

# STATE OF FLORIDA AUDITOR GENERAL

## Operational Audit

Report No. 2025-124  
February 2025

### ST. LUCIE COUNTY DISTRICT SCHOOL BOARD



Sherrill F. Norman, CPA  
Auditor General

### **Board Members and Superintendent**

During the 2023-24 fiscal year, Dr. Jon R. Prince served as Superintendent of the St. Lucie County Schools and the following individuals served as School Board Members:

	<u>District No.</u>
Debbie Hawley, Chair from 11-14-23, Vice-Chair through 11-13-23	1
Jack Kelly, Vice-Chair from 11-14-23	2
Dr. Donna Mills	3
Jennifer Richardson	4
Troy Ingersoll, Chair through 11-13-23	5

The team leader was Tim L. Tucker, CPA, and the audit was supervised by Clare Waters, CPA.

Please address inquiries regarding this report to Edward A. Waller, CPA, Audit Manager, by e-mail at [tedwaller@aud.state.fl.us](mailto:tedwaller@aud.state.fl.us) or by telephone at (850) 412-2887.

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**State of Florida Auditor General**

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# ST. LUCIE COUNTY DISTRICT SCHOOL BOARD

## SUMMARY

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This operational audit of the St. Lucie County School District (District) focused on selected District processes and administrative activities and included a follow-up on findings noted in our report No. 2022-196. Our operational audit disclosed the following:

**Finding 1:** Contrary to State law, the Board did not employ an internal auditor. State law requires school districts that receive annual Federal, State, and local funds in excess of \$500 million to employ an internal auditor and the District received funds exceeding that threshold for the 2023-24 and 2022-23 fiscal years.

**Finding 2:** Some unnecessary or inappropriate information technology user access privileges existed that increased the risk for unauthorized disclosure, modification, or destruction of District finance and human resources information to occur.

## BACKGROUND

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The St. Lucie 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 St. Lucie County. The governing body of the District is the St. Lucie County District School Board (Board), which is composed of five elected members. The appointed Superintendent of Schools is the Executive Officer of the Board. During the 2023-24 fiscal year, the District operated 39 elementary, middle, high, and specialized schools; sponsored 7 charter schools; and reported 49,001 unweighted full-time equivalent students.

## FINDINGS AND RECOMMENDATIONS

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### Finding 1: Internal Audit Function

State law<sup>1</sup> requires that school districts receiving annual Federal, State, and local funds in excess of \$500 million employ an internal auditor. The internal auditor must perform ongoing financial verification of the financial records of the school district, a comprehensive risk assessment of all areas of the school system every 5 years, and other reviews as the Board directs.

Our examination of District records disclosed that, although Federal, State, and local funds revenue totaled \$722 million and \$660 million for the 2023-24 and the 2022-23 fiscal years, respectively, the Board did not employ an internal auditor. In response to our inquiry, District personnel indicated that nonrecurring revenue<sup>2</sup> is revenue that is not received annually and, according to the District legal counsel, that revenue should be excluded from the Federal, State, and local funds calculated total. Consequently,

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<sup>1</sup> Section 1001.42(12)(I), Florida Statutes.

<sup>2</sup> District-defined nonrecurring revenue included donations, grants, moneys received and passed through to charter schools, tax collections from voted referendum, impact fees, sales surtax, and miscellaneous local revenue.

the District excluded nonrecurring revenue totaling \$429 million and \$397 million for those respective fiscal years from the calculated totals and internal audit services were deemed unnecessary. Notwithstanding, since State law establishes an annual time frame for calculating the funds received and does not address the recurring nature of the funds, the calculated totals should have included all revenue for those fiscal years and an internal auditor should have been employed. Absent employment of an internal auditor, there is increased risk that control weaknesses may go undetected leading to potential financial losses, compliance issues, fraud, or operational inefficiencies.

**Recommendation: When the District receives annual Federal, State, and local funds in excess of \$500 million, the Board should employ an internal auditor in accordance with State law.**

## **Finding 2: Information Technology User Access Privileges**

Access controls are intended to protect District data and information technology (IT) resources from unauthorized disclosure, modification, or destruction. Effective access controls include granting user access to IT resources based on a demonstrated need to view, change, or delete data and restrict employees from performing functions incompatible or inconsistent with their assigned job responsibilities. Effective access controls include periodic evaluations of user access privileges to IT resources to verify that only authorized users have access and that the access provided to each user remains appropriate and necessary for the user's assigned job responsibilities.

As of August 2024, the District enterprise resource planning system identified 431 users with IT update access privileges.<sup>3</sup> To evaluate the propriety of these access privileges based on employee job responsibilities, we examined District records supporting 59 selected users<sup>4</sup> and found that District controls did not always prevent users from performing functions incompatible with their job responsibilities. Specifically:

- 18 employees, including the Directors of Financial Reporting, Transportation, and Food Service; the Chief Operations Officer; along with certain bookkeepers and payroll employees, and other employees had update access in the HR modules, allowing them to add employees, change employee addresses, add or modify pay rates and job codes, make payroll adjustments, or process payroll.
- 10 employees, including the Director of Food Service, 4 IT analysts, 2 food service managers, and certain other employees had update access to the finance modules allowing them to add vendors, create purchase orders, and/or approve invoices for payment.
- 6 employees, including the Chief Financial Officer, Director of Financial Reporting, 3 accountants, and an executive assistant had update access to the finance modules to add vendors, create requisitions and purchase orders, approve invoices, and process warrants.
- 5 employees, including the Chief Financial Officer, 2 payroll specialists, an accountant, and an executive assistant had update access to the HR modules, allowing them to add employees, modify pay rates and job codes, and enter time and payroll adjustments to process payroll.

<sup>3</sup> The 431 users included 210 users with update access privileges to both HR and finance modules, 119 users with update access privileges only to HR modules, and 102 users with update access privileges only to finance modules.

<sup>4</sup> The 59 users included 11 users with update access privileges to both HR and finance modules, 29 users with update access privileges only to HR modules, and 19 users with update access privileges only to finance modules.

Although the District had established procedures for ensuring new user access and removal of former user access were appropriate, the District had not established procedures to periodically evaluate user access privileges to verify that the access privileges remained appropriate and necessary based on a user's assigned job responsibilities. Subsequent to our inquiry, in January 2025 the District removed the incompatible access privileges for the 39 employees.

While other District controls (e.g., budget monitoring and payroll and expenditure processing controls to independently review error reports and prevent duplicate payments) were in place to mitigate some risks associated with these control deficiencies, inappropriate IT user access privileges increase the risk for unauthorized disclosure, modification, or destruction of District data and IT resources to occur without timely detection.

**Recommendation: District procedures should be enhanced to ensure that assigned IT user access privileges restrict employees from performing functions incompatible with their assigned job responsibilities or functions outside their areas of responsibilities. Such enhancements should include periodic evaluations of IT user access privileges and timely deactivation of any unnecessary or inappropriate access privileges detected.**

## ***PRIOR AUDIT FOLLOW-UP***

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The District had taken corrective actions for findings included in our report No. 2022-196.

## ***OBJECTIVES, SCOPE, AND METHODOLOGY***

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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 January 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit 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. 2022-196.

- 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.
- Evaluated District procedures for maintaining and reviewing employee access to information technology (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, as of August 2024, from the population of 431 users with update access to the ERP system, we examined District records supporting 59 selected users to determine the appropriateness of the IT user access privileges granted.
- 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.

- From the population of expenditures totaling \$66.3 million during the period July 2023 through May 2024 from nonvoted capital outlay tax levy proceeds, sales tax proceeds, and other restricted capital project funds, examined documentation supporting selected expenditures totaling \$8.2 million to evaluate District compliance with the restrictions imposed on the use of these resources, such as compliance with Section 1011.71(2), Florida Statutes.
- 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).
- Reviewed organizational charts and Board minutes and held discussions with District personnel to determine whether the Board employed an internal auditor during the audit period as required by Section 1001.42(12)(I), Florida Statutes.
- From the compensation payments totaling \$318.6 million to 6,989 employees during the period July 2023 through April 2024, examined District records supporting compensation payments totaling \$62,608 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 appointed Superintendent's compensation for the audit period was in accordance with Section 1001.50, Florida Statutes, and the Board-approved employment agreement.
- From the District's 6,233 employees and 96 contractor workers, and the charter school's 566 employees and 17 board members during the audit period, examined District records supporting 30 selected District employees, 30 selected District contractor workers, 30 selected charter school employees, and all charter school board members 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 to the FDOE personnel subject to the disqualification list in accordance with SBE Rule 6A-10.084, Florida Administrative Code.
- From the two significant construction projects with expenditures totaling \$33.5 million during the audit period, examined District records supporting one selected project with expenditures totaling \$16.1 million to determine compliance with Board policies, District procedures, and applicable provisions of State law. Specifically, we examined District records to determine whether:
  - The construction manager was properly licensed and selected pursuant to Section 255.103, Florida Statutes.
  - District personnel properly monitored subcontractor selections and licenses.
  - The architect was adequately insured.
  - Appropriate Board policies and District procedures addressing the negotiation and monitoring of general conditions costs had been established.

- Documentation supporting the selected payments was sufficient and complied with the contract provisions.
- The contractor furnished a payment and performance bond pursuant to Section 1013.47, 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 and 1006.12, 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.
- From the population of purchasing card (P-card) expenditures totaling \$1.1 million during the audit period, examined documentation supporting 30 selected expenditures totaling \$60,769 to determine whether P-cards were administered in accordance with Board Policy PO 6423 – Use of Purchasing Cards, *St. Lucie Public Schools Purchasing Procedures Manual*, and *St. Lucie Public Schools Business Services Procedure Manual*.
- Examined District records for the audit period to determine whether District procedures ensured that vendor information changes were properly authorized, documented, and verified.
- Determined whether the District developed and maintained a comprehensive procedures manual pertaining to the District's financial operations.
- Evaluated the sufficiency of District procedures to determine whether District charter schools were required to be subjected to an expedited review pursuant to Section 1002.345, Florida Statutes.
- Examined District records for the audit period to determine whether District procedures were effective for timely distributing the correct amount of local capital improvement funds to eligible charter schools, pursuant to Section 1013.62(3), Florida Statutes.
- Examined District records and evaluated construction planning processes for the audit period to determine whether the processes were comprehensive, included consideration of restricted resources and other alternatives to ensure the most economical and effective approach, and met District short-term and long-term needs.
- Evaluated District procedures for identifying facility maintenance needs and establishing resources to address those needs.
- Evaluated District procedures for determining Maintenance Department staffing needs. We also determined whether such procedures included consideration of appropriate factors and performance measures that were supported by factual information.
- 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 \$218.7 million for the period July 2023 through April 2024, we examined documentation supporting 30 payments for non-compensation expenditures totaling \$1.2 million.
- 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***

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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.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name "Sherrill" and last name "Norman" clearly legible.

Sherrill F. Norman, CPA  
Auditor General

# MANAGEMENT'S RESPONSE

## BOARD MEMBERS

Dr. Donna Mills, *Chairman*  
DISTRICT #3  
Troy Ingersoll, *Vice Chairman*  
DISTRICT #5  
Debbie Hawley  
DISTRICT #1  
Terissa Aronson  
DISTRICT #2  
Jennifer Richardson  
DISTRICT #4



## SUPERINTENDENT

Dr. Jon R. Prince  
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February 20, 2025

Sherrill F. Norman, CPA  
Auditor General  
Claude Denson Pepper Building, Suite G74  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Auditor General, Sherill F. Norman:

We have reviewed the preliminary and tentative audit findings and recommendations, which may be included in a report to be prepared on your operational audit of the St. Lucie County District School Board for the fiscal year ended June 30, 2024.

We acknowledge the findings and recommendations presented in the report, and present the following responses:

### Finding #1: **Internal Audit Function**

State law<sup>1</sup> requires that school districts receiving annual Federal, State, and local funds in excess of \$500 million employ an internal auditor. The internal auditor must perform ongoing financial verification of the financial records of the school district, a comprehensive risk assessment of all areas of the school system every 5 years, and other reviews as the Board directs. Our examination of District records disclosed that, although Federal, State, and local funds revenue totaled \$722 million and \$660 million for the 2023-24 and the 2022-23 fiscal years, respectively, the Board did not employ an internal auditor. In response to our inquiry, District personnel indicated that nonrecurring revenue<sup>2</sup> is revenue that is not received annually and, according to the District legal counsel, that revenue should be excluded from the Federal, State, and local funds calculated total. Consequently, the District excluded nonrecurring revenue totaling \$429 million and \$397 million for those respective fiscal years from the calculated totals and internal audit services were deemed unnecessary. Notwithstanding, since State law establishes an annual time frame for calculating the funds received and does not address the recurring nature of the funds, the calculated totals should have included all revenue for those fiscal years and an internal auditor should have been employed. Absent employment of an internal auditor, there is increased risk that control weaknesses may go undetected leading to potential financial losses, compliance issues, fraud, or operational inefficiencies

<sup>1</sup>Section 1001.42(12)(l), Florida Statutes.

<sup>2</sup>District-defined nonrecurring revenue included donations, grants, moneys received and passed through to charter schools, tax collections from voted referendum, impact fees, sales surtax, and miscellaneous local revenue.

The district agrees with the finding and will begin the search for an external firm to perform the functions outlined in statute. This process will consist of requesting proposals, in line with Florida statute and board policy, from firms who provide this service. As stated above in the finding the district interprets recurring revenue differently and at minimum would like the legislature to look at defining annual revenues for this purpose.

## **Finding #2: Information Technology User Access Privileges**

Access controls are intended to protect District data and information technology (IT) resources from unauthorized disclosure, modification, or destruction. Effective access controls include granting user access to IT resources based on a demonstrated need to view, change, or delete data and restrict employees from performing functions incompatible or inconsistent with their assigned job responsibilities. Effective access controls include periodic evaluations of user access privileges to IT resources to verify that only authorized users have access and that the access provided to each user remains appropriate and necessary for the user's assigned job responsibilities.

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While other District controls (e.g., budget monitoring and payroll and expenditure processing controls to independently review error reports and prevent duplicate payments) were in place to mitigate some risks associated with these control deficiencies, inappropriate IT user access privileges increase the risk for unauthorized disclosure, modification, or destruction of District data and IT resources to occur without timely detection.

The district agrees with the finding and has taken proactive measures to enhance end-user security through a structured and comprehensive approach. The ITS Department has implemented multiple security processes to ensure robust oversight and protection of user access within district systems.

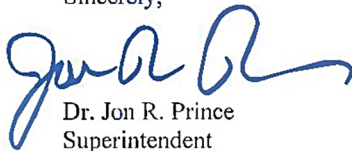
The Application Development Team plays a critical role in assisting departments with security-related concerns and job-specific access configurations. To further strengthen security protocols, the App Dev Team's access has been refined to ensure appropriate limitations while maintaining necessary functionality.

Key actions taken include:

- Regular Employee Status Reviews:
  - A monthly review of Board meeting agendas is conducted to track employee status changes, including new hires, terminations, and role modifications.
  - This review ensures that user access remains aligned with current employment status.
- Automated Account Management:
  - The district's Active Directory (AD) integration with Skyward ensures that when an employee is removed from AD following their departure, their access to Skyward is automatically revoked, reducing the risk of unauthorized access.
- Security Group Oversight:
  - Monthly security group reviews are conducted to assess and adjust access levels as necessary.
  - These reviews help determine which groups should retain or gain access to newly introduced system components.
- Ongoing Process Evaluation:
  - The district continuously evaluates security processes to ensure timely modifications and to mitigate potential risks.
  - This includes ensuring that system configurations align with best practices and industry standards.

Through these measures, St. Lucie Public Schools remains committed to maintaining a secure and well-regulated access environment for all district systems. Should additional information or clarifications be required, we remain available for further discussion.

Sincerely,



Dr. Jon R. Prince  
Superintendent

