



# Collier County Public Schools High-Risk Areas of Focus

March 30, 2022

---

## TABLE OF CONTENTS

Transmittal Letter .....	1
Process Overview .....	2
Interviews.....	6
Results .....	7
Appendix.....	18

## TRANSMITTAL LETTER

March 30, 2022

The School Board of Collier County Public Schools  
5775 Osceola Trail  
Naples, FL 34109

Pursuant to our approved Statement of Work dated October 19, 2021, with Collier County Public Schools (“District,” “CCPS”), we hereby present the results of the assessment to assist the District in identifying and prioritizing key risks impacting its current operating environment.

This assessment considers ‘inherent risk’, which is the risk of a function in an environment void of controls. *Therefore, functions with inherently high-risk may be included in the identified top-10 high-risk areas of focus; although their inclusion does not mean ‘issues’ or concerns currently exist, but rather that the high-risk nature of the function is such that a higher potential exists for issues to develop.* We have provided a high-level process of each proposed audit function/area, the key potential financial, compliance, and public perception inherent risks, as well as the audit strategy for evaluating the effectiveness of the processes, procedures, and controls in place within the function.

Our Risk Profile is organized by the following sections:

<b>Process Overview</b>	This provides a high-level overview of our objectives, methodology, and definitions of the risk classifications applied throughout the document.
<b>Interviews</b>	This section provides a listing of the District personnel interviewed throughout the engagement.
<b>Top-10 High-Risk Areas of Focus</b>	This section includes a listing of identified risks, including the inherent risks, risk definition, and interview observations.

In connection with the performance of these services, we have not performed any management functions, made management decisions, or otherwise performed in a capacity equivalent to that of an employee of CCPS.









We would like to thank the staff and all those involved in assisting us with this assessment to determine the District’s current top-10 high-risk areas of focus.

Respectfully Submitted,



**RSM US LLP**

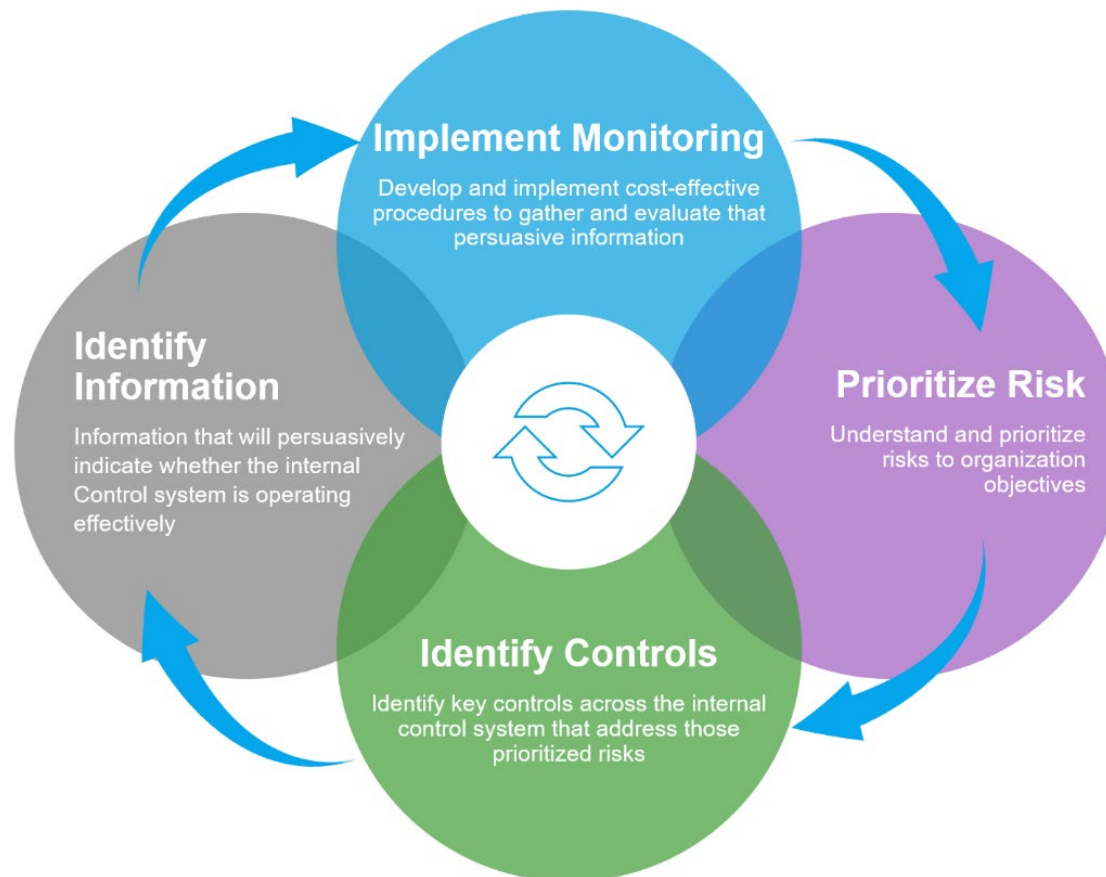
## PROCESS OVERVIEW

Objectives	Risk Classifications
<p>This process is intended to assist in analyzing risk impacting Collier County Public Schools' ("District", "CCPS") current operating environment, including inherent and residual impacts and likelihood, and to identify the key risks impacting the current operations, functions, and activities. Objectives included the following:</p> <ul style="list-style-type: none"> <li>• Refine and update the District's risk profile previously prepared as part of the original top-10 high-risk areas of focus presented to the Board in March 2018.</li> <li>• Identify and prioritize key risks impacting the District's current operating environment, functions, and activities.</li> <li>• Facilitate discussions with Management regarding risk ownership and mitigation activities.</li> <li>• Identify potential audit activities for the Board's consideration.</li> </ul>	<p>Risk classifications serve as the framework for assessing and prioritizing the risk model. RSM classified each of the risks into one (1) or more of the following categories:</p> <ul style="list-style-type: none"> <li>  <b>Compliance</b>                      Compliance with applicable laws and regulations.                 </li> <li>  <b>External Factors</b>                      Known and emerging market trends, industry regulations, external stakeholder expectations, political, environmental, social, and technological unexpected events.                 </li> <li>  <b>Finance</b>                      Oversight and internal controls over budgeting and forecasting, procurement, financial reporting, endowment, and utilization of resources.                 </li> <li>  <b>Human Resources</b>                      Policies, procedures, and practices for attracting, training, and maintaining a qualified, skilled, and diverse workforce.                 </li> <li>  <b>Operations</b>                      Effectiveness and efficiency of processes and communications across departments to achieve strategic, financial, and operational objectives.                 </li> <li>  <b>Reputation</b>                      Ability to anticipate and mitigate risks that could adversely affect external perceptions of Collier County Public Schools.                 </li> <li>  <b>Strategic</b>                      Executive level oversight, planning and reporting processes established to achieve strategic objectives including monitoring performance and organizational alignment to meet objectives.                 </li> <li>  <b>Technology</b>                      A sufficient IT infrastructure and environment to meet the needs of the District. Oversight and internal control over data integrity, business continuity, disaster recovery, data privacy, general and application controls, and cybersecurity.                 </li> </ul>
Approach	
<ol style="list-style-type: none"> <li> <b><u>Identify and Measure Risk</u></b> <ul style="list-style-type: none"> <li>• Conducted interviews with key stakeholders to identify current risks.</li> <li>• Reviewed the District's strategic plan, financial statements, current events, and other information as deemed applicable.</li> </ul> </li> <li> <b><u>Prioritize Risk</u></b> <ul style="list-style-type: none"> <li>• Evaluated the level of risk within each process area based on the frequency with which it was mentioned during the interviews and the severity of potential impact on District operations and fulfillment of objectives.</li> <li>• Evaluated risk across various classifications, such as: Reputation, Compliance, External Factors, Human Resources, Technology, Finance, Operations, and Strategic.</li> </ul> <p><i>Note:</i> RSM evaluated and prioritized risks based on information gleaned from interviews, severity of impacted business operations, and interference with fulfillment of District objectives. Our review did not include review of and detailed testing of source documents.</p> </li> <li> <b><u>Communicate Results</u></b> <ul style="list-style-type: none"> <li>• Refined the District's current risk profile.</li> <li>• Reviewed risk profile and this deliverable with Management.</li> <li>• Presented and discussed results with the Board.</li> </ul> </li> </ol>	

## PROCESS OVERVIEW – CONTINUED

The objective of this assessment is to identify the District’s current top-10 high-risk areas of focus, the purpose of which is to identify those areas determined as having a relatively high-risk profile or that otherwise require audit attention for various reasons. This document is *on-line real-time* and labeled as *proposed* because it is a *living document*. As factors change and situations arise, the proposed top-10 can and will change. As part of this assessment, ‘risk’ focuses on various factors such as: financial, strategic, performance/operational, and compliance risk, as well as the general effect of public perception related to District-wide activities and initiatives.

Our approach is based on the widely accepted Committee of Sponsoring Organizations (“COSO”) guidance on monitoring Internal Control Systems, as shown below:



## PROCESS OVERVIEW – CONTINUED

Our analysis of high-risk areas considers ‘inherent risk’, which is the risk of a function in an environment void of controls. Therefore, functions with inherently high-risk are included in the assessment. Their inclusion does not mean ‘issues’ or concerns currently exist, but rather that the high-risk nature of the function is such that a higher potential exists for issues to develop. The high-risk areas of focus listed in this profile is a point-in-time depiction and should be considered a living document. As factors change and situations inevitably arise, the risks identified can and will change.

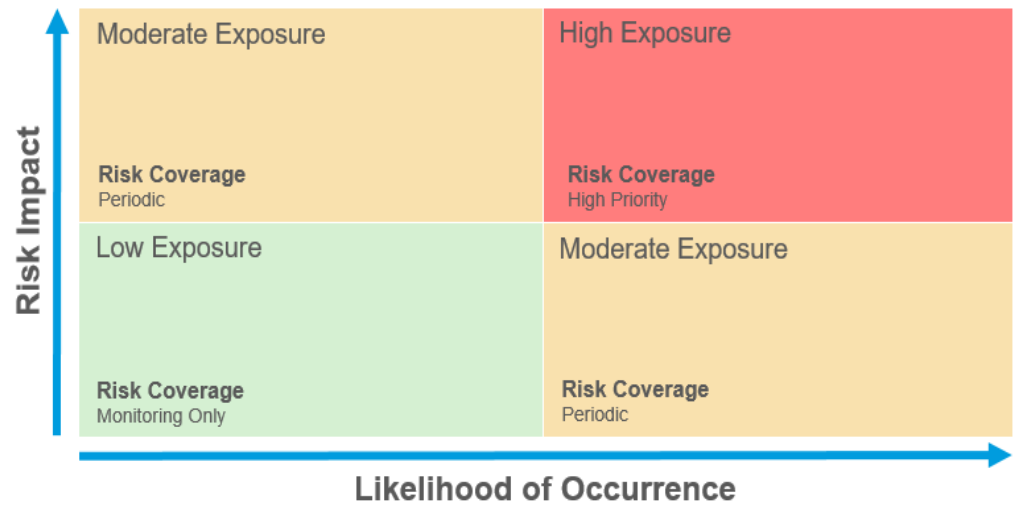
The chart below illustrates the exposure environment for positioning the District’s risks and evaluating the desired response based upon the likelihood of occurrence and potential impact on operations and objective fulfillment.

### Inherent Risk

- Risk of an occurrence before the effect of any existing controls.
- If you were building this process, what would you be concerned about?
- What is not preventable?

### Residual Risk

- Risk remaining after the application of controls.
- Potentially reduced impact or likelihood.



## PROCESS OVERVIEW – CONTINUED

The results of this assessment will be presented to the Board and will provide the District with an overview of the current risk environment. Next steps typically include utilization of this profile to enhance awareness of existing risks and to formulate the next audit plan.



## INTERVIEWS

Interviews were conducted with the following persons as part of this assessment.

1. Dr. Elizabeth Alves, *Associate Superintendent, Teaching & Learning*
2. John Antonacci, *Assistant Superintendent, Financial Services*
3. Erick Carter, *Board Member – District 4*
4. Dr. Jose Dotres, *Former Deputy Superintendent*
5. Sandra Eaton, *Executive Director, District Initiatives*
6. Jon Fishbane, *District General Counsel*
7. Siobhan Fox, *Former Assistant Superintendent, Financial Services*
8. Mark Frehe, *Incoming Administrative Director, Student & Staff Projections, Allocations / Reporting*
9. Tim Kutz, *Executive Director, School & District Operations*
10. Stephanie Lucarelli, *Board Member – District 2*
11. Marc MacDonald and team, *Administrative Supervisor, District Safety and Security*
12. Jen Mitchell, *Board Chair – District 3*
13. Lisa Morse, *Director, Community Engagement & District Initiatives*
14. Ryan Nemeth, *Executive Director, Teaching & Learning*
15. Chad Oliver, *Executive Director, Communications & Community Engagement*
16. Dr. Kamela Patton, *Superintendent of Schools*
17. Tom Petry, *Executive Director, Technology Services*
18. Dr. Leslie Ricciardelli, *Deputy Superintendent*
19. Marc Rouleau and team, *Executive Director, Facilities Management*
20. Roy Terry, *Board Member – District 5*
21. Valerie Wenrich, *Assistant Superintendent, Human Resources*
22. Dr. Jory Westberry, *Board Vice Chair – District 1*
23. Brian Williams, *Associate General Counsel*

## RESULTS

The following is a summary of identified risks. The first three are listed as most significant based on the frequency of mention during our interviews. The remaining risks are listed in alphabetical order and should be considered comparable in severity.

Summary of Identified Risks
Information Security and Privacy – Cybersecurity
Construction – GGG High School
Stimulus Funding
Financial Reporting
Fuel Management
Information Technology – Data Protection
Maintenance Work Order Management
Professional Learning and Development
Purchasing Cards
Procurement

## RESULTS – CONTINUED

Risk Classification	Information Security and Privacy – Cybersecurity
<b>Compliance</b>	<b>Risk Definition:</b>
<b>External Factors</b>	Cybersecurity is an important priority within the public sector. Threats are constantly changing and evolving; thus, this area is inherently high-risk. Organizations like the District are under constant attack from external threats. As attack methods have evolved, so have the requirements for safeguarding user, student, and District information. Likewise, it is important to measure the security of technology assets to understand the ability to defend against threats. Typically, a penetration test should be performed at least annually in order to stay abreast of new and evolving attacks. Developing and maintaining an effective Information Security program is critical for the District's ability to achieve its objectives. Furthermore, the risk of data breach or misuse of sensitive data could result in significant damage to the District's reputation, financial standing, and operational capability.
<b>Finance</b>	
<b>Operations</b>	
<b>Reputation</b>	<b>Inherent Risks:</b>
<b>Technology</b>	Internal and external data breaches, data theft or inadvertent data loss, social engineering and phishing threats, reputational damage, operational disruption or failure, financial loss.
	<p><b>Interview Observations:</b></p> <ul style="list-style-type: none"> <li>• The District currently provides an annual security awareness training focused on data security, cyber incident responses, and continuity of operations.</li> <li>• The District utilizes TERMS AS/400, which was created by IBM in 1988 and introduced to the District over 15 years ago. The District is currently exploring alternative, modern ERP solutions.</li> </ul> <p><b>Review Strategy:</b></p> <p>The primary objective would be to identify all critical vulnerabilities, if any, in CCPS' internal and external presence by conducting internal and external penetration tests. Focus areas may also include social engineering assessments, internal and external vulnerability scans, dark web threat assessments, security monitoring, and incident management.</p>

## RESULTS – CONTINUED

Risk Classification	Construction – GGG High School
<b>Compliance</b>	<b>Risk Definition:</b>
<b>External Factors</b>	Collier County Public Schools is currently constructing a new high school (temporarily named “GGG High School”). This \$97-million-dollar project is the first new construction project the District has undertaken since 2014, and the first new high school construction project since 2007. The District is utilizing a Construction Manager at Risk (CMAR) delivery method for GGG High School. While this methodology provides transparency and many other benefits to the District, cost-plus construction contracts of high dollar value include several inherent risks.
<b>Finance</b>	
<b>Human Resources</b>	<b>Inherent Risks:</b>
<b>Operations</b>	Outdated, inadequate or undocumented policies and procedures, inadequate scoping, projects exceeding forecasted budgets, non-compliance/improprieties with Florida Statutes and District policies for solicitation and procurement, unreported conflicts of interest, inappropriate spending due to non-compliance with vendor contract terms, vendor non-performance, failure to meet select contract provisions, failure to meet construction specifications, project scheduling delays, inadequate and untimely review of invoices and change orders, inadequate documentation and audit trail of projects.
<b>Reputation</b>	
<b>Strategic</b>	<b>Interview Observation:</b>
	<ul style="list-style-type: none"> <li>The GGG High School construction contract utilizes a CMAR delivery method, which the Facilities Management Department has previously utilized on other projects.</li> </ul>
	<b>Review Strategy:</b>
	This review will focus on the risks specific to the construction of GGG High School. We will obtain and review the construction agreement and related documents to identify specific areas of risk, and develop a tailored testing strategy. This may include particular attention to the following areas: contract treatment and supporting documentation for labor costs including labor burden, general conditions costs such as equipment rental, office supplies, consumables and other reimbursable items, bonds and insurance, fees, usage of contingency, change orders including direct purchases for sales tax savings. We will review samples of pay applications (construction invoices), change orders, and other documents to assess for compliance with the construction agreement, and to determine if the system of internal controls is adequate and appropriate for promoting and encouraging the achievement of management objectives.

## RESULTS – CONTINUED

Risk Classification	Stimulus Funding
Compliance	<p><b>Risk Definition:</b></p>
External Factors	<p>On December 27, 2020, the \$900 billion federal stimulus bill (ESSER II) was signed, which set aside \$81.9 billion for education, including \$54.3 billion for K-12 public schools and \$22.7 billion for higher education. On March 11, 2021, the American Rescue Plan Act (ARP) was signed and included \$122 billion for the ARP ESSER Fund. The District is responsible for maintaining an efficient and effective system for monitoring the stimulus funds received and expended. General guidance is provided by the Department of Treasury outlining the permitted uses of stimulus funds, as well as documentation requirements in place for substantiating the expenditures approved using stimulus funding. We would evaluate the system in place for managing stimulus funding including key internal controls such as review and approval procedures, documentation requirements, accounting procedures, and other relevant procedures in place for maintaining compliance with regulatory guidelines.</p>
Human Resources	
Operations	
Reputation	
Strategic	<p><b>Inherent Risks:</b></p> <p>Non-compliance with state and federal regulations, inappropriate expenditures ultimately leading to operational issues and inability to accomplish strategic goals, reputational damage given the inherently public and, at times, political nature of federal stimulus funding, inability to accurately forecast non-recurring and recurring costs associated with stimulus funds, inability to accurately report expenditures, lack of appropriate approval of expenditures, inability to accurately monitor departmental spend of grant monies.</p> <p><b>Interview Observations:</b></p> <ul style="list-style-type: none"> <li>• The District's Federal/State and Competitive Grants Department works closely with the District's General Counsel to review grant language for appropriateness and compliance with governing authorities.</li> <li>• As a result of the CARES and ARP, the District's Grant Department is experiencing an unusually high workload and must ensure compliance with additional requirements with a higher level of public scrutiny.</li> <li>• While the District must plan which imminent needs are to be addressed by stimulus funds, processes must be put in place to manage changes, disruptions, and to reassign earmarked funds if needed.</li> </ul> <p><b>Review Strategy:</b></p> <p>We would evaluate the system in place for managing stimulus funding including key internal controls such as review and approval procedures, documentation requirements, accounting procedures, and other relevant procedures in place for maintaining compliance with regulatory guidelines.</p>

## RESULTS – CONTINUED

Risk Classification	Financial Reporting
<b>Compliance</b>	<b>Risk Definition:</b>
<b>External Factors</b>	The Collier County Public School’s Financial Services Division oversees several fundamental departments within the District, including the Accounting, Budget, Capital Improvement Plans and Asset Management, Payroll, and Purchasing departments. Given the impact each of these departments have on financial, operational, and strategic goals, Financial Services is an inherently high-risk area. The
<b>Finance</b>	Financial Services Division has also experienced a high volume of turnover within the past five (5) years and has been led by three (3) different professionals. While the previous Assistant Superintendent of Financial Services is currently working with new leadership in an advisory capacity, an inevitable byproduct of turnover is the loss of long-term, institutional knowledge. A strong control structure, including
<b>Human Resources</b>	defined policies, procedures, and in-depth instructional and training materials, is an essential component of change management.
<b>Operations</b>	<b>Inherent Risks:</b>
<b>Reputation</b>	Non-compliance with state and federal financial reporting requirements, monthly reporting inaccuracies, annual reporting inaccuracies, inability to construct ACFR (Annual Comprehensive Financial Report), Annual Budgets, timeliness of month-end and year-end reporting, financial loss, inability to meet strategic goals, operational disruption or failure, depletion of District reserves, inappropriate review and approval procedures, lack of proper segregation of duties.
<b>Strategic</b>	
<b>Technology</b>	<b>Interview Observations:</b>
	<ul style="list-style-type: none"> <li>• The previous Assistant Superintendent of Financial Services is currently providing advisory services to the new leadership.</li> <li>• Educational and experience background varied with each Financial Services leader.</li> </ul>
	<b>Review Strategy:</b>
	The objective of this review would be to assess the design and operating effectiveness of the current internal control environment, including adequacy of policies and procedures, training and instructional documentation, segregation of duties, appropriateness of review and approvals, and ability to meet reporting requirements. Areas of focus may include month-end close and annual year-end close processes, GASB conversions, preparation of ACFR and AFR documents, FTE count procedures, FEFP reporting, and annual budget completion.

## RESULTS – CONTINUED

Risk Classification	Fuel Management
Compliance	<b>Risk Definition:</b>
External Factors	The District's Transportation Department is responsible for maintaining, controlling, and monitoring the fuel consumption of vehicles and equipment utilized by the District. CCPS and Collier County utilize the same fuel tanks to re-fuel their vehicles and equipment onsite.
Finance	Without an adequate control in place, fuel is highly susceptible to misuse and fraud. According to the FY22 Budget Book, the District has budgeted \$12,972,982 for electric and fuel for 2022, which represents a 24.41% increase from the previous year. Costs may vary drastically from year-to-year as the country's economic and political environment evolves.
Operations	<b>Inherent Risks:</b>
Reputation	Inability to accurately forecast fuel needs and record fuel consumption, fraudulent fuel use, inability to definitively separate fuel use by CCPS and Collier County, financial loss, operational disruption, inability to meet strategic goals as it relates to school growth and increased transportation needs, operational disruption, and reputational damage.
Strategic	<b>Interview Observations:</b>
Technology	<ul style="list-style-type: none"> <li>• The District has recently assigned a budget analyst to specifically investigate fuel management and identify potential inefficiencies and opportunities for improvement.</li> <li>• The District shares a fuel station with Collier County, and management between the two entities must be closely monitored to definitively separate consumption by entity.</li> </ul>
	<b>Review Strategy:</b>
	The objective for this review would be to assess the design and operating effectiveness of internal controls over the fuel management process, including a review of established controls, policies, and procedures. Areas of focus may include:
	<ul style="list-style-type: none"> <li>• Onsite fueling procedures</li> <li>• Fuel ordering, receiving, dispensing, and inventory monitoring</li> <li>• Safeguarding over fuel access and inventory, and</li> <li>• Fuel utilization reporting and monitoring</li> </ul>

## RESULTS – CONTINUED

Risk Classification	Information Technology – Data Protection
<b>Compliance</b>	<b>Risk Definition:</b>
<b>External Factors</b>	Data protection controls and procedures ensure that sensitive information is adequately protected, data infrastructure is routinely monitored for anomalies, and that information stored or communicated to internal and external networks is protected against cyber threats and data corruption. The District relies on easily accessible and accurate data to make decisions regarding student and employee affairs, strategic goals, and daily operations. Key data protection controls may include encrypting all communication of sensitive information to low-trust level networks, automatic prompting of Private Virtual Local Area Networks (VLANs), continuous data archival procedures, and detailed audit logging over access to nonpublic data.
<b>Finance</b>	
<b>Operations</b>	
<b>Reputation</b>	<b>Inherent Risks:</b>
<b>Strategic</b>	Failure to complete strategic IT goals and initiatives, inability to meet organizational goals, noncompliance with regulatory standards, unauthorized access to sensitive data, compromised or lost data, inability to efficiently access information for critical decision-making, inability to identify anomalies or issues in data quality; improper or insufficient review of the infrastructure, platforms, and applications that house sensitive data; improper segregation of duties, financial loss, reputational damage, operational disruption or failure.
<b>Technology</b>	<b>Interview Observations:</b>
	<ul style="list-style-type: none"> <li>• The District utilizes TERMS AS/400, which was created by IBM in 1988 and introduced to the District over 15 years ago. CCPS owns some of the source codes used. The District is currently exploring alternative, modern ERP solutions.</li> <li>• The Technology team is currently piloting Kronos, a timekeeping system utilized by the Transportation and Maintenance departments, to be expanded and utilized by other departments at the District.</li> <li>• The District currently provides an annual security awareness training focused on data security, cyber incident responses, and continuity of operations.</li> </ul> <p><b>Review Strategy:</b></p> <p>The purpose of this review would be to assess how the District is restricting access, encrypting, and monitoring the protection of sensitive data residing within identified key systems. This review would focus on sensitive data protection standards, controls, and technologies designed to protect sensitive information. Specific focus areas may include review of logical access, privileged access, user access review processes, segregation of duties, change management, review of applicable policies and procedures, network security, and physical security of servers and/or databases.</p>

## RESULTS – CONTINUED

Risk Classification	Maintenance Work Order Management
Compliance	<b>Risk Definition:</b>
External Factors	The maintenance work order system is located in Facilities Management under District Operations within CCPS. The maintenance work order system includes, but is not limited to: submitting a work order, tracking work order fulfillment and prioritization, inventory storage, pay applications, and the allocation of maintenance expenditures, including employee time spent and inventory/parts used. The District currently utilizes a wholly customized work order management system called Atlas to manage, monitor, and facilitate work orders within the Facilities Management team. While fully customized programs ensure the District’s specific needs are met, the unique nature of the technical environment may cause difficulty in finding replacement software or in implementing compatible ancillary modules. Additionally, the individual programmer was originally contracted with the District over ten (10) years ago, and as such a retirement, software sale, or unforeseen disaster, may limit the District’s ability to receive systematic updates, upgrades, or solutions to functionality issues. Work order management is a crucial component of efficiently keeping school sites safe, preventing costly damage through scheduled preventative maintenance, and maintaining compliance with SREF (State Requirements for Educational Facilities) and the Florida Building Code.
Finance	
Operations	
Reputation	
Strategic	
Technology	<b>Inherent Risks:</b>
	Noncompliance with governing authorities, inability to accurately manage work orders, resulting in public safety issues and financial loss, operational disruption or failure, reputational damage, inability to expand technological capabilities and gain future efficiencies.
	<b>Interview Observations:</b>
	<ul style="list-style-type: none"> <li>• Atlas currently provides preventative maintenance capabilities, various reporting functions, real-time approval workflows and technician sign-off, and work order prioritization and aging.</li> </ul>
	<ul style="list-style-type: none"> <li>• Atlas does not provide a database of all District equipment (i.e., a database of each elevator on District property and which parts each elevator needs). This information is currently tracked manually.</li> </ul>
	<ul style="list-style-type: none"> <li>• The Facilities Management Department does not currently have dedicated staff to manage warranties, or a centralized database to house warranty information.</li> </ul>
	<ul style="list-style-type: none"> <li>• As a result of the COVID-19 pandemic, the Facilities Management Department is experiencing higher wait times, delayed delivery times, and difficulty obtaining specialized parts.</li> </ul>
	<b>Review Strategy:</b>
	This review would include an assessment of the maintenance standard operating procedures to determine whether they are sufficient and cover the numerous aspects of the maintenance work order system, including the work order process and associated controls. The review may also include detailed testing of sampled work orders and their relevant approvals, expenditures, and prioritization.

## RESULTS – CONTINUED

Risk Classification	Professional Learning and Development
Compliance	<b>Risk Definition:</b>
Finance	The Professional Learning and Development Department provides opportunities for teachers, teacher leaders, and school administrators to enhance current skills or develop additional skills. District educators may elect to take in-person classes, online classes, or a hybrid of both, and may receive various types of training, including classes on mental health, teaching curriculum, use of technology resources, or school leadership – including school principal training. The District currently provides tuition reimbursement for qualifying educators seeking additional professional development. According to the FY22 Budget, the District spent \$1,574,435 on Professional Learning in the 2020 – 2021 year. While developing the District’s current workforce is an integral part of CCPS’ strategic goals, ensuring that the funds used in this effort are appropriately managed is critical to preventing financial loss and reputational damage.
Human Resources	
Reputation	
Strategic	<b>Inherent Risks:</b>
Technology	Inability to accurately report on departmental spend, lack of oversight over training programs, inappropriate or unreasonable expenditures, inappropriate or redundant training material content, noncompliance with new state standards and assessments, contractual liabilities with third party vendors, financial loss, reputational damage, ineffectively utilized funds regarding tuition reimbursement, and poor return on investments.
	<b>Interview Observations:</b>
	<ul style="list-style-type: none"> <li>• The Professional Learning and Development Department is a central source of information and training for school staff, and assists in ensuring compliance with state and district education standards.</li> <li>• The Department facilitates membership to several teaching and learning associations, including Florida Association of Staff Development (FASD), Association for Supervision &amp; Curriculum Development (ASCD), and National Staff Development Council/Learning Forward (NSDC). Partnerships with these associations and the various vendors utilized throughout the Professional Development program must be routinely managed.</li> </ul>
	<b>Review Strategy:</b>
	The objective of this review would focus on the solicitation and approval of District training materials, expenditures associated with training and tuition reimbursement, and the utilization of training materials and the District’s assessment of key performance indicators and return on investment. We will perform additional procedures as deemed necessary to appropriately assess the operations and control environment.

## RESULTS – CONTINUED

Risk Classification	Purchasing Cards
Compliance	<b>Risk Definition:</b>
External Factors	Purchasing Cards (“P-Cards”) exist to give organizational leaders autonomy and efficiency in purchasing goods and services necessary to the continuation of business operations. These tools shield department and school leadership from lengthy approval processes when time is of the essence, and allow purchases to be made with unencumbered funds or purchase orders. Because purchases are reviewed and approved after the expenditures have been made, p-cards use is inherently high-risk. Robust policies, procedures, and review processes are essential to detecting and preventing inappropriate purchases.
Finance	
Operations	<b>Inherent Risks:</b>
Reputation	Financial loss, operational disruption, contractual and legal risk, reputational damage, non-compliance with governing authorities, inability to accurately report expenditures, lack of appropriate oversight and approval of disbursements.
Technology	<b>Interview Observations:</b>
	<ul style="list-style-type: none"> <li>• While the Purchasing Department is responsible for the general oversight of the p-card program, department and school supervisors outside of Purchasing are tasked with reviewing and approving their department’s transactions. Decentralized processes, like p-card purchase review and approval, are inherently risky as processes may be inconsistently applied throughout the organization.</li> <li>• The District currently utilizes approximately 155 active p-cards. This includes cards for department leaders, as well as additional p-cards for designated team members responsible for a specific function (i.e., a General Trades p-card in addition to the Maintenance Department’s regular p-card).</li> <li>• P-card usage may have increased as a result of the COVID-19 pandemic and subsequent irregular working schedules, hybrid work setups, and unpredictable expenses.</li> </ul> <p><b>Review Strategy:</b></p> <p>The objectives of this review would be to assess management’s design and effectiveness of internal controls over the use of purchasing cards. This would include an examination of compliance with existing policies and procedures, and applicable regulatory requirements, and identification of process gaps, if any, and opportunities for improvement. The approach may include integration of data analytics by card or user, as well as the vendor spend.</p>

## RESULTS – CONTINUED

Risk Classification	Procurement
<b>Compliance</b>	<b>Risk Definition:</b>
<b>External Factors</b>	The purchasing function serves as a resource for the School District to acquire necessary goods and services, achieve economies of scale, facilitate strong business relationships with vendors, negotiate competitive pricing, and protect public funds. The Purchasing Department is a central hub of purchasing power for all other departments and schools, and must work closely with the District's General Counsel to ensure purchasing agreements adequately protect the District from risk. The Department is also responsible for ensuring procurement methods are competitive, vendors are consistently and uniformly evaluated, and that purchases of various thresholds receive their appropriate approval.
<b>Finance</b>	
<b>Operations</b>	
<b>Reputation</b>	<b>Inherent Risks:</b>
<b>Strategic</b>	Inadequate oversight of purchases and contracts made by schools and departments, inadequate protection against fraudulent vendors, financial loss, reputational damage, operational disruption or failure, undefined expectations for purchasers, non-compliance with governing authorities, non-competitive procurement strategies leading to inefficiencies and excessive spend, inability to meet strategic plans.
<b>Technology</b>	<b>Interview Observations:</b>
	<ul style="list-style-type: none"> <li>• As a result of the COVID-19 pandemic, the need for irregular goods and service may have increased. Purchases may have been expedited in an effort to continue regular school operations in a safe and healthy environment.</li> <li>• Recent shortages and supply chain issues may leave regularly utilized vendors unable to provide the necessary goods and services.</li> <li>• The Purchasing Department is responsible for facilitating purchases throughout the District, and may need to expedite procurements to fulfill immediate needs. When collaborating with the purchaser, vendor, and General Counsel Department, expectations must be well defined to accurately monitor and manage purchases and contracts.</li> </ul> <p><b>Review Strategy:</b></p> <p>The objective of this review would be to evaluate the design and control structure, including adherence to policies and procedures, for operating effectiveness. This may include areas such as assessing compliance with authorization, solicitation, selection, and contract execution with vendors/suppliers per Florida Statute and District policies and procedures; evaluating sufficiency and adequacy of the documentation and records to support the procurement; and appropriateness of access controls and segregation of duties within the purchasing function.</p>

APPENDIX

Collier County Public Schools Risk Portfolio			
External Risks			
<ul style="list-style-type: none"> <li>• Criminal Acts and Violence</li> <li>• Natural and Unnatural Disasters</li> <li>• Anti-Immigration Policies or Sentiment</li> </ul>		<ul style="list-style-type: none"> <li>• International Travel Restrictions</li> <li>• COVID-19</li> <li>• Economic and Political Changes</li> </ul>	
Internal Risks			
Reputation	Human Resources	Academic	Finance
<ul style="list-style-type: none"> <li>• Quality of Students and Faculty</li> <li>• Faculty Conduct</li> <li>• Diversity and Inclusion of Student Body</li> <li>• Diversity and Inclusion of Senior Administration</li> <li>• Controversial Speakers</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Retention</li> <li>• Knowledge Transfer and Management</li> <li>• Employee Recruiting and Hiring</li> <li>• Employee Performance Management</li> <li>• Training and Development</li> <li>• Succession Planning</li> <li>• Competitive Compensation</li> <li>• Alignment of Roles to Departments</li> <li>• Off-boarding</li> <li>• Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Enrollment</li> <li>• Scholarships</li> <li>• Academic Programs</li> <li>• Accreditation</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Reporting</li> <li>• Accounting Standards and Pronouncements</li> <li>• Procurement</li> <li>• Budgeting and Forecasting</li> <li>• Cash Liquidity</li> <li>• Management Override of Controls</li> <li>• Safeguarding of Assets</li> <li>• Maintaining Adequate Reserves</li> <li>• Funding Adequate Capital</li> </ul>
Compliance	Operations	Technology	Strategic
<ul style="list-style-type: none"> <li>• Governmental Changes</li> <li>• Public Policy</li> <li>• Grant Compliance</li> <li>• Title IV and Title IX</li> <li>• Research and Grant Compliance</li> <li>• PCI Data</li> <li>• Travel and Expenses</li> <li>• HIPPA</li> <li>• ADA</li> <li>• Federal Funds</li> <li>• Taxable Events</li> </ul>	<ul style="list-style-type: none"> <li>• Key Performance Indicators</li> <li>• Data Integrity/Data Quality</li> <li>• Communication Protocols</li> <li>• Contract and Vendor Management</li> <li>• Facilities Maintenance and Security</li> <li>• Document Management and Retention</li> <li>• Solicitation and Procurement of Goods and Services</li> <li>• Project Management for New Initiatives and Programs</li> </ul>	<ul style="list-style-type: none"> <li>• IT and Cyber Security</li> <li>• IT Audit Trails</li> <li>• User Access and Security</li> <li>• User Based Applications/Systems</li> <li>• IT Systems Scalability</li> <li>• Business Continuity and Disaster Recovery</li> <li>• Infrastructure Maintenance</li> <li>• Technology Controls</li> <li>• Change Management</li> <li>• Systems Upgrades and Implementation</li> <li>• Provisioning and Segregation of Duties</li> <li>• IT Training</li> <li>• Technology Utilization for Automation of Processes</li> <li>• Employee and Vendor Master File Maintenance and Monitoring</li> <li>• Securing private and confidential information</li> </ul>	<ul style="list-style-type: none"> <li>• Governance Structure</li> <li>• Alignment and Monitoring of Strategic Initiatives</li> <li>• Organizational Performance Management</li> <li>• Organizational Change Management</li> <li>• Public Relations</li> </ul>



RSM US LLP

7351 Office Park Place

Melbourne, Florida 32940

321.751.6200

[www.rsmus.com](http://www.rsmus.com)

RSM US LLP is a limited liability partnership and the U.S. member firm of RSM International, a global network of independent audit, tax and consulting firms. The member firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party.

For more information, visit [rsmus.com/aboutus](http://rsmus.com/aboutus) for more information regarding RSM US LLP and RSM International.

© 2022 RSM US LLP. All Rights Reserved.