

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2025-190
April 2025

**HENDRY COUNTY
DISTRICT SCHOOL BOARD**



Sherrill F. Norman, CPA
Auditor General

Board Members and Superintendent

During the 2023-24 fiscal year, Michael Swindle served as Superintendent of the Hendry County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Dwayne E. Brown, Vice Chair through 11-6-23	1
Paul Samerdyke, Vice Chair from 11-7-23	2
Amanda Nelson, Chair through 11-6-23	3
Stephanie Busin	4
Jon Basquin, Chair from 11-7-23	5

The team leader was Randy Wenck, CPA, and the audit was supervised by Hector J. Quevedo, 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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HENDRY COUNTY DISTRICT SCHOOL BOARD

SUMMARY

This operational audit of the Hendry County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2022-100. Our operational audit disclosed the following:

Finding 1: As similarly noted in our report No. 2022-100, District records did not demonstrate that 50 percent of the students in grades 6 through 12 completed the required resiliency education.

Finding 2: The District did not always timely prepare and review bank account reconciliations.

Finding 3: Contrary to State law, District records did not demonstrate that six students had actually attained the workforce education program industry certifications that generated performance funding of \$5,526.

Finding 4: The District did not always comply with the provisions of State law requiring the District to post on its Web site required graphical representations of summary financial efficiency data and fiscal trend information. A similar finding was noted in our report No. 2022-100.

BACKGROUND

The Hendry 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 Hendry County. The governing body of the District is the Hendry County District School Board (Board), which is composed of five elected members. The elected Superintendent of Schools is the Executive Officer of the Board. During the 2023-24 fiscal year, the District operated 13 elementary, middle, high, and specialized schools; and reported 12,934 unweighted full-time equivalent students.

FINDINGS AND RECOMMENDATIONS

Finding 1: Resiliency Education

Pursuant to State law,¹ the District received a mental health assistance allocation totaling \$765,706 for the 2023-24 fiscal year to implement the school-based mental health assistance program. State Board of Education (SBE) rules² require the District to annually provide a minimum of 5 hours of data-driven instruction to students in grades 6 through 12 related to civic, character, and life skills education through resiliency education to, for example, promote resiliency to empower youth to persevere and reverse the harmful stigma of mental health by reframing the approach from mental health education to resiliency

¹ Section 1011.62(13), Florida Statutes.

² SBE Rule 6A-1.094124(4), Florida Administrative Code.

education, prevent suicide, and prevent the abuse of and addiction to alcohol, nicotine, and drugs. Failure to comply with SBE rule requirements may result in the imposition of sanctions specified in State law.³

During the 2023-24 school year, District personnel used an instructional software program to deliver and track completion of resiliency education by students in grades 6 through 12. As part of our audit, we requested for examination District records supporting completion of the required resiliency education and found that 1,676 (50 percent) of the 3,319 students in grades 6 through 12 did not complete the education. In response to our inquiries, District personnel indicated that the instructional software program included a final assessment for students to complete. However, because some instructors were not aware of the assessment, many students did not complete the assessment, which was necessary to complete the required resiliency education. In addition, District procedures did not include documented verification to confirm that the required instruction was completed.

Without student completion of the required resiliency education, the District cannot demonstrate compliance with SBE rules and student awareness of civic, character, and life skills may be limited. A similar finding was noted in our report No. 2022-100.

Recommendation: The District should implement effective procedures to ensure that all students in grades 6 through 12 complete the required resiliency education. Such procedures should include documented verification that those students complete the required education.

Finding 2: Bank Account Reconciliations

State law⁴ requires each school district to establish and maintain internal controls designed to, among other things, detect fraud, ensure reliability of financial records and reports, and safeguard assets. Effective internal controls require that reconciliations of bank account balances to general ledger account balances be performed on a timely, routine basis (e.g., within 30 days after month end) and reviewed by supervisory personnel. Timely prepared and reviewed bank account reconciliations provide for prompt detection and correction of unrecorded and improperly recorded cash transactions or other errors and provide reasonable assurance that assets agree with recorded amounts.

During the 2023-24 fiscal year, the District maintained nine bank accounts and, on June 30, 2024, the District's general ledger cash balances totaled \$52.2 million. To evaluate the propriety and timeliness of the 102 bank account reconciliations⁵ for the 2023-24 fiscal year, we examined District records supporting 65 selected reconciliations for seven bank accounts. We found that the reconciliations did not disclose any significant unreconciled items; however, as of February 2025:

- 22 reconciliations for six bank accounts with reconciled balances at June 30, 2024, ranging from \$142,994 to \$31 million, were not completed until 1 to 9 months, or an average of 4 months after the bank statement dates.
- 36 reconciliations, including 19 of the 22 untimely reconciliations, were not reviewed and approved by supervisory personnel.

³ Section 1008.32, Florida Statutes.

⁴ Section 1010.01(5), Florida Statutes.

⁵ 96 monthly reconciliations for the 8 accounts that were active during the entire 2023-24 fiscal year and 6 monthly reconciliations for the account that was active January 2024 through June 2024.

- 2 reconciliations for the payroll account were not performed during the 2023-24 fiscal year. The payroll account had a bank statement balance of \$363,137 at June 30, 2024.

In response to our inquiries, District personnel indicated that the Finance Department experienced staff shortages that sometimes prevented the timely performance, review, and approval of bank account reconciliations. Absent timely preparation, review, and approval of bank account reconciliations, there is an increased risk that any cash transaction errors or fraud that may occur will not be timely detected, general ledger financial information will be unreliable throughout the fiscal year, and the Board's ability to effectively monitor the District's financial position will be diminished.

Recommendation: The District should enhance procedures to ensure that monthly reconciliations of bank account balances to the general ledger account balances are timely prepared and reviewed.

Finding 3: Workforce Education Program Industry Certifications

State law⁶ provides performance funding for industry certifications for school district workforce education programs contingent upon specific appropriation in the General Appropriations Act. General Appropriations Act⁷ proviso language provided funding for workforce education programs for industry certifications attained by students during the 2022-23 academic year in certain occupational areas, such as certified nursing assistant, welding technology, and heating, ventilation, and air conditioning technicians.

The General Appropriations Act proviso language further provided that school districts should maintain documentation for student attainment of industry certifications that are eligible for performance funding and, if a school district is unable to comply, the school district should refund the performance funding to the State (i.e., the Florida Department of Education). In addition, the Auditor General must verify compliance with this requirement during scheduled operational audits of the District.

The District reported to the Florida Department of Education (FDOE) that 27 students had attained a total of 29 industry certifications during the 2022-23 academic year, which generated performance funding of \$26,709 for the 2023-24 fiscal year. As part of our audit, we requested for examination District records for student attainment of those certifications; however, District records did not demonstrate that 6 of the 27 students had attained industry certifications that generated performance funding of \$5,526.

According to District personnel, those who maintained certification documentation were no longer employed by the District, no one was designated responsibility for maintaining that documentation, and copies of the 6 students' industry certifications could not be located. Absent effective procedures for documenting student attainment of industry certifications, District records may lack appropriate support for the reported certifications and the District may be required to refund performance funding to the State.

Recommendation: The District should enhance procedures to ensure that documentation supporting the industry certifications reported to the FDOE for performance funding are maintained. Absent records supporting the \$5,526 in performance funding, the District should refund that amount to the FDOE.

⁶ Section 1011.80(7)(b), Florida Statutes.

⁷ Chapter 2023-239, Laws of Florida, General Appropriations Act, Specific Appropriation 111.

Finding 4: 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,⁸ the District must post on its Web site, for each public school within the District and for the District, certain graphical representations of summary financial efficiency data and fiscal trend information for the previous 3 years. Specifically, the District Web site must show fiscal trend information for the previous 3 years on the:

- Ratio of full-time equivalent (FTE) students to FTE instructional personnel.
- Ratio of FTE students to FTE administrative personnel.
- Total operating expenditures per FTE student.
- Total instructional expenditures per FTE student.
- General administrative expenditures as a percentage of total budget.
- Rate of change in the General Fund's ending fund balance not classified as restricted.

At the time of our review in February 2025, the District Web site was required to include the required graphical representations for the 2021-22, 2022-23, and 2023-24 fiscal years. However, the Web site only included graphical representations for the 2021-22 fiscal year. In response to our inquiry, District personnel indicated that the graphical representations for the 2022-23 and 2023-24 fiscal years were not displayed due to an oversight and other priorities.

Providing the required financial efficiency data and fiscal trend information on the District Web site enhances citizen involvement and the ability to analyze, monitor, and evaluate fiscal outcomes. A similar finding was noted in our report No. 2022-100.

Recommendation: The District should comply with the statutory transparency requirements by timely posting all required information on the District Web site.

PRIOR AUDIT FOLLOW-UP

The District had taken corrective actions for findings included in our report No. 2022-100 except that Findings 1 and 4 were also noted in that report as Findings 4 and 6, respectively.

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 April 2024 through February 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit

⁸ Section 1011.035(2), Florida Statutes.

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 selected District 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. 2022-100.
- 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 2023-24 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 State laws, State Board of Education (SBE) 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 Board 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 (ERP) 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. Specifically, from the population of 1,147 user accounts, we examined District records supporting 11 users who had system-wide, or finance or HR add, change, or delete access privileges, to determine the appropriateness of access privileges granted. 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.
- Evaluated District procedures to prohibit former employee access to critical ERP system finance and HR application functions. Specifically, we examined District records supporting selected user access privileges for 30 of the 114 employees who separated from the District employment during the audit period to determine whether the access privileges had been promptly deactivated.
- Evaluated District procedures for protecting the sensitive personal information of students, including social security numbers. Specifically, we examined the access privileges of the 31 employees who had access to sensitive personal student information to evaluate the appropriateness and necessity of the access privileges based on each employee's assigned job responsibilities.
- 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.
- Examined the District Web site to determine whether the proposed, tentative, and official budgets for the audit period 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).
- From the 102 District bank account reconciliations for the audit period, examined 65 selected reconciliations and supporting documentation to determine whether the reconciliations were appropriate, timely performed, and reviewed.
- From the population of expenditures and transfers totaling \$5.3 million during the audit period 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 \$1.6 million and \$0.9 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 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, 1006.12, 1011.62(12), Florida Statutes.
- 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 Sections 1011.62(13) and 1012.584, Florida Statutes, and SBE Rule 6A-1.094124, Florida Administrative Code.
- Analyzed \$750,778 total workforce education program funds expenditures to determine whether the District used the funds for authorized purposes (i.e., not used to support K-12 programs or District K-12 administrative costs).
- Examined District support for the 29 reported industry certifications for the audit period performance funding to determine whether the District maintained documentation for student attainment of the industry certifications.
- From the compensation payments totaling \$60.8 million to 1,377 employees during the audit period, examined District records supporting compensation payments totaling \$54,072 to 30 selected employees to determine whether the rate of pay complied with the Board-approved salary schedule and whether supervisory personnel reviewed and approved employee reports of time worked.
- Determined whether the elected Superintendent's compensation for the audit period was in accordance with Section 1001.47, Florida Statutes.
- Examined District records for the audit period for 30 of the 1,159 employees (654 instructional and 505 non-instructional personnel) to assess whether individuals who had direct contact with students were subjected to the required fingerprinting and background screening.
- 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.
- Evaluated the effectiveness of Board policies and District procedures for reporting personnel subject to the disqualification list to the FDOE in accordance with SBE Rule 6A-10.084, Florida Administrative Code.
- Determined whether non-compensation expenditures were reasonable, correctly recorded, adequately documented, for a valid District purpose, properly authorized and approved, and in compliance with applicable State laws, SBE rules, contract terms and Board policies; and applicable vendors were properly selected. Specifically, from the population of non-compensation expenditures totaling \$50.1 million for the period July 1, 2023, through May 17, 2024, we examined documentation supporting 30 selected payments for general expenditures totaling \$1.6 million.
- From the population of purchasing card (P-card) expenditures totaling \$646,241 during the period July 2023 through May 2024, examined documentation supporting 30 selected expenditures totaling \$118,680 to determine whether P-cards were administered in accordance with Board policies and District procedures. We also determined whether the District promptly canceled the P-cards for the six cardholders who separated from District employment during the audit period.

- Examined District records for the audit period to determine whether District procedures ensured that vendor and employee information changes, such as address and bank information changes, were properly authorized, documented, and verified before payments were made.
- Evaluated the adequacy of District Virtual Instruction Program (VIP) policies and procedures.
- Examined the contract document for the FDOE-approved VIP provider to determine whether the contract contained required statutory provisions. Also, we examined the contract documents to determine whether provisions were included to address compliance with contract terms, the confidentiality of student records, and monitoring of the providers' quality of virtual instruction and data quality.
- 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.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE

FY24 Operational Audit Response Hendry County School District

Audit Finding 1: Resiliency Education:

This document outlines the District's response and corrective action plan to address Audit Finding 1, which identified that District records did not demonstrate that 50 percent of students in grades 6 through 12 completed the required resiliency education.

Auditor's Recommendation: The District should implement effective procedures to ensure that all students in grades 6 through 12 complete the required resiliency education. Such procedures should include documented verification that those students complete the required education.

Corrective Action Plan Effective June 1, 2025:

- Develop a standardized electronic tracking system to record student completion of resiliency education.
- Integrate the tracking system with the student information system or implement a dedicated database.
- Ensure the system can generate reports on student completion rates.
- Require documented proof of post-test completion (e.g., electronic records, printed certificates).
- Create a standardized form for documentation of student completion.
- Provide comprehensive training to all relevant staff on the new tracking system, post-test requirements, and documentation procedures.
- Generate periodic reports on completion rates and share them with school principals and district administrators.

Conclusion:

We are committed to rectifying the deficiencies in the tracking and documentation of student completion of resiliency education. By implementing this corrective action plan, we will ensure compliance with state requirements, improve student outcomes, and strengthen our accountability.

Audit Finding 2: The District did not always timely prepare and review bank account reconciliations.

- **Auditor's Recommendation:** The District should enhance procedures to ensure that monthly reconciliations of bank account balances to the general ledger account balances are timely prepared and reviewed.

Corrective Action Plan Effective June 1, 2025:

Formalize it's Reconciliation Policy and Procedure as follows:

- Develop and document a comprehensive policy and procedure for bank account reconciliations. This document will include:
 - Defined roles and responsibilities.
 - Specific timelines for preparation and review (e.g., reconciliations completed by the 10th business day of the following month).
 - Standardized reconciliation templates.
 - Required supporting documentation.
 - Escalation procedures for discrepancies.
- Implement a tracking system to monitor the status of monthly reconciliations.
- Establish a formal review process, requiring a separate, qualified individual to review and approve each reconciliation.
- Provide comprehensive training to all staff involved in bank account reconciliations.
- Perform periodic independent reviews of the reconciliation process to ensure ongoing compliance.
- The Assistant Supervisor of Finance will be responsible for overseeing the implementation of this corrective action plan.
- The CFO will oversee the entire process.

Conclusion:

We are committed to addressing Audit Finding 2 and implementing the necessary controls to ensure timely and accurate bank account reconciliations. By implementing this corrective action plan, we will strengthen our financial controls, mitigate risks, and enhance the integrity of our financial reporting.

Audit Finding 3: Workforce education Industry Certification

This document outlines the corrective action plan to address Audit Finding 3, which identified a discrepancy in the documentation supporting industry certifications for six students, resulting in \$5,526 in performance funding for which adequate records were not maintained. The District acknowledges this finding and has already taken initial steps. This plan builds upon those actions to ensure robust controls and prevent recurrence.

Corrective Action Plan Effective June 1, 2025:

- Refund of Performance Funding: Initiation of the refund process to the Florida Department of Education (FDOE).
- Develop a comprehensive checklist of required documentation for each type of industry certification.

- Specify acceptable formats and sources for documentation (e.g., official certification copies, electronic verification from certifying bodies).
- Ensure the new procedural framework includes specific instructions for documenting and verifying student eligibility.
- Conduct mandatory training sessions for all CTE instructors, department directors, and relevant administrative staff on the revised procedures and documentation standards.
- Provide clear, written communication outlining the new requirements and responsibilities.
- Conduct regular audits of the industry certification documentation process to ensure ongoing compliance.

Conclusion:

We are committed to rectifying the discrepancies in industry certification documentation and ensuring full compliance with state law. By implementing this enhanced corrective action plan, we will strengthen our internal controls, improve accuracy, and maintain transparency in our reporting to the FDOE.

Audit Finding 4: Fiscal Transparency

This document outlines the corrective action plan to address Audit Finding 4, which identified the District's non-compliance with statutory requirements for posting fiscal transparency data on its website. We are committed to rectifying this issue promptly and establishing robust procedures for ongoing compliance.

Auditor's Recommendation: The District should comply with the statutory transparency requirements by timely posting all required information on the District website.

Corrective Action Plan Effective June 1, 2025:

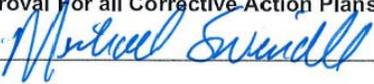
- Clearly assign responsibility for the compilation, graphical representation, and website posting of the required fiscal transparency data.
- Develop a documented workflow outlining the steps, timelines, and responsible parties for each stage of the process.
- Implement a calendar with deadlines for the completion and posting of the required data.
- Implement a formal review process to ensure the accuracy and completeness of the data before it is posted on the website.
- Implement a second level of review by a different employee than the employee who prepared the data.
- Immediately compile and post the required graphical representations for the 2022-23 and 2023-24 fiscal years.
- The Finance Secretary will be responsible for website posting and maintenance.

- The CFO will oversee the entire process.

Conclusion:

We are committed to addressing Audit Finding 4 and ensuring full compliance with statutory fiscal transparency requirements. By implementing this corrective action plan, we will enhance citizen involvement, improve accountability, and strengthen public trust.

Approval For all Corrective Action Plans (Findings 1, 2, 3, and 4):

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Superintendent Michael Swindle

April 15, 2025