

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2024-032
October 2023

**MONROE COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2022-23 fiscal year, Theresa N. Axford served as Superintendent of the Monroe County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Darren Horan	1
Andy Griffiths, Vice Chair through 11-21-22, Chair from 11-22-22	2
Mindy Conn	3
John Dick, Chair through 11-21-22	4
Dr. Sue Woltanski, Vice Chair from 11-22-22	5

The team leader was Barbara S. Coleman, CPA, and the audit was supervised by Ramon L. Bover, CPA.

Please address inquiries regarding this report to Edward A. Waller, CPA, Audit Manager, by e-mail at tedwaller@aud.state.fl.us or by telephone at (850) 412-2887.

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MONROE COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Monroe County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2021-148. Our operational audit disclosed the following:

Finding 1: District records did not always evidence that ad valorem tax levy proceeds were used for authorized purposes, resulting in questioned costs totaling \$100,000.

Finding 2: The District did not comply with State law requiring timely and prominent posting of the required budget information for the 2022-23 fiscal year on its Web site.

Finding 3: The District needs to strengthen controls to ensure the accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education. A similar finding was noted in our report No. 2021-148.

Finding 4: District school safety procedures continue to need improvement to ensure and demonstrate that applicable safe-school officers have completed required mental health crisis intervention training.

BACKGROUND

The Monroe 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 Monroe County. The governing body of the District is the Monroe County District School Board (Board), which is composed of five elected members. The appointed Superintendent of Schools is the Executive Officer of the Board. During the 2022-23 fiscal year, the District operated ten elementary, K-8, middle-high combination, and high, schools; sponsored six charter schools; and reported 8,687 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Ad Valorem Taxation

State law¹ allows the District to levy ad valorem taxes for capital outlay purposes within specified millage rates subject to certain precedent conditions. Allowable uses of ad valorem tax levy proceeds include, among other things, funding new construction and remodeling projects and maintenance, renovation, and repair of existing school plants. The District accounts for ad valorem tax levy proceeds and uses in the Capital Projects – Local Capital Improvement Tax Fund (LCI Fund). According to District personnel, the Controller prepares journal entries for transfers reimbursing the General Fund for eligible tax levy uses and the Chief Financial Officer reviews and approves the entries.

¹ Section 1011.71, Florida Statutes.

To determine the propriety of the tax levy uses, which totaled \$11.4 million during July 2022 through March 2023, we examined District job descriptions, vendor invoices, and other District records supporting selected LCI Fund expenditures and transfers totaling \$2.8 million. We found that, due to a clerical error that was undetected by District review procedures, the tax levy transfer reimbursed the General Fund for Maintenance Department administrative staff salaries totaling \$100,000. Since Maintenance Department administrative staff oversee custodial and groundskeeping services and perform other duties unrelated to tax levy purposes, the District does not routinely use tax levy proceeds for the administrative staff salaries and District records did not demonstrate that the General Fund reimbursement was appropriate. Subsequent to our inquiries, in July 2023 District personnel restored the \$100,000 to the LCI Fund from unrestricted resources.

When District journal entry and review procedures are not effective to ensure tax levy transfers are only for authorized purposes, there is an increased risk for tax levy restrictions to be violated.

Recommendation: District journal entry and review procedures should be enhanced to ensure that ad valorem tax levy transfers are only for authorized purposes.

Finding 2: 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,² the District must post 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. The District is also required to post on its Web site a plain language version of each proposed, tentative, and official budget which describes each budget item in terms that are easily understandable to the public.

At the time of our review in April 2023, we found that the District properly posted graphical representations for the previous 3 years; however, the District had not posted the proposed, tentative, and official budgets for the 2022-23 fiscal year. In response to our inquiry, District personnel indicated that the District Web site was redesigned and, due to oversights, the budgets for the 2022-23 fiscal year were not posted.

Subsequent to our inquiry, in April 2023 District personnel posted the required budgets on the Web site. 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 3: Adult General Education Classes

State law³ 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 Act⁴ proviso language required each district to report enrollment

² Section 1011.035(2), Florida Statutes.

³ Section 1004.02(3), Florida Statutes.

⁴ Chapter 2022-156, Laws of Florida, Specific Appropriation 118.

for adult general education programs in accordance with Florida Department of Education (FDOE) instructional hours reporting procedures.⁵ State Board of Education (SBE) rules⁶ require the District to collect and maintain enrollment and attendance information on students based on minimum enrollment requirements for funding and mandatory withdrawal procedures for students for non-attendance. FDOE procedures provide 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.

The District reported 61,728 instructional contact hours provided to 497 students enrolled in 74 classes during the 2022-23 fiscal year. As part of our audit, we examined District records for the 2,906 contact hours provided to 30 selected students enrolled in 14 adult general education classes. We found that instructional contact hours for 7 students were over reported by 142 hours (ranging from 5 to 46 hours).

In response to our inquiry, District personnel indicated that the hours were not reported correctly because District personnel sometimes misunderstood reporting instructions, miscalculated attendance days, or made data entry errors. Since adult general education funding is based, in part, on enrollment data reported to the FDOE, it is important that the District report accurate data. Similar findings were noted in our report Nos. 2021-148 and 2018-183.

Recommendation: The District should provide appropriate training to ensure that staff accurately report instructional contact hours for adult general education classes to the FDOE. The District should also determine the extent, if any, that adult general education hours were misreported and contact the FDOE for proper resolution.

Finding 4: Safe-School Officer Services

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

For the 2022-23 fiscal year, the Board contracted with the Monroe County Sheriff's Office and the Key West Police Department for 17 SROs and 2 SSOs at the 10 District schools and 6 charter schools. The contracts require the SROs and SSOs to meet all statutorily required qualifications, including mental health crisis intervention training, and the law enforcement agencies to submit verification that the statutory requirements were met.

In response to our inquiries, District personnel indicated that they relied on the local law enforcement agencies to ensure that the SROs and SSOs completed the required training and did not request or receive verification that all requirements were met. Subsequent to our request, in August 2023 District

⁵ FDOE Technical Assistance Paper: *Adult General Education Instructional Hours Reporting Procedures*, Dated September 2020.

⁶ SBE Rule 6A-10.0381(5), Florida Administrative Code.

⁷ Section 1006.12, Florida Statutes.

personnel obtained correspondence from the two agencies confirming that the statutory requirements had been met before the services were provided.

Absent effective procedures to document verification that SROs and SSOs completed the required training before services are provided, the District cannot demonstrate compliance with State law or that appropriate measures have been taken to promote student and staff safety. A similar finding was noted in our report No. 2021-148.

Recommendation: The District should maintain records demonstrating compliance with State school safety laws. Such records should evidence District verifications that each SRO and SSO received required mental health crisis intervention training before services are provided.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2021-148 except as noted in Findings 3 and 4 and shown in Table 1.

Table 1
Findings Also Noted in Previous Audit Reports

Finding	Operational Audit Report No. 2021-148, Finding	Operational Audit Report No. 2018-183, Finding
3	4	6
4	1	Not Applicable

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 2023 through August 2023 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 information technology resources and related controls; nonpublic records protection; fiscal transparency; school safety; mental health; compensation, construction, and other expenses; facilities management; and other processes and administrative activities. For those areas, our audit objectives were to:

- Evaluate management’s performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management’s control objectives in the categories of compliance, economic and

efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.

- Determine whether management had taken corrective actions for findings included in our report No. 2021-148.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

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

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

Our audit included the selection and examination of transactions and records, as well as events and conditions, occurring during the 2022-23 fiscal year audit period, and selected District actions taken prior and subsequent thereto. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, Board policies, District procedures, and other guidelines, and interviewed District personnel to obtain an understanding of applicable processes and administrative activities and the related requirements.
- Reviewed District 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, logging and monitoring, system backups, and disaster recovery.

- Evaluated District procedures for maintaining and reviewing employee access to IT data and resources. We examined selected user access privileges to District enterprise resource planning system finance and human resources (HR) applications to determine the appropriateness and necessity of the access privileges based on employee job duties and user account functions and whether the access privileges prevented the performance of incompatible duties. We also examined the administrator account access privileges granted and procedures for oversight of administrative accounts for the applications to determine whether these accounts had been appropriately assigned and managed. Specifically, from the population of 632 users, we tested user access privileges for 30 selected users who had access to the finance and HR applications.
- Determined whether the District had a comprehensive IT disaster recovery plan in place that was designed properly, operating effectively, and had been recently tested.
- Examined selected application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Determined whether the District had established a comprehensive IT risk assessment to document the District's risk management and assessment processes and security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.
- Determined whether an adequate, comprehensive IT security awareness and training program was in place.
- Evaluated the adequacy of District procedures related to security incident response and reporting.
- Inquired whether the District had expenditures or entered into any contracts under the authority granted by a state of emergency declared or renewed during the audit period.
- From the population of expenditures totaling \$17.9 million and transfers totaling \$24.1 million during the period July 2022 through March 2023 from nonvoted capital outlay tax levy proceeds, Public Education Capital Outlay funds, and other restricted capital project funds, examined documentation supporting selected expenditures and transfers totaling \$0.7 million and \$12 million, respectively, to determine District compliance with the restrictions imposed on the use of these resources, such as compliance with Section 1011.71(2), Florida Statutes.
- Examined District records to determine whether total workforce education program funds expenditures totaling \$678,656 for the audit period were used for authorized purposes (i.e., not used to support K-12 programs or District K-12 administrative costs).
- Examined District records supporting the 2,906 reported contact hours for 30 selected students from the population of 61,728 contact hours reported for 497 adult general education instructional students during the audit period to determine whether the District reported the instructional contact hours in accordance with State Board of Education (SBE) Rule 6A-10.0381, Florida Administrative Code.
- Examined the District Web site to determine whether the 2022-23 fiscal year proposed, tentative, and official budgets were prominently posted pursuant to Section 1011.035(2), Florida Statutes. In addition, we determined whether the District Web site contained, for each public school within the District and for the District, the required graphical representations of summary financial efficiency data and fiscal trend information for the previous 3 years, and a link to the Web-based fiscal transparency tool developed by the Florida Department of Education (FDOE).
- Examined District records for the audit period supporting the teacher salary increase allocation received pursuant to Chapter 2022-156, Law of Florida, Specific Appropriation 86, totaling \$335,334 and records supporting the related payments totaling the same amount made to 568 instructional personnel to determine whether the District submitted required reports (salary distribution plan and expenditure report) to the FDOE and used the allocation in compliance with Section 1011.62(14), Florida Statutes (2022).

- Evaluated Board policies and District procedures addressing the ethical conduct of school personnel, including reporting responsibilities related to employee misconduct which affects the health, safety, or welfare of a student, and the investigation responsibilities for all reports of alleged misconduct to determine whether those policies and procedures were effective and sufficient to ensure compliance with Section 1001.42(6) and (7)(b)3., Florida Statutes.
- From the two significant construction projects with expenditures totaling \$11 million for the period July 2022 through March 2023, selected one construction management project with a guaranteed maximum price contract totaling \$23.5 million and examined District records for all project expenditures totaling \$9.8 million to determine compliance with Board policies and District procedures and applicable provisions of State law and rules. Specifically, we examined District records to determine whether:
 - The construction manager was properly selected pursuant to Section 255.103, Florida Statutes.
 - District personnel properly monitored subcontractor selections and licensures.
 - The architects were properly selected pursuant to Section 287.055, Florida Statutes, and adequately insured.
 - Appropriate Board policies and District procedures addressing the negotiation and monitoring of general conditions costs had been established.
 - Documentation supporting the payments was sufficient and complied with the contract provisions.
 - The projects progressed as planned consistent with established benchmarks, and were cost effective, and the contractors performed as expected.
- 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(12), Florida Statutes (2022).
- 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(13), Florida Statutes (2022); and SBE Rule 6A-1.094124, Florida Administrative Code.
- Evaluated District procedures for identifying facility maintenance needs and establishing resources to address those needs.
- Evaluated District procedures for determining Maintenance Department staffing needs. We also determined whether such procedures included consideration of appropriate factors and performance measures that were supported by factual information.
- 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.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large initial 'S'.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE

Theresa Axford
Superintendent of Schools



Members of the Board

District #2
ANDY GRIFFITHS
Chairperson

District #5
DR. SUE WOLTANSKI
Vice-Chairperson

District #1
DARREN HORAN

District #3
MINDY CONN

District #4
JOHN DICK

October 6, 2023

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

Dear Ms. Norman,

I have reviewed the list of preliminary and tentative findings and recommendations based on your operational audit of the Monroe County District School Board. My response to each finding is as noted below:

Finding 1: District records did not always evidence that ad valorem tax levy proceeds were used for authorized purposes, resulting in questioned costs totaling \$100,000.

Response:

The District will ensure that ad valorem tax levy transfers are only for authorized purposes, and we do have the review procedures in place for our journal entry.

Finding 2: The District did not comply with State law requiring timely and prominent posting of the required budget information for the 2022-23 fiscal year on its Web site.

Response:

The District became compliant with the State law on April 26, 2023. The link is located on the District's website.

<https://www.keysschools.com/Page/646>

241 Trumbo Road • Key West, FL 33040
Tel. (305) 293-1400
www.KeysSchools.com

Finding 3: The District needs to strengthen controls to ensure the accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education. A similar finding was noted in our report No. 2021-148.

Response:

We include in our reporting the Attended and Scheduled hours for students. In our beginning of the year Faculty Meeting we review the attendance procedures with the teachers. It was brought to our attention that a "Canceled Class" is counted as an absence. We have since then put in a work order with MIS to have this counted as part of the Auto-withdrawn attendance. We will continue to work on strengthening controls to ensure the accurate reporting of instructional contact hours.

Finding 4: District school safety procedures continue to need improvement to ensure and demonstrate that applicable safe-school officers have completed required mental health crisis intervention training.

Response:

The District will ensure that verification is received from all supporting law enforcement agencies that each SRO and SSO is fully qualified, to include required mental health crisis intervention training before services are provided.

We appreciate the professionalism of staff throughout the audit process.

Sincerely,



Theresa N. Axford, Superintendent
Monroe County Schools