



AUDITOR GENERAL

WILLIAM O. MONROE, CPA



SEMINOLE COUNTY DISTRICT SCHOOL BOARD

OPERATIONAL AUDIT

For the Period July 1, 2004, through June 30, 2005

SUMMARY

This operational audit of the District for the period July 1, 2004, through June 30, 2005, disclosed the following:

Finding No. 1: Fingerprinting and Background Screening Requirements

The District should improve its procedures for timely obtaining fingerprints and background checks for staff and contractors as required. Delays in performing the required background screenings increase the risk that staff and contractors may have backgrounds that are not suitable for direct contact with students.

Finding No. 2: Purchasing Card Administration Enhancements were needed in the District's policies and procedures for its purchasing card program, and improvements were needed in the District's monitoring of the program.

BACKGROUND

The District is part of the State system of public education under the general direction of the Florida Department of Education. Geographic boundaries of the District correspond with those of Seminole County. The governing body of the Seminole County District School Board is composed of five elected members. The Superintendent of Schools is the executive officer of the School Board. The Board members and the Superintendent who served during the audit period are listed in Exhibit 1.

During the audit period, the District operated 58 elementary, middle, and high schools; sponsored three

charter schools; and reported 66,142 unweighted full-time equivalent students.

The results of our audit of the District's financial statements and Federal awards are presented in our report No. 2006-067.

FINDINGS AND RECOMMENDATIONS

Finding No. 1: Fingerprinting and Background Screening Requirements

The District should improve its procedures for timely obtaining fingerprints and background checks for staff and contractors that have direct contact with students. Sections 1012.56(9) and 1012.465, Florida Statutes (2004), require instructional personnel renewing their teaching certificates and noninstructional personnel every five years following employment, respectively, to undergo a background screening, including a requirement that such staff file a complete set of fingerprints. In a memorandum dated June 25, 2004, the Florida Department of Education (FDOE) recommended that, due to the large number of affected employees, districts conduct the background screenings for certified instructional employees every five years at the time of renewal of their teaching certificates and that background screenings be obtained for approximately 20 percent of the noninstructional employees each year over a five year period in order to have all background screenings for such staff completed by July 1, 2009.

District records did not evidence that the District had established an adequate process during the 2004-05 fiscal year for performing the required background screenings for instructional staff, noninstructional staff, and contractors that had direct contact with students as follows:

- The District did not obtain fingerprints or perform background checks for five of the five instructional personnel tested that renewed their teaching certificates during the 2004-05 fiscal year.
- Our tests of 15 contractors that had direct student contact (school psychologist; instructional personnel; school nurses; therapist, etc.) disclosed that the District had not obtained the required fingerprinting and background screening for any of the contractors tested.
- The District did obtain fingerprints and perform the required background screenings for new employees hired during the 2004-05 fiscal year; however, the District did not implement procedures, as provided in the FDOE guidance mentioned above, to perform the required fingerprinting and background screening for existing noninstructional personnel with direct student contact.

In response to our inquiry, the District indicated that it has implemented a four year phase-in plan beginning in the 2005-06 fiscal year to perform the required fingerprinting and background screenings for all employees and contractors and this phase-in plan would be completed by July 1, 2009. However, the delays in implementing procedures to provide for the required background screening checks increases the risk that instructional staff, noninstructional staff, and contractors may have backgrounds that are not suitable for direct contact with students. Also, the requirements of the Jessica Lunsford Act, which became effective September 1, 2005, with regard to persons under contract with the District, will further impact the need to enhance procedures for timely obtaining fingerprints and background checks.

Recommendation: The District should enhance its procedures to ensure that fingerprints and background checks are performed for staff and contractors on a timely basis.

Finding No. 2: Purchasing Card Administration

Our review of the District's purchasing card program indicated that improvements were needed in the monitoring of the program. The District provides credit cards (purchasing cards) to authorized employees for the purchase of goods and services. The District's Procurement Credit Card Policies and Procedures Manual (Manual) states that purchasing cards are designed to handle and expedite low dollar purchases of goods and services in a more efficient, effective, and economical manner than may be achieved through the purchase order system. The District established dollar limits on purchasing card transactions, including limits on single transactions and total charges on a monthly basis. Additionally, there are restrictions on the items that can be purchased and the use of the purchasing cards for the personal benefit of employees. Our review of purchasing cards disclosed the following:

- The District's Manual disclosed inconsistencies in the purchasing card policies and procedures. For example, the Manual states that purchasing cards are to be issued to individual employees who frequently purchase goods and services in single purchase amounts of \$500 or less, and in another section it states that it is a violation of the policies to make purchases that exceed \$500; however, the Manual also states that the maximum limit shall be \$1,000 for a single transaction.
- The District's Manual states that the maximum limit shall be \$1,000 for a single purchase and \$8,000 during one 30 day billing cycle. Our tests of purchasing card limits disclosed that 166 employees were given single transaction limits of \$2,500 and five employees were given single transaction limits that range from \$5,000 to \$10,000. In addition, there are 13 employees whose monthly (30 day cycle) transaction limits range from \$10,000 to \$50,000. Granting larger credit limits does not appear consistent with the stated intent of the purchasing card

program to handle and expedite low dollar purchases of goods and services.

- Our test of former employees who were assigned purchasing cards disclosed seven instances where the purchasing cards were not canceled in a timely manner. Purchasing cards for these seven former employees were canceled from 6 to 196 days after the employee's termination date. We expanded our tests of the monthly credit card invoices for these seven employees from their termination date until the cards were canceled by the District. Our tests disclosed that none of the terminated employees charged purchases subsequent to their termination dates. However, our tests cannot substitute for management's responsibility to timely cancel purchasing cards for terminating employees.
- The District's Manual provides that purchasing card transactions shall not be split to stay within the single purchase limit of \$1,000 for each transaction. We noted four instances in which multiple split purchases were on the same day to circumvent the single transaction credit limit. In response to our inquiry, the District indicated that purchasing card policies and procedures would be reviewed with employees.
- We noted three charges totaling \$6,758 for purchases of capital outlay items (printers and software). The purchasing of capital outlay items are prohibited by the District's Manual.
- We noted two purchases totaling \$700 for gift certificates to a movie theater. In response to our inquiry, the District indicated that these purchases were to provide awards to employees and students and should have been reimbursed from other sources. Subsequent to our inquiry, the District indicated that the \$700 would be reimbursed to the District's accounts.
- The District's Manual provides that the purchasing card cannot be used for any personal use. We noted one instance in which an employee charged hotel accommodations and car rental fees for two days prior to a convention the employee attended. Our review of the Board's authorization for travel, the convention agenda, and travel voucher disclosed that approximately \$678 of the purchasing card charges occurred prior to the

convention dates. We provided the District with details of our finding and, subsequent to our inquiry, the District notified the employee that \$678 was due to the District to reimburse personal expenses charged to the purchasing card.

A good system of internal controls provides procedures, including a preaudit function, over purchasing cards and purchasing card transactions to ensure that purchases are appropriate expenditures of the District, serve an authorized public purpose, are made in accordance with the District's policies and directives, and that purchasing cards are timely canceled for terminating employees.

Recommendation: The District should review its purchasing card policies and procedures to resolve the inconsistencies to ensure that such policies and procedures provide consistent guidance to employees on the use the District's purchasing cards. In addition, the District should review the single and monthly transaction limits currently in place and determine if a revision in policies or changes to employees' single purchase and monthly transaction limits are warranted. Also, the District should enhance its pre-audit procedures to ensure compliance with purchasing card policies and procedures related to split purchases; prohibited transactions; and personal use of the purchasing card. Further, the District should enhance procedures to timely cancel purchasing cards for terminating employees.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this operational audit were to determine whether District management controls promoted and encouraged: 1) compliance with applicable laws, administrative rules, and other guidelines; 2) the economic, effective, and efficient operation of the District; 3) the reliability of records and reports; and 4) the safeguarding of District assets.

Specifically, our review included management controls related to information technology; strategic planning; monitoring of charter schools; board minutes; financial reporting; bank reconciliations; public depository collateral reporting requirements; capital assets and capital outlay transactions; use of restricted capital outlay money; evidence of insurance by

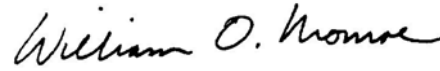
architects and construction contractors; annual facility inspections; adequacy of property insurance coverage; collections from the extended day programs; equity in school funding; Excellent Teaching Program participation; expenditures; employee compensation; purchasing card transactions; and fingerprinting and background screening.

PRIOR AUDIT FINDINGS

Our previous audit also addressed the administration of the selected management controls. As part of our current audit, we determined that the District had substantially corrected the deficiencies noted in our report No. 03-195.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



William O. Monroe, CPA
Auditor General

MANAGEMENT RESPONSE

In accordance with the provisions of Section 11.45(4)(d), Florida Statutes, a list of audit findings and recommendations was submitted to members of the Seminole County District School Board and the Superintendent. The Superintendent's written response to the audit findings and recommendations is included in this report on page 7.

To promote accountability in government and improvement in government operations, the Auditor General makes operational audits of selected programs, activities, and functions of district school boards. This operational audit was made in accordance with applicable *Governmental Auditing Standards* issued by the Comptroller General of the United States. This audit was conducted by Nancy Heyman, CPA, and supervised by James R. Stultz, CPA. Please address inquiries regarding this report to David W. Martin, CPA, Audit Manager, via e-mail at davidmartin@aud.state.fl.us or by telephone at (850) 487-9039.

This audit report, as well as other reports prepared by the Auditor General, can be obtained on our Web site at www.state.fl.us/audgen; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

EXHIBIT – 1
SEMINOLE COUNTY DISTRICT SCHOOL BOARD
FOR THE PERIOD JULY 1, 2004, THROUGH JUNE 30, 2005

The Board members and the Superintendent of Schools who served during the audit period are listed below:

	<u>No.</u>
<i>Diane Bauer, Vice-Chairman from 11-16-04</i>	1
<i>Sandy Robinson, Chairman to 11-15-04</i>	2
<i>Dede Schaffner, Vice-Chairman to 11-15-04</i>	3
<i>Larry Furlong to 11-15-04</i>	4
<i>Barry Gainer from 11-16-04</i>	4
<i>Jeanne Morris, Chairman from 11-16-04</i>	5

Bill Vogel, Ed. D., Superintendent

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MANAGEMENT RESPONSE



SEMINOLE COUNTY
PUBLIC SCHOOLS

BILL VOGEL, Ed.D.
Superintendent

Educational Support Center
400 E. Lake Mary Boulevard
Sanford, Florida 32773-7127

April 10, 2006

William O Monroe, CPA
Auditor General
State of Florida
G74 Claude Pepper Building
111 West Monroe Street
Tallahassee, FL 32399-1450

Included below is my response to your list of preliminary and tentative audit findings for the operational audit of the Seminole County School Board for the fiscal year ended June 30, 2005.

Finding No. 1: Fingerprinting and Background Screening Requirements

As noted, the District has implemented a four year phase-in plan beginning in 2005-06. This plan and timeline was established after discussions with and approval from Florida Department of Education's staff as indicated in correspondence of record. All background screenings will be completed by the July 1, 2009 deadline. The District has addressed the requirements of the Jessica Lunsford Act.

Finding No. 2: Purchasing Card Administration

Changes are being made to our procurement card procedures manual to resolve the inconsistencies. In addition, pre-audit procedures will be strengthened to ensure compliance with our procedures manual.

We would like to express our appreciation for the professional manner in which your staff conducted their operational audit of our District.

Sincerely,

A handwritten signature in blue ink that reads "Bill Vogel".

Bill Vogel
Superintendent

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www.scps.k12.fl.us

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