

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2024-088
December 2023

BAY COUNTY DISTRICT SCHOOL BOARD



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2022-23 fiscal year, William V. Husfelt III served as Superintendent of the Bay County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Jerry Register, Vice Chair	1
Ann Leonard from 11-22-22	2
Brenda Ruthven through 11-21-22	2
Christopher Moore from 11-22-22	3
Pamm Chapman through 11-21-22, Chair	3
Winston Chester	4
Steve T. Moss, Chair from 11-22-22	5

The team leader was Melissa F. Hall, CPA, and the audit was supervised by Shelly G. Curti, 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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BAY COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Bay County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2021-121. Our operational audit disclosed the following:

Finding 1: Required background screenings were not always performed for contractor workers. A similar finding was noted in our report No. 2021-121.

Finding 2: Contrary to State law, Board policies, and District procedures, the District did not always verify that individuals had appropriate backgrounds before they began school volunteer work.

Finding 3: The District did not always ensure that students received required youth mental health awareness and assistance instruction.

Finding 4: District controls over construction management entity (CME) subcontractor services and related payments continue to need improvement.

Finding 5: As similarly noted in our report No. 2021-121, District records did not demonstrate that the District monitored the reasonableness of CME general conditions costs.

BACKGROUND

The Bay 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 Bay County. The governing body of the District is the Bay County District School Board (Board), which is composed of five elected members. The elected Superintendent of Schools is the Executive Officer of the Board. During the 2022-23 fiscal year, the District operated 32 elementary, middle, high, and specialized schools, a virtual school, and a technical school; sponsored 12 charter schools; and reported 27,110 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Contractor Worker Background Screenings

State law¹ requires that noninstructional contractors (and their personnel) who are permitted access on school grounds when students are present or who have direct contact with students must undergo a level 2 background screening² at least once every 5 years unless the individuals are under the direct supervision of a school district employee or contractor who has had a criminal history check and meets

¹ Sections 1012.465, 1012.467, and 1012.468, Florida Statutes.

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

the statutory background screening requirements. State law³ also requires the District to verify the results of the background screening of contractor workers whose background screening was completed by another school district within the last 5 years using the shared system implemented by the Florida Department of Law Enforcement (FDLE).

To promote compliance with the statutory background screening requirements, District procedures require the Safety and Security Department to complete background screenings for contractor workers or use the FDLE shared system to verify the results of contractor workers' background screenings completed by other school districts within the last 5 years. The Safety and Security Department issues a badge to each contractor worker who passes the background screening or is verified through the FDLE shared system as already fingerprinted in another Florida school district and issued a Florida Public School Contractors' badge. School personnel and departments receiving contracted services are to ensure that contractor workers have the appropriate badge or send the contractor worker to the Safety and Security Department to be background screened.

The Board routinely contracts for health, special education, mental health, social worker, food, and athletic trainer services. According to District records for the period July 2022 through March 2023, 213 contractor workers provided these services and were permitted access on school grounds when students were present or had direct contact with students. However, District personnel indicated that a comprehensive list of contractor workers required to undergo background screenings is not maintained.

To determine whether required background screenings were timely obtained for contractor workers, we requested for examination District records supporting screenings of 33 contractor workers and found that the required background screenings had not been obtained for 5 special education speech therapists and 1 health service worker. District personnel indicated that, since the 5 therapists provided virtual therapy services, they were unaware that a background screening was required for these individuals and that the health service worker was not screened due to an oversight. In response to our inquiry in October 2023, District personnel indicated that the 6 contractor workers no longer provide services for the District.

Absent effective controls to ensure that required background screenings are timely obtained and evaluated utilizing a comprehensive listing of all individuals requiring background screening, there is an increased risk that contractor workers with unsuitable backgrounds may have direct contact with students. Similar findings were noted in our report Nos. 2021-121 and 2018-201.

Recommendation: The District should enhance procedures to ensure that all contractor workers, including those providing virtual services, have obtained the required background screenings. Such enhancements should include the establishment of a comprehensive, up-to-date list of contractor workers subject to background screenings.

Finding 2: School Volunteers

State law⁴ requires, before making any decision to appoint a person to work as a volunteer where children regularly congregate, a search of that person's name or other identifying information be conducted

³ Section 1012.467(2)(f) and (7)(a), Florida Statutes.

⁴ Section 943.04351, Florida Statutes.

against the registration information regarding sexual predators and sexual offenders through the Dru Sjodin National Sexual Offender Public Web site (NSOPW) maintained by the United States Department of Justice. If that site is not available, a search of the Florida Department of Law Enforcement (FDLE) registry information regarding sexual predators and sexual offenders is required. State law also provides that the search does not apply to positions or appointments for which a level 2 background screening is conducted.

Pursuant to Board policies,⁵ volunteers who work with students in an unsupervised setting, such as volunteer coaches and mentors, are required to have a level 2 background screening that must be conducted by the District Safety and Security Department. District personnel indicated that school principals are primarily responsible for notifying the District Safety and Security Department to conduct those screenings. Volunteers who pass the level 2 background screening are issued a District volunteer badge, which allows the volunteer to have direct access to students in an unsupervised setting.

According to District personnel, the District differentiates volunteers from school visitors. School visitors who come to a school for a specific function, such as lunch with their child or a classroom party, must sign in at the school office and provide identification. District schools use a computerized system to scan a visitor's identification, run a search on the NSOPW (based on name), and print a visitor pass sticker for the visitor to wear. While visitors and volunteers are not allowed on campus without a visitor pass or a District-issued volunteer badge, volunteers who provide services after school hours are not subjected by the District to the NSOPW or FDLE registry searches.

Based on our inquiry with District personnel and review of District records, we found that the District did not always demonstrate compliance with State law and Board policies. Specifically:

- In response to our request, the District provided a list of 211 volunteer athletic coaches, including coaches who volunteered before and during the 2022-23 school year. We requested for examination District records supporting NSOPW or FDLE registry searches or level 2 background screenings for 13 selected coaches who provided services during the 2022-23 school year. However, District records to evidence State law-required NSOPW or FDLE registry searches or Board-required background screenings were not provided for 6 of the 13 coaches.
- The District volunteer mentoring program through the Bay Education Foundation, Inc. had 66 mentors during the 2022-23 school year. According to Foundation personnel, the Bay County Sheriff's Office conducts a local law enforcement records check⁶ of prospective mentors when they initially complete the mentor application. The Foundation also checks each mentor applicant against the FDLE registry and annually re-performs that check for all existing mentors. The Foundation then informs the District Safety and Security Department of the approved mentors, and the mentors are issued a District volunteer badge. However, although mentor volunteers may provide unsupervised services, the mentors did not receive a Board-required level 2 background screening and were not subject to a State-law required NSOPW search conducted for school visitors checking in through the school office. Although FDLE registry searches would provide some assurances regarding the mentors' backgrounds, the data in the FDLE registry is not as extensive as a level 2 background screening or national data searches provided by the NSOPW.

⁵ Board Policy 5.108, *School Volunteers*.

⁶ The records check included a search of criminal records filed in Bay County.

In response to our inquiry, District personnel indicated that volunteer athletic coach background screenings were likely not performed because of a lack of communication between school principals and the District Safety and Security Department. In addition, since many athletic practices and events do not require volunteers to come to the school campus, volunteer coaches are not normally subject to the NSOPW or FDLE registry searches. District personnel indicated that the mentor background screenings were not performed because they believed the local law enforcement records check was sufficient.

Absent effective controls to evidence that background screenings or searches of volunteer names are timely and appropriately performed and evaluated, the District has limited assurance that only volunteers with suitable backgrounds have direct contact with students and the District cannot demonstrate compliance with State law and Board policies.

Recommendation: The District should enhance procedures to ensure and document that, before allowing an individual to work as a volunteer providing student services during or after school hours, the individual's name is properly searched pursuant to State law or the individual obtains a level 2 background screening as required by Board policies.

Finding 3: Mental Health Awareness and Assistance Instruction

Pursuant to State law,⁷ the District received a mental health assistance allocation totaling \$1.3 million for the 2022-23 fiscal year to establish or expand school-based mental health care services and related training. State Board of Education (SBE) rules⁸ require the District to annually provide to students in grades 6 through 12 a minimum of 5 hours of instruction related to mental health awareness and assistance, including suicide prevention and the impacts of substance abuse. Failure to comply with SBE rule requirements may result in the imposition of sanctions specified in State law.⁹

According to District personnel, school principals were authorized to select whether students in their schools receive the required youth mental health awareness and assistance instruction through an online or in-class course. To determine whether the required instruction was provided, we requested for examination District records supporting the instruction in 4 of the 12 District schools with students in grades 6 through 12.¹⁰ While the principals at the 4 schools selected an online instruction course, we found that 1,862 (34 percent) of the students in grades 9 through 12 did not enroll in the course and 4,798 (89 percent) of the enrollees did not complete the course.

In response to our inquiry, District personnel indicated that students were responsible for enrolling in the youth mental health awareness and assistance course and school personnel did not access the online module to effectively monitor student enrollment and progress in, and completion of, the required course. Without effective monitoring procedures to ensure that students complete the required instruction, a mental health services need may not be timely identified and appropriately met and, absent documentation evidencing youth mental health awareness and assistance instruction, the District cannot

⁷ Section 1011.62(13), Florida Statutes (2022).

⁸ SBE Rule 6A-1.094124(4), Florida Administrative Code. Effective November 23, 2022, the title of the required instruction was revised to resiliency education which includes recognition of mental health concerns, suicide prevention, and the impacts of substance abuse.

⁹ Section 1008.32(4), Florida Statutes.

¹⁰ Three of the selected schools served grades 9 through 12 and the other school served grades 6 through 12.

demonstrate compliance with SBE rules. In addition, documented instruction enhances public awareness of District efforts to provide essential educational services.

Recommendation: The District should enhance procedures to ensure that students in grades 9 through 12 annually receive at least 5 hours of mental health awareness and assistance instruction. Such enhancements should include assigning school personnel access to online instruction modules to effectively monitor student enrollment and progress in, and completion of, required mental health awareness and assistance courses.

Finding 4: Subcontractor Services and Related Costs

Under the construction management entity (CME) process, contractor profit and overhead are contractually agreed upon, and the CME is responsible for all scheduling and coordination in both the design and construction phases and for the successful, timely, and economical completion of the construction project. The CME may be required to offer a guaranteed maximum price (GMP), which allows for difference between actual cost of the project and the GMP amount, or the net cost savings, to be retained by the District. Good business practices dictate that District personnel document the monitoring of CME subcontracts and related costs to ensure that subcontractor services are obtained at the lowest cost consistent with acceptable quality and to realize maximum cost saving under the GMP contract.

During the period July 2022 through March 2023, the District had seven significant construction projects with expenditures totaling \$26 million. As part of our audit, we examined District records supporting the Barbara W. Nelson Fine Arts Center Project (Fine Arts Center Project) GMP contract totaling \$13 million and found that the CME was required to solicit subcontractor bids and awarded subcontracts totaling \$11 million to 33 subcontractors. For that project, the District incurred CME expenditures totaling \$5.8 million, including \$3.8 million for subcontractor services during the period July 2022 through March 2023. District personnel documented attendance at the subcontractor bid openings, maintained copies of the bid tabulations identifying CME-awarded subcontractors and copies of subcontracts, and documented verification that CME pay request totals agreed with the GMP contract.

According to District personnel, they also compared subcontracts to subcontractor bid tabulations. However, although we requested, District records were not provided to document the process for verifying the propriety of the subcontractor services and related costs by reconciling the subcontractor bid tabulations, contracts, and related change orders to the CME pay requests for subcontractor services and related costs. In the absence of such records, we examined documentation for three selected subcontractors with contracts totaling \$2.5 million and traced the subcontract amounts to the bid tabulations, related change orders, and the CME pay requests including applicable subcontractor costs totaling \$292,884. While we determined that the subcontractor costs were appropriately supported, our procedures cannot substitute for the District's responsibility to implement proper controls over these services and related costs.

Absent effective documented monitoring of subcontractor services and related costs, the District has limited assurance that subcontractor services were obtained at the lowest cost consistent with acceptable quality or that CME pay requests included appropriate amounts for subcontractors' costs, and the District

may not realize maximum cost savings under a GMP contract. A similar finding was noted in our report No. 2021-121.

Recommendation: To ensure that the District realizes maximum cost savings under a GMP contract, the District should document verification that, before CME payments are made, subcontractor services and related costs on CME pay requests are consistent with subcontractor bid tabulations, contracts, and related change orders.

Finding 5: General Conditions Costs

GMP contracts typically include provisions for general conditions costs that are not directly associated with a particular activity and may include costs relating to labor supervisions, temporary offices and utilities, travel expenses, clean-up, permits, and testing. Established procedures that provide appropriate guidance for effectively monitoring and documenting the reasonableness of general conditions costs are essential to ensure that potential cost savings are realized under GMP contracts. For contracts that include general conditions costs, appropriate procedures include verifications that the general conditions costs are supported by detailed documentation, such as CME payroll records, and comply with the CME GMP contract.

The GMP contract for the Fine Arts Center Project budgeted general conditions costs totaling \$619,364 and costs incurred for general conditions totaled \$537,538 through March 2023. According to the Executive Director of Facilities, who is a licensed general contractor, he negotiated and determined the reasonableness of general conditions costs based on his understanding of the industry norms and the GMP included a budget for each general conditions category. For this project, general conditions categories included, for example, staffing, equipment rental, temporary facilities including utilities, and small tools. District personnel indicated that the CME provided a monthly pay request for general conditions costs, including a payroll summary for CME personnel. However, according to District personnel, the District had not established procedures to verify the validity of general conditions costs by comparing the monthly pay request to the GMP general conditions costs by budget category and related documented support.

As part of our audit, we examined District records supporting general conditions staffing costs totaling \$322,262 for the period July 2022 through March 2023 and found various discrepancies. For example, we found that the CME pay request included, and the District paid, \$131,455 for a project manager at an hourly rate of \$93.90 and \$16,787 for two accountants with hourly rates that varied from \$34.48 to \$79.86. In contrast, the GMP contract provided an \$80 hourly rate for the project manager and excluded accountant staffing costs. These and other general conditions staffing cost differences between the GMP contract amounts and the CME pay request and District-paid amounts resulted in questioned costs totaling \$42,831.

In response to our inquiry, District personnel indicated that District procedures had not been established to routinely reconcile general conditions costs payment request amounts to the GMP contract. Without such, the District’s ability to determine the propriety of CME pay requests for general condition costs or to realize cost savings associated with general costs in GMP contracts is limited. A similar finding was noted in our report No. 2021-121.

Recommendation: The District should establish procedures for monitoring and documenting the reasonableness of general condition costs by reconciling those costs to the GMP contract provisions before payments are made. In addition, for the Fine Arts Center Project, the District should reconcile the general conditions costs to the GMP contract provisions and document an appropriate resolution with the CME for the questioned costs and any other identified differences.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for applicable findings included in our report No. 2021-121 except as noted in Findings 1, 4, and 5 and shown in Table 1.

Table 1
Findings Also Noted in Previous Audit Reports

Finding	Operational Audit Report No. 2021-121, Finding	Operational Audit Report No. 2018-201, Finding
1	2	1
4	4	Not Applicable
5	5	Not Applicable

OBJECTIVES, SCOPE, AND METHODOLOGY

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

We conducted this operational audit from April 2023 through October 2023 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. 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. 2021-121.
- 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 the selection and examination of transactions and records, as well as events and conditions, occurring during the 2022-23 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 and the related requirements.
- 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, user authentication, 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 finance and human resources (HR) applications to determine the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties. Specifically, we tested the 12 roles that allowed update access privileges to selected critical finance and HR application functions resulting in the review of the appropriateness of access privileges granted for 48 accounts.
- Evaluated District procedures to prohibit former employee access to electronic data files. We reviewed selected user access privileges for 30 of the 482 employees who separated from District

employment during the period July 1, 2022, through June 13, 2023, to determine whether access privileges were timely deactivated.

- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, we examined the access privileges of the 17 individuals who had access privileges to sensitive personal student information to evaluate the appropriateness and necessity of the access privileges based on the assigned job duties.
- Inquired whether the District had expenditures or entered into any contracts under the authority granted by a state of emergency declared or renewed during the audit period.
- Examined the District Web site to determine whether the 2022-23 fiscal year proposed, tentative, and official budgets were prominently posted pursuant to Section 1011.035(2), Florida Statutes. In addition, we determined whether the District Web site contained, for each public school within the District and for the District, the required graphical representations 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 expenditures totaling \$36 million and transfers totaling \$6 million during the period July 2022 through March 2023, from nonvoted capital outlay tax levy proceeds, discretionary sales surtaxes, Public Education Capital Outlay funds, and other restricted capital project funds, examined documentation supporting selected expenditures and transfers totaling \$1.4 million and \$2.5 million, respectively, 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 seven significant construction projects with expenditures totaling \$26 million during the period July 2022 through March 2023, selected one construction management project with a guaranteed maximum price totaling \$13 million and examined documentation for project expenditures totaling \$5.8 million to determine compliance with Board policies, District procedures, and applicable provisions of State law and rules. Specifically, we examined District records to determine whether:
 - The construction manager was properly selected pursuant to Section 255.103, Florida Statutes.
 - District personnel properly monitored subcontractor selection and licensures.
 - The architects were properly selected pursuant to Section 287.055, Florida Statutes, and adequately insured.
 - Appropriate Board policies and District procedures addressing the negotiation and monitoring of general conditions costs had been established.
 - Documentation supporting the payments was sufficient and complied with the GMP contract and subcontract provisions, along with subcontractor bid tabulations.
 - The District obtained payment and performance bonds from the contractor.
- 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 and 1006.12, Florida Statutes; and Section 1011.62(12), Florida Statutes (2022).
- Examined District records to determine whether the Board had adopted appropriate mental health awareness policies and the District had implemented procedures to promote the health, safety, and welfare of students and ensure compliance with Section 1012.584, Florida Statutes; Section 1011.62(13), Florida Statutes (2022); and State Board of Education (SBE) Rule 6A-1.094124, Florida Administrative Code.

- From the population of \$2.9 million total workforce education program funds expenditures for the period July 2022 through March 2023, selected 30 expenditures totaling \$758,125 and examined supporting documentation to determine whether the District used the funds for authorized purposes (i.e., not used to support K-12 programs or District K-12 administrative costs).
- From the population of 75 industry certifications eligible for the audit period performance funding, examined 24 selected certifications to determine whether the District maintained documentation for student attainment of the industry certifications.
- Examined District records supporting 3,570 reported contact hours for 26 selected students from the population of 28,139 contact hours reported for 150 adult general education instructional students during the audit period to determine whether the District reported the instructional contact hours in accordance with SBE Rule 6A-10.0381, Florida Administrative Code.
- Examined District records for the audit period supporting the teacher salary increase allocation received pursuant to Chapter 2022-156, Laws of Florida, Specific Appropriation 86, totaling \$7.1 million and records supporting related payments totaling the same amount made to 1,537 instructional personnel to determine whether the District submitted required reports (salary distribution plan and expenditure report) to the FDOE and used the allocation in compliance with Section 1011.62(14), Florida Statutes (2022).
- From the population of 17 contractors with 213 contractor workers, examined District records for 33 selected contractor workers to assess whether individuals who had direct contact with students or access to school grounds when students were present were subjected to the required fingerprinting and background screening.
- Examined Board policies, District procedures, and related records supporting 13 of the 211 school coach volunteers and the 66 school mentor volunteers to determine whether the District searched prospective volunteers' names against the Dru Sjodin National Sexual Offender Public Web site maintained by the United States Department of Justice, as required by Section 943.04351, Florida Statutes, or whether the prospective volunteers obtained level 2 background screenings.
- Evaluated Board policies and District procedures addressing the ethical conduct of school personnel, including reporting responsibilities related to employee misconduct which affects the health, safety, or welfare of a student, and the investigation responsibilities for all reports of alleged misconduct to determine whether those policies and procedures were effective and sufficient to ensure compliance with Section 1001.42(6) and (7)(b)3., Florida Statutes.
- Evaluated Board policies and District procedures to ensure that health insurance was provided only to eligible employees, retirees, and dependents.
- Evaluated District procedures for monitoring the service agent's controls over the health insurance claims processing.
- Evaluated District procedures to determine whether the District timely canceled the purchasing cards for the 24 cardholders who separated from District employment during the period July 1, 2022, through June 13, 2023.
- Examined District records and evaluated construction planning processes for the audit period to determine whether the processes were comprehensive, included consideration of restricted resources and other alternatives to ensure the most economical and effective approach, and met District short-term and long-term needs.
- 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.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



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District 1

Ann Leonard
District 2

Chris Moore
District 3

Winston Chester
District 4

Steve Moss
District 5

December 8, 2023
Bay County District School Board
Management's Corrective Action Plans
For the Fiscal Year Ended June 30, 2023

Finding 1: Contractor Worker Background Screenings

Planned Corrective Action:

The District will maintain a comprehensive list of all contractor workers. The BDS Safety/Security Department will manage the master listing of contractors with entry rights given to department leaders. The contractor list will be frequently monitored to ensure timely compliance with background screening requirements.

Anticipated Completion Date: December 8, 2023
Responsible Contact Person: Joshua Balkom

Finding 2: School Volunteers

Planned Corrective Action:

The District will require all mentors, including Bay Education Foundation, to complete a Level 2 background screening through the BDS Safety/Security Department. Principals and Athletic Directors will be re-trained on volunteer coaching requirements including accurate reporting of current coaching rosters and mandatory Level 2 background screenings.

Anticipated Completion Date: December 8, 2023
Responsible Contact Person: Joshua Balkom

Finding 3: Mental Health Awareness and Assistance Instruction

Planned Corrective Action:

The district will address the issue related to the lack of grades 9-12 students self-enrolling in the 5-hour course last year, schools that select the district-created online Canvas course to complete the 5-hour resiliency education will have the course assigned to students at the school. District staff will assign the course to the school's student's Canvas Courses. The course will then appear on each student's Canvas dashboard. This assignment will ensure that all students receive the Canvas Course.

The lack of monitoring of student completion of the Canvas course will be addressed by principals providing the staff name or names of those who will monitor the Canvas course completion. District staff will also monitor student completion of the course and will work with principals and assigned school staff to assist with awareness of those students who are failing to complete the course. This collaboration will increase

the number of grades 9-12 students completing the 5-hour resiliency education course.

Anticipated Competition Date: December 8, 2023

Responsible Contact Person: Denise Kelley

Finding 4: Subcontractor Services and Related Costs

Planned Corrective Action:

The Facilities Department follows a detailed process of tracking the schedule of values for a subcontractor's services through a construction management entity (CME). This process includes:

- Attendance by a Bay District Schools (BDS) representative (typically, a Project Manager from the Facilities Department) at the bid opening conducted by the CME. The CME is required to provide a copy of bid tabulations for all trades to BDS and have available for review all bids submitted.
- Based on the bid information, submit the Guaranteed Maximum Price (GMP) developed by the CME to the School Board approval.
- Obtain copies from the CME of all subcontracts and any change orders issued by the CME to the subcontractor. BDS tracks the Schedule of Values (SOV) for each subcontract, based on these documents, in a spreadsheet.
- Review each pay app both for SOV accuracy and back-up documentation for that period's expenses.

This process is largely dependent upon BDS receiving the necessary documentation from the CME. Regarding this specific project, the Barbara W. Nelson Fine Arts Center (FAC) Project at Bay High School, the School Board approved the GMP submitted by the CME in June, 2021. A Notice to Proceed was issued by BDS on July 21, 2021. On July 31, 2021, the President and CEO of the CME un-expectantly passed away. His death was followed by months of uncertainty for the company and a revolving door of experienced personnel leaving the company. While BDS sought to obtain the needed documents to perform our normal tracking procedures, the sharing of documentation was sporadic and incomplete. This situation was exasperated by the CME's offices being raided and records seized by the FBI.

On March 3, 2022, the CME was bought out by another CME and the contract for the FAC was assigned to the new CME. The new CME encountered many difficulties due to the complexities of taking over a project under these conditions. Yet, BDS was pleased that the project was completed on time and under the GMP budget.

Anticipated Completion Date: December 8, 2023

Responsible Contact Person: Gena Burgans

Finding 5: General Conditions Costs

Planned Corrective Action:

BDS requires that CMEs provide detailed back-up documentation (receipts, invoices, etc.) for all General Conditions Costs with each pay application submitted. That documentation is reviewed by the Contract Manager in the Facilities Department. Any missing documentation is requested from the CME and the pay application is not processed until the requested information is received. The Executive Director of Facilities issued a memorandum to CMEs working with BDS, on July 31, 2023, directing them to provide more detailed information regarding staffing costs in the future.

Anticipated Completion Date: December 8, 2023

Responsible Contact Person: Gena Burgans

X 

Mark McQueen
Superintendent of Schools