

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2020-194
April 2020

**FLAGLER COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2018-19 fiscal year, James Tager served as Superintendent of the Flagler County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Andy Dance	1
Janet O. McDonald, Chair from 11-20-18, Vice Chair through 11-19-18	2
Dr. Colleen Conklin, Vice Chair from 11-20-18	3
Trevor Tucker, Chair through 11-19-18	4
Dr. Maria P. Barbosa	5

The team leader was Nicole E. Cope, CPA, and the audit was supervised by Keith A. Wolfe, CPA.

Please address inquiries regarding this report to Edward A. Waller, CPA, Audit Manager, by e-mail at tedwaller@aud.state.fl.us or by telephone at (850)412-2887.

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

FLAuditor.gov

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

State of Florida Auditor General

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

FLAGLER COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Flagler County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2017-100. Our operational audit disclosed the following:

Finding 1: District school safety policies and procedures need improvement.

Finding 2: The District disbursed Florida Best and Brightest Teacher Scholarship awards totaling \$84,000 to 21 District employees who were not classroom teachers as defined in State law and, therefore, were not eligible for the awards.

Finding 3: District charter school closure monitoring efforts could be improved to ensure that charter school audit reports are timely completed, and applicable assets revert to the District.

Finding 4: District controls over payments for school resource officer and crossing guard services could be enhanced.

Finding 5: Some unnecessary information technology user access privileges existed that increased the risk that unauthorized disclosure of sensitive personal information of students may occur.

BACKGROUND

The Flagler 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 Flagler County. The governing body of the District is the Flagler County District School Board (Board), which is composed of five elected members. The appointed Superintendent of Schools is the Executive Officer of the Board. During the 2018-19 fiscal year, the District operated 9 elementary, middle, and high schools; sponsored 2 charter schools;¹ and reported 12,862 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: School Safety

State law² requires the Board to formulate and prescribe policies and procedures for emergency drills associated with active shooter and hostage situation and the drills must be conducted at least as often as other emergency drills. Pursuant to the Florida Fire Prevention Code (Fire Code),³ fire emergency

¹ During the 2018-19 fiscal year, the District sponsored the Imagine Schools at Town Center and Palm Harbor Academy, Inc. charter schools. However, the Palm Harbor Academy, Inc. voluntarily terminated operations before school began during the 2018-19 fiscal year.

² Section 1006.07(4), Florida Statutes, as amended by Chapter 2018-3, Law of Florida (The Marjory Stoneman Douglas High School Public Safety Act).

³ Section 20.2.4.2.3 of the Florida Fire Prevention Code, 6th Edition (2017).

drills must generally be conducted every month the facility is in session. Board policies⁴ require emergency evacuation drills, including active shooter and hostage situation and fire emergency drills, to be formulated in consultation with the appropriate public safety agencies. Each school principal is responsible for preparing and submitting a written report of each emergency evacuation drill to the District office. However, the policies only require principals to hold at least two emergency evacuation drills during each semester instead of the statutorily required drills every month the facility is in session.

In addition to emergency drills, State law⁵ requires that the Board and Superintendent partner with local law enforcement agencies to establish or assign one or more safe-school officers, such as school resource officers (SROs) or school safety officers (SSOs), at each school facility. SROs are required to complete mental health crisis intervention training using a curriculum developed by a national organization with expertise in mental health crisis intervention.

To determine whether, during the 2018-19 fiscal year, the District and District-sponsored charter school conducted the required emergency drills (10 active shooter and hostage situation and 10 fire emergency drills) at each of the District's 9 elementary, middle, and high schools and the charter school, we requested for examination District records supporting 200 drills (100 active shooter and hostage situation and 100 fire emergency drills) and found that:

- District records were not maintained to demonstrate that 60 active shooter and hostage situation drills (6 drills at each District school and the charter school) were conducted. Additionally, District records did not evidence 5 fire emergency drills (drills for 3 months at Old Kings Elementary School and 1 month at Bunnell Elementary School and Flagler Palm Coast High School). In response to our inquiry, District personnel indicated that active shooter and hostage situation drills were only required four times a year due to oversight and that required fire emergency drills were held monthly at each public school, but records were not always maintained to evidence those drills.
- The District used SROs from the Flagler County Sheriff's Office (FCSO) for security services at the charter school and 9 District schools. Subsequent to our request, the District obtained correspondence from the FCSO demonstrating that 10 of the assigned SROs completed the required mental health crisis intervention training; however, records were not provided to demonstrate that 4 of the SROs completed the training. According to District personnel, the District relied on the FCSO to ensure SROs received the training. However, absent District records demonstrating verification of the required training for SROs, the District has limited assurance that SROs were appropriately trained.

Absent effective policies to require and ensure monthly active shooter and hostage situation and fire emergency drills, along with procedures to document the timely conduct of the drills, and documented verification of SRO mental health crisis intervention training, 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 maintain records to demonstrate compliance with the State school safety laws. Such efforts should include Board policy revisions to require and ensure that, for each month school is in session, District schools and the District-sponsored charter school conduct active shooter and hostage situation and fire emergency drills. In

⁴ Board Policy 306, *Safe and Secure Schools* (January 15, 2019), and 803, *Emergency Evacuation Drills* (August 21, 2018).

⁵ Section 1006.12, Florida Statutes.

addition, the District should maintain documented verifications to evidence that SROs were appropriately trained.

Finding 2: Florida Best and Brightest Teacher Scholarship Program

The Florida Legislature established the Florida Best and Brightest Teacher Scholarship Program⁶ to reward classroom teachers⁷ who achieved high academic standards during their own education. Pursuant to State law,⁸ 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 were responsible for determining teacher eligibility for the scholarships. In addition, District-sponsored charter schools submitted the number of eligible charter school recipients to the District and the District submitted the number of eligible teachers to the Florida Department of Education (FDOE). According to District personnel, the District had not established procedures to verify the eligibility of charter school scholarship recipients as the District relied on charter school verification procedures for those scholarships. Notwithstanding, District reliance on charter school procedures increases the risk for scholarships to be awarded to ineligible scholarship recipients.

The FDOE disbursed scholarship funds to the District and, during the 2018-19 fiscal year, the District awarded scholarships totaling \$1.1 million to 639 District employees and \$71,184 to 43 charter school teachers. As part of our audit procedures, we scanned District and charter school records for scholarship recipients with job titles that were not classroom teachers. We identified 21 District employees⁹ who were not classified as classroom teachers and, therefore, were not eligible for the awards totaling \$84,000.

In addition, although we requested, District records were not initially available to support the eligibility of 5 selected charter school scholarship recipients with awards totaling \$30,000. Subsequent to our request, the District obtained from the charter school, and provided to us, documentation that supported the eligibility of the 5 charter school teachers.

In response to our inquiry, District personnel agreed that the pre-K instructor should not have received the scholarship but indicated that the other 20 teachers were eligible for the awards because they provided teaching activities in a classroom setting with a class roster, held valid teaching certificates, and received evaluations tied to student growth. Notwithstanding this response, none of the 21 employees met the statutory definition of a classroom teacher.

Recommendation: The District should take appropriate actions to remedy the Florida Best and Brightest Teacher Program scholarship awards totaling \$84,000 made to ineligible scholarship recipients.

⁶ 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. During the 2020 Legislative Session, legislation was passed (HB 641) to repeal the Program.

⁷ 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.

⁸ Section 1012.731(3)(b), Florida Statutes (2018).

⁹ Examples of employee positions included a pre-K instructor, an athletic director, graduation coaches, media specialists, staffing specialists, and counselors.

Follow-Up to Management's Response:

Management's response indicates that 20 employees with awards included in the questioned costs were eligible recipients and that necessary documentation will be provided to the FDOE to demonstrate the eligibility of those recipients. Notwithstanding this response, the referenced employees were not classroom teachers as defined in State law and, therefore, were not eligible for the awards.

Finding 3: Charter School Closure Monitoring

State law¹⁰ requires, upon initial notification of nonrenewal, closure, or termination of a District-sponsored charter, the charter school to have an independent audit completed within 30 days after notice of nonrenewal, closure, or termination to account for all public funds and assets. Upon nonrenewal, closure, or termination, State law¹¹ also requires any unencumbered public funds, except for capital outlay funds and federal charter school program grant funds, and all district school board property and improvements, furnishings, and equipment purchased with public funds to revert to the district school board, subject to complete satisfaction of any lawful liens or encumbrances.

In June 2009, the Board approved a charter with the Palm Harbor Academy, Inc. (charter school) through June 2014, which was subsequently renewed through the 2018-19 fiscal year. The charter required the charter school, upon termination, to revert to the District applicable unencumbered public funds and property and to obtain a financial audit within 30 days after the charter school's termination.

In a letter dated June 2018 to the District, the charter school expressed intentions to voluntarily terminate the charter due to low enrollment and to close the school in October 2018. In response, the District provided to the charter school administrator a letter detailing the actions to be completed as a result of the voluntary termination, which included a financial audit of the charter school to be completed and provided to the District within 120 days after the closure. The charter school's audited financial statements for the fiscal year ended June 30, 2018, reported furniture, fixtures, and equipment and vehicles with acquisition costs totaling \$160,922, and accumulated depreciation totaling \$116,747, for a net book value of \$44,175. In addition, the financial statements reported \$125,919 for cash and cash equivalents and an unrestricted net position balance of \$21,360.

Our examination of District records and discussions with District personnel disclosed that District records did not always demonstrate appropriate charter school closure monitoring procedures, including procedures to verify compliance with the charter and statutory audit and reversion requirements. Specifically:

- Although we requested, District records were not provided to evidence the charter school audit contract, District review of the contract to determine the time frame for completing the audit, or any District communications with the auditor establishing the audit completion date.
- In October 2018, the charter school terminated operations; however, the 2018-19 fiscal year audit report for the charter school was not completed until January 10, 2020, which was 405 days after the statutory audit time limit.

¹⁰ Section 1002.33(9)(o), Florida Statutes.

¹¹ Section 1002.33(8)(d), Florida Statutes.

- The 2018-19 fiscal year audit report disclosed a loss on the disposal of assets totaling \$44,175 for furniture, fixtures, and equipment and vehicles; \$11,228 for cash and cash equivalents; and \$6,954 for unrestricted net position. However, the charter school did not revert public funds or other assets to the District and, although we requested, District records were not provided to demonstrate how the funds and other assets were used to meet a District-approved educational purpose or why funds and other assets were not reverted to the District.

In response to our inquiry, District personnel indicated multiple communications with the charter school administrator had been made requesting the audit and that the District will not pursue collection of the unencumbered funds as litigation costs would likely exceed the recovery amount. Notwithstanding this response, absent effective procedures for monitoring charter school closures, accountability over charter school activities and related transactions is limited and the ability to ensure asset reversions is diminished.

Recommendation: The District should ensure that charter school closures are appropriately monitored and that District monitoring efforts are documented. At a minimum, such actions should include:

- An annual review of charter school audit contracts to document confirmation that an independent audit was required to be completed within 30 days after the notice of a charter school closure. In addition, the District should take appropriate actions, such as documented communications with the charter school auditors, to ensure that the audit will be completed within 30 days after the notice of a charter school closure.
- Effective monitoring procedures to ensure that assets purchased with public funds are timely returned to the District as required by State law.

Finding 4: School Resource Officer Services

Effective contract management requires and ensures that records are maintained to evidence satisfactory receipt of contracted services by personnel with direct knowledge of the services received prior to payment. For the period July 1, 2018 through March 31, 2019, the District paid a total of \$11.8 million for contractual services.

As part of our procedures, we examined District records supporting ten selected payments totaling \$798,946 related to ten 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 control deficiencies for contracting and monitoring a payment of \$197,236, related to a school resource officer (SRO) and crossing guard services contract. We expanded our procedures to evaluate District records supporting all payments associated with this contract for the 2018-19 fiscal year.

We found that the Board approved a \$788,942 fixed-price contract for the 2018-19 fiscal year with the Flagler County Sheriff's Office (FCSO), including \$696,044 for SRO services at the District's nine schools and \$92,938 for crossing guard services. The contract indicated that a commander, sergeant, and 11 deputies were assigned to the District and that the services would be equally billed on monthly invoices provided by the Sheriff. While the SRO services were invoiced quarterly and paid by the District, the invoices and related payments were for future SRO and crossing guard services. In addition, District

procedures had not been established to require and ensure that school personnel with direct knowledge of the services verified and documented satisfactory receipt of the services.

In response to our inquiry, District personnel indicated that they rely upon the FCSO attendance procedures to ensure that the SROs and crossing guards provide services in accordance with the contract. Notwithstanding, District reliance on the FCSO procedures provides limited assurance that the services were received as expected. Absent established procedures that require verification and documentation of the satisfactory receipt of contractual services by personnel with direct knowledge of the services prior to payment, there is an increased risk that the District may overpay for such services, the services may not be received consistent with Board expectations, and any overpayments that occur may not be timely detected or recovered.

Recommendation: The District should enhance procedures to ensure that, prior to payment, school personnel with direct knowledge of the SRO and crossing guard services verify and document satisfactory receipt of the services.

Finding 5: Information Technology User Access Privileges

The Legislature has recognized in State law¹² that social security numbers (SSNs) can be used to acquire sensitive personal information, the release of which could result in fraud against individuals or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining the confidential status of such information. Effective controls restrict individuals 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 individuals from accessing sensitive personal information inconsistent with their responsibilities.

Pursuant to State law,¹³ the District identifies each student using a Florida education identification number obtained from the FDOE. However, student SSNs are maintained within the District's two management information systems (MISs), an MIS for students in grades K-12 (K-12 MIS) and an MIS for the Flagler Technical Institute (FTI) and adult education program students (FTI MIS). Student SSNs are maintained in the District MISs to, for example, register newly enrolled students and transmit that information to the FDOE through a secure-file procedure and to provide student transcripts to colleges, universities, and potential employers based on student-authorized requests. Board policies¹⁴ and procedures allow designated District school personnel access to student records to perform administrative, supervisory, or instructional responsibilities that serve a legitimate educational purpose in accordance with applicable Florida Statutes, State Board of Education rules, and Federal laws and District employees are required to certify that they comply with these requirements. However, although we requested, District records were not provided to demonstrate periodic evaluations of IT user access privileges to verify that access privileges to sensitive personal information of students were granted only to those whose job duties required such access and only when necessary.

As of June 18, 2019, we noted that:

¹² Section 119.071(5)(a), Florida Statutes.

¹³ Section 1008.386, Florida Statutes.

¹⁴ Policy 530, Student Records and Policy 675, Social Security Numbers.

- The K-12 MIS contained sensitive personal information of 58,021 former and 2,518 current District students, and 496 employees had continuous IT user access privileges to this information. We evaluated the appropriateness and necessity of these user access privileges based on the employees' assigned job responsibilities and found that only 54 of the 496 employees with these privileges needed such access for their job assignments. The 442 employees with unnecessary access privileges included, for example, elementary and middle school guidance counselors, school psychologists, secretaries, principals, assistant principals, and computer technicians.
- The FTI MIS contained sensitive personal information of 6,126 former and 146 current adult education students, and 23 District employees and contractor workers had IT user access privileges to this information. We evaluated the appropriateness and necessity of these user access privileges and found that only 8 employees with these privileges needed such access for their job assignments. The 15 users with unnecessary access privileges included 12 contractor workers and 3 guidance counselors.

Subsequent to our inquiry, in January 2020 the District reduced the K-12 MIS access privileges to the 54 employees and the FTI MIS access to the 8 employees. The existence of unnecessary IT user access privileges and the lack of documented, periodic evaluations of assigned IT user access privileges increases the risk of unauthorized disclosure of sensitive personal information and the possibility that sensitive personal information may be used to commit a fraud against current or former District students.

Recommendation: The District should continue efforts to ensure that only those individuals who have a demonstrated need to access sensitive personal information, including SSNs, have such access. Such efforts should include documented periodic evaluations of IT user access privileges to each District MIS to verify that access privileges to sensitive personal information of students are granted only to those whose job duties require such access and only when necessary.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report 2017-100.

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 March 2019 through January 2020 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. 2017-100.
- 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:

- Evaluated District procedures for maintaining and reviewing employee access to information technology (IT) data and 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. We also examined the administrator account access privileges granted and procedures for

oversight of administrative accounts for the network and applications to determine whether these accounts had been appropriately assigned and managed. Specifically, we:

- Evaluated the access privileges to selected critical ERP system finance application functions resulting in the review of the appropriateness of access privileges granted.
- Evaluated the access privileges to selected critical ERP system HR application functions resulting in the review of the appropriateness of access privileges granted.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, from the population of 496 and 23 individuals who had access to sensitive personal student information in the K-12 management information and Flagler Technical Institute and adult education program systems, respectively, we examined the access privileges to evaluate the appropriateness and necessity of the access privileges based on the employee's assigned job responsibilities.
- Evaluated District procedures to prohibit former employee access to electronic data files. We also examined District records supporting selected access user privileges for 24 of the 97 employees who separated from District employment during the period July 1, 2018, through March 15, 2019, to determine whether the access privileges were promptly deactivated.
- 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.
- Examined Board, committee, and advisory board meeting minutes to determine whether Board approval was obtained for policies and procedures in effect during the audit period and District records for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- 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 \$10.1 million and transfers totaling \$1.4 million during the period July 1, 2018, through March 31, 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 \$0.2 million and \$1.1 million, respectively, to determine District compliance with the restrictions imposed on the use of these resources.
- From the population of \$961,853 total workforce education program funds expenditures for the period July 2018 through March 2019, selected District records supporting 30 expenditures totaling \$283,351 to determine whether the District used the funds for authorized purposes (i.e., not used to support K-12 programs or District K-12 administrative costs).
- Examined the 13 industry certifications eligible for the 2018-19 fiscal year performance funding to determine whether the District maintained documentation for student attainment of the industry certifications.
- From the population of 17,615 contact hours for 194 adult general education instructional students during the Fall 2018 semester, examined District records supporting 3,161 reported contact hours for 30 selected students to determine whether the District reported the instructional contact hours in accordance with State Board of Education (SBE) Rule 6A 10.0381, Florida Administrative Code.
- 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 2017-18 and 2 preceding fiscal years were timely performed pursuant to SBE Rule 6A-1.087, Florida Administrative Code, and Chapter 8 – School Internal Funds, *Financial and Program Cost Accounting and Reporting for Florida Schools* (Red Book), and whether the audit reports were presented to the Board.
- Examined District records supporting the four payments totaling \$4,932 made during the period July 2018 through March 2019 by the District to its two direct-support organizations to determine the legal authority for such transactions.
- Evaluated the Board policies and District procedures for payments of accumulated annual and sick leave (terminal leave pay) to determine compliance with State law and Board policies. From the population of 51 former employees paid \$95,900 for terminal leave, we examined District records for 20 selected former employees paid terminal leave pay totaling \$85,514 to determine whether the terminal leave pay was calculated in compliance with Sections 1012.61 and 1012.65, Florida Statutes, and Board policies.
- Evaluated the two employee contracts with severance pay provisions to determine whether the severance pay provisions complied with Section 215.425(4), Florida Statutes.
- From the compensation payments totaling \$64.5 million to 2,330 employees during the period July 2018 through March 2019, examined District records supporting compensation payments totaling \$65,000 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.
- From the population of 773 instructional personnel and 54 school administrators compensated a total of \$28.3 million during the period July 2018, through March 2019, examined documentation for 30 selected employees who were paid a total of \$1.1 million to determine whether the District had developed adequate performance assessment procedures for instructional personnel and school administrators based on student performance and other criteria in accordance with Section 1012.34(3), Florida Statutes, and determined whether a portion of each selected instructional employee’s compensation was based on performance in accordance with Section 1012.22(1)(c)4. and 5., Florida Statutes.
- Examined District records for the audit period for 33 employees selected from the population of 2,346 employees and 15 contractor 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 supporting the Florida Best and Brightest Teacher Scholarship Program eligibility of:
 - 30 selected District recipients of scholarship awards from the population of 639 District teachers who received awards totaling \$1.1 million during the audit period.
 - 5 selected charter school recipients of scholarship awards from the population of 43 charter school teachers who received awards totaling \$71,184 during the audit period.
- 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 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 the 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 1001.42(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 Board 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 evaluated District 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 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.
- Determined whether rebate revenues for the audit period totaling \$27,874 for the District purchasing card program were allocated to the appropriate District funds.
- Reviewed the audit reports received during the audit period for two District-sponsored charter schools to determine whether the required audits were timely performed. We also determined whether the 2018-19 fiscal year audits of the District direct-support organizations and charter schools were performed pursuant to Chapters 10.700 and 10.850, Rules of the Auditor General, and Section 1001.453, Florida Statutes.
- For the charter school that voluntarily terminated in the 2018-19 fiscal year, reviewed District records and evaluated District procedures to determine whether applicable funds and property appropriately reverted to the District and whether the District did not assume debts of the school or center, except as previously agreed upon by the District.
- 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.
- Examined District records and evaluated construction planning processes for the audit period to determine whether processes were comprehensive, included consideration of restricted resources and other alternatives to ensure the most economical and effective approach, and met District short-term and long-term needs.
- Examined copies of the most recent annual fire safety, casualty safety, and sanitation inspection reports to determine whether deficiencies noted in previous reports were timely corrected.
- Evaluated District procedures for identifying facility maintenance needs and establishing resources to address those needs. We also compared maintenance plans with needs identified in safety inspection reports, reviewed inspection reports for compliance with Federal and State inspection requirements, evaluated District efforts to timely resolve any deficiencies identified during inspections, and tested the work order system for appropriate tracking of maintenance jobs.

- Evaluated District procedures for determining maintenance department staffing needs. We also determined whether such procedures included consideration of appropriate factors and performance measures that were supported by factual information.
- Determined whether non-compensation 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. Specifically, from the population of non-compensation expenditures totaling \$26.8 million for the period July 2018 through March 2019, we examined documentation relating to 30 selected payments for general expenditures totaling \$737,836.
- From the population of 406 contractual services arrangements totaling \$11.8 million during the period July 2018 through March 2019, examined supporting documentation, including the contract documents, for ten selected payments totaling \$798,946 related to ten 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.
- 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



P. O. Box 755 ■ 1769 E. Moody Blvd. ■ Bldg. 2 ■ Bunnell, FL 32110
Phone (386) 437-7526 ■ Fax: 586-2641
www.flaglerschools.com

BOARD OF EDUCATION

Janet McDonald
Chairman
District 2

Dr. Colleen Conklin
Vice Chairman
District 3

Andy Dance
Board Member
District 1

Trevor Tucker
Board Member
District 4

Dr. Maria P. Barbosa
Board Member
District 5

Shelcey Garcia
Student School Board Member
Flagler Palm Coast H.S.

Hunter Perez
Student School Board Member
Matanzas H.S.

LaShakia Moore
Principal of the Year
Rymfire Elementary School

Erin Quinn
Assistant Principal of the Year
iFlagler Virtual

Michelle Coolican
Teacher of the Year
Buddy Taylor Middle School

April 9, 2020

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

Dear Ms. Norman:

Please find attached our response to the Preliminary and Tentative Audit Findings for the fiscal year ended June 30, 2019. Our responses follow the order of the findings cited. Should additional information be required, please contact Patty Wormeck, Chief Financial Officer.

Sincerely,

James Tager
Superintendent

Attachment

cc: Board Members

Lynn Mellow
Employee of the Year
Plant Services

James Tager
Superintendent

"An Equal Opportunity Employer"

Finding No. 1: District school safety policies and procedures need improvement.

Response: Technical guidance on active shooter and hostage situation drills was unsettled and ambiguous during the 2018-19 school year, which created inconsistencies on a statewide basis. Due to the ambiguity, the District implemented quarterly drills in an attempt to balance the new safety requirements with instructional classroom time. At the end of the school year, the District received communication from the Commissioner of Education on May 31, 2019 providing clarification on school district compliance and implementation. Once clarification was received on how often these drills should be conducted, the District ensured compliance from that point going forward.

The District will enhance its procedures to ensure that records are maintained to demonstrate compliance with the state school safety laws. The District has already updated its Board Policy 306, *Safe & Secure Schools*, to comply with Florida Statutes on November 19, 2019.

Finding No. 2: The District disbursed Florida Best and Brightest Teacher Scholarship awards totaling \$84,000 to 21 District employees who were not classroom teachers as defined in State law and, therefore, were not eligible for the awards.

Response: The District recognizes that one pre-K instructor should not have received the scholarship award, however, we believe the other 20 employees included in the questioned costs were eligible recipients. The District will consult with Florida Department of Education and provide necessary documentation to demonstrate eligibility of these recipients.

Finding No. 3: District charter school closure monitoring efforts could be improved to ensure that charter school audit reports are timely completed, and applicable assets revert to the District.

Response: The District made numerous requests for Palm Harbor Academy, Inc. (charter school) to provide the independent audit by the required deadline and notified them of this obligation. Once the charter school determined it would be closing and funding was no longer being received, their necessity in supplying and providing necessary documentation was no longer a priority. Past experience with other charter school closings to ensure compliance resulted in the District having to pay for the independent audit, which is not in accordance with state law and would result in an audit finding. To this end, the District deemed it to be in the best interest of all parties to notify the charter school of its obligation and maintain and demand that they had sufficient funding to perform the independent audit with their own funds.

The charter school was in existence for nine years. During this time, public funds were used to purchase furniture, fixtures, equipment and vehicles. As notated in the June 30, 2018 audit report, the net book value of assets owned by the charter school totaled \$44,175. The District has provided an itemization of furniture, fixtures, and equipment to the charter school with a price for purchase or demand for return. The charter school has indicated the fixed assets currently being used were purchased with private funds and the other assets were deleted from their inventory. The District has requested the provision of this documentation.



Finding No. 4: District controls over payments for school resources officer and crossing guard services could be enhanced.

Response: The District will review and enhance its controls over payments and services for school resource officers and crossing guards to ensure it aligns with the contract.

Finding No. 5: Some unnecessary information technology user access privileges existed that increased the risk that unauthorized disclosure of sensitive personal information of students may occur.

Response: The District has already reduced access privileges to many employees as recommended by the auditors. The District will include an evaluation of access to sensitive personal information of students, including social security numbers, in the District's security access reviews conducted periodically throughout the year.

