

Report No. 2021-020  
September 2020

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

**THE FLORIDA SCHOOL  
FOR THE DEAF AND THE BLIND**

Selected Administrative Activities  
and Prior Audit Follow-Up



Sherrill F. Norman, CPA  
Auditor General

## **Board of Trustees and President**

During the period July 2017 through February 2019, Dr. Jeanne Glidden Prickett served as President of the Florida School for the Deaf and the Blind and the following individuals served as members of the Board of Trustees:

Christopher D. Wagner, Chair  
Owen B. McCaul, Vice-Chair  
Christine M. Chapman  
Linda C. DiGonzalez  
Ralph V. "Terry" Hadley, III  
Dr. Thomas M. Zavelson

Note: One Trustee position remained vacant during the period July 2017 through February 2019.

The team leader was Nick Druash and the audit was supervised by Randy R. Arend, CPA.

Please address inquiries regarding this report to Kathryn Walker, CPA, Deputy Auditor General, by e-mail at [kathrynwalker@aud.state.fl.us](mailto:kathrynwalker@aud.state.fl.us) or by telephone at (850) 412-2781.

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

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

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

**State of Florida Auditor General**

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

# THE FLORIDA SCHOOL FOR THE DEAF AND THE BLIND

## Selected Administrative Activities and Prior Audit Follow-Up

### **SUMMARY**

---

This operational audit of the Florida School for the Deaf and the Blind (School) focused on selected administrative activities and included a follow-up on findings noted in our report No. 2018-011. Our audit disclosed the following:

**Finding 1:** Contrary to State law, School instructional personnel and administrator performance evaluations were not based, in part, on student performance. Additionally, the School had not adopted grandfathered salary schedules for instructional personnel and performance salary schedules for instructional personnel and school administrators that provided annual salary adjustments based, in part, upon employee performance.

**Finding 2:** As similarly noted in our report No. 2018-011, School employees did not always timely achieve required American Sign Language skill levels.

**Finding 3:** Contrary to State law and Department of Management Services (DMS) rules, the School used contracts competitively established by other governmental entities without prior DMS approval.

**Finding 4:** The School did not adhere to applicable provisions of State law and DMS rules when procuring three construction services contracts totaling \$4,925,000.

**Finding 5:** The School's 5-year *Campus/Facilities Master Plan* did not agree with the School's 2020-21 fiscal year Legislative Budget Request for Public Education Capital Outlay funding or the School's capital outlay budget. Similar findings have been noted in prior audit reports, most recently in our report No. 2018-011.

**Finding 6:** School controls over monitoring the competitive selection of subcontractors and negotiating and documenting the reasonableness of general conditions costs for design-build construction contracts need enhancement.

**Finding 7:** Security controls over mobile device utilization need improvement to ensure the confidentiality, integrity, and availability of School data and information technology resources.

### **BACKGROUND**

---

Pursuant to State law,<sup>1</sup> the Florida School for the Deaf and the Blind (School) operates under the leadership and direction of a Board of Trustees (Board). The Board consists of seven members who are appointed by the Governor for a 4-year term, subject to confirmation by the Senate. The Board must include one blind person and one deaf person, and each member is required to have been a Florida resident for at least 10 years.

---

<sup>1</sup> Section 1002.36(4), Florida Statutes.

The Board exercises control of the School through a Board-appointed President, who serves as the chief executive officer and is responsible for the organization, operation, and management of the School and its programs. The School is a State-supported residential public school for hearing-impaired and visually impaired students in preschool through 12th grade and is funded through the Department of Education. The Legislature appropriates fixed capital outlay moneys to the School on an annual basis from the Public Education Capital Outlay and Debt Service Trust Fund.<sup>2</sup>

As of January 2020, over half of the School's students participated in the School's boarding program and lived in campus dormitories during the week, while approximately 30 percent of the students were day-students from St. Augustine and surrounding areas. Students who participate in the boarding program are bused home on weekends and holidays.

The School had 806 employees and other personal services personnel as of February 2019 and, during the period July 2017 through February 2019, had a peak enrollment of 559 students. The Legislature appropriated to the School \$55.6 million, including \$3.4 million in Public Education Capital Outlay (PECO) funds, for the 2018-19 fiscal year and \$53.4 million, including \$2.2 million in PECO funds, for the 2017-18 fiscal year.<sup>3</sup>

## ***FINDINGS AND RECOMMENDATIONS***

---

### **Finding 1: Performance Evaluations and Salary Schedules**

State law<sup>4</sup> specifies that, for the purposes of protecting the health, safety, or welfare of students, the School is considered a school district and must comply with certain State laws applicable to school districts, including laws<sup>5</sup> pertaining to performance evaluations and salary schedules. State law<sup>6</sup> requires a performance evaluation to be conducted for all instructional personnel and school administrators<sup>7</sup> at least once a year based, in part, upon student performance and, in part, on instructional practice for instructional personnel or instructional leadership for school administrators. The School is also to adopt<sup>8</sup> a grandfathered salary schedule for instructional personnel hired before July 1, 2014, and a performance salary schedule for instructional personnel and school administrators hired beginning July 1, 2014, that provides annual salary adjustments based upon performance demonstrated under State law.<sup>9</sup>

For the 2018-19 fiscal year, the School employed 190 instructional personnel and 9 school administrators. In response to our audit inquiry, School management indicated in May 2020 that,

---

<sup>2</sup> Article XII, Section 9(a)(2) of the State Constitution.

<sup>3</sup> Chapters 2017-70 and 2018-9, Laws of Florida.

<sup>4</sup> Section 1002.36(7)(g), Florida Statutes.

<sup>5</sup> Sections 1012.27 and 1012.33, Florida Statutes, and by reference, Sections 1012.22 and 1012.34, Florida Statutes.

<sup>6</sup> Section 1012.34(3), Florida Statutes.

<sup>7</sup> Section 1012.01(3)(c), Florida Statutes, defines school administrators as school principals or school directors performing the assigned activities as the administrative head of a school, and assistant principals assisting the administrative head of the school. For the School, school administrators included two principals, six assistant principals, and the Executive Director of Career Development.

<sup>8</sup> Section 1012.22(1)(c), Florida Statutes.

<sup>9</sup> Section 1012.34(3), Florida Statutes, requires that at least one-third of instructional personnel and school administrator performance evaluations be based upon the performance of students assigned to their classrooms or schools.

although School performance evaluations considered instructional practice or instructional leadership, as applicable, neither the evaluations for instructional personnel nor school administrators considered student performance. Additionally, our examination of School records found that, while the School adopted grandfathered salary schedules for each of the 2014-15 through 2018-19 fiscal years and approved instructional personnel bargaining agreements that based compensation on the grandfathered salary schedules, the School had not adopted performance salary schedules for instructional personnel or school administrators, and neither the grandfathered salary schedules nor the bargaining agreements provided annual salary adjustments based, in part, upon employee performance.

According to School management, the School believed it was exempt from the performance pay requirements because School students have disabilities and are provided exceptional student education services and based on previous correspondence with a Legislative staff member. Notwithstanding these responses, State law does not exempt the School from basing a portion of each instructional personnel and school administrator performance evaluation on student performance. Additionally, the School is to adopt grandfathered and performance salary schedules for instructional personnel and performance salary schedules for school administrators that provide annual salary adjustments based, in part, upon employee performance.

Absent instructional personnel and school administrator performance evaluations that base a portion of the evaluations upon student performance, and grandfathered and performance-based salary schedules that provide annual salary adjustments based, in part, upon employee performance, the School cannot demonstrate compliance with State law and there is an increased risk that instructional personnel and school administrator compensation may not directly correlate to student and employee performance.

**Recommendation: We recommend that School management ensure compliance with State law by establishing instructional personnel and school administrator performance evaluations based, in part, upon student performance. We also recommend that School management adopt grandfathered and performance salary schedules that provide annual salary adjustments of instructional personnel and school administrators based, in part, upon employee performance.**

## **Finding 2: Sign Language Proficiency**

School policies and procedures<sup>10</sup> specified that School management recognized the need and purpose for clear, consistent, and effective communication as (1) a foundation for the development of student language skills, (2) the basis for the development of interpersonal skills, and (3) critical to the sharing of information among all members of the School campus community because, for many members, the primary and most efficient method of communication is American Sign Language (ASL). School policies and procedures also specified that employees were to possess the skills and knowledge needed to work effectively with all students and staff. School employees who had not achieved their required ASL skill level at the time of initial employment were, with limited exceptions, required to take the Sign Language Proficiency Interview (SLPI)<sup>11</sup> within 60 days of employment.

<sup>10</sup> School Operational Policy and Procedure 1.24, *FSDB Staff Member American Sign Language Program*.

<sup>11</sup> The SLPI involves one-to-one conversation in sign language between an interviewer and candidate. The interview is video recorded and is rated by trained SLPI ASL team members.

Employees appointed to their position before January 2017 who did not meet their specified ASL skill level standard within 60 days of employment were required to retake the SLPI within 2 years of the initial SLPI and achieve their required skill level standard within 4 years of initial employment. Effective January 2017, the School revised its ASL Program policies and procedures to specify that employees appointed to their position during or after January 2017 who did not meet their specified ASL skill level standard within 60 days of employment were required to retake the SLPI every 6 months and achieve their required skill level standard within 1 year if they worked directly with students who were deaf or hard of hearing, or 3 years if they did not work directly with such students.

According to School management, the School's Human Resources Department was responsible for maintaining employee ASL proficiency documentation and preparing periodic reports to determine whether employees complied with the ASL skill level standards. The School's Interpreter Services Department was responsible for reviewing the reports and evaluating the extent to which School employees met the required minimum levels of ASL proficiency, and supervisory personnel were responsible for monitoring compliance and holding staff accountable for not meeting the ASL skill level standards. As of April 2019, the School had 364 employees who were required to have ASL skills, including 226 employees appointed to their position before January 2017 and 138 employees appointed to their position during or after January 2017. Our review of the School's ASL program and supporting documentation for the 364 employees disclosed that, as of April 2019:

- 11 employees appointed to their position during or after January 2017 had not achieved their required ASL skill level. Specifically, the employees were 2 to 15 months late in achieving their required ASL skill level.
- 44 employees appointed to their position before January 2017 had not achieved their required ASL skill level, although 2 months to over 16 years had elapsed beyond the time frame for meeting their skill level. Among these 44 employees were 5 instructional personnel who had direct contact and interaction with deaf and hard of hearing students, including 2 employees who had not achieved their required ASL skill level for over 12 years. In addition, 6 other employees had not taken the SLPI, although 18 months to 18 years had elapsed beyond the time frame to take the SLPI.

According to School management, supervisory personnel did not always monitor compliance and hold staff accountable for not meeting the ASL skill level standards. While the Interpreter Services Department provides management and others information regarding the extent to which School employees comply with ASL program policies and procedures, the School has not implemented procedures to ensure that supervisory personnel address or enforce noncompliance with ASL program policies and procedures. Without procedures to address noncompliance, there is an increased risk that employees may not effectively communicate information to all members of the School community. A similar finding was noted in our report No. 2018-011 (Finding 5).

**Recommendation: We recommend that School management establish procedures for supervisory personnel to address noncompliance with ASL program policies and procedures and to ensure that employees timely achieve required ASL skill levels.**

### Finding 3: Purchasing Practices

State law<sup>12</sup> requires that School purchases, with limited exceptions, be made in accordance with the State agency procurement requirements of Chapter 287, Florida Statutes, and related Department of Management Services (DMS) rules. To facilitate the procurement of commodities and contractual services, DMS rules<sup>13</sup> permit, with prior DMS approval, agencies such as the School to purchase commodities or contractual services from contracts competitively established by another agency or let by the Federal Government or another state or political subdivision (alternate contract source contracts, or ACS contracts).

As part of our audit, we analyzed the 207 School contracts active as of June 2019 and noted that the School used 22 contracts competitively established by other governmental entities, with expenditures totaling \$1,392,019 during the period July 2017 through June 2019, without prior DMS approval. In response to our audit inquiry, School management indicated that, based on correspondence from the DMS, the School believed it was not included in the definition of a State agency pursuant to State law<sup>14</sup> and, therefore, the School was not required to obtain approval from the DMS to purchase commodities or contractual services from ACS contracts.

Notwithstanding the School's response, State law<sup>15</sup> specifies that, unless otherwise provided by law, the School is to comply with all laws and rules applicable to State agencies. Therefore, based on the express provisions of State law, the School is required to follow the procurement procedures set forth in DMS rules, including the requirement to obtain approval from the DMS to purchase commodities or contractual services from ACS contracts.

Purchases made using commodity or contractual service contracts competitively established by other governmental entities without DMS approval is contrary to State law and DMS rules and increases the risk that the contracts may be used for purposes not suitable for the School.

**Recommendation: We recommend that School management enhance procedures to ensure that DMS approval is obtained prior to purchasing commodities or contractual services from ACS contracts, as required by State law and DMS rules.**

### Finding 4: Construction Contract Procurement

Pursuant to State law,<sup>16</sup> the School may contract for the construction of new facilities, or for additions, remodeling, renovation, maintenance, or repairs to existing facilities, using various methods, including competitive bids, selection of a design-build (DB) firm, or use of a construction management entity. DMS rules<sup>17</sup> require that bidders on State construction projects with contract costs estimated to exceed \$200,000 be prequalified to submit a bid and to be awarded a contract. These rules further require that

<sup>12</sup> Section 1002.36(4)(f)4., Florida Statutes.

<sup>13</sup> DMS Rule 60A-1.045(5), Florida Administrative Code. DMS approval to use alternate contract source contracts is documented on DMS Form PUR 7102, *Agency Request for Approval of Alternate Contract Source*.

<sup>14</sup> Section 287.012(1), Florida Statutes.

<sup>15</sup> Section 1002.36(1), Florida Statutes.

<sup>16</sup> Section 1013.45(1), Florida Statutes.

<sup>17</sup> DMS Rules 60D-5.008, 5.0082, and 5.0091, Florida Administrative Code.

contracts for construction projects be awarded to the responsive bidder with the lowest price bid, unless a qualifications-based selection process is used, whereby a competitive selection process is conducted to determine and select the most highly qualified contractor to perform the required construction services. After selecting the most highly qualified contractor, negotiations for the construction services are conducted for the project at compensation determined to be fair, competitive, and reasonable, to provide for profit, overhead, and direct management costs plus actual costs not to exceed a guaranteed maximum price.

As summarized in Table 1, the School entered into three contracts for construction services during the 2019 calendar year.

**Table 1**  
**Construction Services Contracts**  
**For the 2019 Calendar Year**

Project Description	Contract Date	Budget
Moore Hall Roof Replacement	February 2019	\$1,250,000
Roadway Repaving and Drainage Improvements	May 2019	\$1,075,000
Bulkhead Improvements	December 2019	\$2,600,000

Source: School records.

Our examination of School records related to the procurement of these construction services contracts found that, contrary to State law and DMS rules, the School advertised and awarded the contracts using the request for proposals process established in State law<sup>18</sup> for the acquisition of commodities or contractual services, rather than the competitive bid or competitive selection and negotiation procedures required for awarding construction projects or acquiring construction services. Pursuant to State law,<sup>19</sup> contractual services are defined as the rendering by a contractor of its time and effort rather than the furnishing of specific commodities, and the definition specifically excludes contracting for the construction, renovation, repair, modification, or demolition of a facility, building, portion of building, parking lot, or structure or other improvement to real property.

The requests for proposals used by the School for these projects required each construction firm to submit proposals that included the firm’s qualifications and a proposed bid price. The submitted proposals were then evaluated and scored based on the firm’s qualifications and proposed pricing, and contracts were entered into with the highest ranked firms. However, this process was contrary to State law and DMS rules, which require construction projects to be awarded to either the responsive bidder with the lowest price bid or the most highly qualified DB firm or construction management entity, if a qualifications-based selection process was used.

According to School management, the School followed the request for proposals process for commodities and contractual services to contract for the construction services because the applicable provisions of State law do not provide sufficient detail for the vendor procurement process and are silent on many procedural issues considered important by the School, including appointing an evaluation committee and

<sup>18</sup> Section 287.057(1)(b), Florida Statutes.

<sup>19</sup> Section 287.012(8), Florida Statutes.

factoring construction cost in the contract award evaluation process. Notwithstanding the School's response, the applicable provisions of State law and DMS rules provide the requirements for acquiring construction services, including prequalifying construction firms and awarding contracts to the bidder with the lowest price bid, or utilizing a competitive selection and negotiation process to select and award construction services contracts to the most highly qualified DB firm or construction management entity.

**Recommendation: We recommend that School management take steps to ensure that construction services contracts are procured in accordance with applicable provisions of State law and DMS rules.**

#### **Finding 5: Legislative Budget Requests and Facilities Master Plans**

Pursuant to State law,<sup>20</sup> the School is to prepare and submit legislative budget requests (LBRs) for operations and fixed capital outlay to the Department of Education (DOE) for review and approval. The DOE is to analyze the amount requested for fixed capital outlay to determine whether the request is consistent with the School's campus master plan, educational plant survey, and facilities master plan. State law<sup>21</sup> also requires the School to develop a plan of facility needs that lists the School's facility needs in order of priority and that includes a 5-year schedule for preventative maintenance, replacement, improvement, or construction of facilities on a specific project-by-project basis. Additionally, for years 2 through 5, each plan is to provide a full explanation of the basis for each project, including a description of the function that requires the facility; an explanation of the inability of existing facilities to meet such requirements; historical background; alternatives; and anticipated changes in both initial and continuing operating costs. State law also requires that the first year of the plan comport with the requirements applicable to the LBR for fixed capital outlay.<sup>22</sup> Accordingly, the fixed capital outlay budget in the School's LBR should be consistent with the first year of the 5-year plan for facility needs.

The School's *Campus/Facilities Master Plan (Plan)* served as the primary supporting document for the School's facility needs for capital projects, maintenance, and related items. In September 2019, the School submitted to the DOE a 5-year *Plan* in conjunction with the 2020-21 fiscal year LBR for fixed capital outlay that included the 2019-20 through 2023-24 fiscal years, and which outlined the School's plan to expend approximately \$48.3 million during the 5-year period. The projected funding needs identified in the *Plan* for the 2019-20 through 2023-24 fiscal years are summarized in Table 2.

---

<sup>20</sup> Section 1002.36(4)(f)1., Florida Statutes.

<sup>21</sup> Section 216.0158, Florida Statutes.

<sup>22</sup> Section 216.0143, Florida Statutes.

**Table 2**  
**Fixed Capital Outlay Needs Identified in the 2019-20 Through 2023-24 Fiscal Year Plan**

Category	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Capital Projects	\$ -	\$ 9,139,490	\$4,057,980	\$3,271,897	\$4,408,489	\$20,877,856
Site and Infrastructure Improvements	125,000	4,800,000	475,000	425,000	218,250	6,043,250
Major Maintenance Projects	300,000	4,188,286	1,153,250	347,288	364,652	6,353,476
Minor Maintenance Projects	2,714,567	2,850,295	2,992,810	3,142,450	3,299,573	14,999,695
<b>Total Capital and Maintenance Needs</b>	<b>\$3,139,567</b>	<b>\$20,978,071</b>	<b>\$8,679,040</b>	<b>\$7,186,635</b>	<b>\$8,290,964</b>	<b>\$48,274,277</b>

Source: School's 2019-20 through 2023-24 Plan.

The School's 2020-21 fiscal year LBR projected fixed capital outlay funding needs totaling approximately \$11 million for the 2020-21 fiscal year. Table 3 summarizes and compares by project the capital and maintenance needs identified in the Plan for the 2020-21 fiscal year to the School's request for fixed capital outlay in the LBR for the 2020-21 fiscal year.

**Table 3**  
**Comparison of Project Funding Needs Identified in School Plan and LBR**  
**For the 2020-21 Fiscal Year**

Category	Project Description	Plan	LBR	Difference
Capital Projects	Gregg Hall – Demolition and New Construction	\$ 5,661,625	\$ 5,661,625	\$ -
	Kramer Hall – Renovation	3,477,865	-	3,477,865
Site and Infrastructure Improvements	Bulkhead Phase III	4,800,000	-	4,800,000
Major Maintenance Projects	Elevator Refurbishments	315,000	-	315,000
	Central Utility Plant Chilled Water Upgrades	807,888	-	807,888
	Campus Fire Alarm Replacements/Mass Notification System – Phase III	3,065,398	3,065,398	-
Minor Maintenance Projects	Annual Safety, Maintenance, and Technology Contracts for Continuity of Operations	2,850,295	2,263,858	586,437
<b>Total Plan and LBR Costs</b>		<b>\$20,978,071</b>	<b>\$10,990,881</b>	<b>\$9,987,190</b>

Source: School's 2019-20 through 2023-24 Plan and 2020-21 fiscal year LBR.

Our examination of the School's 2020-21 fiscal year LBR, the 5-year Plan submitted September 2019, and other School records, disclosed that:

- The School submitted to the DOE in May 2018, September 2019, and April 2020, Plans covering the 2019-20 through 2023-24 fiscal years. Consequently, the 5-year Plans submitted in conjunction with the 2020-21 and 2021-22 fiscal year LBRs for fixed capital outlay did not address 5 years of fixed capital outlay funding needs, contrary to State law.
- The School's LBR for the 2020-21 fiscal year identified approximately \$11 million in fixed capital outlay funding needs. However, neither the funding needs identified in the first year of the Plan (\$3.1 million for the 2019-20 fiscal year) nor the second year of the Plan (\$21 million for the 2020-21 fiscal year) were consistent with the amount identified in the LBR. Additionally, the Plan identified \$3.1 million in funding needs for the 2019-20 fiscal year, although \$2.8 million in funding was appropriated by the Legislature for that fiscal year.

The Plan also projected a funding need of \$4.8 million in the 2020-21 fiscal year for the Bulkhead Phase III project. The School issued a request for proposals to identify prospective vendors to

construct the bulkhead in December 2018, budgeted \$4,420,000 for the project from General Revenue carryforward funds for the 2019-20 fiscal year, and awarded the project to the selected vendor in December 2019 with an initial contract cost of \$2,465,482. Consequently, as the Bulkhead Phase III project was funded with 2019-20 fiscal year General Revenue funds and was not included in the 2019-20 fiscal year capital outlay budget, the School's capital outlay budgets for the 2019-20 and 2020-21 fiscal years were not consistent with the respective *Plan*, contrary to State law.<sup>23</sup>

- Although School management was generally able to provide documentation to support the fixed capital outlay funding needs identified in the LBR, documentation was not always available for the projects identified in the *Plan*, and certain maintenance funding needs were not identified on a project-by-project basis. For example:
  - The *Plan* projected a funding need of \$4.8 million in the site and infrastructure category for the Bulkhead Phase III project. However, although we requested, documentation was not available to evidence that the amount requested was supported by engineering studies, detailed cost estimates, or other documentation. According to School management, the funding need was based on a previous bulkhead project that was 470 linear feet and cost \$753,000, or about \$1,600 per linear foot. However, more underground drainage work was required for the 2,300 linear foot Phase III project and the cost of construction materials (steel and aluminum) was expected to increase dramatically. Notwithstanding, as previously noted the School awarded the project to the selected vendor in December 2019 with an initial contracted cost of \$2,465,482, or about \$1,100 per linear foot. Similarly, School records did not include detailed documentation demonstrating the basis for most other amounts in the *Plan* for the site and infrastructure improvement, major maintenance, and minor maintenance categories shown in Table 2.
  - The *Plan* projected funding needs for minor maintenance costs totaling \$14,999,695 for the 2019-20 through 2023-24 fiscal years. As shown in Table 3, the *Plan* projected funding needs for the 2020-21 fiscal that exceeded the needs identified in the LBR by \$586,437. The *Plan* indicated funding needs of \$2,714,567 for the 2019-20 fiscal year and projected subsequent requests through the 2023-24 fiscal year by increasing the amount calculated for the 2019-20 fiscal year by 5 percent for each succeeding fiscal year, projecting total funding needs of approximately \$15 million for the 5-year period. However, in these circumstances, the *Plan* did not identify the specific projects planned for the 5-year period on a project-by-project basis, contrary to State law.

In response to our audit inquiry, School management indicated that the 2019-20 fiscal year was included in the 5-year *Plan* submitted to the DOE in September 2019 because the DOE was delayed in completing the School's 5-year educational plant survey required by State law<sup>24</sup> for the 2019-20 through 2023-24 fiscal years and the School's intent was for the projects and funding needs identified in the *Plan* to be consistent with the educational plant survey. Notwithstanding the School's response, the first year of the School's *Plan* should be consistent with the first year of the LBR and the *Plan* should also represent the facility needs covering the next 4 fiscal years. Absent comprehensive, consistent, and properly supported LBRs, *Plans*, and capital outlay budgets that specifically identify capital and maintenance-related projects, the School cannot demonstrate compliance with State law and there is an increased risk that the School's PECO funding requests and related appropriations will not correspond

---

<sup>23</sup> Section 1013.61, Florida Statutes, requires the Board to adopt a capital outlay budget each year that identifies the capital outlay needs of the Board, is part of the annual budget, and is based on and in harmony with the Board's capital outlay plan, and designates the proposed capital outlay expenditures by project for the year from all fund sources.

<sup>24</sup> Section 1013.31, Florida Statutes.

with actual anticipated needs. Similar findings were noted in our report Nos. 2018-011 (Finding 1) and 2014-006 (Finding 1).

**Recommendation:** We again recommend that School management strengthen procedures for preparing *Plans* and LBRs to ensure that the projects and funding needs in the first year of the *Plan* are in agreement with the LBR, that capital and maintenance and repair funding needs are supported by adequate records, and minor maintenance funding needs are identified on a project-by-project basis in accordance with State law.

## Finding 6: Construction Administration

Pursuant to State law,<sup>25</sup> the School may contract with a DB firm for the construction or renovation of facilities. Under the DB process,<sup>26</sup> contractor profit and overhead are agreed upon and the DB firm is responsible for all scheduling and coordination activities during the design and construction phases. The DB firm is also generally responsible for the successful, timely, and economical completion of the project. The School may require the DB firm to offer a guaranteed maximum price (GMP) that allows the difference between the actual project cost and the GMP to be returned to the School. As such, the GMP contract requires School personnel to closely monitor subcontractor bid awards and construction costs.

In October 2017, the School entered into a GMP contract totaling \$6,095,129 for the Gore Hall Renovation project that was completed in November 2018. As subsequently described, our review of the Gore Hall Renovation project contract and related construction administration documents, including subcontractor bid documents and subcontracts and contractor invoices and supporting documentation, identified opportunities to improve the School's construction contracting and construction management procedures. Specifically:

- **Subcontractor Bid Documents and Subcontracts.** The School did not obtain subcontractor bid documents for any of the 27 subcontracted trades indicated on the schedule of values. We requested, and School personnel obtained from the DB firm, contracts totaling \$4.6 million for the 27 subcontractors. While our comparison of the bid awards listed on the bid tabulation sheets to the subcontractor contracts confirmed that the subcontractors were competitively selected and that the bid award and contract amounts agreed, our procedures cannot substitute for the School's responsibility to verify that subcontractor contracts are awarded by the DB firm using a competitive selection process and that the bid award and contract amounts agree. A similar finding was noted in our report No. 2018-011 (Finding 2).
- **Work Performed by the DB Firm.** The DB firm performed the work for 3 of the 27 subcontracted trades, with the related subcontracts totaling \$257,300. These trades included the concrete foundation, masonry and rebar, and rough carpentry. While bid proposals were submitted by the DB firm for these trades and subcontracts were provided for our review, the contract with the DB firm did not specify the terms and conditions under which the DB firm could perform portions of the project. For example, for the masonry and rebar and rough carpentry trades, the bid tabulation summaries provided by the DB firm indicated that the DB firm was the only bidder and, for the concrete foundation trade, only one other bidder was indicated. Without contract terms and conditions for establishing and evaluating the reasonableness of the cost of work performed by the DB firm, School records did not evidence that these trade services were obtained at the lowest cost consistent with acceptable quality.

<sup>25</sup> Sections 287.055(9) and 1013.45(1), Florida Statutes.

<sup>26</sup> DMS Rules, Chapter 60D-13, Florida Administrative Code.

- **General Conditions Costs.** In response to our audit inquiry, School management indicated that, although there were negotiations between School personnel and the DB firm before the GMP contract was established, the School had not established policies or procedures to document the methodology used and factors considered during the negotiation process to establish the reasonableness of the general conditions costs totaling \$291,678. In addition, since the charges for general conditions were billed in equal monthly amounts based on the estimated duration of the project, the payment requests did not include detailed documentation, such as DB firm payroll records, to support the propriety of the general conditions costs billed and paid. Absent adequate monitoring of general conditions cost charges, the School may be limited in its ability to determine the propriety of the payment requests or to recover cost savings associated with the project, should they occur.

Similar issues regarding the Gore Hall Renovation project contract and related procedures were noted in an internal audit report<sup>27</sup> dated February 2018.

According to School management, although subcontractor bid documents and subcontracts were requested from the DB firm, only the bid tabulation summaries were provided. School management also indicated that there were multiple meetings and many hours of negotiation with the DB firm that resulted in numerous downward adjustments to the GMP, resulting in a final GMP that the School believed was fair and reasonable. School management also noted that the DB firm was contractually responsible for determining the most efficient and cost-effective methods for subcontracting for or performing project work within the GMP amount. Notwithstanding these responses, absent appropriate policies and procedures for monitoring subcontractor bid documents, subcontracts, and general conditions costs, as well as requiring contract terms and conditions for work performed by the DB firm, the School may be limited in its ability to monitor the reasonableness of project costs and to realize maximum cost savings within the GMP amount.

**Recommendation:** We recommend that the School establish policies and procedures for:

- **Verifying that DB firms use a competitive selection process to select subcontractors and that bid award and contract amounts agree.**
- **Assessing the justification for and negotiation of subcontracted trade work to be performed by a DB firm to ensure project cost savings.**
- **Negotiating, monitoring, and documenting the reasonableness of general conditions costs. Such policies and procedures should require documentation of the methodology used and factors considered in negotiating general conditions costs. In addition, GMP contracts should require DB firms to document the reasonableness of general conditions costs and School records should evidence the receipt and review of sufficiently detailed documentation supporting the general conditions costs included in DB firm pay requests.**

## **Finding 7: Mobile Device Security Controls**

Security controls are intended to protect the confidentiality, integrity, and availability of data and information technology (IT) resources. Our audit procedures disclosed that certain security controls related to mobile device<sup>28</sup> utilization need improvement. We are not disclosing specific details of the

<sup>27</sup> RSM US LLP Internal Audit Report, *Rapid Assessment: Construction Contracting and Management Process*.

<sup>28</sup> Mobile devices are portable devices, such as laptop computers, smartphones, and tablets, that allow storage and transmittal of entity data.

issues in this report to avoid the possibility of compromising School data and IT resources. However, we have notified appropriate School management of the specific issues.

Without appropriate security controls related to the use of mobile devices by School employees, the risk is increased that the confidentiality, integrity, and availability of School data and IT resources may be compromised.

**Recommendation:** We recommend that School management enhance certain security controls related to employee use of mobile devices to ensure the confidentiality, integrity, and availability of School data and related IT resources.

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

---

Except as discussed in the preceding paragraphs, the Department had taken corrective actions for the findings included in our report No. 2018-011.

## ***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 through May 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.

This operational audit of the Florida School for the Deaf and the Blind (School) focused on selected administrative activities. The overall objectives of the 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, administrative rules, contracts, grant agreements, and other guidelines.
- To 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, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit also included steps to determine whether management had corrected, or was in the process of correcting, all deficiencies noted in our report No. 2018-011.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable governing laws, rules, or contracts, 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's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records 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 agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, regulations, and School policies and procedures and interviewed School personnel to obtain an understanding of School financial management and other administrative activity controls.
- Reviewed School policies, interviewed School management, and examined School records to evaluate the adequacy of School procedures for protecting sensitive personal information of students, including social security numbers.
- Reviewed School performance evaluation procedures and adopted salary schedules for instructional personnel and school administrators to determine whether employee performance evaluations were based, in part, on student performance and whether the salary schedules based a portion of instructional personnel and school administrator compensation on employee performance, as required by State law.
- From the population of 207 School contracts active as of June 2019, totaling \$17,719,129, examined 15 selected contracts, totaling \$3,931,856, to determine whether the contracts were competitively procured in accordance with State law and applicable Department of Management Services (DMS) rules. We also examined the 22 School contracts active as of June 2019 that were competitively established by other governmental entities, with expenditures totaling \$1,392,019 during the period July 2017 through June 2019, to determine whether the contracts were approved as required by DMS rule.
- Examined School records for the three construction services contracts entered into during the 2019 calendar year to determine whether the contractors were selected in accordance with applicable State laws and DMS rules and School policies and procedures.

- From the population of 16,439 nonpayroll expenditures, totaling \$11,041,035, for the period July 2018 through June 2019, examined School records for 30 selected expenditures, totaling \$1,066,141, to determine whether nonpayroll expenditures were reasonable, correctly recorded, adequately documented, for a valid School purpose, properly authorized and approved, and in accordance with applicable State laws, rules, contract terms, and School policies and procedures.
- Reviewed School policies and procedures, interviewed School management, and evaluated the adequacy of School mobile device security controls to determine whether the School had established adequate controls over personally owned mobile devices used in support of School-related work, in accordance with Agency for State Technology rules.
- Examined Florida Accounting Information Resource Subsystem access control records for the 16 employees with update capability to critical finance application functions during the period May 2018 through May 2019 and inquired of School management to determine whether the assigned access privileges were appropriate.
- Evaluated School actions to correct the findings noted in our report No. 2018-011. Specifically, we:
  - Examined School records related to the capital projects and maintenance and repairs funding requests included in the School's 2020-21 fiscal year Legislative Budget Request (LBR) and the School's *Campus/Facilities Master Plan* for the 2019-20 through 2023-24 fiscal years to determine whether projects were specifically identified and prioritized as required by State law and the amounts requested were supported by appropriate documentation.
  - From the population of the 28 maintenance and repair line item requests with projected costs totaling \$5,329,256 included in the School's 2020-21 fiscal year LBR, examined School records for 14 selected line item requests, with projected costs totaling \$5,040,987, to determine whether the amounts requested were reasonable and adequately supported.
  - For the School's one design-build (DB) construction project, with expenditures totaling \$5,389,961 during the period July 2017 through February 2019, we:
    - Reviewed the DB firm's subcontractor contracts, bid tabulation sheets, and subcontractor bid proposals to determine whether subcontractors were competitively selected and the subcontractor selection process was adequately monitored by School management.
    - Reviewed and evaluated School procedures for authorizing and monitoring bids submitted by the DB firm for construction trade work to be performed by the DB firm.
    - Determined whether the School established written policies and procedures addressing the negotiation and monitoring of general conditions costs.
  - From the population of 102 teachers who received Florida Best and Brightest Teacher Scholarship Program scholarship awards totaling \$184,400 for the 2017-18 fiscal year and the 99 teachers who received scholarship awards totaling \$200,188 for the 2018-19 fiscal year, examined School records for 33 selected recipients of awards totaling \$107,947 to determine whether School records adequately supported the recipients' eligibility for the awards.
  - Reviewed School American Sign Language (ASL) program policies and procedures, interviewed management, and evaluated the School's administration of the ASL program, including supporting documentation for the 364 employees who as of April 2019 were required to have ASL skills, to determine whether School controls adequately ensured employees had the skills and knowledge needed to work effectively with all students and staff.
  - From the population of 35 purchasing cards canceled during the period July 2017 through February 2019, examined School records for 9 selected purchasing cards to determine

whether the School timely canceled the purchasing cards upon the cardholders' separation from School employment or when a purchasing card was reported as lost or stolen.

- From the population of 6,446 purchasing card transactions, totaling \$1,241,924, made during the period July 2017 through February 2019, examined School records for 10 selected transactions, totaling \$22,465, to determine whether purchasing card transactions were for an authorized public purpose, in accordance with School policies and procedures, reasonable and appropriate, and properly approved and accounted for.
- From the population of 80 active purchasing cardholders during the period July 2017 through February 2019, examined School records for 18 selected purchasing cards issued during the period and 12 purchasing cards issued prior to the period to determine whether cardholder agreement forms were completed documenting the cardholders' agreement with School purchasing card policies and procedures.
- 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**

---

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of the School on a periodic basis. 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

---



September 4, 2020

Ms. Sherrill F. Norman  
Auditor General  
State of Florida  
Claude Denson Pepper Building, Suite G74  
111 West Madison Street  
Tallahassee, FL 32399-2799

Dear Ms. Norman:

In accordance with Section 11.45(4)(d), Florida Statutes, attached is a written statement of explanation concerning the preliminary and tentative audit findings we have received from you, in the letter dated August 17, 2020, that resulted from your operational audit of the Florida School for the Deaf and the Blind for the audit period July 1, 2017 to February 28, 2019.

Included in the school's response are proposed corrective actions.

Sincerely,

A handwritten signature in blue ink that reads 'Julia Mintzer'.

Julia Mintzer  
Interim President and Administrator of Business Services

Attachment

C: Members of the FSDB Board of Trustees

---

207 San Marco Avenue • St. Augustine, FL 32084  
Toll Free 800.344.3732 • VP 904.201.4527 • [www.fsdbk12.org](http://www.fsdbk12.org)

**Operational Audit of the Florida School for the Deaf and the Blind  
Preliminary and Tentative Audit Findings  
Auditor General – State of Florida  
September 4, 2020**

**Findings, Recommendations, and FSDB Responses**

**Finding 1: Contrary to State law, School instructional personnel and administrator performance evaluations were not based, in part, on student performance. Additionally, the School had not adopted grandfathered salary schedules for instructional personnel and performance salary schedules for instructional personnel and school administrators that provided annual salary adjustments based, in part, upon employee performance.**

**Recommendation:** We recommend that School management ensure compliance with State law by establishing instructional personnel and school administrator performance evaluations based, in part, upon student performance. We also recommend that School management adopt grandfathered and performance salary schedules that provide annual salary adjustments of instructional personnel and school administrators based, in part, upon employee performance.

**FSDB Response:** We acknowledge the finding. FSDB management will seek guidance and direction from the Florida Department of Education and work collaboratively with the FSDBEA to ensure compliance with State law by establishing instructional personnel and school administrator performance evaluations based, in part, upon student performance. FSDB management will work collaboratively with the FSDBEA to adopt grandfathered and performance salary schedules that provide annual salary adjustments of instructional personnel and school administrators based, in part, upon employee performance.

**Finding 2: As similarly noted in our report No. 2018-011, School employees did not always timely achieve required American Sign Language skill levels.**

**Recommendation:** We recommend that School management establish procedures for supervisory personnel to address noncompliance with ASL program policies and procedures and to ensure that employees timely achieve required ASL skill levels.

**FSDB Response:** We acknowledge the finding and have added SLPI compliance as part of annual reviews and evaluations to hold staff accountable for compliance with the ASL program policies and procedures. ASL classes are offered by a full time ASL teacher to assist staff in developing the skills needed to meet their required SLPI standard.

**Finding 3: Contrary to State law and Department of Management Services (DMS) rules, the School used contracts competitively established by other governmental entities without prior DMS approval.**

**Recommendation:** We recommend that School management enhance procedures to ensure that DMS approval is obtained prior to purchasing commodities or contractual services from ACS contracts, as required by State law and DMS rules.

**FSDB Response:** We acknowledge the finding and are enhancing our procedures to ensure that DMS approval is obtained prior to purchasing commodities or contractual services from ACS contracts, when we choose to use them, as required by State law and DMS rules.

**Finding 4: The School did not adhere to applicable provisions of State law and DMS rules when procuring three construction services contracts totaling \$4,925,000.**

**Recommendation:** We recommend that School management take steps to ensure that construction services contracts are procured in accordance with applicable provisions of State law and DMS rules.

**FSDB Response:** We acknowledge the finding and are taking steps to ensure that construction services are procured in accordance with applicable provisions of State law and DMS rules.

**Finding 5: The School's 5-year *Campus/Facilities Master Plan* did not agree with the School's 2020-21 fiscal year Legislative Budget Request for Public Education Capital Outlay funding or the School's capital outlay budget. Similar findings have been noted in prior audit reports, most recently in our report No. 2018-011.**

**Recommendation:** We again recommend that School management strengthen procedures for preparing Plans and LBRs to ensure that the projects and funding needs in the first year of the Plan are in agreement with the LBR, that capital and maintenance and repair funding needs are supported by adequate records, and minor maintenance funding needs are identified on a project-by-project basis in accordance with State law.

**FSDB Response:** We acknowledge the finding and continue to refine and strengthen our procedures for ensuring that the first year projects of the Campus/ Facilities Master Plan (CFMP) are in alignment with the corresponding PECO Legislative Budget Requests (LBR). Further, we will amend the CFMP annually and work closely with Florida Department of Education (Facilities) to ensure that the proper Educational Plant Spot Surveys are conducted to maintain agreement. We will also fortify our efforts to further support cost estimations for minor, major, and capital projects moving forward.

**Finding 6: School controls over monitoring the competitive selection of subcontractors and negotiating and documenting the reasonableness of general conditions costs for design-build construction contracts need enhancement.**

**Recommendation:** We recommend that the School establish policies and procedures for:

- Verifying that DB firms use a competitive selection process to select subcontractors and that bid award and contract amounts agree.
- Assessing the justification for and negotiation of subcontracted trade work to be performed by a DB firm to ensure project cost savings.
- Negotiating, monitoring, and documenting the reasonableness of general conditions costs. Such policies and procedures should require documentation of the methodology used and factors considered in negotiating general conditions costs. In addition, GMP contracts should require DB firms to document the reasonableness of general conditions costs and School records should evidence the receipt and review of sufficiently detailed documentation supporting the general conditions costs included in DB firm pay requests.

**FSDB Response:** We will establish policies and procedures for:

1. Verifying that DB firms use a verifiable competitive selection process to select subcontractors and that bid and award amounts agree.
2. Assessing the justification for and negotiation of subcontracted trade work to be performed by a DB firm to ensure project cost savings.
3. Negotiating, monitoring, and documenting the reasonableness of general conditions costs in accordance with sound, common, business practices.

**Finding 7: Security controls over mobile device utilization need improvement to ensure the confidentiality, integrity, and availability of School data and information technology resources.**

**Recommendation:** We recommend that School management enhance certain security controls related to employee use of mobile devices to ensure the confidentiality, integrity, and availability of School data and related IT resources.

**FSDB Response:** We acknowledge the finding and continue to enhance security controls related to the use of mobile devices. In addition to improving security controls, operational policies and procedures and other guidance materials will be reviewed and updated annually along with associated training presentations.