

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2018-086
January 2018

**BAKER COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2016-17 fiscal year, Sherrie Raulerson served as Superintendent of the Baker County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Tiffany McInarnay from 11-22-16	1
Earl Dwight Crews, Chair through 11-21-16	1
Richard Dean Griffis, Vice Chair from 11-22-16	2
Paula T. Barton, Chair from 11-22-16 Vice Chair through 11-21-16	3
Charlie M. Burnett	4
Patricia C. Weeks	5

The team leader was Nicole Lee, and the audit was supervised by Glenda K. Hart, 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.

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

FLAuditor.gov

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

State of Florida Auditor General

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

BAKER COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Baker County School District (District) focused on selected District processes and administrative activities. Our operational audit disclosed the following:

Finding 1: Some unnecessary information technology (IT) user access privileges existed that increased the risk that unauthorized disclosure of student social security numbers may occur. In addition, the District did not document that periodic reviews of assigned IT user access privileges were conducted to determine whether such privileges were necessary and to ensure the timely removal of any inappropriate or unnecessary access privileges detected.

Finding 2: District controls need strengthening to ensure accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education.

BACKGROUND

The Baker 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 Baker County. The governing body of the District is the Baker 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 2016-17 fiscal year, the District operated six elementary, middle, high, and specialized schools, and reported 4,847 unweighted full-time equivalent students.

This operational audit of the District focused on selected processes and administrative activities. The results of our audit of the District's financial statements and Federal awards for the fiscal year ended June 30, 2017, will be presented in a separate report.

FINDINGS AND RECOMMENDATIONS

Finding 1: Information Technology User Access Privileges

The Legislature has recognized in State law¹ 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 employees from accessing information unnecessary for their assigned job responsibilities and provide for documented, periodic reviews of employee access privileges to help prevent personnel from accessing sensitive personal information inconsistent with their responsibilities.

¹ Section 119.071(5)(a), Florida Statutes.

Pursuant to State law,² 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 student records maintained within the District management information system (MIS).³ Board policies⁴ allow designated District school personnel access to student records to perform administrative, supervisory, or instructional responsibilities that serve a legitimate educational purpose in accordance with applicable State law, State Board of Education rules, and Federal laws and District employees are required to certify that they will comply with these requirements. Student SSNs are maintained in the District MIS to, for example, register newly enrolled students and transmit that information to the FDOE through a secure-file procedure and provide student transcripts to colleges, universities, and potential employers based on student-authorized requests.

As of November 2017, the District MIS maintained the SSNs of 13,277 former and 2,910 current District students and 22 District employees had information technology (IT) user access privileges to student information, including student SSNs. District personnel indicated that periodic reviews of IT user access privileges to student information are performed to help monitor these privileges; however, although we requested, District records were not provided to evidence that such reviews had been performed.

As part of our audit procedures, we observed various MIS computer screens showing District employee access privileges and requested District personnel to confirm that the 22 employees with access privileges to student SSNs needed this access to perform their assigned responsibilities. Our observations and District personnel responses disclosed that 9 of the 22 employees did not need access to student SSNs. The 9 employees included:

- 5 employees (2 District-level personnel, 2 principals, and a vice-principal) who had access to certain student demographic data that contained student SSNs; however, these employees did not need access to the SSNs to perform their assigned duties.
- 4 other employees who required occasional, but not continuous, access to student SSNs when they periodically performed backup duties for employees who were absent.

Subsequent to our inquiry, in November 2017 the District performed and documented a review of IT user access privileges and removed the 9 employees' access privileges to student SSNs.

The lack of documented, periodic reviews of IT user access privileges and existence of unnecessary access privileges increase the risk of unauthorized disclosure of student SSNs and the possibility that sensitive personal information may be used to commit a fraud against District students.

Recommendation: The District should continue efforts to ensure that only those employees who have a demonstrated need to access student SSNs have such access. Such efforts should include documented, periodic reviews of assigned IT user access privileges to determine whether such privileges are necessary and the timely removal of any inappropriate or unnecessary access privileges detected.

² Section 1008.386, Florida Statutes.

³ The North East Florida Educational Consortium provides student records data processing services for the District and maintains student information, including SSNs, in the District MIS.

⁴ Board Policy 5.19, Student Records.

Finding 2: Adult General Education Classes

State law⁵ defines adult general education, in part, as comprehensive instructional programs designed to improve the employability of the State's workforce. The District received State funding for adult general education, and General Appropriations Act⁶ proviso language required each district to report enrollment for adult general education programs in accordance with FDOE instructional hours reporting procedures.⁷

FDOE procedures state that fundable instructional contact hours are those scheduled hours that occur between the date of enrollment in a class and the withdrawal date or end-of-class date, whichever is sooner. In addition, contact hours for distance learning classes must be within the constraints of the hours that the students are reasonably expected to attend and the District is expected to document the participation of students in these classes through assignments, tests, or other records.

The District reported 11,434 instructional contact hours for adult general education classes provided to 129 students enrolled in 33 classes for the Fall 2016 Semester. As a part of our audit, we requested for examination District records supporting 3,231 contact hours reported for 30 students enrolled in 29 adult general education classes. However, although we requested, District records were not provided to document student participation, such as log-in activity, completed assignments, tests, or other records, to support 72 reported hours for 1 student enrolled in 3 distance learning classes. We expanded our procedures and requested for examination District records supporting an additional 1,354 contact hours for 15 students enrolled in 18 classes, including 2 students enrolled in 4 distance learning classes for 268 hours, and found that District records did not document student participation in the distance learning classes.

In response to our inquiry, District personnel indicated that the software used during the Fall 2016 Semester did not always document student participation for distance learning classes. In addition, District personnel indicated that software enhancements were made for the Spring 2017 Semester to ensure log-in activity is maintained for all distance learning students. Since future funding is based, in part, on enrollment data reported to the FDOE, it is important that the District report accurate data.

Recommendation: The District should continue to strengthen controls to ensure instructional contact hours for adult general education distance learning classes are documented and accurately reported to the FDOE. The District should also determine to what extent the adult general education hours were misreported for the 2016-17 fiscal year distance learning classes and contact the FDOE for proper resolution.

PRIOR AUDIT FOLLOW-UP

There were no prior findings requiring follow-up.

⁵ Section 1004.02(3), Florida Statutes.

⁶ Chapter 2016-66, Laws of Florida, Specific Appropriations 10 and 122.

⁷ FDOE-issued Memorandum No. 06-14, dated May 15, 2006, *Reporting Procedures for Adult General Education Enrollments*.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

We conducted this operational audit from April 2017 to November 2017 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.
- 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 2016-17 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 the District's 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 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. We also examined the administrator account access privileges granted and procedures for oversight of administrative accounts for the network and applications to determine whether these accounts had been appropriately assigned and managed. We tested 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 29 accounts.
- Reviewed District procedures to prohibit former employees' access to electronic data files. We also reviewed selected access privileges for 23 of the 30 employees who separated from District employment during the period July 1, 2016, through April 17, 2017, to determine whether the access privileges had been timely deactivated.
- Evaluated the District's security policies and procedures governing the classification, management, and protection of sensitive and confidential information.
- 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.
- Determined whether an adequate, comprehensive IT security awareness and training program was in place.
- Evaluated IT procedures for requesting, testing, approving, and implementing changes to the District's business system.
- Evaluated District policies and procedures and examined supporting documentation to determine whether audit logging and monitoring controls were configured in accordance with IT best practices.
- 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 District had developed an anti-fraud policy to provide guidance to employees for communicating known or suspected fraud to appropriate individuals. Also, we examined District records to determine whether the District had implemented appropriate and sufficient procedures to comply with its anti-fraud policy.
- Evaluated whether District controls appropriately secured and protected the confidentiality of student social security numbers (SSNs) for the 22 District employees who had IT user access privileges to student SSNs.
- Analyzed the District's General Fund total unassigned and assigned fund balances at June 30, 2017, to determine whether the total was less than 3 percent of the fund's projected revenues, as specified in Section 1011.051, Florida Statutes. We also performed analytical procedures to determine the ability of the District to make future debt service payments.
- From the population of expenditures totaling \$1 million and transfers totaling \$98,000 during the period July 1, 2016, through April 17, 2017, from nonvoted capital outlay tax levy proceeds, Public Education Capital Outlay funds, and other restricted capital project funds, examined documentation supporting selected expenditures totaling \$956,679 and the transfers to determine compliance with the restrictions imposed on the use of these resources.
- Reviewed Workforce Development funds expenditures totaling \$138,012 for the audit period 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).
- Examined District records for the 22 industry certifications eligible for performance funding that were attained by students during the 2016-17 fiscal year to determine whether the District maintained documentation for student attainment of the industry certifications.
- From the population of 11,434 contact hours for 129 adult general education instructional students for the Fall 2016 Semester, examined District records supporting 4,585 reported contact hours for 45 selected students to determine whether the District reported the instructional contact hours in accordance with Florida Department of Education (FDOE) requirements.
- Examined the District Web site to determine whether the 2016-17 fiscal year proposed, tentative, and official budgets were prominently posted pursuant to Section 1011.035(2), Florida Statutes.
- Examined supporting documentation to determine whether required internal funds audits for the 2014-15 and 2015-16 fiscal years were timely performed pursuant to SBE Rule 6A-1.087, Florida Administrative Code, and whether the audit reports were presented to the Board.
- From the compensation payments totaling \$22.9 million to 923 employees during the period July 1, 2016, through March 31, 2017, selected 30 totaling \$40,869 to 30 selected employees and examined the related payroll and personnel records to determine the accuracy of the rate of pay and whether supervisory personnel reviewed and approved employee reports of time worked.
- Examined District records 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, for the 5 applicable personnel included in our compensation testing.
- Examined District records for the period July 1, 2016, through March 31, 2017, for 29 employees selected from the population of 923 employees and 6 selected contractors from 10 contractors having direct access to students to assess whether employees and contractors who had direct contact with students were subjected to the required fingerprinting and background checks.

- Examined District policies, procedures, and related records for the audit period for school volunteers to determine whether the District searched prospective volunteers' names against the Dru Sjodin National Sexual Offender Public Web site maintained by the United States Department of Justice, as required by Section 943.04351, Florida Statutes. From the population of 3,026 volunteers for the period July 1, 2016, through May 2, 2017, we examined documentation relating to 30 selected volunteers to determine whether the District properly searched their names.
- Examined District records supporting the eligibility of all 17 District recipients of the Florida Best and Brightest Teacher Scholarship Program awards totaling \$115,887 during the audit period.
- From the population of 15 payments totaling \$1,902 paid to employees for other than travel and payroll payments during period July 1, 2016, through March 31, 2017, examined documentation for 13 selected payments totaling \$1,415 to determine whether such payments were reasonable, adequately supported, for valid District purposes, and were not contrary to Section 112.313, Florida Statutes.
- Determined whether 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. From the population of expenditures totaling \$7.3 million for the period July 1, 2016, through March 31, 2017, we examined documentation related to 30 payments for general expenditures totaling \$45,442.
- From the population of 101 consultant contracts totaling \$1.2 million during the period July 1, 2016, through March 31, 2017, examined supporting documentation, including the contract documents, for 30 selected payments totaling \$174,784 related to 30 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.
- Determined whether the District used supplemental academic instruction and research-based reading instruction allocations to provide, to the applicable schools, pursuant to Section 1011.62(9), Florida Statutes, an additional hour of intensive reading instruction to students every day, schoolwide during the audit period. Also, we reviewed District records to determine whether the District appropriately reported to the FDOE, pursuant to the 2016 General Appropriations Act (Chapter 2016-066, Laws of Florida), the funding sources, expenditures, and student outcomes for each participating school.
- 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



Baker County Public Schools

Sherrie Raulerson, Superintendent of Schools

270 South Boulevard East, Macclenny, Florida 32063

Telephone: (904) 259-6251

www.bakerk12.org

Fax: (904) 259-1387



January 8, 2018

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

This letter is in response to the 2016-17 Operational Audit preliminary and tentative audit findings. Please see our response below:

Finding 1: Information Technology User Access Privileges

The District has made efforts to ensure that only those employees who have a need for SSNs have access. In addition, the District documents and monitors on a weekly basis the IT user access privileges for SSNs.

Finding 2: Adult General Education Classes

Controls have been strengthened to ensure instructional contact hours for adult general education distance learning classes are documented and accurately reported to the FDOE. Corrections were made in Survey S for all necessary changes.

If you need additional information, please contact my office.

Sincerely,

A handwritten signature in blue ink that reads 'Sherrie Raulerson'.

Sherrie Raulerson
Superintendent

"Preparing individuals to be lifelong learners, self-sufficient, and responsible citizens of good character"

DISTRICT SCHOOL BOARD MEMBERS

Tiffany McInarnay, District 1 🐾 Richard Dean Griffis, District 2 🐾 Paula T. Barton, District 3 🐾 Charlie M. Burnett, III, District 4 🐾 Patricia C. Weeks, District 5

AN EQUAL ACCESS/EQUAL OPPORTUNITY INSTITUTION