STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2024-199
May 2024

MARION COUNTY
DISTRICT SCHOOL BOARD

Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2022-23 fiscal year, Dr. Diane Gullett served as Superintendent of the Marion County Schools and the following individuals served as School Board Members:

	District No.
Dr. Allison B. Campbell, Chair from 11-22-22, Vice Chair through 11-21-22	1
Lori Conrad from 11-22-22	2
Donald E. Browning through 11-21-22	2
Eric R. Cummings, Chair through 11-21-22	3
Nancy Thrower, Vice Chair from 11-22-22	4
Dr. Sarah James from 11-22-22	5
Kelly King through 11-21-22	5

The team leader was Debra L. Hulse, CPA, and the audit was supervised by Denita K. Tyre, 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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MARION COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Marion County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2021-125. Our operational audit disclosed the following:

Finding 1: District school safety procedures need improvement to ensure and demonstrate that school resource officers have completed required mental health crisis intervention training.

Finding 2: Contrary to State Board of Education rules, the District did not timely complete the required affidavit, issue the final order, or report information to the Florida Department of Education regarding a former employee who was dismissed and convicted of an offense that disqualified the person from District employment.

Finding 3: District records did not evidence that the District used school capital outlay and debt service funds only for authorized purposes, resulting in questioned costs totaling $2.3 million.

Finding 4: District records did not demonstrate verification that construction management entities competitively selected qualified subcontractors.

Finding 5: Contrary to State law, the District contractor's payment and performance bond for one construction project only covered the project's $8.4 million preliminary estimate, which was $2.5 million less than the contract price.

Finding 6: Some unnecessary or inappropriate IT user access privileges exist that increase the risk for unauthorized disclosure, modification, or destruction of District human resources and finance information to occur.

Finding 7: The District did not always promptly remove the IT user access privileges of individuals who separated from District employment.

BACKGROUND

The Marion 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 Marion County. The governing body of the District is the Marion 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 2022-23 fiscal year, the District operated 49 elementary, middle, high, and specialized schools; sponsored 4 charter schools; and reported 46,465 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: School Safety – School Resource Officer Services

State law[1] requires that the Board and the Superintendent partner with local law enforcement agencies to establish or assign one or more safe-school officers, such as school resource officers (SROs), at each school facility. SROs must 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.

For the 2022-23 fiscal year, the Board contracted with the Marion County Sheriff's Office, the Belleview Police Department, and the Ocala Police Department to provide 57 SROs at each of the 49 District school facilities.[2] However, the agreements did not require documented verification that the SROs completed the mental health training and District records were not maintained to evidence completion of that training. In response to our inquiry, District personnel indicated that they relied on the law enforcement agencies to ensure that the SROs completed the required training; notwithstanding, such reliance provides District management with limited assurance that the training occurred.

Subsequent to our inquiry, the law enforcement agencies certified in June 2023 that 28 of the 57 SROs had completed the required training before services were provided; however, records were not provided to support training for the other 29 SROs. Absent effective procedures to ensure and document that SROs complete the required training, the District cannot demonstrate compliance with State law or that appropriate measures have been taken to promote student and staff safety.

Recommendation: The District should enhance procedures to ensure and demonstrate compliance with State school safety laws. Such enhancements should include contract provisions in law enforcement agency contracts requiring SRO completion of the required mental health crisis intervention training and documented verifications demonstrating completion of that training before services are provided.

Finding 2: Ethical Conduct Records and Reporting

State law[3] requires the Florida Department of Education (FDOE) to maintain a disqualification list that includes, among other things, the identity of each person who is ineligible for employment pursuant to State law.[4] According to State Board of Education (SBE) rules,[5] the list serves as an employment screening resource for school districts, charter schools, and private scholarship schools. SBE rules also set forth the criteria for placement on and removal from the list through the online reporting tool and establish the responsibilities of school districts and other entities that report persons for inclusion on the list. For example, the District is to:

[1] Section 1006.12, Florida Statutes.
[2] The 57 SROs included 39 Marion County Sheriff's Office SROs at 33 schools, 17 Ocala Police Department SROs at 15 schools, and 1 Belleview Police Department SRO at 1 school.
[3] Section 1001.10(4)(b) and (d), Florida Statutes.
[4] Section 1012.315, Florida Statutes.
[5] SBE Rule 6A-10.084, Florida Administrative Code, *Disqualification List*.

- Complete and maintain an Affidavit of Separation from School District Employment Due to Termination or Resignation in Lieu of Termination (Affidavit of Separation) when an employee is "separated due to termination" or when an employee "resigned in lieu of termination." The requirement to complete that affidavit applies regardless of whether or not the person is submitted for inclusion on the disqualification list.
- Issue a final order pursuant to State law[6] for a person to be included on the disqualification list. The final order must include, for example, a determination that the person is ineligible for employment with the District based upon a finding, supported by clear and convincing evidence or material that the person committed either sexual misconduct with a student or has been convicted of one of the crimes listed in State law.[7] The final order must also disclose that the sexual misconduct or crime occurred on or after June 1, 2022, while the person was employed by the District in a covered position.
- Report a person on the disqualification list within 48 hours of the final order date using the FDOE online reporting tool.

During our examination of District records for the 2022-23 fiscal year, we determined that a District employee was dismissed during the probation period and was convicted in June 2023 of an offense that required the person's placement on the disqualification list. However, contrary to SBE rules, the District did not:

- Complete an Affidavit of Separation regarding the former employee.
- Issue a final order pursuant to State law for the former employee.
- Report the former employee on the disqualification list.

In response to our inquiry, District personnel indicated that they were unaware that the District was required to complete and maintain an Affidavit of Separation and a final order for the former employee because the employee was a custodian and not a certified teacher. Subsequent to our inquiry, in October 2023 District personnel filed an Affidavit of Separation in the employee personnel file, issued the final order, and reported the former employee on the FDOE disqualification list.

Absent compliance with the SBE-required procedures, educational entities may lack the necessary screening tools to properly evaluate applicants, employ individuals with unsuitable backgrounds, and cause student safety to be jeopardized.

Recommendation: The District should establish procedures to ensure that:

- **Affidavits of Separation are completed and maintained when an employee is "separated due to termination" or when an employee "resigned in lieu of termination."**
- **Before inclusion of a person on the disqualification list, the District issues a final order that includes a determination that the person, while employed by the District in a covered position, committed either sexual misconduct with a student or had been convicted of one of the crimes listed in State law, and is no longer eligible for District employment.**
- **Applicable former employees are timely reported on the disqualification list using the FDOE online reporting tool.**

[6] Chapter 120, Florida Statutes.
[7] Section 1012.315, Florida Statutes.

Finding 3: Restricted Capital Outlay Resources

To fund capital expenditures, the State Constitution[8] provides for the allocation of Capital Outlay and Debt Service (CO&DS) funds derived from motor vehicle license revenue to the Board. While these license revenues are available for District use, the FDOE and State law limits use of the proceeds to specific purposes.

According to FDOE requirements,[9] the proceeds of CO&DS funds are to be expended only for the costs of projects designated in a project priority list (PPL) approved by the Board and subsequently approved by the State Board of Education (SBE). If the Board must add new projects, the PPL may be amended; however, the SBE must approve the amended PPL before the Board may use CO&DS funds for new projects. The District's last approved PPL was dated May 2019 for the 2019-20 fiscal year and only listed renovations at Dunnellon Senior High School.

The District accounts for CO&DS proceeds and related expenditures in the Capital Projects – CO&DS Fund (CO&DS Fund) and, for the 2022-23 fiscal year, CO&DS Fund expenditures totaled $2,259,858. However, our examination of District records supporting those expenditures disclosed expenditures totaling $2,257,688 for projects that were not listed on the PPL and, therefore, represent questioned costs. The costs were for heating, ventilation, and air conditioning (HVAC) upgrades at North Marion Middle School; reroofing at Madison Street Elementary School; and electrical system upgrades at Fessenden Elementary School.

In response to our inquiry, District personnel indicated that the PPL was not amended and approved due to employee turnover and absences during the COVID-19 pandemic and that District procedures had not been established to ensure that the PPL is timely amended and approved. Without effective procedures to ensure that CO&DS restrictions are properly observed, there is an increased risk that the District will use the proceeds for purposes other than those authorized by the FDOE and State law.

Recommendation: The District should establish procedures to ensure that CO&DS funds are only used for authorized purposes. Such procedures may include training so District personnel appropriately understand and observe the restrictions associated with such use and maintain documentation to support that use.

Finding 4: Subcontractor Selection and Qualifications

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 is generally responsible 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 the difference between the actual cost of the project and the GMP amount, or the net cost savings, to be returned to the District.

[8] Article XII, Section 9.(d) of the State Constitution.
[9] FDOE, Office of Educational Facilities, publication (2014) *State Requirements for Educational Facilities*, Section 2.1(5).

State law[10] establishes certain certification requirements for persons engaged in construction contracting, including licensing requirements for specialty contractors such as electrical; HVAC; plumbing; and roofing contractors. Good business practices dictate that the District monitor CME subcontractor selections to ensure that the contracted services are obtained from qualified subcontractors at the lowest cost consistent with acceptable quality and to realize maximum cost savings under the GMP contract.

During the 2022-23 fiscal year, the District had three major construction projects with projected costs totaling $29.4 million, including CME contract costs totaling $17.7 million for the North Marion High School Cafeteria Project and the North Marion Middle School HVAC Project. Although the CMEs paid $8 million to 13 specialty subcontractors to complete those projects, District personnel did not attend CME subcontractor bid openings and relied on the CME's subcontractor competitive selection and license verification processes.

In response to our inquiry, District personnel indicated that they believed that the CMEs exercised due diligence on behalf of the District. However, although we requested, District records were not provided to demonstrate CME due diligence procedures. While we determined through a review of payments and online licensing searches that the 13 specialty subcontractors were properly paid and licensed, our procedures do not substitute for District management's responsibility to implement adequate internal controls over subcontractor services.

Without District procedures requiring and ensuring documented verification of the subcontractor competitive selection, contracting, and licensure, the risk increases that subcontractor services may not be provided by qualified service providers at the lowest cost consistent with acceptable quality and the District may not realize maximum cost savings under a GMP contract.

Recommendation: The District should establish procedures to require and document District verification that CMEs select and contract with qualified licensed subcontractors with the lowest bid consistent with acceptable quality.

Finding 5: Payment and Performance Bonds

State law[11] requires a person entering into a contract with the Board for a construction or repair project exceeding $200,000 to execute and record in the public records a payment and performance bond with a State-authorized surety insurer in an amount equal to the contract price. In addition, before commencing the work, the contractor must provide to the District a certified copy of the recorded bond. The bond guarantees payment of the contractor's obligation to those who furnish labor, services, or materials for the project, and protects the District from financial loss should the contractor fail to properly perform the contracted services.

During our audit of the District's three major construction projects with projected costs totaling $29.4 million, we requested for examination support for the contractor payment and performance bonds for two projects with contract prices totaling $17.7 million. However, the bond for one project only covered

[10] Chapter 489, Florida Statutes.
[11] Section 255.05(1), Florida Statutes.

the project's $8.4 million preliminary estimate, which was $2.5 million less than the contract price.[12] Subsequent to our inquiry, in February 2024 the District obtained a payment and performance bond with sureties to cover the entire contract price.

In response to our inquiries, District personnel indicated that the payment and performance bond was not updated to the final project price due to oversight and reliance on the CME to update the bond. Without procedures to verify the adequacy of contractor payment and performance bonds before project work commences, the risk increases that the District may incur unnecessary costs if contractors fail to pay all workers and suppliers associated with a project or do not properly perform contracted services.

Recommendation: The District should, for future construction or repair projects with costs that will exceed $200,000, comply with State law by obtaining evidence of contractor payment and performance bonds that equal project contract prices before work commences.

Finding 6: Information Technology – User Access Privileges

Access controls are intended to protect District data and information technology (IT) resources from unauthorized disclosure, modification, or destruction. Effective access controls include granting user access to IT resources based on a demonstrated need to view, add, modify, or delete data and restrict employees from performing functions incompatible or inconsistent with their assigned job responsibilities.

The District accounting system includes finance and human resource (HR) applications, as well as a product setup component that allows for the technical configuration and system administration of both applications. The District finance application includes, for example, the ability to create and edit vendor information, create and post journal entries, and process payment transactions. The District HR application includes, for example, the ability to add new employees, adjust pay rates, edit leave balances, and process payroll transactions. The product setup component is used by security administrators to assign IT user access privileges to the District applications and setup component. According to District personnel, departments annually receive a report of IT users to review for propriety.

As part of our audit, we examined District records supporting the IT access privileges granted to 39 of the 635 users who had update access to critical finance and HR functions in the District applications and setup component. We found that the Payroll Manager had full update access privileges to both the finance and HR applications as well as access to the security administrator function within the product setup component that allowed the manager to perform functions incompatible with her assigned job responsibilities. Additionally, we noted that the Director of Emergency Operations (former HR Director) retained inappropriate HR application access privileges after changing job duties in July 2021.

In response to our inquiries, District personnel indicated that the Payroll Manager was given full update access privileges to smooth daily operations and due to an oversight, the former HR Director retained inappropriate HR application access privileges. In August 2023, the District removed the inappropriate access privileges for the two employees. The existence of inappropriate or unnecessary IT access

[12] The original contract totaled $11.8 million and, after two Board-approved change orders, the revised contract totaled $10.9 million at June 30, 2023.

privileges increases the risk that unauthorized disclosure, modification, or destruction of District data and IT resources may occur and not be timely detected.

Recommendation: District management should continue efforts to ensure that IT access privileges are limited to those necessary to perform assigned job duties. Such efforts should include enhanced evaluations of IT user access privileges to ensure that those privileges restrict employees from performing incompatible functions, or functions outside their areas of responsibilities, and timely deactivation of any inappropriate or unnecessary access privileges detected.

Finding 7: Information Technology – Timely Deactivation of User Access Privileges

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

District procedures provide that the active directory (AD) is used to authenticate users logging into the District network, including logins to the enterprise resource planning system (ERP) finance and HR applications. Typically, HR Department personnel receive employment separation notifications and enter the separation dates in the ERP, which initiates a process to automatically disable AD accounts based on those dates.

During the 2022-23 fiscal year, 784 employees separated from District employment. As part of our audit, we examined District records supporting 30 of those employees to determine whether access privileges to District applications were promptly deactivated and also scanned the access privileges for other individuals with full update access to both finance and HR applications. We found that the privileges for 7 of the 30 former employees were removed 7 to 65 days, or an average of 28 days, after their respective employment separation dates.

Additionally, we noted one former school secretary who separated from District employment in October 2020 and retained full update access privileges to both the finance and HR applications. Subsequent to our inquiry, in August 2023 the District removed the inappropriate access, which had been retained 1,022 days after her employment separation.

In response to our inquiries, District personnel indicated that the deactivation delays generally occurred because departments did not always timely notify HR of the employment separations. Although our procedures did not identify any misuse of District resources as a result of the untimely deactivations, without timely removal of access privileges, the risk is increased that access privileges may be misused by former employees or others.

Recommendation: The District should continue efforts to ensure that access privileges are promptly deactivated upon a user's separation from District employment.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2021-125.

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 May 2023 through February 2024 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. 2021-125.
- 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, logging and monitoring, environmental controls, and disaster recovery.
- Evaluated District procedures for maintaining and reviewing employee access to IT data and resources. We examined selected user access privileges to District enterprise resource planning system (ERP) finance and human resources (HR) applications to determine the appropriateness and necessity of the access privileges based on employee job duties and user account functions and whether the access privileges prevented the performance of incompatible duties. Specifically, we evaluated the appropriateness of the access privileges to selected critical application functions for:
    - 15 of the 369 users who had update access privileges to selected critical ERP system finance application functions.
    - 15 of the 257 users who had update access privileges to selected critical ERP system HR application functions.
    - The 9 users who had full update access to ERP system finance and HR applications, including security administrator duties.
- Evaluated District procedures to prohibit former employee access to electronic data files. We reviewed selected user access privileges for 30 of the 784 employees who separated from District employment during the audit period to determine whether the access privileges were timely deactivated. In addition, we scanned access privileges of individuals with full update access to ERP system finance and HR application functions to evaluate whether any should have been previously deactivated.
- Determined whether the District had a comprehensive IT disaster recovery plan in place that was designed properly, operating effectively, and had been recently tested.
- Examined selected application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.

- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers, and restricting access privileges to only that information appropriate and necessary based on the employee's assigned job responsibilities.
- 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.
- From the population of expenditures totaling $12.7 million and transfers totaling $8 million during the period July 2022 through April 2023 from nonvoted capital outlay tax levy proceeds, Public Education Capital Outlay funds, and other restricted capital project funds, examined documentation supporting selected expenditures and transfers totaling $8.4 million and $7.7 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 population of $6.7 million workforce development funds, analyzed expenditures totaling $1.7 million for the audit period, 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 256 industry certifications eligible for 2022-23 fiscal year performance funding, examined 30 selected certifications to determine whether the District maintained documentation for student attainment of the industry certifications.
- Examined District records supporting 3,915 reported contact hours for 30 selected students from the population of 53,170 contact hours reported for 459 adult general education instructional students during the Fall 2022 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 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).
- Reviewed organizational charts, audit plans, and audit agendas to determine whether the District employed an internal auditor during the audit period and whether the internal auditor reported directly to the Board or its designee as required by Section 1001.42(12)(l), Florida Statutes, and performed the duties specified in that section. We also determined whether the internal auditor developed audit work plans based on annual risk assessments considering input from other finance and administrative management.
- Evaluated severance pay provisions in the Superintendent's contract to determine whether the provisions complied with Section 215.425(4), Florida Statutes.
- From the compensation payments totaling $300.3 million to 7,395 employees during the period July 1, 2022, through April 24, 2023, examined District records supporting compensation payments totaling $45,612 to 30 selected employees to determine whether the rate of pay complied with the Board-approved salary schedule and whether supervisory personnel reviewed and approved employee reports of time worked.
- From the population of 1,679 newly-hired employees during the period July 1, 2022, through June 5, 2023, examined District records for 23 selected employees to assess whether the District verified education and experience requirements, conducted required fingerprinting and backgrounds screenings, and for instructional and school administrators, conducted employment history checks and screened employees in accordance with Section 1012.27(6), Florida Statutes.
- 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

$11.7 million and records supporting related payments totaling the same amount made to 2,867 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).

- 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 Section1001.42(6) and (7)(b)4., Florida Statutes.
- Evaluated the effectiveness of Board policies and District procedures for reporting personnel subject to the disqualification list to the FDOE in accordance with SBE Rule 6A-10.084, Florida Administrative Code.
- Evaluated Board policies and District procedures to ensure that health insurance was provided only to eligible employee dependents.
- From the three major construction projects in progress with projected costs totaling $29.4 million and expenditures totaling $20.7 million during the period July 2020 through June 2023, selected two construction management projects with guaranteed maximum price (GMP) contracts totaling $17.7 million and examined documentation for selected project expenditures to determine compliance with Board policies, District procedures, and applicable provisions of State law and SBE rules. Specifically, we examined District records to determine whether:
  - The architect and construction manager selected during the period July 2020 through June 2023 were properly selected pursuant to Section 287.055, Florida Statutes, and the architect had sufficient insurance coverage.
  - District personnel properly monitored subcontractor selections and licensures.
  - Appropriate District procedures addressing the negotiation and monitoring of general conditions costs had been established.
  - District records supporting selected payments totaling $2 million were sufficient and complied with the GMP contracts and subcontract provisions.
  - The District obtained payment and performance bonds from the construction manager.
- Reviewed the District's 5-year facilities work plan for the audit period and determined whether the District maintained records that properly supported the information reported in the plan.
- 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.
- 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.
- From the population of purchasing card (P-card) transactions totaling $1.7 million during the period July 1, 2022, through April 24, 2023, examined documentation supporting 30 selected transactions totaling $222,794 to determine whether P-cards were administered in accordance with Board policies and District procedures. We also determined whether the District timely canceled the P-cards for the ten cardholders who separated from District employment during the audit period.
- Determined whether the District used the FDOE evaluation instrument required by Section 1002.33(6)(b), Florida Statutes, and SBE Rule 6A-6.0786, Florida Administrative Code, to evaluate the one charter school application received during the 2022-23 and 2 preceding fiscal

years for the fiscal viability of the charter school and the competency of the staff responsible for operating the charter school before the charter was granted. Additionally, we determined that the charter school applicant received the proper training in accordance with Section 1002.33(6)(f)2., Florida Statutes.

- Evaluated the sufficiency of District procedures to determine whether District charter schools were required to be subjected to an expedited review pursuant to Section 1002.345, Florida Statutes.
- 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.
- Evaluated District procedures for identifying facility maintenance needs and establishing resources to address those needs. We also compared maintenance plans with needs identified in safety inspection reports, reviewed inspection reports for compliance with Federal and State inspection requirements, and evaluated District efforts to timely resolve any previous deficiencies identified during inspections.
- Evaluated District procedures for determining maintenance department staffing needs. We also determined whether such procedures included consideration of appropriate factors and performance measures that were supported by factual information.
- Determined whether non-compensation expenditures were reasonable, correctly recorded, adequately documented, for a valid District purpose, properly authorized and approved, and in compliance with applicable State laws, SBE rules, contract terms and Board policies; and applicable vendors were properly selected. Specifically, from the population of non-compensation expenditures totaling $140.9 million for the period July 1, 2022, through April 24, 2023, we examined documentation supporting 37 payments for non-compensation expenditures totaling $2.1 million.
- 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

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May 8, 2024

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Dear Ms. Norman:

First, we would like to thank you and your staff for the professional manner in which the audit was conducted. We look to the audit process as a valuable tool in our continuous improvement of the operations of the school district.

We have reviewed the list of preliminary and tentative findings and recommendations related to the operational audit and our response and corrective actions related to those findings are listed below.

Finding 1: District school safety procedures need improvement to ensure and demonstrate that school resource officers have completed required mental health crisis intervention training.

Recommendation: The District should enhance procedures to ensure and demonstrate compliance with State school safety laws. Such enhancements should include contract provisions in law enforcement agency contracts requiring SRO completion of the required mental health crisis intervention training and documented verifications demonstrating completion of that training before services are provided.

Response: The District will include language in the law enforcement agency contracts that require the completion and documentation of all required training before services are provided.

Dr. Diane Gullett, Superintendent | Dr. Allison Campbell, District 1 | Lori Conrad, District 2 | Eric Cummings, District 3 | Nancy Thrower, District 4 | Dr. Sarah James, District 5

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Finding 2: Contrary to State Board of Education rules, the district did not timely complete the required affidavit, issue the final order, or report information to the Florida Department of Education regarding a former employee who was dismissed and convicted of an offense that disqualified the person from District employment.

Recommendation: The District should establish procedures to ensure that:

- Affidavits of Separation are completed and maintained when an employee is "separated due to termination" or when an employee "resigned in lieu of termination."
- Before inclusion of a person on the disqualification list, the district issues a final order that includes a determination that the person, while employed by the district in a covered position, committed either sexual misconduct with a student or had been convicted of one of the crimes listed in State law, and is no longer eligible for District employment.
- Applicable former employees are timely reported on the disqualification list using the FDOE online reporting tool.

Response: The District has established a procedure that ensures that:

- Affidavits of Separation are completed and maintained when an employee is "separated due to termination" or when an employee "resigned in lieu of termination."
- Before inclusion of a person on the disqualification list, the district will issue a final order that includes a determination that the person, while employed by the district in a covered position, committed either sexual misconduct with a student or had been convicted of one of the crimes listed in State law, and is no longer eligible for District employment.
- Applicable former employees are timely reported on the disqualification list using the FDOE online reporting tool.

Finding 3: District records did not evidence that the district used school capital outlay and debt service funds only for authorized purposes, resulting in questioned costs totaling $2.3 million.

Recommendation: The District should establish procedures to ensure that CO&DS funds are only used for authorized purposes. Such procedures may include training so District personnel appropriately understand and observe the restrictions associated with such use and maintain documentation to support that use.

Response: The facilities department will include the project priority list with the submission of their tentative budget. The project priority list will be approved by the Board and submitted to the state prior to the beginning of the fiscal year. Verification that the project is included on the approved project priority list will be added to the departments project start-up checklist.

Finding 4: District records did not demonstrate verification that construction management entities competitively selected qualified subcontractors.

Recommendation: The District should establish procedures to require and document District verification that CMEs select and contract with qualified licensed subcontractors with the lowest bid consistent with acceptable quality.

Response: The existing contract requiring that contractors solicit competitive bids for subcontracted work will be enhanced through the development of procedures for District staff. These procedures will consist of adding a provision in the Project Start-Up Checklist making it a requirement that bid tabulations for each trade associated with a project be included in the contractor's submittal for a Guaranteed Maximum Price (GMP) Proposal. These bid tabs will be reviewed by staff to verify competitive bids were received as part of the subcontractor bid process before a GMP can be considered for approval. In addition, the current procedures will be enhanced to require proof of licensure by each subcontractor recommended for the project by the contractor. Proof of licensure will be required as a submission along with the bid tabulations noted above and will be reviewed by staff before a GMP can be considered for approval.

Finding 5: Contrary to State law, the district contractor's payment and performance bond for one construction project only covered the project's $8.4 million preliminary estimate, which was $2.5 million less than the contract price.

Recommendation: The District should, for future construction or repair projects with costs that will exceed $200,000, comply with State law by obtaining evidence of contractor payment and performance bonds that equal project contract prices before work commences.

Response: The existing procedures that speak to the bonding process will be enhanced to include a provision that all purchase orders that exceed the policy threshold amount requiring a bond, be held until the bond is recorded and filed with the department.

Finding 6**:** Some unnecessary or inappropriate IT user access privileges exist that increase the risk for unauthorized disclosure, modification, or destruction of District human resources and finance information to occur.

Recommendation: District management should continue efforts to ensure that IT access privileges are limited to those necessary to perform assigned job duties. Such efforts should include enhanced evaluations of IT user access privileges to ensure that those privileges restrict employees from performing incompatible functions, or functions outside their areas of responsibilities, and timely deactivation of any inappropriate or unnecessary access privileges detected.

Response: The district is completing its move to role-based access. Access privileges are being reviewed and will be based on user role-based security groups. These groups ensure that access is granted based on employee functions in their areas of responsibility. Processes are now in place to timely remove user security access privileges based on the employee termination date. The district is working on a process to change user security access privileges for those employees who are changing positions within the district.

Finding 7: The District did not always promptly remove the IT user access privileges of individuals who separated from District employment.

Recommendation: The District should continue efforts to ensure that access privileges are promptly deactivated upon a user's separation from District employment.

Response: The district will work with departments and school leaders to convey the importance of submitting PARS immediately upon notification of employee separation or separation request to ensure that access privileges are promptly deactivated.

Sincerely,

Diane V. Gullett

Diane V. Gullett, Ed.D.
Superintendent