

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2020-093
January 2020

**PUTNAM COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2018-19 fiscal year, Dr. Richard M. Surrency Sr. served as Superintendent of the Putnam County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Holly Pickens from 11-20-18	1
Nichole M. Cummings, Vice Chair through 7-12-18 ^a	1
David M. Buckles, Vice Chair from 11-20-18	2
Sandra Gilyard, Chair from 11-20-18	3
Bud McInnis from 11-20-18	4
Kathleen Jorgensen through 11-19-18	4
Jane T. Crawford, Chair through 11-19-18	5

^a Member was suspended from the Board by the Governor on 7-13-18, and the member position and Vice Chair position were vacant through 11-19-18.

The team leader was Sue Granger, and the audit was supervised by Randy R. Arend, CPA.

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

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PUTNAM COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Putnam County School District (District) focused on selected processes and administrative activities and included a follow-up on applicable findings noted in our report Nos. 2017-209 and 2017-163. Our audit disclosed the following:

Finding 1: District controls over required emergency drills and charter school safe-school officers need improvement.

Finding 2: Contrary to State law, the District's grandfathered salary schedules for instructional personnel for the 2016-17 through 2018-19 fiscal years did not base compensation, in part, upon employee performance, and the performance salary schedule for instructional personnel for those fiscal years did not provide salary increases based on personnel evaluations. A similar finding was noted in our report No. 2017-163.

Finding 3: The District did not obtain documentation to support the eligibility of all dependents enrolled in 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 4: The District disbursed Florida Best and Brightest Teacher Scholarship Program awards totaling \$10,256.59 to 15 employees who were ineligible for the awards. A similar finding was noted in our report No. 2017-163.

Finding 5: As similarly noted in our report No. 2017-163, the District did not always timely perform the required background screenings for applicable instructional and noninstructional employees and contractor workers.

Finding 6: Some unnecessary information technology (IT) user access privileges existed that increased the risk that unauthorized disclosure of sensitive personal information of students may occur.

Finding 7: As similarly noted in our report No. 2017-163, the District did not annually test the IT disaster recovery plan.

Finding 8: Certain District and North East Florida Educational Consortium security controls related to management of access privileges, user account management, and data loss prevention continue to need improvement.

BACKGROUND

The Putnam 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 Putnam County. The governing body of the District is the Putnam 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 2018-19 fiscal year, the District operated 18 elementary, middle, high, and specialized

schools; sponsored 3 charter schools; and reported 10,671 unweighted full-time equivalent students. The District is the fiscal agent for, and a member of, the North East Florida Educational Consortium.

FINDINGS AND RECOMMENDATIONS

Finding 1: School Safety

State law¹ requires the Board to formulate and prescribe policies and procedures for emergency drills associated with active shooter and hostage situations and the drills must be conducted at least as often as other emergency drills. Pursuant to the Florida Fire Protection Code (Fire Code)² and Board policies,³ fire emergency drills must generally be conducted every month that a facility is in session. In addition, State law⁴ requires that the Board and Superintendent partner with law enforcement agencies to establish or assign one or more safe-school officers at each school facility. While not specified in State law, Florida Department of Education (FDOE) guidance⁵ requires safe-school officers to be present at each school facility during school hours.

To promote compliance with the statutory school safety requirements, the District designated a school safety specialist in July 2018. District procedures provided for District personnel at each facility to maintain logs for emergency drills noting the dates and times when the drills were conducted. However, the District had not established procedures to verify that the logs demonstrated compliance with State law and the Fire Code. In addition, District personnel indicated that, while District procedures ensured that one or more safe-school officers were assigned and consistently present at each District school during each school day, the procedures did not provide for monitoring the presence of officers at each charter school within the District.

To determine whether the District conducted the 10 active shooter and hostage situation and 10 fire emergency drills required during the 2018-19 fiscal year, we requested for examination District records supporting each of the 20 drills for all 18 District schools and 3 charter schools. We found records were not maintained to demonstrate that 5 District schools and 2 charter schools conducted all the required drills. For example, District records lacked evidence that the Putnam Edge High Charter School conducted 8 fire emergency drills and 3 active shooter and hostage situation drills and that the District C. H. Price Middle School conducted 3 fire emergency drills. In response to our inquiry, District personnel indicated that the required drills were conducted each month at the Putnam Edge High Charter School, but no one followed-up to verify that the drills were documented, and that the 3 monthly drills were not conducted at C. H. Price Middle School because new personnel misunderstood the requirements.

¹ Section 1006.07(4), Florida Statutes, as amended by Chapter 2018-3, Laws of Florida (The Marjory Stoneman Douglas High School Public Safety Act).

² Section 20.2.4.2.3 of the Florida Fire Prevention Code, 6th Edition (2017).

³ Board Policy 8420, *Emergency Management, Emergency Preparedness, and Emergency Response Agencies* (Adopted October 2, 2012, Revised September 18, 2018).

⁴ Section 1006.12, Florida Statutes.

⁵ Pursuant to the Governor's Executive Order Number 19-45, dated February 13, 2019, the Commissioner of Education communicated written guidance for implementing Section 1006.12, Florida Statutes, to superintendents and charter school representatives on May 31, 2019, and June 28, 2019, respectively.

Additionally, District personnel requested and obtained evidence that a safe-school officer was assigned and present during the 2018-19 fiscal year at the Children’s Reading Center Charter School. However, information obtained by the District for the 2018-19 fiscal year indicated that a safe-school officer was assigned but not consistently present during school hours at the Putnam Edge High Charter School and was assigned but not present during school hours for most of May 2019 at the Putnam Academy of Arts and Science Charter School.

Without procedures to verify that emergency drills are conducted and documented, and that one or more safe-school officers are assigned and consistently present during school hours at each charter school, the District cannot demonstrate compliance with State law and the Fire Code or that appropriate measures have been taken to promote student and staff safety.

Recommendation: The District should establish procedures to demonstrate compliance with the State school safety laws. Such procedures should include documented verifications that required drills are conducted at least monthly at each school and that at least one safe-school officer is assigned and consistently present during school hours at each charter school.

Finding 2: Payroll and Personnel – Performance Salary Schedules

State law⁶ requires that the Board adopt grandfathered and performance salary schedules for instructional personnel and base a portion of each employee’s compensation on those schedules upon performance. The annual salary adjustment under the performance salary schedule for an employee rated as effective must be equal to at least 50 percent and no more than 75 percent of the annual adjustment provided for a highly effective employee.

The Board adopted a grandfathered salary schedule and a performance salary schedule for each of the 2016-17, 2017-18, and 2018-19 fiscal years and approved instructional personnel bargaining agreements for personnel compensated based on the salary schedules. The grandfathered salary schedule provided annual step increases of \$869 based on experience, and the performance salary schedule provided salary increases of \$869.75 for employees rated as effective and \$870 for employees rated as highly effective.⁷ Table 1 shows the number of instructional personnel compensated based on the grandfathered salary schedule and the performance salary schedule and total compensation of those employees.

⁶ Section 1012.22(1)(c), Florida Statutes.

⁷ The \$870 increase for highly effective-rated employees is 0.03 percent greater than the \$869.75 increase for effective-rated employees.

Table 1
Number of Instructional Personnel and Related Compensation
For the 2016-17 Through 2018-19 Fiscal Years

Source	2016-17	2017-18	2018-19
Number of Instructional Personnel Compensated Based on the Grandfathered Salary Schedule	297	297	298
Total Instructional Personnel Compensation Based on the Grandfathered Salary Schedule (in Millions)	\$15.7	\$15.9	\$16.2
Number of Instructional Personnel Compensated Based on the Performance Salary Schedule	210	280	289
Total Instructional Personnel Compensation Based on the Performance Salary Schedule (in Millions)	\$9.2	\$12.2	\$12.9

Source: District records.

Our inquiries of District personnel and examination of District records related to performance salary increases based on the Board-adopted grandfathered salary schedule and the performance salary schedule for the 2016-17, 2017-18, and 2018-19 fiscal years disclosed that:

- Each instructional employee on the grandfathered salary schedule advanced to the next step on the salary schedule and received the \$869 salary increase associated with the next step if they worked 1 day over half the year, regardless of the employee’s evaluation rating. As such, the grandfathered salary did not base a portion of each instructional employee’s annual salary adjustment upon performance, contrary to State law.
- Each instructional employee on the performance salary schedule who was rated effective or highly effective received a salary increase of \$869 (the same salary increase from each step to the next on the grandfathered salary schedule). In addition, based on the 2017-18 fiscal year evaluations, each instructional employee with an effective rating received an additional \$0.75 annual performance pay increase and those with a highly effective rating received an additional \$1.00 annual performance pay increase. As such, for the 2018-19 fiscal year, each instructional employee rated effective received an annual salary increase of \$869.75 and those rated highly effective received an annual salary increase of \$870. However, these salary adjustments were contrary to the statutory requirement that adjustments for employees rated as effective should be no more than 75 percent of the adjustments for employees rated as highly effective. Following the statutory requirement, the performance pay increase for instructional employees rated as effective computes to \$652.50 (75 percent of \$870). As such, the District paid a total of \$31,718.50⁸ more to those on the performance salary schedule and rated effective than anticipated in State law.

In response to our inquiry, District personnel acknowledged that the salary schedules did not provide performance pay in accordance with State law and indicated that the Board’s negotiating team would be encouraged to work with the bargaining unit to establish performance pay in an accurate manner.

Absent Board-adopted grandfathered and performance salary schedules for instructional personnel that base a portion of each employee’s compensation upon performance and a performance salary schedule that provides that salary adjustments for employees rated as effective be equal to at least 50 percent and

⁸ The \$31,718.50 was calculated by multiplying \$217.25 (\$869.75 minus \$652.50) by the number of instructional personnel on the performance salary schedule who were evaluated effective (146).

no more than 75 percent of the annual adjustment provided for employees rated as highly effective, the District cannot demonstrate compliance with State law. A similar finding was noted in our report No. 2017-163.

Recommendation: The Board should ensure that the performance pay of instructional personnel complies with State law by adopting a grandfathered salary schedule that bases a portion of each employee's compensation upon performance and a performance salary schedule that provides for a salary adjustment for an employee rated as effective that is no more than 75 percent of the annual adjustment provided for an employee rated as highly effective.

Finding 3: Health Insurance – Premiums and Participant Eligibility

During the period July 1, 2018, through March 31, 2019, the Board contracted with a commercial insurance carrier to provide health insurance for employees and their dependents and contributed \$6.8 million toward their health insurance premium costs. As of April 2019, the District health insurance plan insured 955 employees, 99 retirees, and 106 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 cost of no more than the premium cost applicable to active employees. Eligible dependents include spouses and children by birth, marriage, legal adoption, or legal guardianship. To ensure that only eligible dependents participate in the District health insurance plan, procedures to obtain and verify documentation supporting dependent eligibility are necessary.

According to District personnel, to enroll in the District health insurance plan, employees and retirees are required to complete a benefit enrollment application, which identifies insurable dependents. The application is to be completed when an individual is hired, during open enrollment periods, or after a qualifying life event such as marriage, birth, or adoption. District personnel also indicated that new employees enrolling dependents and employees and retirees making changes to dependent insurance benefits for qualifying events are required to provide documentation of dependent eligibility upon initial enrollment. However, during open enrollment, the District did not require employees and retirees making changes to eligible dependents to provide documentation evidencing their dependents' eligibility. Instead, according to District personnel, the District relied on employee certifications made during open enrollment that dependents were eligible for plan services. In addition, although District records evidenced that District personnel reconciled health insurance billings to payroll records to ensure that insurance premiums were only for eligible employees and retirees, the District had not established procedures to periodically verify that dependents of health insurance plan participants remain eligible for plan services.

As part of our audit, we requested for examination District records supporting the eligibility of 26 dependents for 11 selected employees enrolled in the District health insurance plan during the 2018 and 2019 calendar years. However, District records were only provided to support the eligibility of 9 of those dependents.

Subsequent to our inquiries, District personnel reviewed District records to determine whether dependent eligibility documentation supported the 106 dependents as of April 2019 and identified 77 dependents

⁹ Section 112.0801, Florida Statutes.

who did not have supporting documentation on file. District personnel requested, and applicable employees and retirees provided, dependent eligibility documentation for 66 of the dependents as of August 2019. The remaining 11 dependents included 8 dependents who no longer participated in the plan and 3 dependents who continued to participate in the plan without eligibility support.

Without 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 increases in future health insurance premium costs paid by the District, District employees, and the District's participating retirees.

Recommendation: The District should require and ensure, upon enrollment of a dependent into the District health insurance plan, District 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 remain eligible. In addition, the District should obtain eligibility support for the 3 dependents or discontinue their participation in the District insurance plan.

Finding 4: Florida Best and Brightest Teacher Scholarship Program

The Florida Legislature established the Florida Best and Brightest Teacher Scholarship Program¹⁰ to reward classroom teachers¹¹ who achieved high academic standards during their own education. 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. Since the number of eligible classroom teachers evaluated as effective and reported as eligible for a scholarship award of up to \$800 exceeded the total allocation, the Florida Department of Education (FDOE) reduced the per-teacher scholarship amount¹² to \$709.41. Pursuant to State law,¹³ once a classroom teacher was deemed eligible for a scholarship award by the District, the teacher remained eligible as long as he or she remained employed by the District as a classroom teacher and received an annual performance evaluation rating of highly effective.

District personnel are responsible for determining teacher eligibility for scholarships and annually submitting the number of eligible teachers to the FDOE. According to District personnel, charter schools are required to submit to the District a list of the names of teachers determined to be eligible for the scholarships. The FDOE then disburses scholarship funds to the District for each eligible classroom teacher to receive a scholarship as provided in State law.

During the 2018-19 fiscal year, the District awarded Program scholarships totaling \$689,813 to 496 District recipients and \$35,238 to 22 charter school recipients. To determine whether the recipients met the eligibility requirements for the scholarships awarded for the 2018-19 fiscal year, we requested for examination District records for the 2017-18 fiscal year evaluations used to support the scholarship

¹⁰ Section 1012.731, Florida Statutes (2018). Chapter 2019-23, Laws of Florida, renamed the Program the Florida Best and Brightest Teacher Program and substantially revised the award process effective July 1, 2019.

¹¹ Section 1012.01(2), Florida Statutes, defines classroom teachers as K-12 staff members assigned the professional activity of instructing students in courses in classroom situations, including basic instruction, exceptional student education, career education, and adult education, including substitute teachers.

¹² Section 1012.731(3)(c)2., Florida Statutes (2018).

¹³ Section 1012.731(3)(b), Florida Statutes (2018).

awards totaling \$122,460 to 46 selected District recipients and \$17,509 to 6 charter school recipients. We found that:

- 10 District scholarship recipients with awards totaling \$8,566 held positions of prekindergarten instructors.¹⁴ However, as prekindergarten instructors do not meet the definition of instructional personnel, these employees did not meet the statutory definition of a classroom teacher.
- 1 District scholarship recipient awarded \$1,200 held the position of assistant principal in the 2017-18 fiscal year. However, assistant principals do not meet the statutory definition of a classroom teacher.
- 1 District scholarship recipient awarded \$1,200 was evaluated as effective, rather than highly effective, and, therefore, should have received a \$709.41 scholarship and was overpaid \$490.59.

In response to our inquiry, District personnel indicated that, since the FDOE's *Financial and Program Cost Accounting and Reporting for Florida Schools* (Red Book) requires prekindergarten teachers to be coded as classroom teachers for accounting and payroll purposes, and State law includes adult education teachers in the definition of classroom teachers eligible for the scholarship, prekindergarten teachers were also considered eligible for the scholarship. Notwithstanding this response, State law does not include prekindergarten teachers in the definition of classroom teachers, limits the definition of classroom teachers to K-12 personnel, and separately defines prekindergarten instructors.

District personnel also indicated that the assistant principal was evaluated as required by State law on the approved administrator evaluation system during the 2017-18 fiscal year and that State law did not specify the prior fiscal year's evaluation had to be a classroom teacher evaluation. However, as an assistant principal, the employee was not evaluated as a kindergarten through 12th grade staff member whose function included the provision of direct instructional services to students.

District personnel further indicated that, for the one teacher who was awarded the \$1,200 scholarship rather than the \$709.41 scholarship, District personnel inadvertently included the teacher in the highly effective category and did not detect the error before the scholarships were awarded.

Absent effective Program scholarship determinations, there is an increased risk that scholarships may be awarded to ineligible recipients. A similar finding was noted in our report No. 2017-163.

Recommendation: The District should enhance procedures to ensure that scholarships are awarded only to teachers who meet the definition of a classroom teacher in State law, and that teachers are provided the correct scholarship amount based on their performance evaluation. In addition, the District should take appropriate actions to remedy the ineligible awards totaling \$10,256.59.

Finding 5: Background Screenings

State law¹⁵ requires that each person hired or contracted to serve in an instructional or noninstructional capacity who is permitted access on school grounds when students are present or who has direct contact

¹⁴ Section 1002.51(6), Florida Statutes, defines prekindergarten instructors to include teachers who provide instruction to students in a prekindergarten program.

¹⁵ Sections 1012.32, 1012.56(10), 1012.465, and 1012.467, Florida Statutes.

with students must undergo a level 2 background screening¹⁶ at least once every 5 years. State law¹⁷ also provides that noninstructional contractors may be exempt from the background screening requirements if the contractors are under the direct supervision of a school district employee or contractor who has had a criminal history check and meets the statutory screening requirements. Additionally, State law¹⁸ requires the District to verify the results of a noninstructional contractor's background screening using the shared system implemented by the Florida Department of Law Enforcement (FDLE).

To promote compliance with the statutory background screening requirements, Board policies¹⁹ require employees and contractor workers who have access to school grounds to undergo required background screenings at least once every 5 years. According to District personnel, District personnel use the FDLE shared system to verify the results of contractor worker background screenings and school and department supervisors are responsible for reporting to the Staff Services Department when a background screening is required for the workers. The workers are required to wear a name badge, which expires after 5 years, to gain access to school grounds and, once the badge expires, the workers are prohibited from accessing school grounds unless they undergo the required background screening and obtain a new badge. The District uses a tracking report to identify when District employee background screenings are due; however, District personnel indicated that they did not maintain a comprehensive list of contractor workers to ensure that background screenings are obtained and evaluated at least once every 5 years and no employee has been assigned responsibility for verifying that all contractor workers have undergone the required background screenings.

During the 2018-19 fiscal year, the District employed 1,111 instructional and 611 noninstructional personnel. District records also indicated that there were 538 contractor workers that provided substitute teacher services and 94 other contractor workers who were permitted access to school grounds when students were present or had direct contact with students. We evaluated District records and background screening procedures for 176 District employees and 29 contractor workers²⁰ as of April 2019. We found that:

- For 89 District employees, the required background screenings had not been performed at least once in the past 5 years. As of April 2019, the dates of the most recent background screenings for these employees ranged from January 2005 to March 2014 and periods that elapsed since the screenings were due averaged 534 days. Subsequent to our inquiry, the District obtained background screenings for the 87 employees who remained employed by the District and no inappropriate backgrounds were noted. District personnel indicated that background screenings were not timely performed for District employees as a result of oversights and personnel changes.
- For 11 contractor workers, District records did not evidence the required background screenings had been performed. Subsequent to our inquiry, background screenings were obtained for the 5 contractor workers who remained contracted by the District and no inappropriate backgrounds were noted.

¹⁶ A level 2 background screening includes fingerprinting for Statewide criminal history records checks through the FDLE and national criminal history records checks through the Federal Bureau of Investigation.

¹⁷ Section 1012.468(1)(a)1, Florida Statutes.

¹⁸ Sections 1012.467(2)(f) and 1012.467(7)(a), Florida Statutes.

¹⁹ Board policies 1121.01, 3121.01, 4121.01, and 8475.

²⁰ The contractor workers were selected from a review of District records for temporary staffing services, who provided services directly to students, and from contracts identified during other testing that included workers who, based on their duties, were required to meet the background screening requirement (10 contracted substitute teachers, 16 contracted virtual school teachers, and 3 other contractor workers).

Absent effective controls to ensure that required background screenings are timely performed, there is an increased risk that individuals with unsuitable backgrounds may be allowed access to students. Similar findings were noted in our report Nos. 2017-163 and 2016-170.

Recommendation: The District should take action to identify District employees and contractor workers who have not obtained the required background screenings, ensure the screenings are promptly obtained and evaluated, and make personnel decisions, as necessary, based on evaluations of the screening results. We also recommend that the District develop procedures to appropriately monitor when all background screenings are due and ensure that employees and contractor workers obtain the required background screenings at least once every 5 years.

Finding 6: Information Technology User Access Privileges

The Legislature has recognized in State law²¹ that social security numbers (SSNs) can be used to acquire sensitive personnel information, the release of which could result in fraud against individuals or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining the confidential status of such information. Effective controls restrict individuals from accessing information unnecessary for their assigned functions and provide for documented, periodic evaluations of information technology (IT) access privileges to help prevent individuals from accessing sensitive personal information of students inconsistent with their functions.

Pursuant to State law,²² the District identifies each student using a Florida education identification number obtained from the FDOE. Student SSNs are maintained within the District Student Information System (SIS) to, for example, register newly enrolled students and transmit that information to the FDOE through a secure-file procedure and to facilitate proper processing of student scholarship applications. Board policies²³ allow designated school officials and personnel access to student records to perform administrative, supervisory, or instructional responsibilities that serve a legitimate educational purpose.

Our examination of District records in April 2019 disclosed that 260 District employees and 108 other individuals had continuous IT user access privileges to sensitive personal information of students. As part of our audit, we examined District records supporting the access privileges for all employees and other individuals who had access to student information. We noted that 131 employees, including school principals, nurses, paraprofessionals, and District office personnel, and 108 other individuals, including law enforcement officers and child welfare agency employees, did not have a demonstrated need for continuous access to student information. Subsequent to our inquiry, in April 2019 the District removed the 131 employees' IT user access privileges to the information.

District personnel indicated that the remaining 129 District employees with responsibility for data entry, guidance counseling, and student services, and the 108 other individuals needed continuous access to the sensitive personal information of students. According to District personnel, although the data entry clerks needed continuous access to the sensitive personal information of students, the amount of time other individuals needed such access privileges could not be specified.

²¹ Section 119.071(5)(b), Florida Statutes.

²² Section 1008.386, Florida Statutes.

²³ Board Policy 8330, *Student Records*.

District personnel also indicated that the District was contractually required to provide access to student information, including student SSNs, to the 108 other individuals; however, District personnel did not indicate why access to student SSNs was necessary for these individuals. As of June 12, 2019, the District SIS contained the SSNs of 55,160 former and 7,299 current District students. According to District personnel, once access to sensitive personal information is granted, employees continue to have such access even though students transfer to another school, move from the District, or graduate and, although employees may need access to current but not former student information, the District SIS did not include a mechanism to differentiate IT user access privileges to current student information from access privileges to former student information.

Further, in response to our inquiry, District personnel indicated they had not established procedures for periodically evaluating IT user access privileges, including access to sensitive personal information of students, and that such procedures were being established in July 2019 with a goal of reducing the number of individuals with access to sensitive personal information of students. The District also plans to work with the District SIS provider to determine whether a software upgrade can be developed to restrict access to the personal information of former students.

The existence of unnecessary IT access privileges to sensitive personal student information increases the risk of unauthorized disclosure of sensitive personal information and the possibility that such information may be used in fraud against District students or others.

Recommendation: The District should continue efforts to ensure that only those individuals who have a demonstrated need to access sensitive personal information of students, including student SSNs, be granted such access. Such efforts should include documented periodic evaluations of assigned IT user access privileges to determine whether such privileges are necessary and timely remove any unnecessary access privileges detected. If an individual only requires occasional access to sensitive personal information, the privileges should be granted only for the time needed. In addition, the District should work with the SIS provider to develop a District SIS upgrade to include a mechanism to differentiate IT user access privileges to current student information from access privileges to former student information.

Finding 7: Information Technology Disaster Recovery Plan

An important element of an effective internal control system over IT operations is a disaster recovery plan to help minimize data and asset loss in the event of a major hardware or software failure. A disaster recovery plan should identify key recovery personnel and critical applications, provide for backups of critical data sets, and include step-by-step procedures for recovery. In addition, plan elements should be tested annually to disclose any areas not addressed and to facilitate proper conduct in an actual disruption of IT operations.

The District is the fiscal agent for, and a member of, the North East Florida Educational Consortium (NEFEC) and obtains certain IT services, such as financial, Human Resource (HR), payroll, student records, and other critical applications. NEFEC developed an IT disaster recovery plan specifying the procedures for providing participating member districts continuity, restoration, and recovery of critical data and systems in the event of a disaster that interrupts critical NEFEC IT operations. District records demonstrated that the NEFEC IT disaster recovery plan is tested annually and the plan was last tested in March 2019.

In July 2016, the District created a District disaster recovery plan that addressed the scheduling and maintenance of data backups for network servers containing financial, payroll, and HR documents. The plan addresses the assignment of responsibilities for recovery activities to key employees and backup personnel; priority of critical operations and data; and the specific processes and procedures to be followed when NEFEC is inoperable or other events interrupt District operations to affect the recovery and restoration of financial, payroll, HR, student records, and other critical applications. The plan specifies that it will be tested annually to ensure that it can be implemented in emergency situations. However, District personnel acknowledged that, as of October 2019, the District disaster recovery plan had not been tested.

Without annually testing the District disaster recovery plan, there is an increased risk that the District may be unable to continue critical IT operations, or maintain availability of information systems data and resources, in the event of a disruption of IT operations. Similar findings were noted in our report Nos. 2017-163 and 2016-170.

Recommendation: The District should test the disaster recovery plan annually.

Finding 8: Information Technology Security Controls

Security controls are intended to protect the confidentiality, integrity, and availability of data and related information technology (IT) resources. Our audit disclosed that certain District and NEFEC Educational Technology Services (ETS) security controls related to management of access privileges, user account management, and data loss prevention needed improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising the confidentiality of District data and IT resources. However, we have notified appropriate District management of the specific issues.

Without adequate security controls related to management of access privileges, user account management, and data loss prevention, the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. A similar finding was noted in our report No. 2017-209.

Recommendation: District and NEFEC ETS management should improve security controls related to management of access privileges, user account management, and data loss prevention, as applicable, to ensure the continued confidentiality, integrity, and availability of data and IT resources.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for applicable findings included in our report Nos. 2017-209 and 2017-163, except as noted in Findings 2, 4, 5, 7, and 8 and shown in Table 1.

Table 1
Findings Also Noted in Previous Audit Reports

July 2016 through February 2017			
NEFEC Information Technology Operational Audit Report No. 2017-209,		2015-16 Fiscal Year Operational Audit Report No. 2017-163,	
Finding	Finding	Finding	2014-15 Fiscal Year Audit Report No. 2016-170, Finding
2	Not Applicable	6	Not Applicable
4	Not Applicable	7	Not Applicable
5	Not Applicable	8	3
7	Not Applicable	14	7
8	2	Not Applicable	Not Applicable

OBJECTIVES, SCOPE, AND METHODOLOGY

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

We conducted this operational audit from April 2019 to October 2019 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 Nos. 2017-209 and 2017-163.
- 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 2018-19 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) and North East Florida Educational Consortium (NEFEC) Educational Technology Services (ETS) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, systems development and maintenance, system backups, and disaster recovery.
- Evaluated District and NEFEC ETS procedures for maintaining and reviewing employee access to IT data and resources. We examined selected access privileges to the District's enterprise resource planning 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. We also examined District and NEFEC ETS 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. Specifically, we examined District records supporting selected user access privileges for 30 of the 57 users who had update access privileges to the finance and HR applications and the 26 NEFEC ETS default administrator accounts.
- Evaluated District Information Services (IS) procedures to prohibit former employee access to the District's ERP system. Specifically, we reviewed selected access user privileges for the

58 employees who separated from District employment from the period March 2018 through February 2019 to determine whether the access privileges had been timely deactivated.

- Evaluated Board security policies and District IS and NEFEC ETS procedures governing the classification, management, and protection of sensitive and confidential information.
- Determined whether District IS and NEFEC ETS had comprehensive IT disaster recovery plans that were designed properly, in place, operating effectively, and had been recently tested.
- Reviewed network and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Determined whether a comprehensive IT risk assessment had been developed to document the District's risk management and assessment processes and security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.
- Evaluated District IS procedures and examined supporting documentation to determine whether audit logging and monitoring controls were configured in accordance with IT best practices.
- Evaluated NEFEC ETS procedures and examined supporting documentation to determine whether procedures had been established for managing changes to systems software and the network infrastructure to ensure that changes are appropriately documented, authorized, tested, and approved prior to implementation into the production environment.
- Evaluated NEFEC ETS data center physical access controls to determine whether vulnerabilities existed.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, we examined access privileges of the 260 District employees and 108 other individuals who had electronic access to sensitive personal student information to evaluate the appropriateness and necessity of the access privileges based on the individuals' assigned job responsibilities.
- Analyzed the District's General Fund total unassigned and assigned fund balances at June 30, 2019, to determine whether the total was less than 3 percent of the fund's revenues, as specified in Section 1011.051, Florida Statutes. We also performed analytical procedures to evaluate the District's ability to make future debt service payments.
- From the population of expenditures totaling \$2 million and transfers totaling \$2.8 million during the period July 2018 through March 2019 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 \$0.9 million and \$2.6 million, respectively, to determine District compliance with the restrictions imposed on the use of these resources, including the restrictions in Section 1011.71(2)(e), Florida Statutes.
- Examined the District Web site to determine whether the 2018-19 fiscal year proposed, tentative, and official budgets were prominently posted pursuant to Section 1011.035(2), Florida Statutes.
- Examined District records to determine whether required internal funds audits for the 2018-19 fiscal year were timely performed pursuant to State Board of Education Rule 6A-1.087, Florida Administrative Code, and Chapter 8 – School Internal Funds, *Financial and Program Cost Accounting and Reporting for Florida Schools* (Red Book), and whether the audit reports were presented to the Board.
- Obtained and reviewed audit reports for the three District-sponsored charter schools issued for the audit period to verify that the required audits were performed.
- Examined District records to determine whether the District had developed adequate performance assessment procedures for instructional personnel and school administrators based on student performance and other criteria in accordance with Section 1012.34(3), Florida Statutes, and

determined whether a portion of each selected instructional employee's compensation was based on performance in accordance with Section 1012.22(1)(c)4. and 5., Florida Statutes.

- Examined District records for the period July 2018 through April 2019 for 176 District employees, 6 charter school board members, 30 charter school employees, and 29 contractor workers, selected from the population of 1,722 district employees, 22 charter school board members, 61 charter school employees, 538 contractor workers that provided substitute teacher services, and 94 other contractor workers to assess whether individuals who had direct contact with students were subjected to the required fingerprinting and background screenings.
- Examined Board policies, District procedures, and related records for volunteers for the audit period to determine whether the District 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.
- From the population of compensation payments totaling \$59.9 million to 1,800 employees during the period July 1, 2018, through April 15, 2019, examined District records supporting compensation payments totaling \$69,444 to 35 selected employees to determine the accuracy of the rate of pay and whether supervisory personnel reviewed and approved reports of time worked.
- Examined District records supporting the eligibility of:
 - 46 selected District recipients of the Florida Best and Brightest Teacher Scholarship Program awards from the population of 496 District teachers who received scholarships awards totaling \$689,813 during the audit period.
 - 6 selected charter school recipients of the awards from the population of 22 charter school teachers who received scholarships awards totaling \$35,238 during the audit period.
- Evaluated the District's 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 the number of classroom teachers and the list of principals, 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 for ethical conduct for instructional personnel and school administrators, including reporting responsibilities of employee misconduct which affects the health, safety, or welfare of a student, to determine compliance with Section 1011.42(6), Florida Statutes.
- 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 the District's policies. We also determined whether the District had procedures for reconciling health insurance costs to employee, retiree, and Board approved contributions.
- Evaluated District procedures for bidding and purchasing health insurance and examined related records to determine whether the District complied with Section 112.08, Florida Statutes. We also reviewed the reasonableness of procedures for acquiring other types of commercial insurance to determine whether the basis for selecting insurance carriers was documented in District records and conformed to good business practice.
- Examined copies of the most recent annual fire safety, casualty safety, and sanitation inspection reports for 3 of the 32 District school and ancillary facilities to determine whether previously noted deficiencies were timely corrected.
- Examined District records to determine whether the Board had adopted appropriate school safety policies and the District implemented procedures to ensure the health, safety, and welfare of

students and compliance with Sections 1006.07, 1006.12, 1006.13, 1011.62(15) and (16), and 1012.584, Florida Statutes.

- Evaluated District procedures for allocating Title I funds to ensure compliance with Section 1011.69(5), Florida Statutes. We also 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 2017-18 school year or the Statewide percentage of economically disadvantaged student, and distributed all remaining funds to all eligible schools in accordance with Federal law and regulations.
- Evaluated District procedures and examined District records 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 non-compensation expenditures that individually exceeded \$1,000 and totaled \$33.5 million for the audit period, examined documentation supporting 30 selected payments for expenditures totaling \$1.4 million to determine whether the 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 contractual services payments totaling \$10.9 million during the period July 2018 through April 2019, examined supporting documentation, including the contract documents, for 33 selected payments totaling \$1.7 million related to 31 contracts to determine whether:
 - The District complied with competitive selection requirements.
 - 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.
- Evaluated District procedures for identifying facility maintenance needs and establishing resources to address those needs.
- Evaluated District procedures for determining maintenance department staffing needs.
- Evaluated the adequacy of District Virtual Instruction Program (VIP) policies and procedures.
- Examined District records for the audit period to determine whether the District ensured that those eligible VIP students who did not already have such resources in their home were provided the computing resources necessary for program participation as required by Section 1002.45(3)(c) and (d), Florida Statutes.
- Examined the contract documents for the FDOE-approved VIP provider to determine whether the contract contained required statutory provisions and also included to address compliance with contract terms, the confidentiality of student records, and monitoring of the providers' quality of virtual instruction and data quality.
- 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.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large initial 'S'.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE

Putnam County School District
200 Reid Street Palatka, Florida 32177
www.putnamschools.org

December 19, 2019

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

Dear Ms. Norman:

Attached is our response to the preliminary and tentative audit findings and recommendations for the Putnam County School District for the fiscal year ended June 30, 2019.

My staff and I appreciate your efforts to assist us in improving our operations, and we appreciate the professionalism of the auditors assigned to our audit.

Should you have any questions regarding the attached responses, please contact Mrs. Rhonda Odom, Assistant Superintendent for Business, at 386-329-0513.

Sincerely,



Dr. Rick Surrency, Superintendent

Holly Pickens, District I
David Buckles, District II
Sandra Gilyard, District III



Gordon "Bud" McInnis, District IV
Jane Crawford, District V
Dr. Rick Surrency, Superintendent

Finding No. 1: School Safety

Recommendation: The District should establish procedures to demonstrate compliance with the State school safety laws. Such procedures should include documented verifications that required drills are conducted at least monthly at each school and that at least one safe school officer is assigned and consistently present during school hours at each charter school.

Response: The District has implemented procedures to ensure that active shooter and hostage situation drills are conducted each month and documentation of the drills is maintained for both District and Charter schools. These procedures include scheduling the drills with the District, contacting the District upon initiation and completion of the drills, and documenting with the District that the drills were conducted.

For the school safety officers that were not present for a portion of time at two of the Charter Schools, both schools now have at least one Guardian and have entered into an agreement with the Sheriff to provide emergency coverage in the event a Guardian is absent. In addition, the District now requires the Charter Schools to provide written documentation of school safety officer coverage in the same manner as we do for the District School Resource Deputies.

For the fire emergency drills, the District Maintenance Department provides each site with a Facility Safety Requirements/Reports form that identifies the requirements, the frequency and the time that reports are due. In addition, procedures were put in place to document completion of the drills, written requests for the reports, second request notices, as well as a face to face meeting with Superintendent and/or Area Director if the reports are not provided.

Finding No. 2: Payroll and Personnel - Performance Salary Schedule

Recommendation: The Board should ensure that the performance pay of instructional personnel complies with State law by adopting a grandfathered salary schedule that bases a portion of each employee's compensation upon performance and a performance salary schedule that provides for a salary adjustment for an employee rated as effected that is no more than 75 percent of the annual adjustment provided for an employee rated as highly effective.

Response: The District's Chief Negotiator has notified the Putnam Federation of Teachers United that this issue will be addressed and resolved during open negotiations for the 2020/2021 contract year. These negotiations should begin early 2020.

Finding No. 3: Health Insurance Plan – Premiums and Participant Eligibility

Recommendation: The District should require and ensure, upon enrollment of a dependent into the District health insurance plan, District 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 remain eligible. In addition, the District should obtain eligibility support for the 3 dependents or discontinue their participation in the District insurance plan.

Response: The District's New Hire Enrollment package now includes requirements for receiving birth certificates, social security cards and marriage licenses in order to add children and spouse. The District has included a signature line that the new hire has to sign acknowledging they understand these requirements. The District has also developed procedures to ensure that participants remain eligible. Of the three dependents mentioned in the findings, only one remains and their coverage will cancel on December 31, 2019 if we do not receive requested documentation.

Finding No. 4: Florida Best and Brightest Teacher Scholarship Program

Recommendation: The District should enhance procedures to ensure that scholarships are awarded only to teachers who meet the definition of a classroom teacher in State law, and that teachers are provided the correct scholarship amount based on their performance evaluation. In addition, the District should take appropriate actions to remedy the ineligible awards totaling \$10,256.59.

Response: The District will continue to seek guidance from FDOE about the interpretation of the dissemination of the funds to ensure that processes are in place and used to determine appropriate eligibility criteria based on the requirements of the Florida Best and Brightest Teacher Program. All parties involved with determining the eligibility of receiving such funds have become familiar with these processes and requirements to ensure this error does not reoccur. The District will take the appropriate action as defined by FDOE in the resolution of the questioned amounts totaling \$10,256.59.

Finding No. 5: Background Screenings

Recommendation: The District should take action to identify District employees and contractor workers who have not obtained the required background screenings, ensure the screenings are promptly obtained and evaluated, and make personnel decisions, as necessary, based on evaluations of the screening results. We also recommend that the District develop procedures to appropriately monitor when all background screenings are due and ensure that employees and contractor workers obtain the required background screenings at least once every 5 years.

Response: Due to a change in HR personnel responsible for background screening, resubmittal dates were not entered into Skyward in a timely manner even though they were resubmitted. In addition, this change in personnel also resulted in a lapse of the monthly resubmittal list to Falcon. There is now procedures and processes in place that will ensure timely resubmittals and accurate data entry. There are also now two HR personnel employees trained and responsible for the background screening process.

The District has also developed procedures to ensure that all contractors have been appropriately screened before being allowed on any property with student access. In addition, there is clear communication for this process between all departments involved with contracted employees.

Finding No. 6: Information Technology – User Access Privileges

Recommendation: The District should continue efforts to ensure that only those individuals who have a demonstrated need to access sensitive personal information of students, including student SSNs, be granted such access. Such efforts should include documented periodic evaluations of assigned IT user access privileges to determine whether such privileges are necessary and timely remove any unnecessary access privileges detected. If an individual only requires occasional access to sensitive personal information, the privileges should be granted only for the time needed. In addition, the District should work with the SIS provider to develop a District SIS upgrade to include a mechanism to differentiate IT user access privileges to current student information from access privileges to former student information.

Response: Following the briefing where this finding was detailed to the MIS Director, it was determined that the only people who have a continuous need-to-know of students' SSNs were the school Data Clerks, the Deans/Discipline Officer and Guidance Counselors. Pulling a report now on those having access to Menu Path WS\ST\TB\NC\SI\SS with the changes made will show that only those designated in those aforementioned roles currently have access.

Beginning January 2020, a report will be generated quarterly of those who can access SSNs and appropriate accesses will be verified by the MIS director and someone within Putnam County School District Security Department (for School Resource Officers).

With regards to accessing SSNs of former, inactive students, we will continue to work with Skyward to come up with a solution that will enable us to limit view of this personally identifiable information (PII).

Finding No. 7: Information Technology – Disaster Recovery Plan

Recommendation: The District should test the disaster recovery plan annually.

Response: The PCSD IT Department performed an “exercise” on November 27, 2019. The main domain controller and data store was taken down. Traffic was seamlessly routed through our backup domain controller. The Disaster Recovery Activities and Event Recording Form was completed detailing this outage and stored with in our Disaster Recovery Plan (DRP) Binder and can be made available upon request.

Finding No. 8: Information Technology Security Controls

Recommendation: District and NEFEC ETS management should improve security controls related to management of access privileges, user account management, and data loss prevention, as applicable, to ensure the continued confidentiality, integrity, and availability of data and IT resources.

Response: Following discussion of this finding with the auditors, the District has implemented additional security measures. We are in the process of creating a Jr. Network Security Analyst Position (to be hired in January) whose sole focus will be to protect and harden our network from vulnerabilities. We are also changing the way we handle local admin rights of PCs; no longer is anyone (teacher /administrators) allowed to have admin rights to their machines, and only our techs will install programs.

Also, NEFEC has demonstrated and continues to use the principle of least privilege (PoLP) throughout all processes. Any additional privileges are given upon supervisor request and justifiable need. This information is maintained in our NEFEC Master Authorization List which is updated on an “as needed” basis. This document as well as Active Directory and local account permissions have been provided to the auditors. A formal NEFEC Data Loss Prevention (DLP) policy is under review for formal approval.