

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2023-004
July 2022

**MADISON COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2021-22 fiscal year, Shirley Joseph served as Superintendent of the Madison County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Susie Williamson, Vice Chair through 11-14-21	1
Carol Gibson	2
Surretta Bell, Vice Chair from 11-15-21	3
Frankie Carroll	4
Bart Alford, Chair	5

The audit was supervised by Glenda K. Hart, CPA.

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MADISON COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Madison County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2020-060. Our operational audit disclosed the following:

Finding 1: Contrary to State law and State Board of Education rules, the District did not always provide required youth mental health awareness and assistance training and instruction, post mental and emotional health instruction implementation plans to the District Web site, or submit the implementation plans and required reports to the Florida Department of Education.

Finding 2: District school safety procedures need improvement to ensure and demonstrate that school resource officers complete required mental health crisis intervention training.

Finding 3: District subsidiary records supporting the reported amounts for buildings and improvements other than buildings could be enhanced.

Finding 4: Tangible personal property physical inventory procedures could be improved.

Finding 5: Contrary to State law, the District did not timely notify the governing boards of Madison Creative Arts Academy and Waypoint Charter Academy charter schools or the Commissioner of Education about monthly financial reporting deficiencies.

Finding 6: The District did not comply with State law by timely and prominently posting on its Web site the required budget information for the 2021-22 fiscal year.

Finding 7: Information technology (IT) user access privileges to finance and human resources applications were not always necessary and appropriate.

Finding 8: Some unnecessary IT user access privileges existed that increased the risk for unauthorized disclosure of sensitive personal information of students to occur. A similar finding was noted in our report No. 2020-060.

BACKGROUND

The Madison 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 Madison County. The governing body of the District is the Madison 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 2021-22 fiscal year, the District operated five elementary, middle, and high schools; sponsored three charter schools; and reported 2,386 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Mental Health Awareness and Assistance Training and Instruction

Pursuant to State law,¹ the District received mental health assistance allocations totaling \$179,887 and \$191,912 for the 2020-21 and 2021-22 fiscal years, respectively, to establish or expand school-based mental health care services and related training. State Board of Education (SBE) rules² require the District to annually provide mental and emotional health instruction to students in grades 6 through 12 that includes a minimum of 5 hours of instruction related to mental health awareness and assistance, including suicide prevention and the impacts of substance abuse. In addition, State law³ requires the District to designate a school safety specialist to ensure that school personnel receive youth mental health awareness and assistance training. Failure to comply with law or SBE rule requirements may result in the imposition of sanctions in State law.⁴

SBE rules⁵ require the District to submit to the Florida Department of Education (FDOE) by December 1 of each year an implementation plan that includes the methods in which mental and emotional health instruction will be delivered for each grade level, the professional qualifications of the instructor, and a description of the materials and resources that will be utilized to deliver instruction, and to post the plan on the District Web site. In addition, SBE rules⁶ require the District to submit to the FDOE by July 1 of each year an annual report that contains the specific courses in which youth mental and emotional health instruction was provided for each grade level, a description of the materials and resources utilized to deliver instruction, and the professional qualifications of the person who delivered the instruction.

Our discussions with District personnel and examination of District records disclosed that the District had designated a school safety specialist; however, established procedures were not always effective to demonstrate and ensure that the District complied with mental health instruction, training, and reporting requirements. Specifically:

- District personnel indicated that mental health awareness and assistance instruction was provided to all students in grades 6 through 12; however, District records were not maintained to demonstrate the instruction.
- District records included mental and emotional health instruction implementation plans for the 2020-21 and 2021-22 fiscal years. However, the plans were not posted to the District Web site and, according to District personnel, the plans were not submitted to the FDOE. In addition, although we requested, the 2020-21 and 2021-22 fiscal year annual reports verifying the completion of youth mental and emotional health instruction were not provided. Subsequent to our inquiry in March 2022, District personnel submitted the 2021-22 fiscal year implementation plan to the FDOE on April 30, 2022. According to District personnel, the required plans and reports were not timely submitted and documentation maintained to due to oversight and staff turnover.

¹ Section 1011.62(14), Florida Statutes.

² SBE Rule 6A-1.094124(4), Florida Administrative Code.

³ Section 1012.584, Florida Statutes.

⁴ Section 1008.32, Florida Statutes.

⁵ SBE Rule 6A-1.094124(7), Florida Administrative Code.

⁶ SBE Rule 6A-1.094124(1), Florida Administrative Code.

- Our examination of District records supporting 30 District school employees selected from the 306 school employees as of April 7, 2022, disclosed that 11 of the 30 employees had not completed the required youth mental health awareness and assistance training. In response to our inquiry, District personnel indicated that, although mental health training was provided for District personnel on a periodic basis, District procedures did not adequately identify and track employees who had not yet received the training or verify employees' completion of the training.

Without the required instruction and training, a mental health services need may not be timely identified and appropriately met and, absent documentation evidencing youth mental health awareness and assistance training and instruction and timely submitted and accurate implementation plans and reports, the District cannot demonstrate compliance with State law and SBE rules. Timely submitted and accurate implementation plans and reports help the FDOE monitor mental health care strategies and results on a Statewide basis, and documented training and instruction enhances public awareness of District efforts to provide essential educational services.

Recommendation: The District should enhance procedures to require and ensure that:

- **District records demonstrate that students in grades 6 through 12 receive at least 5 hours of mental health awareness and assistance instruction.**
- **All school personnel within the District receive youth mental health awareness and assistance training.**
- **Mental and emotional health instruction implementation plans are posted to the District Web site and timely submitted to the FDOE.**
- **The annual report describing how the mental and emotional instruction was delivered is timely submitted to the FDOE and records are maintained to demonstrate the submittal.**

Finding 2: School Safety

State law⁷ requires the Board and the Superintendent to partner with law enforcement agencies to establish or assign one or more safe-school officers, such as school resource officers (SROs) or school guardians, at each school facility. SROs must be certified law enforcement officers and, among other things, complete mental health crisis intervention training using a curriculum developed by a national organization with expertise in mental health crisis intervention.

To assign at least one safe-school officer at each of the five District schools and three District-sponsored charter schools during the 2021-22 fiscal year, the Board contracted with the Madison County Sheriff's Office to provide six SROs. However, the agreement did not require documented verification of mental health training for the SROs and District records were not maintained to evidence that the SROs received the required training. In response to our inquiry, District personnel indicated that they relied on the Sheriff's Office to ensure that the SROs completed the required training; notwithstanding, such reliance provides District management with limited assurance that the required training was properly completed.

Subsequent to our inquiry, in May 2022, the District received documentation from the Sheriff's Office certifying that the SROs had completed all required training. Absent effective procedures to ensure and

⁷ Section 1006.12(1) and (3), Florida Statutes.

document that SROs complete 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 demonstrate compliance with State school safety laws. Such enhancements should include documented verification that SROs complete the required mental health crisis intervention training.

Finding 3: Capital Asset Subsidiary Records

Accounting for capital assets should include the maintenance of control accounts for the various capital assets categories to be used as the basis for determining amounts to be reported in the District's financial statements. Also, detailed subsidiary records should be established, regularly updated for changes, and periodically reconciled to the amounts reported for each capital asset category.

The District reported capital assets with costs totaling approximately \$41.8 million, net of accumulated depreciation, at June 30, 2021. To determine the balances to report for these assets, District personnel added the 2020-21 fiscal year capital outlay expenditures to the balances reported on the financial statements at June 30, 2020. While this procedure may result in materially correct balances in the District's financial statements, it does not ensure that District subsidiary records always adequately support the capital assets categories or the District's individual capital assets.

Our examination of District capital assets subsidiary records disclosed that, as of June 30, 2021, the Buildings category was understated by a net total of \$8.7 million primarily because \$10.7 million in capitalizable construction expenditures for the Madison County High School Renovation Project, completed in the 2016-17 fiscal year, were not posted to that account and the account included amounts totaling \$2 million for items that should have been classified as Improvements Other than Buildings. Consequently, the Improvements Other than Buildings category was understated by \$2 million.

In response to our inquiry, District personnel indicated that the discrepancies occurred because of personnel turnover and because staff were improperly trained in recording subsidiary property record entries into the new enterprise resource planning (ERP) system.

Absent sufficiently detailed capital assets subsidiary records and controls to ensure the accuracy of such records, the District has limited assurance that proper accountability is established for these assets.

Recommendation: The District should provide appropriate training for staff to properly record entries in capital assets subsidiary records and staff should record appropriate entries in the Building and Improvements Other than Buildings categories to properly support those capital assets.

Finding 4: Tangible Personal Property Inventory

State law,⁸ Florida Department of Financial Services (DFS) rules,⁹ and Board policies¹⁰ require the District to maintain adequate records of tangible personal property (i.e., furniture, fixtures, and equipment and motor vehicles) in its custody. Those provisions also require that a complete physical inventory be taken

⁸ Chapter 274, Florida Statutes.

⁹ DFS Rule 69I-73, Florida Administration Code.

¹⁰ Board policy 7450 – *Property Inventory*.

annually, the results of the physical inventory be compared to the property records, and any differences be researched and resolved. All tangible personal property (TPP) items found during the inventory must be included in the property records, which must identify the inventory date and individual attesting to the items' existence. Items not located must be promptly reported to the property custodian to cause a thorough investigation to be made. If the investigation determines that the item was stolen, the District is required to file a report with the appropriate law enforcement agency describing the missing item and the circumstances surrounding its disappearance.

During the 2020-21 fiscal year, District personnel performed physical inventories at the District's 14 cost centers and, at June 30, 2021, the District reported TPP totaling \$7.4 million. District personnel indicated that, if items are found during the physical inventory procedures, an inventory date is recorded on the inventory records.

As part of our audit procedures, we selected for examination District records supporting the physical inventories conducted at the Madison County High School and Madison County Central School, with TPP totaling \$2.4 million, and noted several items without an inventory date. Although we requested, District records were not provided to identify any items noted as missing during the physical inventory and District personnel could not explain whether the inventory records were incorrect or the items were missing, declared obsolete, or surplus.

In response to our inquiry, District personnel indicated that, due to staff shortages and personnel turnover, District personnel did not properly complete the physical inventories or reconcile the inventory results to District TPP records for the 2020-21 fiscal year. Further discussions with District personnel disclosed that, as of June 30, 2022, physical inventories had not been completed and results reconciled for the 2021-22 fiscal year, either. Absent effective annual physical inventory procedures, the District cannot demonstrate compliance with State law, DFS rules, and Board policies; accountability over TPP is diminished; and there is an increased risk that any loss or theft of District property will not be timely detected, reported to the appropriate parties, or correctly reflected in District property and accounting records.

Recommendation: The District should enhance procedures to provide for proper accountability of District property items. Such procedures should include a complete and documented physical inventory of TPP items each year with thorough investigation of items not located during the physical inventory. Items determined stolen should be promptly reported to the appropriate law enforcement agency.

Finding 5: Charter School Monitoring

State law¹¹ requires that the District monitor the revenues and expenditures of District-sponsored charter schools. In addition to providing for an annual financial audit report pursuant to State law,¹² the charter schools must provide monthly financial statement summary sheets (financial reports) to the District that contain a balance sheet and a statement of revenues, expenditures, and changes in fund balance.¹³

¹¹ Section 1002.33(5)(b)1.b., Florida Statutes.

¹² Section 218.39, Florida Statutes.

¹³ Section 1002.33(9)(g), Florida Statutes.

State law¹⁴ requires that, if a charter school fails to comply with either of the reporting requirements, it be subject to an expedited review by the District.

State law¹⁵ details the expedited review requirements and provides that the District must notify the governing board of the charter school and the Commissioner of Education within 7 business days after one or more specified conditions occur. The governing board of the charter school and the District must develop a corrective action plan and file the plan with the Commissioner of Education within 30 business days after notification is received. If the governing board and the District are unable to agree on a corrective action plan, the Commissioner of Education must determine the components of the plan and the governing board shall implement such plan.

The District sponsored three charter schools and received the schools' June 30, 2021, financial statement audit reports. The charter schools' financial statements showed Madison Creative Arts Academy (MCAA) with assets totaling \$5.4 million, James Madison Preparatory High School with assets totaling \$361,000, and Waypoint Charter Academy (WCA) with no reported assets. District records indicated continued sponsorship of these charter schools during the 2021-22 fiscal year; however, our inquiry of District personnel and examination of District records disclosed that controls over monitoring charter school financial activities could be enhanced. Specifically, as of April 2022:

- The most recent MCAA monthly financial report on file with the District was as of September 2021 and the report lacked the required balance sheet. Subsequent to our inquiry, the District obtained financial information for revenues, expenditures, and changes in fund balance for October 2021 through February 2022; however, no monthly balance sheets were obtained.
- The WCA monthly financial reports on file with the District for the months of July 2021 through March 2022 lacked the required balance sheets.
- District personnel had not notified the MCAA and WCA governing boards or the Commissioner of Education about the untimely financial reports or lack of balance sheets. Accordingly, the District did not develop a corrective action plan with the charter school governing boards to remedy these areas of noncompliance.

In response to our inquiries, District personnel indicated that, due to personnel turnover, monitoring procedures were not always effective to ensure that the charter school timely filed complete monthly financial reports with the District. Absent effective monitoring procedures, there is an increased risk that the District will not timely obtain complete monthly financial reports required for monitoring or notify the charter school governing boards and Commissioner of Education of monthly financial reporting deficiencies. As a result, corrective action plans may not be promptly developed and implemented.

Recommendation: District procedures for monitoring District charter school monthly financial reports should be enhanced to identify when complete financial reports are not timely filed and, when reports are late filed or incomplete, to notify the charter school governing boards and Commissioner of Education within 7 business days. In addition, the District should implement effective expedited review procedures to ensure that a corrective action plan is prepared with the charter school governing board and filed with the Commissioner of Education within 30 business days as required.

¹⁴ Section 1002.345(1)(a)2., Florida Statutes.

¹⁵ Section 1002.345(1), Florida Statutes.

Finding 6: Fiscal Transparency

To promote responsible spending, more citizen involvement, and improved accountability, it is important for the District to provide easy access to its budget and related information. Pursuant to State law,¹⁶ the District must post on its Web site a plain language version of each proposed, tentative, and official budget that describes each budget item in terms that are easily understandable to the public. The information must be prominently posted on the District Web site in a manner that is readily accessible.

The District Web site must also include a link to the Web-based fiscal transparency tool developed by the FDOE pursuant to State law¹⁷ to enable taxpayers to evaluate the financial efficiency of the school district and compare the financial efficiency of the school district with other similarly situated school districts. This information must be prominently posted on the District Web site in a manner that is readily accessible.

At the time of our review in March 2022, the final budget for the 2021-22 fiscal year was not displayed on the District Web site and the Web site did not include a link to the Web-based fiscal transparency tool developed by the FDOE. In response to our inquiry, District personnel indicated that the 2021-22 official budget and the link to the Web-based fiscal transparency tool were not posted due to management oversight.

Subsequent to our audit inquiry, the official budget was posted on April 18, 2022, and the link to the FDOE transparency tool was added May 17, 2022. Providing the required budget information on the District Web site enhances citizen involvement and the ability to analyze, monitor, and evaluate budget outcomes.

Recommendation: The District should continue efforts to comply with statutory transparency requirements by timely posting all required information on the District Web site.

Finding 7: Information Technology User Access Privileges to the Business Application

Access controls are intended to protect data and information technology (IT) resources from unauthorized disclosure, modification, or destruction. Effective access controls provide employees access to IT resources based on a demonstrated need to view, add, change, or delete data and restrict employees from performing incompatible functions or functions outside their areas of responsibilities. These controls include assigning a security administrator responsibility for granting employee IT access privileges and limiting such IT privileges based on the employee's job responsibilities. In addition, periodic evaluations of assigned IT access privileges are necessary to ensure that individuals can only access those IT resources that are necessary to perform their assigned job responsibilities.

The District ERP system business application is composed of finance¹⁸ and human resource (HR)¹⁹ applications, as well as a product setup component that allows for the technical configuration and system

¹⁶ Section 1011.035(2), Florida Statutes.

¹⁷ Section 1010.20, Florida Statutes.

¹⁸ The District finance application includes, for example, the ability to create and edit vendor information, create and post journal entries, and process payment transactions.

¹⁹ The District HR application includes, for example, the ability to add new employees, adjust pay rates, and process payroll transactions.

administration of both applications. As part of our audit, we obtained a list of the 75 users with IT update access privileges to the District finance and HR applications. To determine whether the IT user access privileges were consistent with the individual's job responsibilities, we requested for examination District records supporting critical access privileges²⁰ for the 7 users with update access to finance application functions and the 10 users with update access to HR application functions. We found that the access privileges and job responsibilities were sometimes unnecessary or incompatible with the users' respective duties. Specifically:

- The Director of Finance, Assistant Director of Finance, and one contracted finance individual had update access in the finance application to update vendor information; initiate and approve requisitions, purchase orders, and invoices; process vendor check payments; and update the accounting system. Also, these three individuals had unnecessary access in the HR application to edit employee records, assign salary, and process payroll payments.
- An employee responsible for oversight of a Federal program had unnecessary update access in the finance application to edit vendor information; initiate and approve requisitions, purchase orders, and invoices; process vendor check payments; and update the accounting records. This employee also had unnecessary update access in the HR application to edit employee records and assign salary, which would allow the employee to make unauthorized changes to employee salaries.
- The Superintendent had full update access to the HR applications, which allowed the Superintendent to add employees and modify employee salary information.
- The Payroll Clerk, the Benefits Specialist, and one contracted individual, responsible for processing payroll, also had unnecessary update access in the HR application, which allowed them to perform incompatible duties such as modification of employee records, including salary and direct deposit information, without compensating controls.

Subsequent to inquiry, District personnel removed unnecessary and incompatible access privileges for the Director of Finance, Assistant Director of Finance, grant coordinator, and Superintendent. Access for the contracted personnel was removed and will be granted on an as needed basis. District personnel also indicated that they are aware of the need to limit access to critical functions within the HR application and will do so once HR personnel are properly trained to perform the applicable duties.

District personnel also indicated that the District security administrator completes informal evaluations of IT user access privileges periodically to detect and remove unnecessary and inappropriate access privileges. However, although we requested, documentation was not provided to evidence the last IT user access evaluation.

While our examination of District records identified other District controls (e.g., budget monitoring) that mitigated some of the risk associated with unnecessary or inappropriate access privileges, effective management and periodic review of access privileges provides added assurance that District data and resources are adequately protected against unauthorized disclosure, modification, or destruction and that any unauthorized actions that may occur will be timely detected.

Recommendation: The District should continue efforts to ensure that access privileges are limited to those necessary for individuals to perform their assigned duties. Such efforts should

²⁰ Access privileges deemed critical included those that allowed the user to update vendor information; initiate and approve requisitions, purchase orders, and invoices; process vendor check payments; update the accounting system; edit employee records; assign salary; and process payroll payments.

include enhanced, documented, periodic evaluations of IT user access privileges to ensure those privileges restrict individuals from performing incompatible functions or functions outside their areas of responsibilities.

Finding 8: Information Technology User Access Privileges to Sensitive Personal Information

The Legislature has recognized in State law²¹ 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 IT user access privileges to help prevent individuals from accessing sensitive personal information inconsistent with their responsibilities. Board policies²² 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 Florida statutes, SBE rules, and Federal laws, and District employees are required to certify that they will comply with these requirements.

The District management information system (MIS) provides for student records data processing and the District maintains current and former student information, including SSNs, in the District MIS. Student SSNs are included in the student records maintained within the District MIS²³ 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 authorized requests.

While District MIS controls, including informal periodic evaluations of employee access to the SSN field, were in place to generally limit access to the student SSN field to those employees who require it to perform their job duties, our examination of information contained in the MIS disclosed that student SSNs were stored in one additional student identification field for 16,868 former and 1,720 current District students. We evaluated the access privileges of 64 employees with access to student SSNs and identified 20 employees with appropriate access to the SSN field. We also identified 48 employees who had access to the additional student identification field and noted that 44 employees, such as administrators, teachers, school principals, and clerical workers, did not require access to student SSNs to perform their job duties. In response to our inquiry, District personnel indicated that the periodic evaluation of employee access to student SSNs did not identify the unnecessary access because District personnel were unaware that the additional student identification field contained SSN information.

The existence of unnecessary IT user access privileges increases the risk of unauthorized disclosure of sensitive personal information and the possibility that such information may be used to commit a fraud against current or former District students. A similar finding was noted in our report No. 2020-060.

²¹ Section 119.071(5)(a), Florida Statutes.

²² Board Policy 8330, Student records.

²³ The North East Florida Educational Consortium (NEFEC) provides student records data processing services for the District and maintains student information, including student SSNs, in District MIS.

Recommendation: To ensure that sensitive personal information of students is properly safeguarded, the District should limit access privileges to only that information required for users to perform their assigned job duties and enhance procedures for conducting periodic evaluations of IT user access privileges to ensure that inappropriate or unnecessary access privileges are detected and promptly removed.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2020-060, except that Finding 8 was also noted in that report as Finding 9.

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 2022 through May 2022 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. 2020-060.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

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

significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

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

Our audit included transactions, as well as events and conditions, occurring during the 2021-22 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 and District procedures, and other guidelines, and interviewed District personnel to obtain an understanding of applicable processes and administrative activities.
- Reviewed Board information technology (IT) policies and District procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, systems development and maintenance, network configuration management, system backups, and disaster recovery.
- Evaluated District procedures for maintaining and reviewing employee access to IT data and resources. We examined selected access privileges to District enterprise resource planning (ERP) system finance and human resources (HR) applications to determine the appropriateness and necessity of the access based on employee job duties and user account functions and whether the access prevented the performance of incompatible duties. 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. Specifically, we evaluated update access privileges to critical ERP system functions for the:
 - 7 users with access to finance application functions.
 - 10 users with access to HR application functions.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, we examined the access privileges of the 64 employees who had access to sensitive personal student information to evaluate the

appropriateness and necessity of the access privileges based on the employee's assigned job responsibilities.

- Evaluated District procedures to prohibit former employee access to electronic data files. We also reviewed selected user access privileges for 23 of the 60 employees who separated from District employment during the period July 1, 2021, through May 6, 2022, to determine whether access privileges were timely deactivated.
- Evaluated Board security policies and District procedures governing the classification, management, and protection of sensitive and confidential information.
- 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 operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Evaluated Board policies and District procedures and examined supporting documentation to determine whether audit logging and monitoring controls were configured in accordance with IT best practices.
- Inquired whether the District had any expenditures or entered into any contracts under the authority granted by a state of emergency, declared or renewed during the audit period, to evaluate the reasonableness of District actions.
- From the population of \$33,133 total workforce education program funds expenditures for the period July 1, 2021, through April 15, 2022, selected expenditures totaling \$27,067 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 supporting the 1,262 reported contact hours for the 16 adult general education instructional students during the Fall 2021 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 2021-22 fiscal year proposed, tentative, and official budgets were prominently posted pursuant to Section 1011.035(2), Florida Statutes. In addition, we determined whether the Web site contained the required graphical representations, for each public school within the District and for the District, of summary financial efficiency data and fiscal trend information for the previous 3 years, and a link to the Web-based fiscal transparency tool developed by the Florida Department of Education (FDOE).
- Examined District capital asset subsidiary records to determine if capital asset subsidiary records supported the capital asset balances reported in the June 30, 2021, annual financial report.
- Examined documentation supporting the District's annual tangible personal property (TPP) physical inventory process to determine whether the inventory results were reconciled to the property records, appropriate follow-up was made for any missing items, and law enforcement was timely notified for any items that could not be located and considered stolen.
- Evaluated District procedures for identifying and inventorying attractive items pursuant to Department of Financial Services Rule Chapter 69I-73, Florida Administrative Code.
- From the compensation payments totaling \$10.8 million to 375 employees for the period July 2021 through March 2022, examined District records supporting compensation payments totaling \$118,660 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.

- Examined District records to determine whether the Board adopted a salary schedule with differentiated pay for both instructional personnel and school administrators based on District determined factors, including, but not limited to, additional responsibilities, school demographics, critical shortage areas, and level of job performance difficulties in compliance with Section 1012.22(1)(c)4.b., Florida Statutes.
- Examined District records for 7 selected employees from the 375 individuals employed during the period July 2021 through March 2022 to determine whether a portion of compensation was based on performance in accordance with Section 1012.22(1)(c)4., Florida Statutes.
- Examined District records supporting teacher salary increase allocation payments to the 125 instructional personnel totaling \$400,360 for the audit period to determine whether the District submitted the required reports (salary distribution plan and expenditure report) to the FDOE and used the funds in compliance with Section 1011.62(16), Florida Statutes (2021).
- 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.
- Evaluated the effectiveness of Board policies and District procedures addressing the ethical conduct of instructional personnel and school administrators, including reporting responsibilities related to employee misconduct which affects the health, safety, or welfare of a student, and also investigation requirements of all reports for alleged misconduct to determine the sufficiency of those policies and procedures to ensure compliance with Section 1001.42(6) and (7)(b)3., Florida Statutes.
- Examined District records to determine whether annual fire safety, casualty safety, and sanitation inspection reports were performed annually for all schools, including charter schools. We compared the most recent inspection reports to prior year inspections to determine whether timely action was taken to correct any previously cited life safety issues.
- Examined District records to determine whether the Board had adopted appropriate school safety policies and the District implemented procedures to ensure the health, safety, and welfare of students and compliance with Sections 1006.07 and 1006.12, Florida Statutes, and Section 1011.62(13), Florida Statutes (2021).
- Examined District records to determine whether the Board had adopted appropriate mental health awareness policies and the District had implemented procedures to promote the health, safety, and welfare of students and ensure compliance with Section 1012.584, Florida Statutes, Section 1011.62(14), Florida Statutes (2021), and SBE Rule 6A-1.094124, Florida Administrative Code.
- 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 two of three charter schools subject 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 FDOE pursuant to Section 1002.345(1)(c), Florida Statutes.
- Determined whether selected 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 \$11 million for the period July 1, 2021, through April 18, 2022, we examined documentation supporting 30 selected payments for general expenditures totaling \$141,751.

- From the population of expenditures for 98 contracted services totaling \$1.4 million for the period July 2021 through March 2022, examined supporting documentation, including the 30 contract documents, for 30 selected payments totaling \$595,643 to determine whether:
 - The District complied with applicable competitive selection requirements (e.g., SBE Rule 6A-1.012, Florida Administrative Code).
 - The contracts clearly specified deliverables, time frames, documentation requirements, and compensation.
 - District records evidenced that services were satisfactorily received and conformed to contract terms before payment.
 - The payments complied with contract provisions.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each school district on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE

School Board of Madison County

Shirley Joseph
Superintendent
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July 26, 2022

Dear Ms. Norman:

Please find the district responses to each of the eight (8) findings in the Preliminary and Tentative Findings from the Operational Audit recently completed.

1. **Finding #1 Mental Health student instruction and timely submission/posting of mental health plans to district website and to Florida Department of Education.**
 - a. A district-level School Safety Specialist has been identified.
 - b. Procedures have been enhanced to properly identify and track Youth Mental Health Awareness Training (YMHAT) for all district employees and/or those required to receive it by state law.
 - c. Procedures have been enhanced to properly record and document that all students in grades 6-12 have been provided and received the required five (5) hours of mental health training.
2. **Finding #2 Mental Health training of School Resource Officers**
 - a. Procedures have been enhanced to include language in the district contract with the Madison County Sheriff's office to require verification of required mental health training of School Resource Officers.
 - b. Procedures have been enhanced to include an annual review of receipt of the verification and retention of required documentation.
3. **Finding #3 Subsidiary records for Capital Assets**
 - a. Staff training will be provided to those responsible for recoding and reconciling capital assets.
 - b. Procedures have been enhanced to reconcile subsidiary records to Capital Asset records annually.
4. **Finding #4 Annual inventory documentation and reconciliation of Tangible Personal Property**
 - a. Review of inventory procedures has been completed.
 - b. Property custodians will be properly trained to collect full inventory reports annually and report stolen property to the proper authorities.
 - c. District level staff will be properly trained to intake annual inventory reports and properly record and reconcile all Tangible Personal Property.
5. **Finding #5 Charter School monitoring of financial reporting requirements**
 - a. Staff have been trained on the requirements of state law to report non-compliance of financial reporting requirements to charter school Executive Boards and the Commissioner of Education if the reports have not been received more than seven (7) business days from due date.
 - b. Staff have been trained on the requirements of state law to report non-compliance of required content of financial reports to charter school Executive Boards and the Commissioner of Education within seven (7) business days from due date of report and submit a collaboratively developed correctional action plan within 30 days of reporting the non-compliance.
 - c. Procedures have been enhanced to remind charter schools of proper reporting dates and included components of reports and for the district to notify the charter school Executive Board and Commissioner if reporting requirements are non-compliant.

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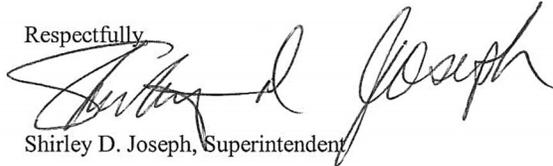
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1. **Finding #6 Fiscal Transparency**
 - a. Procedures have been enhanced to include the timely posting of final budget reports to the district website.
 - b. Procedures have been enhanced to include updated fiscal transparency reports and links to the Florida Department of Education's Fiscal Transparency Tool on the district website.
2. **Finding #7 Information Technology access to that necessary for job function**
 - a. Unnecessary access has been removed from all critical users that were not required that access to do their job responsibilities
 - b. Procedures have been enhanced to include periodic evaluations of user access to Information Technology resources and to properly document evaluations have occurred and any unnecessary access is removed.
3. **Finding #8 Information Technology access to Student Social Security numbers**
 - a. Unnecessary access has been removed for all users who are not required to access student social security information from any field available to be viewed on Skyward student database screens.
 - b. Procedures have been enhanced to include periodic evaluations of user access to Information Technology resources and to properly document evaluations have occurred and any unnecessary access is removed.

Respectfully,



Shirley D. Joseph, Superintendent