



State Board of Education

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July 9, 2018

Eric Miller
Chief Inspector General
Office of the Chief Inspector General
The Capitol
Tallahassee, Florida 32399-0001

Dear Eric:

In accordance with Section 20.055(5)(h), Florida Statutes, attached is the six month status of corrective actions taken in response to Auditor General Report # 2018-083, Operational Audit – Selected Administrative Activities and Information Technology Controls.

If you have any concerns regarding this status report, please contact Mike Blackburn by phone at 245-9418 or by email at mike.blackburn@fldoe.org.

Sincerely,

Pam Stewart
Commissioner

Attachment

cc: Mike Blackburn, Inspector General
Martha Asbury, Assistant Deputy Commissioner, Finance, and Operations
Joint Legislative Auditing Committee

Inspector General Mike Blackburn

**Department of Education
Office of Inspector General – Internal Audit
Six-Month Status Report on: Operational Audit – Selected Administrative Activities and
Information Technology Controls
Report # 2018-083 Issued: January 9, 2018
Status as of July 9, 2018**

Contractual Services

Finding 1: The Department did not always ensure that contractual services were procured in accordance with State law and related expenditures were reasonable and necessary in the circumstances. Additionally, the Department did not always ensure that only State employees performed certain functions and duties as required by State law.

Recommendation: We recommend that Department management ensure that contractual services are procured in accordance with State law and related expenditures reasonable and necessary in the circumstances. We also recommend that Department management ensure that contracted employees are not assigned functions and duties strictly reserved to public officers or employees in accordance with State law.

Response as of January 9, 2018: As stated to the auditors, the department believes that it is in compliance with the requirements of state law. The Assistant Deputy Commissioner referenced in this finding had, at the time of her retirement, over 35 years of experience in the department. In anticipation of her retirement over a two-year period, the department recruited from within the agency, as well as outside the agency, including nationally, to attempt to find a replacement who could take on these responsibilities which covered, Contracts, Grants, and Procurement; Personnel Management; and General Services, including Emergency Management. Ultimately, the department was unable to identify a qualified individual who was willing to move to Tallahassee and take on these responsibilities. After much research, including review of actions taken by other state agencies in similar circumstances, as well as previous actions by the department and in consultation with our General Counsel's Office, it was determined that entering into an agreement with the University of South Florida for the much needed staff augmentation services was the most efficient and cost-effective way to ensure the continuity and quality of the functions of the Assistant Deputy Commissioner. Although the cost data provided by the auditors in their finding is correct, we do not agree with the conclusion that "the reasonableness and continued necessity for the grant agreement was not readily apparent." The total cost for these services is less than the cost incurred by the department prior to the employee's retirement. The administrative costs over and above the annual salary (which stayed the same), are similar to or less than those of similar agreements for staff augmentation services. The department contends that the total costs associated with securing the services of the only known person who could effectively carry out the duties of the position were entirely reasonable and necessary and indeed, were less than the cost of hiring a salaried employee in the position. Additionally, it must be reiterated that state law does not require competitive procurement when the service is being provided by a state governmental entity, in this case the University of South Florida.

The auditors observed that in October 2016, the department appointed another employee as the new Assistant Deputy Commissioner at a slightly lower salary than the previous incumbent in that position and, according to the auditors, whose position would carry out the same duties and responsibilities as the contracted employee. The department asserts that the employment of a new Assistant Deputy Commissioner did not, and does not, negate the need for the contracted employee. The new Assistant Deputy Commissioner has additional responsibilities over and above those

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assigned to the previous holder of that position, and, more importantly, is in training to fully assume the responsibilities of the previous holder of that position. That training and transition is occurring as quickly as possible but an extended period of time is necessary to ensure that the newly appointed staff member has all of the knowledge, skills, and experience needed to fully assume the duties and responsibilities. It is certainly common practice in state agencies to overlap current employees with new employees in key positions to ensure continuity and to provide training.

The department agrees that only a public officer or a public employee may perform certain duties related to personnel matters. The statute cited by the auditor's references selecting state employees; approving position descriptions, performance standards, or salary adjustments; and hiring promoting, disciplining, demoting, and dismissing a state employee. The contracted employee never performed these functions. The department's policy is that only the Commissioner or senior managers with specifically delegated responsibilities can take these actions. The auditors go on to reference functions such as completing timely performance appraisals, developing timely and accurate work plans, and timely approving monthly attendance and leave for each direct position report. Although the position description included in the contract inaccurately included some of these items, and was revised when the error was brought to our attention, the contracted employee did not carry out any of these functions. During the time period when the Assistant Deputy Commissioner position was vacant, these responsibilities were carried out by the immediate supervisor of the position, in this case, the Deputy Commissioner for Finance and Operations. The contract employee in question did not have access to People First to carry out any of the functions. When the new Assistant Deputy Commissioner was appointed, she carried out the specified functions. The statute cited in regard to the function of contract/grant management is silent on whether the role of contract management can be carried out by a contracted employee while the statute regarding personnel functions is explicit that those functions cannot be assigned to a contract employee. Although the department believes that the statute could include the assignment of certain contract management responsibilities to a contract employee; in an abundance of caution, those very limited assignments were transferred to other non-contract employees. Finally, the department is not aware of any state statute that precludes the use of contracted employees for administering employee staff development programs. In summary, the department took very deliberate and careful steps to ensure that the procurement of services as well as the assignment of duties and responsibilities were consistent with requirements of state law and the costs were reasonable and necessary, and provided best value to the state.

Response as of July 9, 2018: The position description for the contracted employee has been revised to delete any prohibited duties. Department leadership continues as a matter of routine procedure to review and seek legal advice from the General Counsel's Office with respect to procurement of contracted services. Additionally, leadership continues to assess costs of contracted services that are deemed necessary to meet department responsibilities to determine that costs are reasonable and necessary in accordance with state law.

Anticipated Completion Date & Contact: Ongoing, contact Linda Champion

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Purchasing Card Controls

Finding 2: Department controls need enhancement to better ensure that purchasing cards assigned to employees are necessary to perform their job duties and purchasing cards are timely canceled upon a cardholder's separation from Department employment.

Recommendation: We recommend that Department management enhance Department policies and procedures to provide for periodic monitoring of the necessity of purchasing card assignments and promptly cancel purchasing cards upon a cardholder's separation from Department employment.

Response as of January 9, 2018: The Department will incorporate an annual monitoring of purchasing card activity into its policies and procedures to ensure the proper assignment of purchasing cards. In regards to the prompt cancellation of purchasing cards upon a cardholders separation from employee, in February 2017 the Department added an additional employee to the Purchasing Card Administrative team to handle the increasing work load associated with this task. The Department will continue to monitor the employment separation dates of cardholders to ensure their cards are promptly deactivated.

Response as of July 9, 2018: The Department's Purchasing Card Administrator is maintaining and monitoring a file with all personnel notices of separation to ensure timely cancellation of cards once employees leave the Department. The Purchasing Card Administrator reviews the Terminated Employees report daily to ensure these employees cards are being cancelled timely. When the employee's "Notice of Separation" is received, an e-mail is sent to the employee one week before their last official day. They are then notified that their card is marked for deletion and we flag the e-mail with their official last day. On their last day the card is cancelled.

Anticipated Completion Date & Contact: P-Card Guidelines are currently being updated and reviewed to reflect the process. Anticipated completion date is September 30, 2018, and contacts are John West (850) 245-9153 or Tala Melendez (850) 245-9967.

Florida Single Audit Act

Finding 3: Department controls for the administration of the requirements of the Florida Single Audit Act need improvement.

Recommendation: We recommend that Department management establish policies and procedures for administering the requirements of the FSAA, including policies and procedures for identifying non-State entities required to submit an FRP, tracking the receipt and review of FRPs, and determining whether timely and appropriate corrective action had been taken for applicable audit findings and recommendations.

Response as of January 9, 2018: The Department will develop written policies to formalize the procedures, which are currently utilized by department staff in the administration of the requirements of the Florida Single Audit Act.

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Response as of July 9, 2018: The Division of Finance and Operations (F & O) has developed procedures to determine which recipients of state and federal financial assistance may be required to submit single audits to the Department. The individual responsible within F & O utilizes the Department’s portal (Apple) to access FLAIR and determines which non-state entities are most likely to have expended funds near or in excess of the minimum amount of funds to require the submission of a single audit. Each of the prospective entities is contacted and asked to respond to an inquiry as to whether or not they have expended funds at or in excess of the statutory minimum within their fiscal year. Those entities that meet the requirements are informed in this same communication to submit the single audit to the Department. Once received, this audit is reviewed to ensure any issue found in the audit is followed up on and resolved. This process is documented and tracked by the Department and reviewed to ensure compliance with the Florida Single Audit Act.

Anticipated Completion Date & Contact: Complete, contact Miki Presley or Martha Asbury

Information Security Controls

Finding 4: As similarly noted in our report No. 2014-201, Department records did not always evidence that, prior to using Department information technology (IT) resources, workers acknowledged responsibility for complying with State and Federal security laws and rules and Department security policies and procedures. In addition, certain Department security controls related to the use of personally owned computers and data loss prevention need improvement to better protect the confidentiality, integrity, and availability of Department IT resources and data.

Recommendation: We recommend that Department management enhance IT security controls to ensure that Department records evidence the completion of an Acceptable Use Policy form by all workers prior to using Department IT resources.

Response as of January 9, 2018: The Department will implement a new IT security control to ensure completion of the Acceptable Use Policy Form by all workers prior to using the department’s IT resources.

Response as of July 9, 2018: DTI has developed and adopted the New Employee ID with PC Setup Procedures to ensure completion of the Acceptable Use Policy Form by all workers. Additionally, DTI has revised and submitted the Acceptable Use Policy to the Sr. Leadership for review and approval. Currently awaiting approval of revised Acceptable Use Policy.

Anticipated Completion Date & Contact: July 31, 2018, contact Andre Smith

IT Policies and Procedures

Finding 5: Department efforts to monitor the utilization of, and compliance with, Departmentwide IT policies and procedures and to review and approve Division-specific supplemental IT policies and procedures continue to need improvement.

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Recommendation: We again recommend that DTI management implement processes to monitor the utilization of, and compliance with, Departmentwide IT policies and procedures and to review and approve Division-specific supplemental IT policies and procedures.

Response as of January 9, 2018: The Department has created a policy review and compliance team within DTI to develop and monitor the utilization of, and compliance with, agency-wide IT policies and procedures.

Response as of July 9, 2018: In an effort to ensure compliance, DTI-Quality Assurance Team has developed internal guidelines on policies as it relates to compliance, development and review of policies and procedures. Additionally, DTI-Quality Assurance Team has developed internal review procedures to aid in monitoring compliance.

Anticipated Completion Date & Contact: Complete, contact Andre Smith

Security Awareness Training

Finding 6: As similarly noted in our report No. 2014-201, the Department did not always provide security awareness training to employees and contracted IT workers in accordance with Agency for State Technology rules.

Recommendation: We again recommend that Department management ensure that Department workers are provided security awareness training in accordance with AST rules.

Response as of January 9, 2018: The Department will implement a new process for ensuring all workers are provided information security awareness training annually.

Response as of July 9, 2018: DTI secured Florida State University, Center for Interactive Media to transfer the department's revised Information Security awareness training into an accessible online training module. This new online training is active and provides accessibility (ADA and Location), offers flexibility and convenience of when and where to take the training, tracks and captures who has completed the course with their name, email, division and date and populates user certificate upon course completion.

Anticipated Completion Date & Contact: Completed May 2, 2018, contact Andre Smith

Contracted IT Workers

Finding 7: As similarly noted in our report No. 2014-201, the Department did not always ensure that contracted IT workers received required background screenings and timely agreed, in writing, to immediately disclose any arrests for disqualifying offenses.

Recommendation: We recommend that Department management ensure that all contracted IT workers, on or prior to the worker's first day of employment, are subject to a level 2 background screening and sign an Affidavit of Good Moral Character form. We also recommend that

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Department management ensure that level 2 background screenings and Affidavit of Good Moral Character forms are obtained for all current contracted IT workers.

Response as of January 9, 2018: The Department will implement a new process for ensuring all IT contract workers have their level 2 background screening and their Affidavit of Good Moral form completed on or prior to their first day of employment.

Response as of July 9, 2018: DTI has draft procedures in place to ensure level 2 background checks for DTI contractors are completed. At this time, all DTI Contractors have level 2 background checks.

Anticipated Completion Date & Contact: July 31, 2018, contact Andre Smith