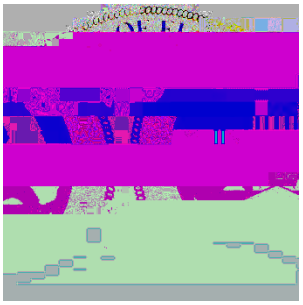
Report No. 2017-145
March 2017

DUVAL COUNTY
DISTRICT SCHOOL BOARD



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2015-16 fiscal year, Dr. Nikolai P. Vitti served as Superintendent of the Duval County Schools and the following individuals served as School Board Members:

	District No.
Cheryl Grymes, Chair to 11-17-15	1
Scott Shine	2
Ashley Smith Juarez, Chair from 11-18-15, Vice Chair to 11-17-15	3
Paula D. Wright, Vice Chair from 11-18-15	4
Dr. Constance S. Hall	5
Becki A. Couch	6
Jason Fischer [a]	7

[a] Board member resigned effective June 19, 2016, and position remained vacant through June 30, 2016.

The team leader was Dennis W. Gay, CPA, and the audit was supervised by Randy R. Arend, CPA. For the information technology portion of this audit, the team leader was Sudeshna Aich, CISA, and the supervisor was Heidi G. Burns, CPA, CISA.

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

DUVAL COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Duval County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2014-076. Our operational audit disclosed the following:

Finding 1:

reconciliations increase the risk that cash transaction errors or misappropriations may occur and not be timely detected.

Recommendation: District management should ensure that reconciliations of the bank account balances to the general ledger balances are timely completed, reviewed, and approved for all District bank accounts.

Finding 2: Background Screenings

State law[3] requires each person hired or contracted to serve in an instructional or noninstructional capacity who are permitted access on school grounds when students are present or who have direct contact with students to undergo a level 2 background screening[4] at least once every 5 years. State law[5] also provides that noninstructional contractors may be exempt from the background screening requirements if the contractors are under the direct supervision of a school district employee or contractor who has had a criminal history check and meets the State law screening requirements. Additionally, for noninstructional contractors, State law[6] requires the District to verify the results of the contractor's background screening using the shared system implemented by the Florida Department of Law Enforcement (FDLE). State law[7] further requires personnel who are hired or contracted to fill positions in any charter school and members of the governing board of any charter school (i.e., board members) to undergo a background screening by filing a complete set of fingerprints with the district school board for the school district in which the charter school is located.

To promote compliance with the statutory background screening requirements, District procedures require employees and contractor workers who have access to school grounds, as well as charter school employees and board members, to undergo required background screenings. However, according to District personnel, they did not maintain the records necessary to monitor when these individuals were due for the 5-year background rescreening.

For the 2015-16 fiscal year, we evaluated District records and background screening procedures for District instructional and noninstructional employees, contractor workers, and charter school employees ol D D T ^ Ę Ę ¾ Ú A ń ī ' re ɔ

required notice of tax levy the projects to be funded by the assessment of such taxes. State law also establishes requirements for amending a list of capital outlay projects previously advertised and adopted.

The District accounts for the ad valorem tax levy proceeds in the Capital Projects – Local Capital Improvement (LCI) Fund. For the 2015-16 fiscal year, the District had LCI Fund transfers to the other funds totaling $54,410,085 and expenditures totaling $49,099,342, which included administrative overhead expenditure reclassifications totaling $1,418,764 from several General Fund cost centers. To determine the propriety of District uses of ad valorem tax levy proceeds for the 2015-16 fiscal year, we examined District records supporting selected LCI Fund transfer

Finding 4: Relocatable Building Inspections

State law[11] requires that an educational facilities plan be prepared annually that includes information about the relocatable facilities used for conducting District instructional programs. Additionally, according to the FDOE Office of Educational Facilities' (OEF) publications,[12] all school district relocatable buildings must be inspected for compliance with the standards for satisfactory buildings. The FDOE-OEF created and supports the Florida Inventory of School Houses (FISH), which is an electronic database to provide record keeping capabilities for all school district facilities, including relocatable facilities, and is used to allocate maintenance funds to school districts. Annual inspection reports for relocatable buildings designed as classrooms or spaces intended for student occupancy must be filed with the Board and correction plans must be adopted by the Board. State law[13] also provides that relocatable facilities that fail to meet the standards must not be reported as satisfactory in FISH.

Effective for the 2016-17 fiscal year, State law[14] allows the Board to adopt a resolu ox Ū

Our examination of the District inspection reports, FISH, and the District educational facilities plan disclosed that:

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followed. Additionally, the P-card administrator indicated that, for the one P-card violation reported by the Business Services Department, the cardholder's P-card was suspended, and the cardholder's P-card privileges were reinstated about 3 weeks later when the P-card administrator was notified that the cardholder had submitted the required monthly reconciliations and was in compliance. However, although we requested, District personnel could not provide documentation to evidence any written warnings or other disciplinary action taken for the other P-card manual violations that we noted.

Without timely submission of monthly reconciliations and related support, District records did not evidence supervisory review and approval of charges by approving administrators within the 60-day limit to dispute the charges, or the necessity and public purpose of the purchases. Additionally, when consequences for untimely submission of monthly reconciliations are not consistently enforced, there is an increased risk that cardholders will continue to violate the P-card requirements. Similar findings were noted in our report Nos. 2011-042 and 2014-076.

Recommendation: The District should enhance procedures to ensure compliance with the P-card manual requirements. Such procedures should include timely submission of monthly reconciliations and related support for P-card purchases to the Business Services Department and documented, appropriate, and consistently enforced consequences for untimely submission of monthly reconciliations.

Finding 6: Contractual Services

Effective contract management ensures contract provisions establish required services and related service times and satisfactory receipt of contracted services prior to payment. The Board routinely enters into contracts for services, and internal controls have been designed and implemented to ensure that, when applicable, competitive procurement procedures are followed and payments are generally consistent with contract terms and conditions.

services designed to ensure students stay in school and on track to graduate with services provided throughout the school day, Monday through Thursday, and the District made payments to the nonprofit organization in 10 equal monthly installments of $100,000. The agreement also required the organization to provide an acceptable invoice, including a monthly report summarizing the services provided, in the format specified by the District.

The invoices and monthly reports submitted for payment included the names of student participants served and the number of minutes student participants were served during the month; however, the monthly reports did not document the dates and hours of service provided by members, and District personnel with direct knowledge of the services did not document receipt of the services through time records, such as sign-in, sign-out

Finding 7: Intensive Reading Instruction

State law

the minimum reading instruction time. In addition, the Distric

and, therefore, did not qualify for the 2016-17 fiscal year scholarship award. District confirmation of college entrance exam scores based on reliable and authentic records, such as college transcripts or final exam reports, would provide better assurance that the scores are accurate and teachers are eligible for the scholarships.

Recommendation: The District should ensure that Program scholarships are awarded to eligible recipients based on college entrance exam scores reported on reliable and authentic records. Such records could include college transcripts or final exam reports.

Finding 9: Information Technology – Access Privileges

Access controls are intended to protect District data and information technology (IT) resources from unauthorized disclosure, modification, or destruction. Effective access controls include granting employees access to IT resources based on a demonstrated need to view, change, or delete data and restrict employees from performing incompatible functions or fu

a periodic review procedure was not in place, a privileged access management (PAM) software solution had been implemented in July 2016 to allow administrator access privileges to be granted as needed and with approval.

Inappropriate or unnecessary IT access privileges and the lack of a review of administrator access privileges assigned to network accounts increases the risk that unauthorized disclosure, modification, or destruction of District data and IT resources may occur.

Recommendation: District management should ensure that IT access privileges granted enforce an appropriate separation of duties and are necessary and remove any inappropriate or unnecessary access privileges detected. In addition, District management should monitor the ongoing effectiveness of their PAM solution for granting and monitoring privileged network accounts.

Finding 10: Information Technology – Security Controls – User Authentication and Monitoring of Application Activity

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PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for [illegible] except as noted in Findings [illegible] in Table [illegible] and [illegible] and shown

Table [illegible]
Findings Also Noted in Previous Audit Reports [illegible]

Finding	Operational Audit Report No. 2014-076, Finding	Operational Audit Report No. 2011-042, Finding
4	12	10
5	7	7
6	10	Not applicable
10	16	12

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 [illegible] information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit 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 findings included in our report No.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section (h), Florida Statutes.

This audit was designed to [illegible]

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,

to all transactions resulting in the review of the appropriateness of administrator privileges granted to 65 accounts for the ERP system applications.

- y Reviewed District procedures and reports related to the capture and review of system activity that were designed to ensure the appropriateness of access to and modification of sensitive or critical resources.
- y Reviewed District policies and procedures governing the classification, management, and protection of confidential and sensitive information.
- y Reviewed the District disaster recovery plan (plan) test procedures and documentation to determine whether the District had tested the plan.
- y Reviewed District supporting documentation to determine whether authentication controls were configured and enforced in accordance with IT best practices.
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- From the population of 582 vehicles (excluding school buses) as of May 2016, examined 30 selected vehicle logs to determine whether the logs contained travel descriptions, starting and ending mileage readings, travel dates, reasons for travel, driver signatures, and evidence of supervisory review and approval.
- Examined records and made inquiries to determine whether the District properly reported the taxable value of employees' personal use of Board-owned vehicles in accordance with United States Treasury Regulations and the Internal Revenue Code for t

- y Reviewed District procedures for acquiring excess health liability insurance to determine compliance with Section 112.08, Florida Statutes. We also evaluated the procedures for acquiring other types of commercial insurance to determine whether the basis for selecting insurance

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