

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2022-055
December 2021

**HERNANDO COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2020-21 fiscal year, John C. Stratton served as Superintendent of the Hernando County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Catherine (Kay) Hatch	1
Linda K. Prescott, Chair from 11-17-20, Vice Chair through 11-16-20	2
James (Jimmy) Lodato	3
Gus Guadagnino, Vice Chair from 11-17-20	4
Susan Duval, Chair through 11-16-20	5

The team leader was M. Cecilia Brown, and the audit was supervised by Anna A. McCormick, 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.

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HERNANDO COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Hernando County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2019-202 and management letter comments in the 2019-20 financial audit report. Our operational audit disclosed the following:

Finding 1: District controls over school resource officer services could be enhanced.

Finding 2: Contrary to State law, the District did not always provide required youth mental health awareness and assistance training to school personnel.

Finding 3: The District needs to strengthen controls to ensure the accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education.

Finding 4: District tangible personal property inventory controls continue to need improvement.

Finding 5: The District needs to enhance controls over tangible personal property to ensure property disposals are appropriately and accurately reflected in District records.

Finding 6: As similarly noted in report No. 2019-202, some unnecessary information technology (IT) user access privileges existed that increased the risk for unauthorized disclosure of sensitive personal information of students to occur.

Finding 7: Some unnecessary or inappropriate IT user access privileges existed that increase the risk that unauthorized disclosure, modification, or destruction of human resources and finance information may occur.

Finding 8: The District did not timely remove the IT access privileges of some former employees.

BACKGROUND

The Hernando 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 Hernando County. The governing body of the District is the Hernando 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 2020-21 fiscal year, the District operated 23 elementary, middle, and high schools; 2 specialized schools; sponsored 3 charter schools; and reported 22,493 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: School Resource Officer Services

State law¹ requires the Board and Superintendent to partner with local law enforcement agencies or security agencies to establish or assign one or more safe-school officers, such as school resource officers (SROs), at each school facility. SROs are to be certified law enforcement officers and, among other things, are required to complete mental health crisis intervention training using a curriculum developed by a national organization with expertise in mental health crisis intervention. Effective management for SRO services on school premises ensures that the SRO was present at each school facility during hours school was in regular session.

Our examination of District records for the 2020-21 fiscal year disclosed that the Board contracted with the Hernando County Sheriff's Office (HCSO) for an SRO at 23 District school sites. As part of our procedures, we requested for examination District records to verify that the 23 SROs received the required mental health crisis intervention training; however, District records were not initially provided. Subsequent to our request, in August 2021 the District obtained correspondence from the HCSO that demonstrated for the 2021-22 school year that 20 SROs completed the required training and 3 new SROs still lacked the training. According to District personnel, the District relied on the HCSO to ensure that the SROs completed the training. However, such reliance provides limited assurance that the training was properly completed.

The contract with HCSO stipulated that each SRO would be assigned for 8 hours per day to a designated school when school was in session. The District uses an electronic visitor management system to record information about school visitors, including visitor arrival and departure times; however, during the period July 2020 through April 2021, District procedures did not require SROs to document their arrival and departure times, either through the visitor management system or otherwise, to facilitate the monitoring of SRO services.

Effective May 2021, the District started using the electronic visitor management system to document SRO arrival and departure times. As part of our procedures, we requested for examination District records evidencing that SROs were present at 3 schools during each of the 93 total school days² in May and June 2021. However, records of SRO arrivals and departures were not provided for 27 school days. In response to our inquiry, District personnel indicated that the lack of records was not because SROs were absent, but because the SROs' arrivals and departures were not always documented. Subsequent to our inquiry, the District provided access reports from the SRO office doors at the schools that identified when an SRO entered a door, but the reports were not sufficient to document the actual hours the SROs were at the schools. Consequently, such records provided limited assurance that an SRO was present at each school facility as expected.

Absent effective procedures to document verification that SROs complete the required mental health crisis intervention training, the District has limited assurance that the SROs were appropriately trained to

¹ Section 1006.12, Florida Statutes.

² The 93 total school days consists of 31 school days at the 3 schools during May and June 2021.

avert, or appropriately intervene during, a mental health crisis. In addition, without records demonstrating that an SRO was present 8 hours per day when each school was in session, the District has limited assurance that SRO services were provided as expected and required by the contract with the HCSO. Therefore, the District cannot demonstrate compliance with State law or that all appropriate measures have been taken to promote student and staff safety.

Recommendation: The District should continue efforts to demonstrate compliance with State school safety laws. Such efforts should include:

- **Documentation evidencing verification that SROs were appropriately trained.**
- **District records evidencing SRO arrival and departure times and that an SRO was present the required number of hours during each school day.**

Finding 2: Mental Health Care Services

State law³ requires the District to designate a school safety specialist to ensure that District school personnel receive youth mental health awareness and assistance training. Pursuant to State law,⁴ the District received a mental health assistance allocation totaling \$856,242 for the 2020-21 fiscal year to establish or expand school-based mental health care services and related training.

Our discussions with District personnel and examination of District records disclosed that the District had designated a school safety specialist; however, District procedures were not always effective to ensure that the District complied with statutory mental health training requirements. Specifically, we examined District records and found that, as of June 30, 2021, only 177 (7 percent) of the 2,692 school employees had completed the required mental health training. In response to our inquiry, District personnel indicated that, although District personnel identified and tracked employees who had not received the training and verified employee completion of the training, the District had struggled to coordinate and schedule the training for school personnel because it is an all-day event.

Youth mental health awareness and assistance training helps school personnel identify and understand the signs of emotional disturbance, mental illness, and substance use disorders and provides such personnel with the skills to help a person who is developing or experiencing an emotional disturbance, mental health, or substance use problem. Without the required training, a mental health services need may not be timely identified and appropriately met.

Recommendation: The District should enhance procedures to ensure that all District personnel promptly complete the required youth mental health awareness and assistance training.

Finding 3: Adult General Education Classes

State law⁵ defines adult general education, in part, as comprehensive instructional programs designed to improve the employability of the State's workforce. The District received State funding for adult general education, and General Appropriations Act⁶ proviso language required each school district to report

³ Section 1012.584, Florida Statutes.

⁴ Section 1011.62(16), Florida Statutes.

⁵ Section 1004.02(3), Florida Statutes.

⁶ Chapter 2020-111, Laws of Florida, Specific Appropriation 126.

enrollment for adult general education programs in accordance with Florida Department of Education (FDOE) instructional hours reporting procedures.⁷ FDOE procedures provide that fundable instructional contact hours are those scheduled hours that occur between the date of enrollment in a class and the withdrawal date or end-of-class date, whichever is sooner. State Board of Education (SBE) rules⁸ require the District to collect and maintain enrollment and attendance information on students based on minimum enrollment requirements for funding and mandatory withdrawal procedures for students for non-attendance. Additionally, SBE rules⁹ require contact hours for online courses be reported based upon actual hours documented by an online software program or by an instructor.

The District reported 9,793 instructional contact hours provided to 110 students enrolled in 45 adult general education classes during the Fall 2020 Semester. As part of our audit, we examined District records supporting 1,022 contact hours reported for 30 students enrolled in 20 adult general education classes. We found that:

- For 6 students in 6 classes, contact hours were under reported 16 hours because incorrect withdrawal dates were recorded. We expanded our examination of District records supporting instructional contact hours reported for the Fall 2020 semester and identified a total of 190 under-reported hours for 53 students enrolled in 19 classes.
- For 4 students in 4 online classes, contact hours were over reported 76 hours, including 37 hours over reported for 3 students in 3 online classes for hours that were not in Fall 2020 and 39 hours inadvertently over reported for 1 student in 1 class.

In response to our inquiry, District personnel indicated that the errors occurred, in part, due to new personnel who were not familiar with the reporting process and implementation of the District enterprise resource planning (ERP) system. Since adult general education funding is based, in part, on enrollment data reported to the FDOE, it is important that the District report accurate data.

Recommendation: The District should strengthen controls to ensure instructional contact hours for adult general education classes are accurately reported to the FDOE. Such controls should include appropriate training for employees who report instructional contact hours. Additionally, the District should determine to what extent adult general education hours were misreported for the Fall 2020 semester and contact the FDOE for proper resolution.

Finding 4: Tangible Personal Property Inventory

State law¹⁰ and Florida Department of Financial Services (DFS) rules¹¹ require the District to maintain adequate records of tangible personal property (TPP) (i.e., furniture, fixtures, and equipment and motor vehicles) in its custody and that a complete physical inventory be taken annually, the results of the physical inventory be compared to the property records, and any differences be researched and resolved. The forms used to record the physical inventory must include the date of inventory and the name and signature of the individual attesting to the items' existence. All TPP items found during the inventory must be included in the property records, and items not located must be promptly reported to the property

⁷ FDOE Technical Assistance Paper: *Adult General Education Instructional Hours Reporting Procedures*, Dated September 2020.

⁸ SBE Rule 6A-10.0381(5), Florida Administrative Code.

⁹ SBE Rule 6A-10.0381(10), Florida Administrative Code.

¹⁰ Chapter 274, Florida Statutes.

¹¹ DFS Rule 69I-73, Florida Administration Code.

custodian to cause a thorough investigation to be made. If the investigation determines that the item was stolen, the District is required to file a report with the appropriate law enforcement agency describing the missing item and the circumstances surrounding its disappearance.

Board policies¹² require that a complete physical inventory of all District-owned TPP be conducted annually and compared to the property records. Discrepancies are to be traced and reconciled and any losses must be reported to the Risk Management Department and the appropriate law enforcement agency. The District uses asset tracking software and bar code readers to scan items when performing the physical inventory. Subsequent to the inventory, TPP information is uploaded to the District ERP system.

As part of our audit, we requested for examination District records supporting the TPP physical inventory process during the 2020-21 fiscal year and received various TPP reports; however, the inventory date(s) were not documented, and District records did not include a reconciliation of the physical inventory results to the District TPP records or identify whether any missing items were noted and reported to the Risk Management Department and applicable law enforcement agency. In response to our inquiry, District personnel indicated that they were not familiar with the reporting function of the District ERP system and relied on the asset tracking software vendor to provide data relating to the physical inventory. Notwithstanding, the District is responsible for appropriately documenting the physical inventory process.

Absent source records that identify physical inventory date(s), as well as reconciliations of the inventory results to the property records and identification and reporting of missing items, the District cannot demonstrate compliance with State law, DFS rules, and Board policies, and there is an increased risk that any loss or theft of District property will not be timely detected, reported to the appropriate parties, and reflected in District accounting records. Similar findings were noted in our report No. 2019-202 and the District's 2018-19 and 2019-20 fiscal year financial audit reports.

Recommendation: The District should enhance procedures to document that an annual physical inventory of TPP is timely performed and any differences are thoroughly investigated. After thorough investigation, District personnel should timely report any items not located to the Risk Management Department for appropriate disposition and, as applicable, to the appropriate law enforcement agency.

Finding 5: Records of Tangible Personal Property Disposals

State law¹³ and DFS rules¹⁴ require the District to record the disposal of any TPP item and to deduct the cost or value of the item from the District's property control account at the time of its disposition. In addition, the individual property record for each item lawfully disposed of is to be transferred to a disposed property file upon disposition of the item. According to the November 2020 public auction list of TPP disposals, the District disposed of 162 TPP items with acquisition costs of \$136,140 and received sale proceeds totaling \$9,486.

¹² Board policy 7450 – *Property Inventory*.

¹³ Chapter 274, Florida Statutes.

¹⁴ DFS Rule 69I-73, Florida Administration Code.

To evaluate whether District personnel properly maintained records of disposed TPP records and recorded TPP disposals in the District accounting records, we examined District TPP and accounting records for 30 selected disposed items from the November 2020 public auction list of TPP disposals with acquisition costs totaling \$104,095 and sale proceeds totaling \$3,910. According to District personnel, they transferred capital asset records from the previous District TPP system to the District ERP system in March 2020 before the TPP items were sold. However, our examination of the ERP system records in June 2021 disclosed that 29 of the 30 items were not identified in the ERP system as active or disposed TPP items and the other item was included in the ERP system records as an active TPP item. In addition, District records were not provided to demonstrate that the costs for any of the 30 TPP disposed items were deducted from the accounting records.

Although we requested, District personnel could not explain why the 30 disposed items were not properly accounted for in the ERP system. Additionally, according to District personnel, they were not familiar with the reporting function of the District's ERP system and were unable to demonstrate that a reconciliation was conducted during the conversion of the TPP records to the ERP system to ensure completeness.

Absent appropriate procedures for maintaining records of disposed TPP items, the District cannot demonstrate compliance with State law and DFS rules, District subsidiary records for control of TPP will be inaccurate, and District TPP assets may be overstated in District accounting records.

Recommendation: The District should enhance procedures to ensure that District accounting and subsidiary records appropriately and accurately reflect disposals of TPP items.

Finding 6: Information Technology User Access Privileges to Sensitive Personal Student Information

The Legislature has recognized in State law¹⁵ 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 duties and provide for documented, periodic evaluations of information technology (IT) user access privileges. Student SSNs are included in the student records maintained within the District ERP system and student information system (SIS) to, for example, register newly enrolled students and transmit that information to the FDOE through a secure-file procedure and provide student transcripts to colleges, universities, and potential employers based on authorized requests.

Board policies¹⁶ authorize 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 requirements in State and Federal laws and SBE rules, and District employees are required to certify that they will comply with these requirements. According to District personnel, documented evaluations of IT user access privileges to sensitive personal information of

¹⁵ Section 119.071(5)(a), Florida Statutes.

¹⁶ Board policies 8330 – *Student Records* and 8350 – *Confidentiality*.

students are conducted annually. However, although we requested, District records were not provided to demonstrate an evaluation of access privileges to such information in the District SIS.

District personnel indicated that once an employee is granted IT user access privileges to a student's sensitive personal information in the District SIS, the employee continues to have access even if a student transfers to another school, moves from the District, or graduates. In addition, District personnel indicated that the District SIS did not include a mechanism to differentiate IT user access privileges to current student information from access privileges to former student information, although some employees only need access to current student information.

In February 2020, the District transferred the sensitive personal information of 152,413 current and former students from the District SIS to the District ERP system and, after the transfer, no additional student data was entered into the District SIS. However, the data transferred to the District ERP system is still available in the District SIS and, as of June 2021, 36 and 54 District employees had IT user access privileges to this information in the District ERP system and District SIS, respectively.

As part of our audit, we inquired of District personnel and examined District records supporting the IT user access privileges for all District employees with access to student SSNs in the District ERP system and 21 selected employees who had access to that information in the District SIS. We found that 9 employees, including a human resource specialist, a procurement specialist, and a programming analyst, did not have a demonstrated need for continuous access to the information in the District SIS. According to District personnel, due to limitations in the District SIS, student SSNs are identified on individual screens and cannot be masked or displayed separately from other student information. As a result, some employees who need access to student information will also have access to view SSNs, even if such access is not needed to perform their job. Additionally, the District indicated that, in the future, the District SIS will be moved to an offline database where access can be granted as needed for appropriate personnel.

The existence of unnecessary IT user access privileges increases the risk of unauthorized disclosure of sensitive personal information and the possibility that such information may be used to commit a fraud against current or former District students. A similar finding was noted in our report No. 2019-202.

Recommendation: To ensure sensitive personal information of students is properly safeguarded, the District should discontinue the unnecessary IT user access privileges of the 9 employees and identify and remove any other inappropriate or unnecessary access privileges to that information. We also recommend that evaluations of IT user access privileges to sensitive student personal information in the District ERP system and District SIS be conducted at least annually and appropriately documented.

Finding 7: Information Technology User Access Privileges to Business Applications

Access controls are intended to protect data and IT resources from unauthorized disclosure, modification, or destruction. Effective access controls provide employees access to IT resources based on a demonstrated need to view, change, or delete data and restrict employees from performing incompatible functions or functions outside of their areas of responsibilities. Periodic evaluations of assigned IT access privileges are necessary to ensure that employees can only access those IT resources that are necessary to perform their assigned job responsibilities. District personnel indicated that an evaluation of IT user

access privileges is completed annually to detect and remove any unnecessary and inappropriate access privileges. In October 2019, the District implemented a finance, payroll, and human resource (HR) ERP system.

As part of our audit, we obtained a listing, as of June 2021, of the 247 employees with IT access privileges to the District ERP business application, including the finance, payroll, and HR modules. To determine whether the IT user access privileges were consistent with each employee's job responsibilities, we requested for examination District records supporting the access privileges of 30 selected employees and found that the access privileges and job responsibilities were incompatible for 28 employees. For example, the access privileges for:

- 4 accounting assistants, 1 accounting clerk, and the Director of Finance and Purchasing allowed incompatible duties in that these employees could add and update vendor information, create and edit purchase requisitions and purchase orders, and process invoices for payment.
- 5 payroll assistants gave them the necessary access to process payroll payments in the payroll module but also provided unnecessary access that allowed them to add and update employee information in the HR modules.

In response to our inquiries, the District indicated that they have had difficulty obtaining assistance from consultants during implementation of the District ERP system, resulting in some unnecessary assignments, and that District staff misunderstood that certain employees had incompatible duties.

While other District controls (e.g., budget monitoring and payroll and expenditure processing controls, such as verification of the number of people paid to authorized positions and system controls preventing duplicate payments) mitigate some risks associated with these access control deficiencies, inappropriate access privileges increase the risk that unauthorized disclosure, modification, or destruction of District data may occur without timely detection.

Recommendation: The District should ensure that access privileges are limited to those necessary for employees to perform their assigned duties. Such efforts should include effective periodic evaluations of IT user access privileges and timely deactivation of any unnecessary and inappropriate privileges detected.

Finding 8: Timely Deactivation of User Access Privileges

Effective management of IT access privileges includes the timely deactivation of employee IT access privileges when an employee is reassigned or separates from employment. Prompt action is necessary to ensure that the access privileges are not misused by former employees or others to compromise District data or IT resources.

According to District personnel, the HR Department enters an employee's separation date into the system, which automatically generates an e-mail to the District's Technology and Information Services (TIS) Department to request deactivation of the employee's IT access privileges. To evaluate whether deactivations were timely for the 223 employees who separated from District employment during the period July 1, 2020, through June 15, 2021, we examined District records for 30 former employees. We found that 6 former employees (Technology Support, Accounting Assistant, Data Entry Clerk, Title I Grant Coordinator, Title I Grant Liaison, and a Digital Marketing staff member) continued to have access 5 to 218 days, or an average of 60 days, after the employees' separation dates.

In response to our inquiries, District personnel indicated that the untimely deactivations occurred because, although notified, the TIS Department did not timely deactivate the access. Although our procedures did not identify any misuse of District resources as a result of the untimely deactivations, without prompt removal of access privileges, the risk is increased that access privileges may be misused by former employees or others.

Recommendation: The District should enhance procedures to ensure that the TIS Department promptly deactivates user access privileges when a user separates from District employment.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2019-202 and management letter comments in the 2019-20 financial audit report, except that Findings 4 and 6 were also noted in our report No. 2019-202 as Findings 4 and 5.

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 2021 through August 2021 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 focused on selected District processes and administrative activities, including, but not limited to, District information technology resources and related controls, school safety, fiscal transparency, tangible personal property, and other expenses. For those areas, our audit objectives 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. 2019-202 and management letter comments in the 2019-20 financial audit report.
- 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 areas included within the scope of the audit, weaknesses in management's internal controls significant to our audit objectives; 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; identifying and evaluating internal controls significant to our audit objectives; 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 2020-21 fiscal year audit period, and selected District actions taken prior and subsequent thereto. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

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

In conducting our audit, we:

- Reviewed applicable laws, rules, Board policies, District procedures, and other guidelines, and interviewed District personnel to obtain an understanding of applicable processes and administrative activities.
- Reviewed Board information technology (IT) policies and District procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, systems development and maintenance, network configuration management, system backups, and disaster recovery.
- Evaluated District procedures for maintaining and reviewing employee access to IT data and resources. We examined selected access privileges to District enterprise resource planning (ERP) system finance, payroll, and human resources (HR) applications to determine the appropriateness and necessity of the access based on employee job duties and user account functions and whether the access prevented the performance of incompatible duties. Specifically, from the population of 247 users who had access to the finance, payroll, and HR applications, we reviewed the appropriateness of access privileges granted for 30 selected users.

- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, from the population of 90 individuals (36 for the District ERP system and 54 for the District SIS) who had access to sensitive personal student information, we examined the access privileges of 57 selected employees (36 for the District ERP system and 21 for the District SIS) 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. Specifically, we reviewed selected user access privileges for 30 of the 223 employees who separated from District employment during the period July 1, 2020, through June 15, 2021, to determine whether the access privileges had been timely deactivated.
- Determined whether a comprehensive IT disaster recovery plan was in place, designed properly, operating effectively, and had been recently tested.
- Examined selected operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Evaluated IT procedures for requesting, testing, approving, and implementing changes to the District's business system.
- Evaluated Board policies and District procedures and examined supporting documentation to determine whether audit logging and monitoring controls were configured in accordance with IT best practices.
- Evaluated the adequacy of District procedures related to security incident response and reporting.
- Evaluated physical access controls at the District data center to determine whether vulnerabilities existed.
- Determined whether a fire suppression system had been installed in the District's data center.
- Examined documentation supporting transfers totaling \$9.4 million during the audit period from nonvoted capital outlay tax levy proceeds to determine District compliance with the restrictions imposed on the use of these resources, such as compliance with Section 1011.71(2), Florida Statutes.
- From the population of \$638,395 total workforce education program funds expenditures for the period July 2020 through April 2021, examined District records supporting nine selected expenditures totaling \$229,099 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 ten industry certifications eligible for the 2020-21 fiscal year performance funding to determine whether the District maintained documentation for student attainment of the industry certifications.
- Examined District records supporting 1,022 reported contact hours for 30 selected students from the population of 9,793 contact hours reported for 110 adult general education instructional students during the Fall 2020 Semester 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 2020-21 fiscal year proposed, tentative, and official budgets were prominently posted pursuant to Section 1011.035(2), Florida Statutes. In addition, we determined whether the Web site contained the required graphical representations, for each public school within the District and for the District, of summary financial efficiency data and fiscal trend information for the previous 3 years, and a link to the Web-based fiscal transparency tool developed by the Florida Department of Education (FDOE).

- From the population of 70 bank reconciliations for the period July 2020 through April 2021, selected and examined 10 reconciliations and supporting documentation to determine whether the District timely performed the reconciliations.
- Determined whether District deposits were secured in a qualified public depository, unless exempted by law, as required by Section 280.03, Florida Statutes.
- From the population of 334 Warehouse Department inventory items at June 30, 2021, examined the accuracy of inventory counts for 15 selected items to determine whether the Warehouse inventory was properly counted at fiscal year-end.
- Evaluated the District's surplus property control procedures. Specifically, from the population of 162 surplus tangible personal property (TPP) items in a public auction held in the Fall 2020, we examined records for 30 items to determine whether the District maintained documentation of surplus property deletions and disposals.
- Examined documentation supporting the District's annual TPP physical inventory process to determine whether the inventory results were reconciled to the property records, appropriate follow-up was made for any missing items, and law enforcement was timely notified for any items that could not be located and considered stolen.
- Examined District records supporting teacher salary increase allocation payments totaling \$3.8 million to 1,613 instructional staff and the reports submitted to the FDOE (salary distribution plan and expenditure report) to determine whether the District submitted required reports to the FDOE and used the funds in compliance with Section 1011.62(18), Florida Statutes.
- From the population of 713 dependent and spouse participants for District's health insurance during the period July 2020 through May 2021, selected and examined documentation for 30 participants to determine health insurance was provided only to eligible individuals.
- Examined District records supporting the acquisition of an ERP system and related services to determine whether the District evaluated the effectiveness and suitability of the ERP system prior to purchase, the purchases were made through a competitive vendor selection process, and deliverables met the contract terms and conditions.
- 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 1012.584, Florida Statutes.
- Examined District records to determine whether the Board had adopted appropriate mental health awareness policies and the District implemented procedures to promote the health, safety, and welfare of students and ensure compliance with Sections 1011.62(16) and 1012.584, Florida Statutes, and SBE Rule 6A-1.094124, Florida Administrative Code.
- 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 each school district 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.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name being the most prominent.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE

Office of the Superintendent
919 N. Broad Street
Brooksville, FL 34601
Phone: (352) 797-7000
Fax: (352) 797-7101



Superintendent: John Stratton
Board Chairperson: Linda K. Prescott
Vice Chairperson: Gus Guadagnino
Board Members:
Kay Hatch
Jimmy Lodato
Susan Duval

November 30, 2021

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

Re: Hernando County District School Board Preliminary and Tentative Audit Findings for the Fiscal Year Ended June 30, 2021

Dear Mrs. Norman,

Pursuant to the list of Preliminary and Tentative Audit Findings and Recommendations for the Hernando County District School Board for the Fiscal Year ended June 30, 2021, please accept the following written response as requested.

Audit Finding 2021-01: School Resource Officers – District controls over school resource officer services could be enhanced.

The District has procedures in place which require school resource officers to enter and exit through the main entrance at the schools. This point of entry and exit will allow the District to maintain an electronic sign-in/sign-out record for the School Resource Officer at each school using the District-Provided visitor management tool. Additionally, the District will review the contractual agreement between the District and the Sheriff's Office to ensure all deputies are trained in accordance with State school safety laws in addition to District procedures documenting hours worked.

Audit Finding 2021-02: Mental Health Care Services – District required youth mental health awareness and assistance training to school personnel.

The District will enhance the procedures to ensure that all school personnel within the District will receive youth mental health awareness and assistance trainings as required by law. All participants will be required to sign-in on a District sign in sheet and recorded in Kognito training software to ensure that all personnel has received the required training.

Audit Finding 2021-03: Adult General Education Classes – District controls to ensure accurate reporting of instructional contact hours.

The District will strengthen controls to ensure that all instructional contact hours for adult education are accurately tracked and reported to the Department of Education.

Audit Finding 2021-04: Tangible Personal Property Inventory – District tangible personal property inventory controls need improvement.

The District has put additional procedures in place by creating a form to be used daily during the inventory of all tangible personal property. This form includes the cost center name and number, the date the inventory was conducted, the date of completion, and the name and signature of the staff member conducting the inventory. Training has now occurred within all software to provide staff the ability to obtain reports relating to the physical inventory process. This will now allow for the proper reconciliation and compliance with all State laws, DFS rules, and Board policies, and also reduce the risk of any loss or theft of District property.

Audit Finding 2021-05: Records of Tangible Personal Property Disposals – District needs to enhance controls over tangible personal property to ensure property disposals are accurately reflected in records.

District staff worked with the Technology Information Services Department to correct reporting issues which prevented Tangible Personal Property records to be updated to the proper status. During the second phase of data migration (March 2021) from the previous Enterprise Resource Software (TERMS) into the new system (Skyward) a batch update was not conducted.

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This resulted in nearly 9,500 TPP items to be stuck in a batch status and no changes to these records were able to be made by staff. All tangible personal property migrated records are now current and our new operating system (Skyward) reflects the proper status of tangible personal property (active, disposed, etc.). Batch updates are conducted on a regular basis by Property Control staff.

Audit Finding 2021-06: Information Technology User Access Privileges to Sensitive Personal Student information – District access privileges existed that increased the risk for unauthorized disclosure of sensitive personal information of students.

The District has a new SIS/ERP system, Skyward which replaced our previous operating system, TERMS. In the new SIS/ERP system, social security numbers, confidential and FERPA information will be protected from view or reporting except for a very specific class of District level employees which will be audited on an ongoing basis to prevent unnecessary access.

Audit Finding 2021-07: Information Technology User Access Privileges to Business Applications – District IT user access privileges existed that increase the risk that unauthorized disclosure, modification, or destruction of human resources and finance information may occur.

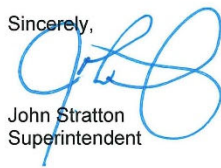
The District has reviewed and removed all unnecessary access privileges and will continue to periodically evaluate such privileges for appropriateness.

Audit Finding 2021-08: Timely Deactivation of User Access Privileges – The District did not timely remove the IT access privileges of some former employees.

The District has procedures in place to annually review user access privileges for all sites. During the review the District will review all user privileges and ensure they are appropriate and provide adequate protection of information. The default setting of the Skyward system further prevents access to former or transferred employees and students at all sites providing another safeguard. Further measures have been taken to ensure that there is the timely deactivation of user access privileges including automatically generated reports that list all retired, terminated and transferred employees to ensure the quickest deactivation or change to security and access as possible.

The District accepts your comments and recommendations with regard to the 2020-2021 fiscal year audit report. The District has put several processes in place to support compliance with law. If you have any questions, please contact Joyce McIntyre, Director of Finance and Purchasing at (352) 797-7004.

Sincerely,



John Stratton
Superintendent

Cc: School Board Members
Heather Martin, Assistant Superintendent of Business & Support Services
Gina Michalicka, Assistant Superintendent of Teaching & Learning
Lisa Becker, Executive Director of Business Services
Lisa Cropley, Executive Director of Student Support Programs
Sean Arnold, Executive Director of Support Operations

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