Summary

Report Number: 2014-079

Report Title: Manatee County District School Board – Operational Audit

Release Date: 01/08/2014

Our operational audit disclosed the following:

FINANCIAL CONDITION

Finding No. 1: During the 2012-13 fiscal year, the District's General Fund total assigned and unassigned fund balance declined 109 percent from a deficit of $4,127,328 at June 30, 2012, to a deficit of $8,634,431 at June 30, 2013, representing a reduction of $4,507,103. Under these circumstances, the District has significantly less resources for emergencies and unforeseen situations than other school districts of comparable size.

CASH CONTROLS

Finding No. 2: The District needed to enhance procedures to ensure timely bank account reconciliations.

Finding No. 3: Controls over electronic funds transfers could be enhanced.

Finding No. 4: Controls over food service collections could be improved.

Finding No. 5: Controls over miscellaneous cash collections could be enhanced.

CAPITAL OUTLAY FUNDING

Finding No. 6: District records did not evidence that sales surtax proceeds were used only for authorized purposes, resulting in $4.1 million of questioned costs.

Finding No. 7: District records did not evidence that ad valorem tax levy proceeds were used only for authorized purposes, resulting in $1.4 million of questioned costs.

Finding No. 8: District records did not evidence that Qualified School Construction Bond, State Board of Education Bond, Capital Outlay and Debt Service, and Public Education Capital Outlay proceeds were used for authorized purposes, resulting in $616,227, $196,861, $185,258, and $16,498, respectively, of questioned costs.

Finding No. 9: The District retained $728,815 of a 2008-09 fiscal year Public Education Capital Outlay appropriation that was subject to reversion to the State.

PERSONNEL AND PAYROLL

Finding No. 10: The Board had not established a documented process to identify instructional personnel entitled to differentiated pay using the factors prescribed in Section 1012.22(1)(c)4.b., Florida Statutes.

Finding No. 11: Controls over terminal leave payments needed enhancement.

Finding No. 12: The District classified one worker as an independent contractor rather than a District employee, although the worker appears to be an employee based on Internal Revenue Service guidelines.

Finding No. 13: Controls over monitoring school bus drivers could be enhanced.

Finding No. 14: The District did not timely obtain required background screenings for certain instructional and noninstructional contracted workers.

RESTRICTED RESOURCES

Finding No. 15: The District did not allocate E-payable and purchasing card program rebates generated by restricted resources to the appropriate District funds.

PROCUREMENT

Finding No. 16: Controls over the competitive selection of certain professional services could be enhanced.

Finding No. 17: Controls over contractual payment processing needed to be enhanced.

DIRECT-SUPPORT ORGANIZATIONS

Finding No. 18: District records did not evidence the basis upon which the District allowed employees of a former direct-support organization to participate in the Florida Retirement System and the District's health insurance programs.

FACILITIES ADMINISTRATION AND MONITORING

Finding No. 19: Controls over facilities construction and maintenance activities could be enhanced.

CONFIDENTIAL INFORMATION

Finding No. 20: Controls could be enhanced to ensure compliance with Section 119.071(5)(a), Florida Statutes, regarding notifying individuals of the need for and use of social security numbers.

INSURANCE

Finding No. 21: Controls over workers' compensation claims expenses could be enhanced.

Finding No. 22: The workers' compensation, property, and general liability self-insurance plan had an ending deficit net position balance of $1.7 million at June 30, 2013, resulting in significantly less resources for emergencies and unforeseen situations of the self-insurance plan.

ADULT GENERAL EDUCATION

Finding No. 23: The District needed to strengthen its controls to ensure the accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education.

VIRTUAL INSTRUCTION PROGRAM

Finding No. 24: Controls over virtual instruction program (VIP) operations and related activities could be enhanced by developing and maintaining comprehensive, written VIP policies and procedures.

Finding No. 25: VIP provider contracts were deficient in that contracts did not include all provisions required by State law.

Finding No. 26: Procedural enhancements were needed to ensure that the required number of VIP options is offered.

Finding No. 27: District records did not evidence that timely written notifications were provided to parents about student opportunities to participate in VIPs and the dates of the open enrollment periods.

Finding No. 28: District records did not evidence that required background screenings were performed for VIP employees and contracted personnel.

Finding No. 29: The District's procedures did not always require written documented verification that VIP students complied with compulsory attendance requirements.

Finding No. 30: The District had not established procedures to document that VIP students received necessary VIP instructional materials. In addition, procedures needed to be enhanced to ensure that VIP students and their parents are notified about the availability of computing resources and that qualified VIP students are provided computing resources.

INFORMATION TECHNOLOGY

Finding No. 31: Some inappropriate or unnecessary information technology (IT) access privileges existed.

Finding No. 32: The District had not developed a written IT security incident response plan.

Finding No. 33: District IT security controls related to user authentication, data loss prevention, information security program development, and monitoring of system activity needed improvement.

Management's response is included in the audit report as Exhibit B.