior to payment.

Finding No. 9: Purchasing Card Program

District Response:

The District worked collaboratively with the purchasing card program vendor to implement a software program modification that allows for the immediate cancellation of the reconciler's purchasing card rather than having to wait until a replacement reconciler is input into the system. This modification will ensure the timely cancellation of purchasing cards upon a cardholder's separation from District employment.

Finding No. 10: Information Technology – User Access

District Response:

The District has taken corrective action, programmatically and through review of user, access needs, to limit access to current and former student and employee social security numbers (SSNs). The District will increase the detail of all documentation provided to administrators and increase periodic evaluations of assigned user access privileges to twice per year. These enhancements should allow for a more detailed inspection and timely review and removal of unnecessary access to SSNs.

Finding No. 11: Information Technology User Access Privileges – Business Application

District Response:

The District was advised to continue efforts to ensure the appropriateness of access privileges, akin to those identified in this finding. The District's Information Systems department is currently reviewing the possibility of placing programmatic controls on conflicting user profiles to reduce or eliminate their assignment to a single employee. Upon the completion of this review, the District will make recommendations at the department level regarding profile revision to eliminate as many a la carte changes or individual access conflicts going forward.

Finding No. 12: Information Technology Risk Assessment

District Response:

The District in collaboration with its technology vendor developed an IT security vulnerability assessment and information security assessment as a result of a previous audit. The district will implement additional corrective action to develop a more comprehensive assessment to further address consideration of threats and vulnerabilities to all District IT assets, systems, subsystems, data, and document the range of risks that District assets, systems and subsystems, and data may be subject to, including those posed by internal and external users.

Finding No. 13: Information Technology Security Controls – Data Loss Prevention and Monitoring of Application Activity

The District will implement a corrective action plan to address the concerns as outlined in the above referenced finding.