

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2019-069
December 2018

**CITRUS COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2017-18 fiscal year, Sandra Himmel served as Superintendent of the Citrus County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Thomas Kennedy, Vice Chair from 11-14-17	1
Virginia G. Bryant, Chair through 11-13-17	2
Douglas A. Dodd, Chair from 11-14-17, Vice Chair through 11-13-17	3
Sandy Counts	4
Linda B. Powers	5

The audit was supervised by Anna A. McCormick, CPA.

Please address inquiries regarding this report to Micah E. Rodgers, CPA, Audit Manager, by e-mail at micahrodgers@aud.state.fl.us or by telephone at (850)412-2905.

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CITRUS COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Citrus County School District (District) focused on selected District processes and administrative activities and included a follow-up on the finding noted in our report No. 2016-147. Our operational audit disclosed the following:

Finding 1: The District disbursed Florida Best and Brightest Teacher Scholarship Program awards totaling \$37,200 to 26 prekindergarten teachers who did not meet the statutory definition of a “classroom teacher” and, therefore, were ineligible for the awards.

Finding 2: Contrary to State law, the District did not comply with the expedited review requirements by timely notifying the Commissioner of Education after a deteriorating financial condition was identified for a District-sponsored charter school and timely filing a corrective action plan with the Commissioner.

Finding 3: District charter school closure monitoring efforts were not always documented and did not always ensure that audit reports were timely completed.

Finding 4: Some unnecessary information technology user access privileges existed that increased the risk that unauthorized disclosure of sensitive personal information of students may occur.

BACKGROUND

The Citrus 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 Citrus County. The governing body of the District is the Citrus 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 2017-18 fiscal year, the District operated 21 elementary, middle, high, and specialized schools; sponsored 2 charter schools; and reported 15,072 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Best and Brightest Teacher Scholarship Program

The Florida Legislature established the Florida Best and Brightest Teacher Scholarship Program¹ to reward classroom teachers² who achieved high academic standards during their own education. Classroom teachers eligible for a \$6,000 scholarship award are those who scored at or above the 80th percentile on a college entrance examination based on the national percentile ranks in effect when

¹ Section 1012.731, Florida Statutes.

² Section 1012.01(2), Florida Statutes, defines classroom teachers as K-12 staff members assigned the professional activity of instructing students in courses in classroom situations, including basic instruction, exceptional student education, career education, and adult education, including substitute teachers.

the teacher took the assessment and have been evaluated as highly effective pursuant to State law³ in the school year immediately preceding the year in which the scholarship will be awarded or, if the teacher is a first-year teacher who has not been evaluated pursuant to State law, must have scored at or above the 80th percentile on a college entrance examination based on the national percentile ranks in effect when the teacher took the assessment. In addition, State law provides for a \$1,200 or \$800 scholarship for a classroom teacher who was evaluated as highly effective or effective, respectively, pursuant to State law in the school year immediately preceding the year in which the scholarship will be awarded. District personnel are responsible for determining teacher eligibility for the scholarships and annually submitting the number of eligible teachers to the FDOE. The FDOE then disburses scholarship funds to the District for each eligible classroom teacher to receive a scholarship as provided in State law.

During the 2017-18 fiscal year, the District awarded scholarships totaling \$1.8 million to 908 District-employed teachers and \$12,400 to 6 charter school teachers. To determine whether the recipients met the eligibility requirements for the scholarships, we requested for examination District records supporting the eligibility of 64 scholarship recipients (58 District-employed teachers and 6 charter school teachers) who were awarded a total of \$170,400. Our examination of District records disclosed that 26 District-employed scholarship recipients, awarded scholarships totaling \$37,200, were prekindergarten teachers who did not meet the statutory definition of a classroom teacher.

In response to our inquiry, District personnel indicated that they believed prekindergarten teachers were eligible for the scholarships because prekindergarten teachers work under the K-20 education code, pursuant to statutes that reference K-12 Public School; are full-time, certified classroom teachers who can be placed in any grade level classroom from year to year; and are evaluated with the same guidelines and performance pay scale as all other teachers using the Florida Performance Evaluation System for classroom teachers. Notwithstanding this response, State law does not include prekindergarten teachers in the definition of classroom teachers, limits the definition of classroom teachers to K-12 personnel, and separately defines prekindergarten instructors.⁴

Absent effective procedures to limit scholarships to statutory defined classroom teachers, there is an increased risk that scholarships will be awarded to ineligible recipients.

Recommendation: The District should enhance procedures to ensure that scholarships are only awarded to eligible recipients who meet the classroom teacher statutory definition. In addition, the District should refund the FDOE for the awards totaling \$37,200 paid to the ineligible scholarship recipients and take appropriate actions to recover from those recipients the improper payments.

Finding 2: Charter Schools

Pursuant to State law,⁵ each charter school is required to provide for an annual financial audit of its accounts and records completed by an independent certified public accountant. In addition, State law⁶

³ Section 1012.34, Florida Statutes. Section 1012.34(3)(a), Florida Statutes, requires the evaluation to include consideration of student performance.

⁴ Section 1002.51(6), Florida Statutes, defines prekindergarten instructors to include teachers who provide instruction to students in a prekindergarten program.

⁵ Section 218.39(1), Florida Statutes.

⁶ Section 1002.345(1)(a)3., Florida Statutes.

subjects a charter school to an expedited review by its sponsor if any one of four specified conditions, including a deteriorating financial condition identified through the annual audit, exists. A “deteriorating financial condition” is defined as a circumstance that significantly impairs the ability of a charter school to generate enough revenues to meet its expenditures without causing the occurrence of certain conditions as described in State law,⁷ such as a failure to pay uncontested claims from creditors within 90 days after the claim is presented as a result of a lack of funds. The expedited review procedures require the sponsor:

- Pursuant to State law,⁸ to notify the charter school governing board and the Commissioner of Education (COE) within 7 business days after the condition occurs.
- Pursuant to State law,⁹ along with the charter school governing board, to develop a corrective action plan and file the plan with the COE within 30 business days after notification of the condition. If the governing board and the sponsor are unable to agree on a corrective action plan, the COE must determine the components of the plan.

Board policies¹⁰ require District personnel to monitor the fiscal responsibility of the charter schools and that each school file a detailed financial recovery plan with the District no later than 30 days after receipt of an audit indicating the school is in a state of financial emergency. However, Board policies and District procedures had not been established to require and ensure District compliance with the statutory expedited review procedures.

During the 2016-17 and 2017-18 fiscal years, the District sponsored two charter schools, including the Citrus MYcroSchool of Integrated Academics and Technologies, which closed in June 2018, and the Academy of Environmental Science Charter School. The District received audited financial statements for the two charter schools for the 2016-17 fiscal year and information from those financial statements was reported in the District financial statements. District records evidenced certain monitoring of the charter schools for the 2016-17 and 2017-18 fiscal years; however, we found that the Academy of Environmental Science Charter School (Academy) was subject to an expedited review by the District and District records did not always demonstrate compliance with the statutory expedited review procedures. Specifically:

- According to the District Director of Finance, in May 2017 the District Chief Financial Officer (CFO) and Director of Finance met with the Charter School Administrator to discuss the Academy budget as, according to the April 2017 monthly financial report, the Academy’s spending levels exceeded revenues. The Director of Finance indicated that discussions included the potential for the 2016-17 fiscal year audit to report a deteriorating financial condition and the possibility that the Academy may be required to prepare a corrective action plan.
- The Director of Finance indicated that the CFO attended an August 2017 Academy Board meeting to discuss the Academy’s financial condition and that the Director of Finance attended subsequent Academy Board meetings for the same purpose.
- The Academy audit report for the 2016-17 fiscal year, dated December 2017, disclosed a deteriorating financial condition for the Academy because, “As of June 30, 2017, the School did

⁷ Section 218.503(1), Florida Statutes.

⁸ Section 1002.345(1)(b), Florida Statutes.

⁹ Section 1002.345(1)(c), Florida Statutes.

¹⁰ Board Policy 3.90, *Charter Schools*.

not have sufficient revenues to cover its expenditures and expenditures exceeded the approved budget.” Notwithstanding, the District did not notify the COE of the condition.

In response to our inquiry, District personnel provided e-mail guidance from the Academy auditors that indicated, because the Academy was subsequently operational and planned to improve the financial condition, and the District planned for constant monitoring of Academy budget and actual expenditures, there was no requirement to report to the COE. Notwithstanding this guidance, State law specifies that notification of the COE is required when a deteriorating financial condition is identified through an annual audit.

- The District and Academy Board did not develop a corrective action plan and file the plan with the COE until July 2018, or 118 business days after the required 30-day notification had elapsed. In response to our inquiry, District personnel indicated that the COE had reviewed the Academy 2016-17 fiscal year audit report that identified the deteriorating financial condition and, in April 2018 requested that the District and Academy Board prepare a corrective action plan. In July 2018, the plan was prepared and submitted to the COE. The District indicated the corrective action plan had not been submitted earlier due to the guidance provided by the Academy auditors. As of October 2018, the Academy continued to be in operation.

Failure to promptly comply with required expedited review procedures increases the risk that charter schools may not take the necessary actions to continue operations.

Recommendation: The District should establish policies and procedures to ensure compliance with the required expedited review procedures for charter schools. Such policies and procedures should address:

- Prompt notifications to charter school governing boards and the COE when charter schools meet any of the conditions for an expedited review.
- As appropriate, prompt development of corrective action plans with charter school governing boards and timely submittal of the plans to the COE.

Finding 3: Charter School Closure Monitoring

State law¹¹ requires, upon initial notification of nonrenewal, closure, or termination of a District-sponsored charter, the charter school to have an independent audit completed within 30 days after notice of nonrenewal, closure, or termination to account for all public funds and assets. According to District personnel, the District implemented procedures to notify charter schools of the requirements in State law by including appropriate provisions in charter school charter contracts. In addition, upon notification of nonrenewal or termination of a charter contract, District personnel discuss with the charter school staff the closure procedures and applicable statutory requirements.

As discussed in Finding 2, one of the two charter schools sponsored by the District was the Citrus MYcroSchool of Integrated Academics and Technologies Charter School (MYcroSchool), which closed in June 2018. Our examination of District records disclosed that the MYcroSchool closed because, with the small number of students enrolled, the school was not financially viable. While District records indicated that, based on the MYcroSchool June 2018 monthly financial report, the unencumbered funds and property of the school were appropriately returned to the District as required, an independent audit for the school had not been completed as of October 2018, which was 3 months after the audit was required. Although we requested, District records were not provided to evidence that District personnel

¹¹ Section 1002.33(9)(o), Florida Statutes.

had reviewed the MYcroSchool audit contract to determine whether the independent audit should be completed within 30 days after the notice of a charter school closure. In addition, the audit contract contained no requirement for the audit to be completed within 30 days after notice of the charter school closure.

In response to our inquiries, District personnel indicated that the District had been communicating with the MYcroSchool's out-of-State management company to determine the status of the school's audit. Additionally, District personnel stated that since the school's closure, the Director of Finance had been receiving copies of check registers every 2 weeks to monitor any expenses being made by the school, and no spending issues had been noted.

Timely charter school audit reports are necessary to provide an accurate accounting of financial resources and activities of the schools and to provide assurances of the public funds and other assets that should revert to the District.

Recommendation: The District should ensure that charter school closures are appropriately monitored and that District monitoring efforts are documented. At a minimum, District monitoring records should demonstrate that the District took appropriate actions to ensure that an independent audit would be completed within 30 days after the notice of a charter school closure. Such actions should include:

- **The annual review of charter school audit contracts to confirm that an independent audit was required to be completed within 30 days after the notice of a charter school closure.**
- **Increased communications with the charter school and the charter school auditor to ensure timely completion of the audit.**

Finding 4: Information Technology User Access Privileges

The Legislature has recognized in State law¹² that social security numbers (SSNs) can be used to acquire sensitive personal information, the release of which could result in fraud against individuals or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining the confidential status of such information. Effective controls restrict individuals from accessing information unnecessary for their assigned job responsibilities and provide for documented, periodic evaluations of information technology (IT) user access privileges to help prevent individuals from accessing sensitive personal information inconsistent with their responsibilities.

Pursuant to State law,¹³ the District identified each student using a Florida education identification number assigned by the Florida Department of Education (FDOE). However, student SSNs are included in the District student information system (SIS). Student SSNs are maintained in the District SIS to, for example, register newly enrolled students and transmit that information to the FDOE through a secure-file procedure and to provide student transcripts to colleges, universities, and potential employers based on student-authorized requests.

Board policies¹⁴ authorize designated District school personnel access to student records to perform administrative, supervisory, or instructional responsibilities that should serve a legitimate educational

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

¹³ Section 1008.386, Florida Statutes.

¹⁴ Board Policy 5.70, Student Records.

purpose in accordance with applicable requirements in State law, State Board of Education rules, and Federal laws and District employees are required to certify that they will comply with these requirements. District personnel indicated that each location supervisor is responsible for requesting the appropriate SIS access privileges for their staff, and the Student Systems Application Support Specialist reviews the request forms submitted and grants access in the SIS. District personnel also indicated that school-based employees only have access to information for students enrolled in their school and that the District SIS distinguishes information of current students from that of former students and only allows access to the information of students who have not enrolled in another school in the District. Notwithstanding, District personnel indicated that their annual periodic evaluations of IT user access did not include an evaluation of access privileges to the sensitive personal information of students. Subsequent to our inquiries, in April 2018 an evaluation of these privileges was completed, although documentation of the evaluation was not maintained.

As of April 2018, the District SIS contained sensitive personal information for 211,951 former and 14,734 current District students and 95 District employees had continuous IT user access privileges to this information. As part of our audit, we examined District records supporting the access privileges for 24 selected employees who had access to both current and former student information. We found that 11 employees, including a principal, assistant principal, and guidance counselor, did not have a demonstrated need for continuous access to the information. Subsequent to our inquiry and the District's evaluation of access privileges, in April 2018 District personnel removed 51 District employees' access privileges to the sensitive personal information of students.

According to District personnel, the other 44 employees needed continuous access to sensitive personal information of students. Our examination of District records disclosed that these 44 users, including data secretaries and school registrars and other personnel who served as back-ups to these positions, generally required monthly access to sensitive personal information of students. Although we requested, District records were not provided to demonstrate that these 44 users needed continuous access to the former or current student information or that occasional access could not be granted for the specific time needed.

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.

Recommendation: To ensure access to confidential student information is properly safeguarded, the District should document periodic evaluations of IT user access privileges to determine whether such privileges are necessary and to ensure the timely removal of any inappropriate or unnecessary access privileges detected. If an individual only requires occasional access to sensitive personal information, the privileges should be granted only for the time needed.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for the finding included in our report No. 2016-147.

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 2018 to October 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for the finding included in our report No. 2016-147.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, weaknesses in management's internal controls, instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included transactions, as well as events and conditions, occurring during the 2017-18 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 District information technology (IT) policies and 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 the District's enterprise resource planning (ERP) system finance and human resources (HR) applications to determine the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties.
 - Update access privileges to selected critical ERP systems for finance and HR application functions resulting in the review of the appropriateness of access privileges granted for 30 user accounts.
- 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.
- Interviewed District personnel and reviewed supporting documentation to evaluate whether the District effectively monitored charter schools.
- Examined Board, committee, and advisory board meeting minutes to determine whether Board approval was obtained for policies and procedures in effect during the audit period and for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- Examined District records to determine whether the Board had developed an anti-fraud policy and the District had implemented procedures to comply with the policy and provide guidance to employees for communicating known or suspected fraud to appropriate individuals.
- Analyzed the District's General Fund total unassigned and assigned fund balances at June 30, 2018, to determine whether the total was less than 3 percent of the fund's revenues, as specified in Section 1011.051, Florida Statutes. We also performed analytical procedures to evaluate the District's ability to make future debt service payments.
- From the population of expenditures totaling \$5 million and transfers totaling \$8.4 million during the audit period 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 \$1.1 million and \$3.3 million, respectively, to determine compliance with the restrictions imposed on the use of these resources.

- From the population of \$1.8 million total workforce education program funds expenditures for the period July 2017 through February 2018, selected 30 expenditures totaling \$1 million 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 180 industry certifications eligible for the 2016-17 fiscal year performance funding, examined 37 selected certifications to determine whether the District maintained documentation for student attainment of the industry certifications.
- From the population of 11,473 contact hours for 87 adult general education instructional students during the Fall 2017 Semester, examined District records supporting 2,091 reported contact hours for 24 selected students to determine whether the District reported the instructional contact hours in accordance with State Board of Education (SBE) Rule 6A 10.0381, Florida Administrative Code (FAC).
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, from the population of 95 individuals who had access to sensitive personal student information, we examined the access privileges of 24 selected employees to evaluate the appropriateness and necessity of the access privileges based on the employee's assigned job responsibilities.
- Examined the District Web site to determine whether the 2017-18 fiscal year proposed, tentative, and official budgets were prominently posted pursuant to Section 1011.035(2), Florida Statutes.
- Examined District records to determine whether required internal funds audits for the 2016-17 and 2 preceding fiscal years were timely performed pursuant to SBE Rule 6A-1.087, FAC, and Chapter 8 – School Internal Funds, *Financial and Program Cost Accounting and Reporting for Florida Schools* (Red Book), and whether the audit reports were presented to the Board.
- From the population of compensation payments totaling \$103.8 million to 2,799 employees during the audit period, examined District records supporting compensation payments totaling \$45,998 to 30 selected employees to determine whether their rate of pay was accurate and whether supervisory personnel reviewed and approved their reports of time worked.
- Examined Board policies and District procedures to determine whether the District had developed adequate performance assessment procedures for instructional personnel and school administrators based on student performance and other criteria in accordance with Section 1012.34(3), Florida Statutes, and determined whether a portion of each selected instructional employee's compensation was based on performance in accordance with Section 1012.22(1)(c)4., Florida Statutes.
- Examined District records for 15 employees and 10 contractors selected from the population of 3,122 employees and 116 contractors for the audit period to assess whether individuals who had direct contact with students were subjected to the required fingerprinting and background screening.
- Examined Board policies, District procedures, and related records for volunteers for the audit period to determine whether the District searched prospective volunteers' names against the Dru Sjodin National Sexual Offender Public Web site maintained by the United States Department of Justice, as required by Section 943.04351, Florida Statutes.
- Examined District records supporting the eligibility of:

- 58 selected District recipients of the Florida Best and Brightest Teacher Scholarship Program awards from the population of 908 District teachers who received scholarships awards totaling \$1.8 million during the audit period.
- The 6 charter school recipients of the awards totaling \$12,400 during the audit period.
- Evaluated Board policies and District procedures to ensure health insurance was provided only to eligible employees, retirees, and dependents and that, upon an employee's separation from District employment, insurance benefits were timely canceled as appropriate based on the District's policies. We also determined whether the District had procedures for reconciling health insurance costs to employee, retiree, and Board approved contributions.
- From the population of 372 payments totaling \$109,259 paid to employees for other than travel and payroll payments during the audit period, examined documentation for 336 selected payments totaling \$105,410 to determine whether such payments were reasonable, adequately supported, for valid District purposes, and were not contrary to Section 112.313, Florida Statutes.
- Reviewed District procedures for bidding and purchasing health insurance to determine compliance with Section 112.08, Florida Statutes. We also reviewed procedures for the reasonableness of procedures for acquiring other types of commercial insurance to determine whether the basis for selecting insurance carriers was documented in District records and conformed to good business practice.
- For the four significant construction projects with expenditures totaling \$2.1 million and in progress during the audit period, examined documentation for project expenditures of \$705,000 to determine compliance with Board policies and District procedures and provisions of State laws and rules. Specifically, we:
 - Examined District records to determine whether the contractor was properly selected.
 - Examined District records to determine whether architects were properly selected.
 - Examined District records supporting 4 selected payments totaling \$464,900 to determine whether District procedures for monitoring payments were adequate and payments were sufficiently supported.
 - Examined District records to determine whether projects progressed as planned and were cost effective and consistent with established benchmarks, and whether District records supported that the contractors performed as expected.
- For the charter school that was not renewed or was terminated in the 2017-18 fiscal year, evaluated District monitoring procedures and examined District records to determine whether applicable funds and property appropriately reverted to the District and whether the District did not assume debts of the school or center, except as previously agreed upon by the District.
- Evaluated 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. For the charter school subjected to an expedited review, we examined records to determine whether the District timely notified the applicable governing board pursuant to Section 1002.345(1)(b), Florida Statutes, and whether the District, along with the governing board, timely developed and filed a corrective action plan with the Commissioner of Education pursuant to Section 1002.345(1)(c), Florida Statutes.
- Evaluated District procedures for allocating Title I funds to ensure compliance with Section 1011.69(5), Florida Statutes. We examined District records to determine whether the District identified eligible schools, including charter schools, limited Title I allocations to eligible schools based on the threshold established by the District for the 2016-17 school year or the Statewide percentage of economically disadvantaged student and distributed all remaining funds to all eligible schools in accordance with Federal law and regulation.

- Examined District records and evaluated District procedures to determine whether the District distributed the correct amount of local capital improvement funds to its eligible charter schools by February 1, 2018, pursuant to Section 1013.62(3), Florida Statutes.
- Determined whether non-compensation expenditures were reasonable, correctly recorded, adequately documented, for a valid District purpose, properly authorized and approved, and in compliance with applicable State laws, rules, contract terms and Board policies; and applicable vendors were properly selected. Specifically, from the population of non-compensation expenditures totaling \$41.7 million for the audit period, we examined documentation relating to 30 selected payments for general expenditures totaling \$1.4 million.
- From the population of 57 vendor and consultant contracts totaling \$7 million during the period July 2017 through February 2018, examined supporting documentation, including the contract documents, for 30 selected payments totaling \$353,955 related to 29 contracts to determine whether:
 - The District complied with competitive selection requirements.
 - The contracts clearly specified deliverables, time frames, documentation requirements, and compensation.
 - District records documented satisfactory receipt of deliverables before payments were made.
 - The payments complied with contract provisions.
- Evaluated the adequacy of District Virtual Instruction Program policies and procedures.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

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



SANDRA "SAM" HIMMEL – SUPERINTENDENT OF SCHOOLS

*"Where Learning is the Expectation
And Caring is a Commitment"*

THOMAS KENNEDY
DISTRICT 1

VIRGINIA BRYANT
DISTRICT 2

DOUGLAS A. DODD
DISTRICT 3

SANDRA COUNTS
DISTRICT 4

LINDA B. POWERS
DISTRICT 5

December 4, 2018

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

Dear Ms. Norman,

In connection with your operational audit, we have reviewed the preliminary and tentative audit report for the fiscal year ended June 30, 2018.

Our responses to the audit findings and corrective action proposals follow. Please note that individual Charter Schools' Governing Boards also have the responsibility to monitor their schools' compliance.

Finding 1: Best and Brightest Scholarship Program

The District should enhance procedures to ensure that scholarships are only awarded to eligible recipients who meet the classroom teacher statutory definition. In addition, the District should refund the FDOE for the awards totaling \$37,200 paid to the ineligible scholarship recipients and take appropriate actions to recover from those recipients the improper payments.

CCSB Response

The District has in place safeguards to ensure only eligible teachers are included in awards of Florida Best and Brightest Teacher Scholarship Program. The District included Pre-K teachers as they met all qualifications for Best and Brightest and no one from the State mentioned they were excluded, despite the numerous times the District and others tried to solicit guidance on this program from the State. The District has since notified Pre-K teachers of the auditor's findings and has informed them that they are not eligible for Best and Brightest based on the auditor's interpretation. The District will not submit Pre-K teachers for Future Best and Brightest scholarships, unless they meet the eligibility requirements by teaching grade K - 12 for any part of their day.

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Finding 2: Charter Schools

The District should establish policies and procedures to ensure compliance with the required expedited review procedures for charter schools. Such policies and procedures should address:

- Prompt notifications to charter schools governing boards and the COE when charter schools meet any of the conditions for an expedited review.
- As appropriate, prompt development of corrective action plans with charter school governing boards and timely submittal of the plans to the COE.

CCSB Response

The District continually monitors the Academy, as it maintains all financial records of the Academy and the District prepares the monthly financial statements of the Academy for the District's board. Regular meetings are conducted between the Academy's administration and the District's Finance department regarding the financial condition of the school. As such the Academy has remained operational and their financial condition has remained stable.

Finding 3: Charter School Closure Monitoring

The District should ensure that charter school closures are appropriately monitored and that District monitoring efforts are documented. At a minimum, District monitoring records should demonstrate that the District took appropriate actions to ensure that an independent audit would be completed within 30 days after the notice of a charter school closure.

Such actions should include:

- The annual review of charter school audit contracts to confirm that an independent audit was required to be completed within 30 days after the notice of a charter school closure.
- Increase communications with the charter school and the charter school auditor to ensure timely completion of the audit.

CCSB Response

The Assistant Superintendent and Finance Director had a meeting with the MYcro school prior to their closing and was given the appropriate contact information needed to inventory and revert the property of the Mycro school back to the District and Mycro assured the District that a copy of the final audit would be provided upon completion. Unfortunately, the Charter School laws only give the school districts responsibility not authority. The District did not state the required audit be completed within 30 days. The District was provided unaudited June 30, 2018 financials from the MYcro school and continues to monitor spending and inquire to the completion of the independent audit. The District will continue to request the Mycro school comply, so the district will be in compliance.

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Finding 4: Information Technology User Access Privileges

To ensure access to confidential student information is properly safeguarded, the District should document periodic evaluations of IT user access privileges to determine whether such privileges are necessary and to ensure the timely removal of any inappropriate or unnecessary access privileges detected. If an individual only requires occasional access to sensitive personal information, the privileges should be granted only for the time needed.

CCSB Response

The District will conduct annual audits of student information system access privileges to ensure that access to confidential student information is properly safeguarded and only access will only be granted to sensitive personal information for only the specified period of time needed.

For additional information, please contact our Finance Director, Tammy Wilson.

Sincerely,



Sandra Himmel
Superintendent

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