Summary

Report Number: 2014-090

Report Title: Florida Virtual School - Operational Audit

Release Date: 01/24/2014

As required by Section 1002.37(11), Florida Statutes, the Auditor General has conducted an operational audit of the Florida Virtual School (FLVS), including the Florida Virtual School Global. Our operational audit focused on the administration of responsibilities relating to personnel; procurement and contracting; revenue production; school funds, including internal funds; student enrollment records; franchise agreements; information technology utilization, assets, and security; performance measures and standards; and accountability.

FLVS Findings and Recommendations

Our audit disclosed areas in which enhancements in the FLVS controls and operational processes were needed to better promote and encourage compliance, economic and efficient operations, and the safeguarding of assets. The results of our audit are summarized below:

Administration Management and Board Policies

Finding No. 1: The Board had not prescribed principles and procedures to administer and control local school funds, contrary to law. Also, FLVS management implemented revenue-generating strategies and course fees without Board approval. In addition, accountability over restricted resources received from patents, copyrights, trademarks, and licenses could be improved.

Finding No. 2: The Board needed to enhance its travel-related policies and procedures.

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

Finding No. 4: The Board could enhance its policies and procedures for identifying and reporting suspected illegal or dishonest behavior.

Personnel Administration and Compensation

Finding No. 5: Hiring practices needed to be improved to ensure proper verification of employment history and educational and disciplinary backgrounds and the use of timely executed employment contracts as required.

Finding No. 6: Certain administrative positions were paid salaries that were not included on the Board-approved salary schedules, and the President/Chief Executive Officer did not authorize certain salary supplements, contrary to Board policy.

Finding No. 7: Employment contracts did not include a provision required by, and the FLVS made severance payments that appeared to be contrary to, Section 215.425, Florida Statutes.

Procurement Practices

Finding No. 8: The administration of contractual services needed to be enhanced.

Finding No. 9: Controls over purchasing cards needed to be strengthened.

FRANCHISES

Finding No. 10: The Board needed to establish written policies and procedures that provide for appropriate monitoring of compliance with franchise agreements.

STUDENT ELIGIBILITY, ENROLLMENT, AND PERFORMANCE

Finding No. 11: Controls needed to be improved to ensure students receiving part-time instruction are eligible for such services.

Finding No. 12: The FLVS needed to enhance its procedures to ensure that forecasted enrollments reported to the Florida Department of Education are supported by FLVS records.

Finding No. 13: The Board had not adopted required performance measures and standards and an accountability system, contrary to law.

INFORMATION TECHNOLOGY

Finding No. 14: Some inappropriate information technology (IT) access privileges existed.

Finding No. 15: The FLVS had not developed and tested a written disaster recovery plan for the restoration of critical FLVS processing or recovery of the corresponding data files, including school and operational data.

Finding No. 16: The FLVS IT security controls related to user authentication needed improvement.

RECOMMENDATION FOR THE LEGISLATURE

Section 1002.37, Florida Statutes, could be revised to clarify applicability of the State Board of Education rules to the FLVS.

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