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March 5, 2019

Mr. Robert Runcie, Superintendent
Broward County District School Board
600 S.E. 3rd Avenue
Ft. Lauderdale, Florida 33301

Dear Superintendent Runcie:

Enclosed is a list of preliminary and tentative audit findings and recommendations that may be included in a report to be prepared on our operational audit of the Broward County District School Board.

Pursuant to Section 11.45(4)(d), Florida Statutes, you are required to submit within thirty (30) days after receipt of the list of findings a written statement of explanation concerning all of the findings, including therein your actual or proposed corrective actions. If within the 30-day period you have questions or desire further discussion on any of the preliminary and tentative audit findings and recommendations, please contact this Office.

Your written explanation should be submitted electronically in source format (e.g., Word or WordPerfect) and include your signature. For quality reproduction purposes, if you are not submitting your response in source format, please convert your response to PDF and not scan to PDF. If technical issues make an electronic response not possible, a hard copy (paper) response will be acceptable.

Please e-mail this Office at flaudgen_audrpt_dsb@aud.state.fl.us to indicate receipt of the list of preliminary and tentative audit findings and recommendations. Absent such receipt, delivery of the enclosed list of findings is presumed, by law, to be made when it is delivered to your Office.

The preliminary and tentative audit findings are intended solely for information and use of management and those charged with governance, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in blue ink that reads "Sherrill F. Norman".

Sherrill F. Norman

SFN/rba
Enclosure
c: School Board Members

**PRELIMINARY AND TENTATIVE AUDIT FINDINGS
NOT AN AUDIT REPORT**

SUMMARY

This operational audit of the Broward County School District (District) focused on selected District processes and administrative activities and included a follow-up on applicable findings noted in our report No. 2016-180. Our operational audit disclosed the following:

Finding 1: District records did not always evidence that impact fee proceeds were used only for authorized purposes, resulting in questioned costs of \$20.3 million.

Finding 2: Several employment agreements included a severance pay provision that did not appear to be consistent with State law.

Finding 3: According to Florida Department of Education guidance, school districts may pay the employer payroll taxes for Florida Best and Brightest Teacher Scholarship Program and Florida Best and Brightest Principal Scholarship Program awards from the scholarship program funds. Notwithstanding, for the 2017-18 fiscal year, the District paid \$881,000 for those taxes from other resources without Board approval of the use of those resources for that purpose.

Finding 4: The Board had not established a date for completion and presentation of the school internal funds' audit reports to the Board. Reports for 187 school internal fund audits for the fiscal year ended June 30, 2017, had not been completed and presented as of September 4, 2018. A similar finding was noted in our report No. 2016-180.

Finding 5: The District needs to continue efforts to recover salary overpayments. In addition, District payroll procedures need improvement to prevent future salary overpayments.

Finding 6: The District purchasing card program needs enhancement.

Finding 7: Some unnecessary information technology (IT) user access privileges existed that increased the risk that unauthorized disclosure of the sensitive personal information of students may occur.

Finding 8: Some other inappropriate or unnecessary IT access privileges existed that increased the risk that unauthorized disclosure, modification, or destruction of District data and IT resources may occur.

Finding 9: IT security controls related to user authentication need improvement.

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FINDINGS AND RECOMMENDATIONS

Finding 1: Impact Fees

State law¹ authorizes local governments to collect impact fees for use in funding the infrastructure necessitated by new growth and development. Pursuant to a Broward County (County) ordinance,² in December 1982 the District and the County entered into an interlocal agreement to establish certain procedures for the transfer and expenditure of educational impact fee proceeds. The County Ordinance and the interlocal agreement require that, after receipt of the impact fee proceeds from the County, the District use the proceeds within a reasonable time for acquiring school sites or constructing or expanding new educational facilities for new users.

The Florida Supreme Court has opined that, to establish eligibility for expenditure of impact fee proceeds, “the local government must demonstrate a reasonable connection, or rational nexus, between the expenditures of the funds collected and the benefits accruing to the subdivision (i.e., new development). In order to satisfy this requirement, the ordinance must specifically earmark the funds collected for use in acquiring capital facilities to benefit the new residents.”³

The District accounts for impact fee activities in the Capital Projects – School Impact Fees Fund. For the 2017-18 fiscal year, the District impact fee proceeds totaled \$15.2 million and impact fee transfers to other funds and expenditures totaled \$20.3 million and \$81,679, respectively. To determine the propriety of the impact fee uses, we examined District records supporting the impact fee transfers of \$20.3 million to other funds. We found that the transfers did not appear to be for authorized purposes as the \$20.3 million was used to service debt incurred several years before the collections were made, rather than for infrastructure necessitated by new growth.

Specifically, the transfers were to District debt service funds for the District debt service requirements of the Certificate of Participation Series (COPS) 2004A, 2004B, 2007A, 2008, 2009, 2011A,⁴ 2012A,⁵ 2012B, 2014A,⁶ 2015A,⁷ 2015B,⁸ 2015C,⁹ 2016A,¹⁰ and 2016B.¹¹ Because the \$20.3 million was used to service debt incurred several years before the collections were made, it is not apparent that the transfers benefitted the recent feepayers.

¹ Section 163.31801, Florida Statutes.

² Broward County Ordinance, Chapter 5, Article IX, Division 2, Section 5-182(m) *Adequacy of School Sites and Facilities*.

³ St. Johns County v. Northeast Florida Builders Association, Inc. 583 So 2d 635 (Fla. 1991).

⁴ Refunded Series 1997B, 2001A, and 2001B.

⁵ Refunded Series 2001A, 2001B, and portions of 2003A and 2004C.

⁶ Refunded Series 2004D.

⁷ Refunded Series 2005A and 2006A.

⁸ Refunded Series 2007A.

⁹ Refunded Series 2006B.

¹⁰ Refunded Series 2008A.

¹¹ Refunded Series 2009A.

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In response to our inquiries, District personnel indicated that they plan and build additional schools in anticipation of future growth so that sufficient educational facilities are available when that growth occurs. District personnel also indicated that they believed the impact fee use was allowable under the interlocal agreement. Notwithstanding this response, based on the District Educational Facilities Plan dated September 6, 2017, and received by the Florida Department of Education (FDOE) on November 28, 2017, the Board had no plans to construct new schools or expand existing schools within the next 5 years. Although we requested, District records were not provided to evidence that use of impact fee proceeds to service debt incurred in previous fiscal years met the rational nexus test by directly relating to the educational infrastructure needs of the residents of the new residential developments that paid the impact fees. Consequently, the impact fee transfers totaling \$20.3 million represent questioned costs.

Recommendation: The District should ensure that impact fee proceeds are expended only for authorized purposes. Additionally, the District should either document to the FDOE the allowability of the impact fee transfers totaling \$20.3 million to the debt service funds or restore those funds to the 2017-18 fiscal year Capital Projects – School Impact Fees Fund.

Finding 2: Severance Pay

State law¹² provides that, on or after July 1, 2011, a unit of government that enters into an employment agreement that contains a provision for severance pay with an officer, agent, employee, or contractor must include a provision in the employment agreement that precludes severance pay from exceeding 20 weeks of compensation. Our discussions with District personnel and examination of District records indicated that, as of April 2018, there were ten Board-approved employment agreements containing severance pay provisions and we evaluated the propriety of those provisions in all ten agreements.

We found that the severance pay provisions in four employment agreements were contrary to State law as they allowed for severance pay that exceeds 20 weeks of compensation. Specifically:

- The General Counsel agreement dated June 15, 2016, provided that, if terminated without cause during the first 2 years of the agreement, the General Counsel would be paid the balance due through the end of the original term of the agreement or for 6 months, whichever is less.
- On June 13, 2017, the Board amended three employment agreements with two Deputy General Counsels and one Assistant General Counsel to provide that, if terminated in the event of their disability to perform fully their duties, the Board would pay as severance pay and in full satisfaction of the Board's obligations, a lump sum equivalent to the salary remaining payable under the remaining portion of their respective agreements.

In response to our inquiries, District personnel indicated that, for the General Counsel agreement, the severance pay provision only applied to the first 2 years of the contract and expired in June 2018. For the other three employment agreements with the two Deputy General Counsels and one Assistant

¹² Section 215.425(4)(a), Florida Statutes.

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General Counsel, District personnel agreed that the severance provisions were contrary to State law and, as of January 2019, planned to amend the contracts at an upcoming Board meeting.

Recommendation: The Board should take appropriate action to ensure that severance pay provisions in District employment agreements comply with State law.

Finding 3: Resource Use

State Board of Education (SBE) rules¹³ require the Board to annually adopt and spread on its minutes salary schedules for District employees. The schedules so adopted are to be the sole instrument used in determining employee compensation. Such salary schedules must clearly show the method of computing employee compensation and individual personnel records for each employee must contain evidence of each factor used in calculating that employee's compensation for the year. According to District personnel, the salary schedule amounts identify employee compensation before payroll taxes are applied and District practice is to pay the employer payroll taxes and net compensation amounts from the same funding source.

The Florida Legislature established the Florida Best and Brightest Teacher Scholarship Program¹⁴ to reward classroom teachers who achieved high academic standards during their own education. The Florida Legislature also established the Florida Best and Brightest Principal Scholarship Program¹⁵ to reward school principals who recruit and retain a high percentage of classroom teachers designated as Florida's best and brightest teacher scholars pursuant to State law.

According to guidance contained in a January 2018 FDOE memorandum, each school district may use the applicable portion of funds from the two scholarship programs to pay the applicable employer payroll taxes instead of paying those taxes from other resources. During the 2017-18 fiscal year, the FDOE provided the District a total of \$11.5 million from the two scholarship programs for 11,702 District employees.

Our examination of District records disclosed that, instead of using applicable scholarship program funds to pay the employer payroll taxes, the District paid the taxes from unrestricted resources. For example, for a teacher who received a \$6,000 scholarship award, the District expended \$6,459, including \$6,000 paid to the employee from scholarship program funding and \$459 paid from unrestricted resources for the related employer payroll taxes, instead of following FDOE guidance and using \$6,000 in scholarship program funds to pay both the teacher and the related employer payroll taxes. By using unrestricted resources to pay the employer payroll taxes, District scholarship recipients each received higher payments than they otherwise would have. Collectively, the District disbursed a total of \$881,000 from unrestricted resources for employer payroll taxes associated with the two scholarship programs.

¹³ SBE Rule 6A-1.052, Florida Administrative Code (FAC).

¹⁴ Section 1012.731, Florida Statutes.

¹⁵ Section 1012.732, Florida Statutes.

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According to District personnel, the Board approved budget amendments for salary increases that included amounts for teachers and principals paid from the respective scholarship programs. Notwithstanding, although we requested, District records were not provided to evidence that the Board approved use of unrestricted resources to pay the employer payroll taxes associated with these scholarships or approved the higher payment amounts to the scholarship recipients on the Board-adopted salary schedule or by other means. Absent Board approval, the authority for using unrestricted resources to pay employer payroll taxes related to the program-funded scholarships and the higher payment amounts is not readily apparent.

In response to our inquiries, District personnel indicated that they received the FDOE memorandum allowing the use of scholarship program funding to pay the applicable employer payroll taxes; however, due to oversights, funding from the two programs was depleted before the District detected the payroll processing errors. District personnel also indicated that, in subsequent years, the employer payroll taxes will be paid from available scholarship program funds. Use of unrestricted resources without prior Board approval not only reduces the amount of those resources for general appropriation and use, but also may result in uses that are inconsistent with Board intentions.

Recommendation: The Board should take action to either authorize District use of the \$881,000 in unrestricted resources for employer payroll taxes applicable to the respective scholarship awards or seek and recover from the scholarship recipients the extra amounts paid due to the payroll processing errors. In addition, for future scholarship payments, the District should follow FDOE guidance and use available scholarship program funds to pay both the scholarship awards and employer payroll taxes or seek Board approval to use other resources to pay those taxes.

Finding 4: Audits – School Internal Funds

School internal funds provide an accounting for various school club and class activities. The *Financial and Program Cost Accounting and Reporting for Florida Schools (Red Book)*¹⁶ requires the Board to provide for an annual audit of the school internal funds. State law¹⁷ requires the District to provide for an audit of its financial statements to be completed within 9 months after fiscal year-end. As school internal funds are an integral part of the District financial reporting entity, it is important that the school internal funds audits are available for consideration during the District financial statements audit.

The District employs internal auditing staff to audit its school internal funds and the Board established an Audit Committee to receive and evaluate the District school internal funds audits. The Audit Committee consists of 12 members, each appointed by one of the 9 Board members, the Superintendent, the District Advisory Committee, or the Broward County Council of Parent Teacher Association. At June 30, 2017, the District reported school internal funds assets and liabilities of \$16.7 million for the District's

¹⁶ Chapter 8, Section 4.2, *Red Book*.

¹⁷ Section 218.39, Florida Statutes.

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226 schools. However, based on discussions with District personnel, the Board had not established a date for completion and presentation of the school internal funds audit reports to the Board.

As shown in Table 1, our review of school internal funds audit reports for the fiscal year ended June 30, 2017, disclosed that 187 of the 226 school internal fund audit reports had not been completed and presented to the Board as of September 4, 2018, over 14 months after the District’s June 30, 2017, fiscal year end.

Table 1
School Internal Funds Audit Reports
Not Timely Presented to the Board
For the Fiscal Year Ended June 30, 2017

Type of School	Audit Reports Presented to Board on 9/5/2018	Audit Reports Not Presented to the Board as of 9/6/2018
Elementary	-	134
Middle	6	22
High	8	-
Other	1	16
Totals	<u>15</u>	<u>172</u>

Source: District records.

In response to our inquiry, District personnel indicated that there were several reasons why the audits were not timely completed and presented. For example:

- Hurricane Irma caused the District to be closed for 7 school days in September 2017, interrupting work flow and requiring the September 7, 2017, Audit Committee meeting to be canceled.
- The Chief Auditor and Office Manager both retired mid-year, requiring the Internal Funds Audit Manager to be assigned Chief Auditor duties for 5 months.
- Following February 14, 2018, the District’s focus was the Marjory Stoneman Douglas High School tragedy.
- The scheduled March 22, 2018, Audit Committee meeting was canceled.
- The scheduled June 21, 2018, Audit Committee meeting was canceled and rescheduled to August 9, 2018, to give the new Chief Auditor, who started in June 2018, time to write an Audit Plan to present to the Audit Committee and the Board near the beginning of the school year.

Notwithstanding the reasons provided for delays, school internal funds audit reports timely presented to the Board enhance the relevance and usefulness of the reports for evaluating internal controls over school internal funds and District compliance with laws, rules, and Board policies relating to school internal funds. Timely completed and presented reports also allow for consideration of the audits during the District financial statements audit. A similar finding was noted in our report No. 2016-180.

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Recommendation: The Board should establish a date for presenting school internal funds audit reports to the Board. In doing so, the Board should consider the benefits of completing the school internal funds audits within a time frame that:

- Enhances the relevance and usefulness of the audits for evaluating internal controls over school internal funds and District compliance with laws, rules, and Board policies relating to school internal funds.
- Allows for consideration of the audits during the District financial statements audit.

Finding 5: Salary Overpayments

During the 2017-18 fiscal year, the District incurred \$1.9 billion in salary expenditures. In connection with our examination of District records supporting those salary expenditures, we noted that the District had identified several salary overpayments totaling \$893,035. In response to our inquiries, District personnel indicated that most of the overpayments occurred due to errors associated with employment separations, changes in pay, pay supplements, and employee leave or absences. For example, the three largest salary overpayments from the 2017-18 fiscal year were for:

- An individual who separated from District employment in January 2018, but the District inappropriately continued to pay through April 2018, resulting in overpayments totaling \$14,303. In response to our inquiry, District personnel indicated that the overpayments occurred because the Office Manager untimely notified the HR Department 3 months after the employment separation. According to District personnel, as of February 2019, the District had not recovered the overpayments.
- An individual who separated from District employment in August 2017, but the District inappropriately continued to pay through October 2017, resulting in overpayments totaling \$8,260. According to District personnel, the overpayments occurred because the Office Manager untimely notified the HR Department a month after the employment separation and the HR Department took an additional month to change the individual's status in the payroll system. According to District personnel, as of February 2019, the overpayments had not been recovered.
- An employee who earned a \$1,302 supplement payable for 1 month, but the supplement was not properly entered into the payroll system, causing the supplement to be paid in each paycheck until the error was detected and corrected months later. District records indicated that overpayments totaling \$9,114 had been recovered from the employee as of February 2019.

District records tracked the salary overpayments and related recovery efforts for the 2015-16, 2016-17, and 2017-18 fiscal years. Table 2 displays the total District-identified salary overpayments by type of error and fiscal year.

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Table 2
Salary Overpayments by Error Type
and Overpayments Recovered

During the 2015-16, 2016-17, and 2017-18 Fiscal Years

Overpayment Error Type	2015-16	2016-17	2017-18
Employee Separations	\$158,060	\$191,636	\$165,440
Changes in Pay	91,429	117,387	179,837
Pay Supplements	103,743	119,647	76,089
Employee Leave/Absence	268,198	229,507	314,961
Deletion of Hours	94,237	76,240	80,074
Other	138,060	65,316	76,634
Overpayment Totals	<u>\$853,727</u>	<u>\$799,733</u>	<u>\$893,035</u>
Overpayments Recovered	<u>\$768,734</u>	<u>\$785,862</u>	<u>\$721,127</u>

Source: District records.

According to District records, the total outstanding salary overpayment balance as of June 30, 2018, for all fiscal years was \$712,968, which excluded amounts considered uncollectible according to the 2-year statutory limitation.¹⁸

Notwithstanding the District recovery process and efforts, the instances of overpayments are indicative of control weaknesses in District payroll processing procedures. For example, our discussions with District personnel disclosed that District procedures require approvers to review and approve the employee time management reports within 3 days after the pay period ends. However, our examination of District records supporting four pay periods for 30 selected employees disclosed that the time management reports were not timely reviewed and approved by the employee’s supervisor for 10 salary payments totaling \$40,821. District records indicated that the review and approval for these payroll reports were 3 to 45 days late, or an average of 11 days late; all of which were after the employee had been compensated. Although we requested, District records were not provided to justify why supervisors did not promptly review and approve the payroll reports.

Without prompt supervisory review and approval of time management reports, there is an increased risk that employees may be incorrectly compensated, leave balances may not be accurate, and District records may not be sufficiently detailed in the event of a salary or leave dispute. Similar findings were noted in our report Nos. 2013-160 and 2016-180.

Recommendation: The District should ensure that, prior to payment, salary payments are appropriate, accurate, properly documented and supported, and timely reviewed and approved by supervisory personnel. The District should also continue efforts to timely recover uncollected salary overpayments.

¹⁸ Section 95.11(4)(c), Florida Statutes.

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Finding 6: Purchasing Cards

The District established a Purchasing Card (P-card) program, which gives employees the convenience of purchasing items without using the standard purchase order process. P-cards are designed to provide a cost-effective, convenient, and decentralized method for individuals to make certain business purchases on behalf of the District. P-card purchases are subject to the same rules and regulations that apply to other District purchases.

The District designated a Program Administrator to oversee the P-card program and developed a comprehensive *Purchasing Card Program Policies and Procedures Manual (P-Card Manual)* that addresses management controls over the issuance, use, and deactivation of P-cards. The *P-Card Manual* provides, for example, that all purchases must be approved by a principal, department director, or immediate supervisor. All cardholder statements must be returned to the Program Administrator with both the cardholder's and their immediate supervisor's signatures. In addition, the cardholder must obtain a receipt or invoice for all transactions, reconcile the monthly statement to the receipts, and submit the reconciled statement with attached receipts to their principal, department head, or designee. The principal, department head, or designee must review the cardholder statement and receipts and provide approval by signing the cardholder statement and sending to the Program Administrator by the 15th day of the month. The *P-Card Manual* also provides that the District department will notify the Program Administrator within 2 weeks for any employee that has transferred, retired, or is no longer with the District so the card can be canceled.

To determine the reasonableness of P-card monthly total transaction dollar limits for the period July 1, 2017, through April 10, 2018, we inquired of District personnel and examined District records supporting the limits for 830 P-cards issued to 524 District employees or departments¹⁹ with monthly purchasing limits of \$20,000 to \$900,000. We found that 177 P-cards issued to 91 employees or departments with limits of \$20,000 to \$500,000 incurred no activity and 631 P-cards issued to 457 employees or departments had total monthly dollar expenditures that were .01 percent to 48 percent of the respective monthly purchasing limit.

In response to our inquiry, District personnel indicated that the District-assigned cardholder profiles are based on cardholder requests and each department monitors expenditures, including P-card expenditures, based on the department budget. However, District procedures had not been established for monitoring the P-card purchasing limits and, although we requested, District records were not provided to evidence such monitoring. Absent effective procedures for monitoring P-card purchasing limits, there is an increased risk of P-card misuse.

¹⁹ Employees and departments may have more than one P-card assigned based on their purchasing responsibilities.

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P-card expenditures totaled \$24.5 million, for the period July 1, 2017, through April 10, 2018, and, as of April 10, 2018, 963 District P-cards were in use. Our examination of District records supporting 30 selected P-card expenditures totaling \$219,533 disclosed that:

- District records did not identify the District purpose for 5 charges totaling \$5,905. For example, a \$4,999 charge was for a second deposit to a vendor for an event named “Broward Schools (before and after school)” and the cardholder was the before and after school director. The cardholder statements were signed by the school director and the director’s supervisor to evidence approval; however, no other records existed to justify the purpose for expenditure.
- 4 expenditures totaling \$37,051 were supported by cardholder statements signed by the cardholder but the cardholder’s supervisor did not sign the statements.
- 3 expenditures totaling \$4,601 were supported by cardholder statements that were not signed by the cardholder or the cardholder’s supervisor.
- 1 expenditure totaling \$1,400 was not supported by a receipt or other documentation to demonstrate the authorized District purpose.

Adherence to the *P-Card Manual* purchasing restrictions would help ensure that, prior to acceptance of P-card charges, District records identify cardholder acceptance of the charges and evidence appropriate supervisory review and approval of the purchases. In addition, enforcement of the *P-Card Manual* requirements would help provide assurance that P-cards are used exclusively for authorized District purposes.

During the 2017-18 fiscal year, 21 cardholders separated from District employment. We examined District records to evaluate the timeliness of P-card cancellations and found that 14 P-cards were not timely canceled, including 11 P-card canceled before our inquiry and 3 P-cards canceled after our inquiry. The cancellations were 20 to 413 days, or an average of 103 days, after the cardholders’ employment separation dates.

In response to our inquiries, District personnel indicated that the untimely cancellations occurred primarily because departments did not timely inform the P-card Administrator of the employment separations. While the financial institution that administers the District P-card program allows 60 days from the close of the cycle in which the transaction is posted to dispute the transaction, untimely cancellation of P-card privileges increases the risk that such privileges could be misused by former employees or others and may limit the District’s ability to satisfactorily resolve disputed charges.

Recommendation: The District should:

- **Establish procedures that require and ensure that each cardholder’s total monthly P-card purchasing limits are periodically evaluated, based on the cardholder’s District spending activity and needs, and adjusted based on the evaluation results.**
- **Enhance P-card procedures to ensure that District records are maintained to effectively restrict P-card purchases to purposes authorized in the *P-Card Manual*.**
- **Ensure P-card privileges are promptly canceled upon a cardholder’s separation from District employment.**

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Finding 7: Information Technology User Access Privileges – Sensitive Personal Student Information

The Legislature has recognized in State law²⁰ that social security numbers (SSNs) can be used to acquire sensitive personal information, the release of which could result in fraud against individuals or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining the confidential status of such information. Effective controls restrict individuals from accessing information unnecessary for their assigned job responsibilities and provide for documented, periodic evaluations of employee access privileges to help prevent personnel from accessing sensitive personal information of students inconsistent with their responsibilities.

Pursuant to State law,²¹ the District identified each student using a Florida education identification number obtained from the FDOE. While the District does not require SSNs from students, the District's student registration form includes an optional field for the student SSN and, if provided, the SSNs are maintained within the District Student Information System (SIS). District personnel indicated that IT user access privileges are controlled by security profiles and a form must be completed and approved by authorized personnel before access is granted.

As of December 2018, the District SIS contained the sensitive personal information of 1,169,288 former students and 25,404 current students. However, although we requested, District records were not readily available to identify the individuals who needed or had access to this information and, according to District personnel, periodic evaluations of such access were not performed.

District personnel indicated that the District SIS had a mechanism to mask SSNs; however, the mechanism had not been used as of the date of our inquiry in August 2018. Absent documented identification and evaluation of the individuals who have access to sensitive personal information of students, there is an increased risk of unauthorized disclosure of that information and the possibility that such information may be used to commit a fraud against District students or others.

Recommendation: To ensure access to the sensitive personal information of students is properly safeguarded, the District should consider masking student SSNs in the District SIS. The District should also identify the individuals who have access privileges to the sensitive personal information of students, document periodic evaluations of those individuals' need for the access privileges, and timely remove any unnecessary access privileges detected. If an individual only requires occasional access to the information, the privileges should be granted only for the time needed.

²⁰ Section 119.071(5)(a), Florida Statutes.

²¹ Section 1008.386, Florida Statutes.

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Finding 8: Information Technology User Access Privileges – Human Resource, Payroll, and Finance Applications

Effective access controls to human resource (HR), payroll, and finance applications include granting IT user access privileges to these resources based on demonstrated need to view, change, or delete data and restrict individuals from performing incompatible functions or functions outside their areas of responsibility. Effective access controls also provide for documented, periodic evaluations of these privileges to help prevent individuals from performing unauthorized or fraudulent transactions.

As part of our audit procedures, we examined District records supporting the District's documented, periodic evaluations of IT user access privileges and evaluated the IT user access privileges to District HR, Payroll, and Finance modules. We identified 143 individuals with update access to the HR and Payroll modules and 97 individuals with update access to the Finance module. However, we found that 17 of these individuals had access privileges that were unnecessary or permitted the performance of incompatible functions. Specifically:

- 7 IT Department employees, who were part of a systems, applications, and products (SAP) programming team, had update access privileges to the HR and Payroll modules. While the team managed and maintained the SAP applications, we found that these employees could also change personnel actions, employee information, and time data; create payrolls and warrants; and record payments in the accounting records. District personnel believed the SAP programming team needed to continue these access privileges because they maintain the SAP application code. However, although we requested, District records were not provided to demonstrate why such privileges should be continuously provided to these employees.
- 6 other IT Department employees had update access privileges to the HR and Payroll modules that provided the unnecessary update access privileges granted to the SAP programming team. These 6 IT users also had unnecessary access privileges to the Finance module and could create and change vendors, purchase orders, invoices, warrants, and journal entries. According to District personnel, the 6 IT employees provided functional support to users when system issues occurred to help continue processing after resolution of the issues. Subsequent to our inquiry, in November 2018, the District deleted these access privileges for the 6 IT employees.
- 4 Payroll Department employees had update access privileges to the HR and Payroll modules that allowed them to change personnel actions and employee information, which is appropriate only for HR Department personnel. According to District personnel, these 4 employees execute, monitor, and report on all payroll-related functions, including processing paychecks and direct deposits. When payroll discrepancies are identified, team members are required to contact affected staff members, inform them of the discrepancy, and expeditiously update HR information to avoid potential payroll issues. Notwithstanding, District personnel indicated that they will review the access of these 4 employees and modify their access privileges as appropriate.

Recommendation: The District should ensure that IT user access privileges are necessary for the users' assigned job responsibilities and enforce an appropriate separation of duties.

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Finding 9: Information Technology – Security Controls – User Authentication

Security controls are intended to protect the confidentiality, integrity, and availability of District data and IT resources. Our audit procedures disclosed certain District security controls related to user authentication need improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising District data and IT resources. However, we have notified appropriate District management of the specific issues.

Without adequate security controls related to user authentication, the risk is increased that the confidentiality, integrity, and availability of District data and IT resources may be compromised. Similar findings were noted in our report Nos. 2013-160 and 2016-180.

Recommendation: The District should improve security controls related to user authentication to ensure the continued confidentiality, integrity, and availability of District data and IT resources.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for applicable findings included in our report No. 2016-180 except as noted in Findings 4, 5, and 9 as shown in Table 3.

**Table 3
 Findings Also Noted in Previous Audit Reports**

Finding	2014-15 Fiscal Year Operational Audit Report No. 2016-180, Finding	2011-12 Fiscal Year Operational Audit Report No. 2013-160, Finding
4	5	Not Applicable
5	2	4
9	12	14

End of Preliminary and Tentative Findings.