



**School Board of Manatee County**  
**Internal Audit of Medical Claim Payments**  
February 20, 2024

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February 20, 2024

Audit Committee and School Board of  
Manatee County  
215 Manatee Ave. W.  
Bradenton, FL 34205

Pursuant to the approved 2023/2024 internal audit plan, we hereby submit the Internal Audit of Medical Claim Payments. We will be presenting this report to the Audit Committee at the next scheduled meeting on March 6, 2024.

Our report is organized in the following sections:

<b>Executive Summary</b>	This provides a summary of the observations and testing results related to our internal audit of Medical Claim Payments.
<b>Background</b>	This provides an overview of the components of the Medical Claim Payments.
<b>Objectives, Scope, and Methodology</b>	The internal audit objectives and focus are expanded upon in this section as well as the period of our methodology and areas evaluated.
<b>Testing &amp; Results</b>	This section documents the testing performed and results of our internal audit procedures.

We would like to thank all those involved in assisting the Internal Auditors in connection with this audit.

Respectfully Submitted,

Carr, Riggs & Ingram, LLC  
Internal Auditors



An internal audit of Medical Claim Payments was included on the 2023/2024 approved Audit Plan. The District's medical plan is self-insured and administered by Meritain Health (Meritain). Meritain is a subsidiary of Aetna and is one of the nation's largest administrators of health benefits. Meritain processes the service provider claims and then bills the District for payment. Once Meritain receives the funds, then they make payments to the service providers. Meritain started providing administrative services for the self-insured plan on January 1, 2022.

The period from January 1, 2022 through December 31, 2022 (calendar year 2022), was reviewed during this internal audit. Per the Meritain contract, the District has a right to audit for up to one (1) year following the period end, therefore the audit for the 2022 calendar year must be complete by December 31, 2023. In order to evaluate the payments made by the District through Meritain to service providers, the District requested an internal audit of medical claim payments. We interviewed personnel, conducted walkthroughs, obtained documentation, analyzed data, and performed testing. We developed an internal audit program that addressed the following related functions:

- Medical Claim Payments
- Check Registers
- Explanation of Benefits
- Duplicate Claims
- ACH Payments

There were 90,729 claims for \$37,533,169 processed for the 2022 calendar year based on the monthly check registers. Upon discussion with the Deputy Superintendent of Business Services, a sample size of fifty (50) was used and selections were made based on an analysis performed of the claim dollar amount and number of claims for different claim dollar ranges. For each paid claim, the data on the check register was successfully traced to the corresponding Explanation of Benefits (EOB) therefore confirming that the amount paid to the medical service provider, through Meritain, was properly supported. We selected two (2) months during the 2022 calendar year and traced all ACH payments submitted to Meritain matched the check register amounts for those months without exception. However, when performing the analysis of Duplicate Claim Payments we noted an exception. The specific test steps, can be found at Appendix A. The following is a summary of the area that should be addressed:

#### ***MCP-1 Duplicate Claim Payments – Moderate (Page 7)***

Using the check registers for claims during the 2022 Calendar Year, a match was performed for the following fields of each claim to identify possible duplicate payments:

- Incurred Date
- Employee ID
- Payee ID
- Amount

The match analysis performed resulted in 547 total matches. After discussion with the Deputy Superintendent of Business Services, it was determined that testing would be performed on 10 matches (20 claims total). Four (4) out of the ten (10) selections were deemed to be duplicate payments per responses from Meritain, for a total of \$8,834.30. Due to the number of discrepancies from the original duplicate claim payments testing, and per discussion with the Deputy Superintendent of Business Services, additional testing was performed for possible duplicate payments for an additional 20 matches (47 claims- some matches resulted in multiple claims). Four



(4) out of the twenty (20) selections were deemed duplicate billings per responses from Meritain, for an additional of \$1,201.07. In all, eight (8) out of the thirty (30) duplicate claim payment matches resulted in duplicate claim payments totaling \$10,035.37, which calculates to 0.0267% of the total claims paid during the 2022 Calendar Year.

Critical	Such an issue would be expected to receive immediate attention from Management, but must not exceed 30 days to remedy from the final Audit Report date.
High	Such an issue would be expected to receive urgent corrective action by Management, and must be completed within 60 days of final Audit Report date.
Moderate	Such an issue would be expected to receive corrective action from Management, and must be completed within 90 days of final Audit Report date.
Low	Such an issue does not warrant immediate attention but requires corrective action by Management, and must be completed within 120 days of final Audit Report date.



## APPENDIX A

### BACKGROUND

Premium payment deductions are taken out of employee paychecks for the employee portion of the health premiums. The District share of the health premium is also calculated each pay period. The total premiums (employee and District) are then transferred to a trust account. Meritain sends a secure email every Tuesday with the claim payments to several District staff, including the Benefits, Accounts Payable and Finance Departments. The Finance Department logs in to a portal and downloads the check register from Meritain that contains the details of the medical claims within the past week that are ready for funding.

The Employee Benefits Administrator receives a detailed check register that contains additional information, such as employee name, patient name, and reviews for any high-cost claimants. There is an average of 1,800 claims per check register. The Employee Benefits Administrator then communicates at the District's Healthcare Insurance Committee (HIC) meetings any high cost claims to identify current and possible further significant costs to the self-insurance plan. The Employee Benefits Administrator has 3 to 4 days prior to Meritain processing the ACH debit to review the check register and inquire about any claims.

The Employee Benefits Administrator approves the invoice for payment by the Accounts Payable Department for ACH. Meritain processes the ACH debit and this amount is charged to the District's concentration account. The Finance Department verifies that the ACH debit amount equals the Meritain check register amount, and also keeps an Excel spreadsheet log of the payments schedule, so the Finance Department can forecast for cash management when the ACH payment will be charged to the concentration account.

Aetna uses an auto adjudication system that follows the Plan Document (source of truth) using benefit codes tied to diagnosis and procedure coding under the Aetna network pricing system. Per Management, due to the lag in processing and the fact that there are typically multiple providers/charges with various process dates included in a claim, reconciling specific invoices or checks against a member's claim is not practical. Aetna's network pricing system checks to see if a provider is in-network, then Meritain's system automatically sends those claims to be repriced by the Aetna repricing team. This ensures Meritain is applying the appropriate contractual terms for allowable charges.

If the provider is not in-network, the claim follows a different path for allowable pricing. Meritain's cost management process for Out of Network claims is tiered, so that first the system looks for a network discount. If this is not available, Meritain attempts to negotiate a discount with the provider to accept and not balance bill the member. Precision Benefits Services (PBS) is a company within Aetna that negotiates the payments of claims to Out of Network Providers.

During the 2022 Calendar Year, there were 90,729 claims paid for a total of \$37,553,169, broken down by month as follows:



2022 Medical Claims		
Month	Claims	Total
Jan-22	2,938	\$363,819.78
Feb-22	4,775	\$879,257.28
Mar-22	5,616	\$1,220,111.33
Apr-22	6,340	\$1,980,840.08
May-22	13,517	\$5,963,445.53
Jun-22	7,818	\$2,981,553.66
Jul-22	8,382	\$3,429,598.58
Aug-22	10,438	\$5,481,953.45
Sep-22	7,309	\$3,035,414.89
Oct-22	8,173	\$5,031,471.88
Nov-22	7,497	\$2,898,615.10
Dec-22	7,926	\$4,287,087.89
<b>Grand Total</b>	<b>90,729</b>	<b>\$37,553,169.45</b>

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## **OBJECTIVE**

The primary objective of this internal audit was to assess medical claim payments made from the District's self-insured medical plan to medical providers for claims processed by Meritain.

## **SCOPE**

Our internal audit scope for the Medical Claim Payments was for the 2022 Calendar Year, January 1, 2022 through December 31, 2022.

## **METHODOLOGY**

We interviewed personnel, conducted walkthroughs, obtained documentation, analyzed data, and performed testing. We developed an internal audit program that addressed the following related functions:

- Medical Claim Payments
- Check Registers
- Explanation of Benefits
- Duplicate Claims
- ACH Payments

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## TESTING & RESULTS

### Medical Claim Payments

There were 90,729 claims for \$37,533,169 processed for the 2022 calendar year. Upon discussion with the Deputy Superintendent of Business Services, a sample size of fifty (50) was requested and used. The selections were made based on the analysis performed below:

Claim Category	Amount	Number of Claims	% of Number of Claims	Dollar Amount of Claims	% of Dollar Amount of Claims	Number of Selections for Testing
Over \$20,000		254	0.28%	\$ 12,360,612.21	32.91%	18
\$5,000 to \$20,000		811	0.89%	\$ 8,106,329.17	21.59%	10
\$500 to \$5,000		6,149	6.78%	\$ 8,179,304.18	21.78%	10
Under \$500		83,515	92.05%	\$ 8,906,923.89	23.72%	12
		<b>90,729</b>		<b>\$ 37,533,169.45</b>		<b>50</b>

For each selection, we obtained the Explanation of Benefits (EOB) and performed the following testing:

- 1) Payee Name on Check Register matches EOB
- 2) Claim Number on Check Register matches EOB
- 3) Employee Name on Check Register matched EOB
- 4) Patient Name on Check Register matches EOB
- 5) Amount Paid on Check Register matches EOB

We reviewed an additional five (5) claims from Precession Benefits Services (PBS) as these are billed in aggregate and in a single line item for multiple Out of Network Claims. We obtained the EOB for the five (5) selections and discussed with the Deputy Superintendent of Business Services. Reports were provided to the Deputy Superintendent of Business Services to show the cost savings made through negotiations of claims, she determined based on the information received from Meritain that no additional testing was necessary.

*Conclusion:* For all fifty (50) claims tested, information on the check register, including dollar amount to be paid to the service provider, agreed to the supporting Explanation of Benefits. No exceptions noted.

### Duplicate Claims

#### *Duplicate Claim Numbers*

Using the check registers for claims paid during the 2022 Calendar Year, a duplicate claim number match was performed for all 90,729 claims.



*Conclusion:* There were no duplicate claim numbers identified, therefore all claims on the check register had unique claim numbers. No exceptions noted

#### *Duplicate Claim Payments – Round 1*

Using the check registers for claims during the 2022 Calendar Year, a match was performed for the following fields of each claim to identify possible duplicate payments:

- Incurred Date
- Employee ID
- Payee ID
- Amount

The match performed resulted in 547 total matches. After discussion with the Deputy Superintendent of Business Services, it was determined that testing would be performed on 10 matches (20 claims total). The following procedures were performed:

- 1) For each claim we obtained the Explanation of Benefits and performed the following testing:
  - 1) Payee Name on Check Register matches EOB
  - 2) Claim Number on Check Register matches EOB
  - 3) Employee Name on Check Register matched EOB
  - 4) Patient Name on Check Register matches EOB
  - 5) Amount Paid on Check Register matches EOB
- 2) For each match, reviewed the EOB of each claim in the pair for possible duplications; such as Procedure/Revenue Code, Payee Name, Total Charges, Discount, notes, etc., and provided the noted duplications to Employee Benefits Administrator for inquiry with Meritain and received the responses from Meritain.

*Conclusion:* Four (4) out of the ten (10) selections were deemed to be duplicate payments per responses from Meritain, for a total of \$8,834.30, with the largest duplicate payment at \$7,960.00.

#### *Duplicate Claim Payments – Round 2*

Due to the number of discrepancies from the original duplicate claim payments testing, and per discussion with the Deputy Superintendent of Business Services, additional testing was performed for possible duplicate payments. An additional 20 matches (47 claims- some matches resulted in multiple claims). Selections were made based on certain attributes that were identified during the first round of testing. For example, different payee name but same payee number resulted in 3 of the 4 identified duplicate payments. Additionally, legitimate matches occurred in cases as it is common for certain medical procedures to require the billing of two (2) anesthesiologist or two (2) doctors.



The following procedures were performed during the second round of testing:

- 1) For each claim we obtained the Explanation of Benefits and performed the following testing:
  - 1) Payee Name on Check Register matches EOB
  - 2) Claim Number on Check Register matches EOB
  - 3) Employee Name on Check Register matched EOB
  - 4) Patient Name on Check Register matches EOB
  - 5) Amount Paid on Check Register matches EOB
- 2) For each match, reviewed the EOB of each claim in the pair for possible duplications; such as Procedure/Revenue Code, Payee Name, Total Charges, Discount, and notes, and provided the noted duplications to Employee Benefits Administrator for inquiry with Meritain and received responses from Meritain.

*Conclusion:* Four (4) out of the twenty (20) selections were deemed duplicate billings per responses from Meritain, for a total of \$1,201.07.

Based on the testing of duplicate claim payments, the following recommendation is made:

***MCP-1 Duplicate Claim Payments - Moderate***

**Condition:** Eight (8) out of the thirty (30) potential duplicate claim payment matches resulted in actual duplicate payments totaling \$10,035.37, which calculates to 0.0267% of the total claims paid during the 2022 Calendar Year.

**Impact:** The District paid twice for services performed by medical service providers. Per Meritain, a refund will be requested from the service provider. If the refund is not received, after one year the amount is written off as unable to recover. It is possible the District will not receive refunds of the duplicate payments.

**Criteria:** Payments should be made only once for services provided.

**Cause:** There is not a review process performed by the District, to identify duplicate payments. Responses provided from Meritain included that some of the duplicate claim payments were a result of being reprocessed or adjusted.

**Recommendation:** Management should perform the following:

- 1) Inquire and confirm with Meritain that any identified duplicate payment claims have been refunded by the service providers.



- 2) Perform a review of possible duplicate claim payments for the 2023 Calendar Year.
- 3) Determine the responsibility of the vendor to perform ongoing analysis or review of possible duplicate claim payments.

#### Management Response:

1) Robin Sallee at Meritain Health confirmed the claims have been closed due to no response, and/or the refund was received. As of February 27, 2023, the district received refunds totaling \$6,981.77.

Per Denise McWilliams and Meritain Health's contract: Meritain Health will pursue overpayment and duplicate claims for one year. If the provider does not submit the refund the case is closed. This is industry standard and Meritain cannot take financial liability beyond the recovery efforts.

Meritain's internal auto adjudication system reviews multiple elements to identify duplicate claims, and if any of those elements are different [provider name, procedure code, billed amount, etc.], Meritain's system will identify it as a different claim; therefore, Meritain cannot guarantee every potential duplicate will be identified.

2) Brian Arnold / Denise McWilliams at Meritain Health provided a duplicate report showing the claims that were denied as a duplicate. From 1/1/2023 to 2/22/2024. They will provide a duplicate claims report annually, which is how Meritain's process is structured.

Brian Arnold / Denise McWilliams at Meritain Health have provided a refund report showing claims that have been adjusted and that Meritain has requested a refund for period 1/1/2023 to 2/21/2024.

#### 3) Per Denise McWilliams at Meritain Health:

- i. Meritain has multiple system edits in place to identify claims that are incorrectly coded, unbundled, and/or billed as a duplicate.
- ii. Duplicate billing is common based on providers' practice of rebilling at specific intervals if payment is not posted.
  - In most cases the duplicate is an identical match to initial billing, and easily caught and denied as duplicate.
  - Meritain's system keys on multiple elements to identify a duplicate, and if any of those elements are different [provider name, procedure codes, billed amount, etc.] the system will think it's a different claim; therefore, we cannot guarantee every potential duplicate will be identified.
  - In many cases the provider will advise if they've been overpaid, and we submit to the Adjustments Team to request a refund.



- Any duplicates brought to our attention are submitted to the Adjustments Team, as the action needed could be a full or partial refund request, or an additional payment based on a refiling.
- We follow-up 4 times to collect overpayments, then if not received they are referred to an outside agency for collection.
- Per Denise McWilliams at Meritain:
  - Meritain will pursue overpayment refunds as noted in our contract [item #11 below]. Meritain will pursue for one year, and if the provider does not submit the refund, the case is closed. This is industry standard and Meritain cannot take financial liability beyond the recovery efforts.
  - #11 Overpayments
    - a. Meritain shall reprocess any identified errors in Plan benefit payments (other than errors Meritain reasonably determines to be de minimis), and, subject to Applicable Law, seek to recover any resulting overpayment by attempting to contact the party receiving the overpayment twice via letter, phone, or email. Client may direct Meritain not to seek recovery of overpayments from Participants, and if so then Meritain shall have no further responsibility with respect to those overpayments. Meritain is not responsible for pursuing overpayment recovery through litigation.
    - b. If Meritain elects to use a third-party recovery vendor, collection agency, or attorney to pursue the recovery, the overpayment recoveries will be credited to Client less the Fees for non-subrogation recovery services as set forth under the Fee Schedule and Disclosures Exhibit. Client shall cooperate with Meritain in recovering all overpayments of Plan benefits.

Responsible Party: See Above.

Estimated Completion Date: See Above.

## ACH Payments

We selected two (2) months, March and October, from the 2022 Calendar Year and traced transactions from the monthly check register (claims to be paid) to the bank transaction report. We confirmed that the amounts on the check registers were the amounts charged by Meritain via ACH.

*Conclusion:* All amounts on the check registers traced to the bank transaction reports without exception.

## Post Audit Review Status Summary

Below is a Summary of Audits issued to the SDMC and the Status of the Action Plans provided by SDMC. Exception Trackers specific to each audit are included in separate documents and contain information from Action Plans for each audit. Management's detailed Action Plans are available upon request.

### Legend

Completed	District has fully executed on the developed Action Plan and it is ready for a PAR.
In-Process	District has a developed Action Plan and is in the process of being executed and implemented. Additionally, some of the steps in the Action Plan might have been completed.
Not Developed/ Started	The District has not developed an action plan or has not started the implementation of the Plan.

Summary of Audits issued to the SDMC				Status of Action Plans as provided by the SDMC			CRI
Audit	Audit Conducted By	Report Date	Number of Exceptions	Completed	In-Process	Not Developed	Audit PAR Schedule and Comments
Home School Transfers	CRI	7/11/2019	7	6	1	0	Home School PAR was Completed and presented at the 1/22/2021 Audit Committee Meeting. There is 1 finding that will remain Open. The digitizing of current student records is on pace to be completed by June 2023, and previous students by June 2024.
Personnel Report	CRI	4/28/2021	6	4	2	0	Personnel PAR Report was presented at the 1/11/23 Audit Committee Meeting. There are 3 items that remaining Partially Open. CHRO provided updated on open items 1 open item has been closed.
Construction Operations	CRI	6/28/2021	6	5	1	0	Construction Operations PAR Report was presented at the 9/7/2022 Audit Committee Meeting. There is 1 exception that is Partially Closed and relates to the Best Practice Recommendation of KPIs. This items will remain open until KPIs are fully implemented.

## Post Audit Review Status Summary

Position Control	CRI	4/25/2022	3	3	0	0	PAR is in Process and will be presented at the May 2024 Audit Committee Meeting
Benefits	CRI	6/24/2022	2	2	0	0	Benefits Report was presented to the 7/13/2022 AC Meeting. PAR is in Process and will be presented at the May 2024 Audit Committee Meeting
Purchasing	CRI	2/13/2023	3	3	0	0	Purchasing Report was presented at the 3/1/2023 AC Meeting. Per Purchasing Director, and provided Action Plan, all items have been completed. PAR TBD
MTC - Point of Sale	CRI	4/13/2023	1	0	1	0	MTC- POS Report was presented at the 7/12/2023 AC Meeting. PAR TBD
Contract Compliance	CRI	6/22/2023	5	4	1	0	Contract Compliance Report was presented at the 9/6/2023 AC Meeting. Action Plans Received. PAR tentative to be completed and then presented in May.
MTC - Financial Aid	CRI	10/10/2023	3	3	0	0	MTC- Financial Aid was presented at the 11/1/2023 AC Meeting. Action Plan provided. PAR TBD
Total			36	30	6	0	

School District of Manatee County  
Internal Audit Exception Tracker

Home School Transfer Audit Conducted by CRI					Management Responses provided by SDMC (detailed Action Plans as provided by SDMC are available upon request)				CRI PAR Testing Results
Report	Area	Issue Number	Exception	Recommendation	Updated Management Response	Owner	Completed/Expected Date	Status	Open/Partially Open/Closed
Home School Transfers	Transfer Documentation	19-02	It is important to note that 100% of these records are in paper form, and there is no digital backup. We also noted that the records at OSA are maintained by birthdate in cardboard boxes and then filed by name. This is done to avoid confusion with similar names.	We recommend the District consider a process to begin digitizing these files; this will help eliminate lost files and provide access controls and the ability to have one complete file for each student.	As of 08/29/22, we have 46% of our schools' active student records electronically digitized. Our goal for the end of the 1st semester of 2022-2023 will be to have 74% of all schools' active student records completed and 100% by April 10th. Following the completion of our traditional schools we will offer training and scanning supervision to non-traditional schools within our district that are asking to participate.	D. Sauer/CIO	Jun-24	In-Process	Open- will remain open until files are digitized.
					Audit Committee Comments:				

## School District of Manatee County

### Internal Audit Exception Tracker

Personnel Conducted by CRI					Management Responses provided by SDMC (detailed Action Plans as provided by SDMC are available upon request)				CRI PAR Testing Results	
Report	Area	Issue Number	Exception	Recommendation	Management Response	Owner	Completed/Expected Date	Status	Open/Partially Open/Closed	
Personnel	Personnel File Record Log	Personnel-1	A record of persons reviewing personnel files was not kept within the Personnel Department. A record can be produced by the Communications Department for the external public records requests for personnel files.	With the implementation of the personnel file log, Management should ensure continued use within the Department to document persons reviewing Personnel Files.	<p>During the audit process, Human Resources implemented and is currently using a Standard Operating Procedure (SOP) for Reviewing of Personnel files.</p> <p>There has not been a complete absence of Personnel File review documentation. It has been rare that Personnel Files have been reviewed other than through a Public Records Request in which the Communication/Public Records Associate has kept a log of all personnel files requested from the public.</p> <p>Update August 2023: Per CHRO, the link to the electronic file is still not being closed within 48 hours. The Department is still working with the vendor on the issue.</p>	Deb Smith	9/30/2022	Completed	Closed	
Personnel	Applicant Interest Rating and Interview Feature – Recruiting Module	Personnel-2	During the course of our review the rating of interest of applicants and interview functions in the PeopleSoft Recruiting Module were not consistently used by the hiring manager	Management should consider requiring the use of these features in the PeopleSoft Recruiting Module. This would provide consistency in the recruiting process and allow for all open positions to be evaluated and documented in the same manner. Although some hiring managers’ document interviews outside of PeopleSoft, the use of the interview feature would provide a centralized location and evidence interviews fully utilized the Recruitment Module. Additionally, The Applicant Interest Rating feature is documented in the HR Administrator Guidelines Draft Document, but should be communicated as required along with the use of the interview function.	<p>Training in all features of the Recruitment Module was provided to all hiring managers and supervisors in October 2019. Time for practice as well as open computer lab times were provided for assistance. The Principal meeting on April 21st, 2021 included a refresher on the use of the Recruitment Module and the requirements of moving applicants through the different dispositions. Smaller Principal meetings will cover an hour of retraining in the module on April 28th, 2021. All other hiring managers will receive the training through the Superintendent’s Leadership Team meeting for Directors and above and the directors will deliver the training to their hiring managers and supervisors in their departments. Annual training will be provided by Human Resources.</p> <p>Human Resource Business Partners (HRBPs) who conduct hiring transactions will not allow job offers to be sent to an applicant in a posting until all applicants in the posting have been moved to reviewed, interviewed or rejected.</p> <p>Update August 2023: Per CHRO, schools staff and District employees have been trained on the need to utilize the features in the module.</p>	Donna Peregoff	11/30/2022	In-Process	Partially Open	
Personnel	Performance Reviews	Personnel-4	<p>Out of the 30 employees reviewed, 16 or 53.33% had the most recent review (18/19 or 19/20) located in the personnel file. The following exceptions were noted for the 14 employees that did not have the most current evaluation in the file at the time of our on-site review:</p> <p>7 out of 30 or 23.33% - Unable to provide most recent review (18/19 or 19/20)</p> <p>7 out of 30 or 23.33% - Were provided the most current available (18/19 or 19/20), however, they were not located in the personnel file at time of on-site review.</p>	The District should evaluate acquiring a software based performance evaluation solution for non-instructional staff. The solution should allow for the monitoring of completion of performance evaluations Districtwide. This would also eliminate the need for performance evaluations to be forwarded and then filed in personnel files.	<p>On numerous occasions it has been communicated to administrators and supervisors that evaluations are due to HR by a certain deadline as evidenced by a yearly HR Timeline. HR staff has filed the evaluations in Personnel Files as they were received. The HR Guidelines for Administrators and Supervisors includes an entire section and statute language on Personnel Files. In July 2021 and each year after, HR will provide an annual training on the entire HR Guidelines for Administrators and Supervisors including the topic of Personnel Files.</p> <p>HRBPs will send out a roster to each school and department with directions on how to submit evaluations on ALL employees with the roster as a cover sheet verifying and accounting for all evaluations being submitted each year by June 30th.</p> <p>Update August 2023: Per the CHRO, the district will not be pursuing a software solution for annual reviews. A process has been put in place to monitor annual performance reviews.</p>	Silviana Ianniska	Summer 2023	In-Process	Partially Open	
					Audit Committee Comments:					

School District of Manatee County  
Internal Audit Exception Tracker

Construction Operations Conducted by CRI					Management Responses provided by SDMC (detailed Action Plans as provided by SDMC are available upon request)					CRI PAR Testing Results
Report	Area	Issue Number	Exception	Recommendation	Management Response	Actions October 2021	Owner	Completed/Expected Date	Status	Open/Partially Open/Closed
Construction Operations	KPI	Best Practice		As Management has already identified the need of KPIs, a best practice recommendation will be for Management to continue the pursuit of developing KPIs. KPIs would allow for reporting to the Board on key construction measurements (cost of projects, volume of activity performed) and could help identify the need for additional staff based on volume and project sizes. Below are some examples of KPIs that the department could establish.	The Director of Construction Services and the Chief Operations Officer will evaluate Key Performance Indicators (KPI's) which assess Project and Facility Related issues both during construction and post construction. Possible KPI's to be developed may include:	KPIs are stated in the Draft Strategic Plan. This was reviewed during the PAR. This item will remain open until baselines have been developed during the 2022/2023 school year.	B. Horton	Jul-23	In-Process	Partially Open
					Audit Committee Comments:					

School District of Manatee County  
Internal Audit Exception Tracker

Position Control Function in PeopleSoft Conducted by CRI					Management Responses provided by SDMC (detailed Action Plans as provided by SDMC are available upon request)			
Report	Area	Issue Number	Exception	Recommendation	Management Response	Owner	Completed/Expected Date	Status
People Control Function in PS	Allocation Application Procedures	PC-1	There were no written procedures developed for the Allocation Application. A back-up or other associate in the Budget Department does not have guidance to perform the necessary duties in the system or maintain adequate back up for changes.	The Allocation Administrator should develop a PeopleSoft Job Aid for the use of the Allocation Application as well as written procedures for documenting and maintaining support for allocation inputs and updates.	The following to job aids were developed: (1) "adding an allocation to the allocation page" (04/05/2022), and (2) "updating an allocation" (03/24/2022).	Tim Bargeron/Leslie Baker	8/1/2022  Audit Note: Testing in Process	Completed
People Control Function in PS	System Access and Backup.	PC-2	Allocations Application <ul style="list-style-type: none"><li>There were 2 HR Employees with All Access rights.</li><li>There is not a backup person with access in the Budget Department for the Allocation Administrator.</li></ul> Position Management Module <ul style="list-style-type: none"><li>The Allocations Administrator had All Access Rights. (Per a note on the report and discussion with IT, the Allocation Administrator noted that access should be removed.)</li></ul>	Full access for the Allocation Application and the Position Management Module should be given to associates in either the Budget Department for the Allocation Application or the HR Department for the Position Management Module. Additionally, another associate in the Budget Department should be provided full access permission to serve as a backup.	Each member of the Allocation Application team and the Position Control Module team has "full access" to their assigned module and/or application. Some of the members have access to both the module and the application, and during CRI's review of the ERP access assignments/permissions, CRI determined that three team members have unnecessary access to certain functionalities.  District management will review the appropriateness of these three members' access, and either provide additional justification for "all access", or revise access based on need for task-specific functionality.	Tim Bargeron/Leslie Baker/Gina Maliniak	7/1/2022  Audit Note: Testing in Process	Completed
People Control Function in PS	Overstaffing Report	PC-3	There was one 1 (school) that was overstaffed based on the report at the time of our review. The allocated amount on the report was 90, which was supported, while the staffing level on the report was 92.	Management should inquire if the Position Management Module could limit adding positions based on budgeted allocations. As the Allocation Application resides outside of the Position Management Module, this might limit the ability to implement this control.	Management has created an "IT work ticket" (#72444) to request that Agitech (contracted service provider) create an "overstaffed positions exceptions" report, with the recommended specification (above).  Updated Status 5/3/2023: Prior Work Ticket removed due to unclear request. Created new work ticket #99982 to show when the Staffing totals is greater than the Allocation totals on the Staffing Allocation Report. The mitigating control until that report is created is the 2 SpecialistPosition Controls Specialist correspond with the Allocation Specialist on a daily basis to keep abreast of staffing changes.	Tim Bargeron/Leslie Baker	  A report was created to review discrepancies. This report is being reviewed as part of the PAR.	Completed
					Audit Committee Comments:			

School District of Manatee County  
Internal Audit Exception Tracker

Benefits Conducted by CRI					Management Responses provided by SDMC (detailed Action Plans as provided by SDMC are available upon request)			
Report	Area	Issue Number	Exception	Recommendation	Management Response	Owner	Completed/Expected Date	Status
Benefits	Vendor Records	Benefits-1	<p>Our reconciliations of the Active Employee Roster from PeopleSoft to the eligibility records of the benefit vendors resulted in the following discrepancies:</p> <p>Benefit (Provider) Number Plans Billed April 2022 Number Discrepancies % Accounts Discrepancy Financial Impact Total Comments Medical (Meritain) 4,741 31 0.65% \$3,241.88 Administrative Fees Dental (MetLife) 4,051 12 0.30% \$6,503.07 Premiums Paid Vision (VSP) 3,458 9 0.26% \$1,955.39 Premiums Paid \$ 11,700.34 Total</p> <p>Note: Financial impact for medical is based on administrative fees (tested April invoice) since transition to Meritain in 2022. Financial impact for dental and vision are for those total premiums paid for plans since termination of those individuals by the District.</p>	<p>Management should perform the following:</p> <p>1. Contact the benefit vendors to recover any administrative fees, premium fees, or paid claims for plans that were not eligible per the District's records.</p> <p>2. The District should inquire about any additional claims or pending claims with the benefit vendors to ensure claims are not paid. This would include inquiring about paid medical claims for those identified in our testing prior to transition to Meritain while benefits were administrated by Blue Cross Blue Shield.</p> <p>3. The District should implement a reconciliation process when transition to a new benefit vendor or changes in benefit offerings to ensure clean records at start of coverage.</p> <p>4. The District should implement a monthly reconciliation process between the vendor records and District records to identify any terminated employees and/or new hires to identify any discrepancies. This should be conducted for any benefit that the vendor maintains a list of eligible participants and bills the direct based on the vendor records.</p> <p>5. All vendor record reconciliation processes should include retiree and COBRA participants.</p>	<p>The district has reached out to vendors to recover administrative fees, premium fees, or paid claims for plans that were not eligible per the District's records. Additionally, outreach has been made on pending claims and assurances were made that pending claims would not be paid. Meritain will refund any paid fees that occurred within the past 90-days. A monthly reconciliation process has been created between the vendor records and District records to identify any terminated employees and/or new hires to identify any discrepancies. The district is working with Agitech to ensure clean records are provided at the start of any new coverages.</p> <p>Additionally, Ticket: #75445 was created requesting Agitech revisit the file structure/layout against vendor specifications. The District will still need to determine if the files to MetLife Dental, VSP vision and Meritain allow addition of a termination date. Currently, members are supposed to drop off the eligibility files if no longer active in PeopleSoft.</p> <p>Update 5/3/2023: A termination date is sent on the file. 2. District inquired to confirm pending claims identified in testing audit were not paid by Meritain. 3 &amp; 4. The District has implemented a reconciliation process.</p>	Tracy Moore	1. February 2023; 2. February & March 2023; 3 & 4. January 2023.	Completed
Benefits	SOC Reports	Benefits-2	<p>The District does not review SOC reports for benefit vendors. Vendors could lack adequate and effective internal controls and safeguards. Additionally, there could be key Complementary User Entity Controls that the District is unaware of or has not adequately addressed.</p>	<p>The District should obtain and review the SOC reports and any other applicable or appropriate documentation to ensure benefit vendors have adequate and effective controls in place as well as the applicable key CUECs. The Benefits Department should work with the IT Department to review SOC reports and incorporate this process as part of the Information Technology Cyber Incident Response Team and Risk Assessment Guide. The District should also consider implementing the SOC review process with other departments.</p>	<p>The Benefits Department will work with the IT Department to review SOC reports and incorporate this process as part of the Information Technology Cyber Incident Response Team and Risk Assessment Guide.</p>	Tracy Moore/Scott Hansen/Ruth Gruett	Mar-23	Completed
					Audit Committee Comments:			

School District of Manatee County  
Internal Audit Exception Tracker

Purchasing Conducted by CRI					Management Responses provided by SDMC (detailed Action Plans as provided by SDMC are available upon request)			
Report	Area	Issue Number	Exception	Recommendation	Management Response	Owner	Completed/Expected Date	Status
Puchasing	Verbal and Written Quotes	Purchasing -1	Out of the 40 vendors and associated purchase orders tested, there were three (3) purchases that did not have three (3) verbal or written quotes obtained and documented. Upon further discussion with the Director of Purchasing, there is not a formal document to capture verbal or written quotes. A risk is that if additional quotes obtained are not documented, then there is no evidence of quotes being obtained at all. Thus there is a lack of documentation of the competitive pricing and that the policies and procedures have been followed. It is also the discretion of the purchasing associate to determine the number of quotes needed to support a purchase. The Purchasing Procedures Manual, The SDMC Program Decision Tree and The Purchasing Thresholds all contain language in regard to obtaining verbal and written quotes.	We recommend that Management perform the following:  1) Evaluate the dollar amount of threshold levels as it relates to verbal and written quotes. The evaluation should ensure that dollar threshold limits provide the ability to reasonably obtain quotes at certain levels for purchasing of materials. Also consider creating a form that captures verbal and/or written quotes that can be attached to the requisition in PeopleSoft. If a scenario exists in which less than three (3) quotes are obtained or needed, the decision should be documented on the form.  2) Based on result of the evaluation of threshold levels, update language in The Purchasing Procedures Manual, The SDMC Program Decision Tree and The Purchasing Thresholds documents, as well as any District policies, to ensure consistency as it relates to verbal and written quotes.	Consideration will be given to lowering the \$ threshold for formal written quotes and the requirements for informal quotes, whether verbal or written, will be evaluated. Any changes will be documented in both the purchasing manual and the purchasing user guide.  Per R. Gruett, Director of Purchasing, action has been completed.	Ruth Gruett	6/30/2023	Completed
	Vendor Database	Purchasing -2	We obtained a list of active District employees and compared to the Vendor Master File and performed matches based on Social Security Number (SSN)/Tax Payer Identification Number (TIN) and addresses to determine if any employees were set up as vendors. There were 79 SSN/TIN matches and 18 address matches. Of the 18address matches, 13 of these also had SSN/TIN matches, therefore there were 5 matches for address only, for a total of 84 matches.  We obtained responses from the Director of Purchasing for all 84 identified matches. Management reached out to various departments to receive information on why employees were set up as vendors, and performed proactive measures to inactivate the employees as vendors and discuss with department heads reasons why employees were set up as vendors. We also selected a sample from each of the types of matches to confirm, when applicable, that the vendor is now inactive, activity at the time was supported, there have been no payments to the employee since being hired (in those scenarios), and no payments have occurred since the reason for vendor set up. There was no inappropriate activity identified.	We recommend that Management perform the following:  1) When a vendor is created the Purchasing Department should inquire with Human Resources if the vendor is an employee. This could be performed by inquiring with or receiving an active employee report from Human Resources on a periodic basis.  2) Human Resources should review a vendor report when hiring a new employee. There should also be coordination between HR and Purchasing when employees are paid for work outside of the contract, such as for tutoring or other payments.or record reconciliation processes should include retiree and COBRA participants.  3) Vendors not used for a period of time should be made inactive. This would prevent possible selection of a vendor that is not being used by the District and could lead to fraudulent activity.	1) The Purchasing department initiated the practice of searching the District's address book in Outlook for a first/last named vendor in early November, 2022 prior to creating the vendor in PeopleSoft. This practice will identify any potential vendors that are also employees. A communication was sent to Principals and Bookkeepers in February, 2023 reminding them that employees cannot also be a vendor.  2) Current employees should never be set up as a vendor. Purchasing will communicate with HR as to the query they can run to do a vendor check before hiring an employee.  3) Purchasing began a review of Vendor activity in January, 2023. Of the 4,816 active vendor's to review, 2,926 have been evaluated with 781 vendors inactivated. This review will continue and is expected to be complete by March, 2023.  Per R. Gruett, Director of Purchasing, action has been completed.	Ruth Gruett	Mar-23	Completed
	Purchasing Procedures Manual	Purchasing-3	The Purchasing Procedures Manual does not contain the full list of documents utilized by Purchasing, and some of the documents utilized by Purchasing do not capture certain District and State Statutes. Although the threshold limits are set by the District and documented in various Policies, Procedures, and supplemental District Guidance, maintaining this documentation in various locations, especially Internal Purchasing Department documents, can make it difficult to ensure that all are up to date, consistent, and capture all needed information.	Management should perform the following:  1) Include The SDMC Program Decision Tree and The Purchasing Thresholds documents in the end user requisition guidance to provide snapshot overviews of the purchasing process.  2) Update The Purchasing Thresholds to include verbiage on exempt items.  3) Incorporate any other recommendations in the Purchasing Audit into internal Purchasing Department and end user documents, as appropriate, as it relates to the purchasing processes, such as any changes to purchasing thresholds, addition of quote forms, or review of vendor records. The Purchasing Department should also consider updating The Purchasing Procedures Manual to reference board work guidelines in regards to Not to Exceed Language.	A purchasing user-guide has been created for the requester community and draft review is currently underway. Thresholds and exemptions are included in the document, but will be updated with any changes that may be made to the threshold for written quotes. The SDMC Program Decision Tree will be added as supplemental material in the appendix.  The purchasing manual used exclusively by the purchasing department will be updated with recommended changes.  Per R. Gruett, Director of Purchasing, action has been completed.	Ruth Gruett	Jun-23	Completed
					Audit Committee Comments:			

School District of Manatee County  
Internal Audit Exception Tracker

MTC POS by CRI					Management Responses provided by SDMC (detailed Action Plans as provided by SDMC are available upon request)			
Report	Area	Issue Number	Exception	Recommendation	Management Response	Owner	Completed/Expected Date	Status
MTC POS	Bookstore Inventory	POS-1	Out of the 10 items tested, there were discrepancies for 4 items for a total of \$(1,302).	Management should perform the following: 1) Make all necessary inventory adjustments based on results of the internal audit count. 2) Implement a regular inventory count, such as a cycle count. 3) Develop procedures that capture the implement regular inventory count process.	Inventory adjustments will be completed by 4/30/23. Monthly cycle counts will be implemented, and semi-annual full inventory will be conducted in September and February each fiscal year.	Bookstore Manager	Report provided to D. Wagner. Will discuss with Responsible Associate to determine status	In-Process
					Audit Committee Comments:			

School District of Manatee County  
Internal Audit Exception Tracker

Contract Compliance Conducted by CRI					Management Responses provided by SDMC (detailed Action Plans as provided by SDMC are available upon request)				
Report	Area	Issue Number	Exception	Recommendation	Management Response	Owner	Completed/Expected Date	Status	
Contract Compliance	PeopleSoft Contract Assignment	CC -1	Based on discussion with Management and review of PeopleSoft reports, there were contract numbers not assigned to vendors in PeopleSoft. These contracts did not flow through the Purchasing Department.	1) Develop a process to ensure contracts are provided to the Purchasing Department for review prior to presentment to the Board. This would ensure that the Purchasing Department is involved in routing the contract for proper signatures, reviewing the contract for certain elements, and developing the Boardwork for consistency. Communication should be sent to vendor owners to notify of the need to involve the Purchasing Department in this process.  Additionally, to identify any contracts not routed through the Purchasing Department, a list of contracts being presented to the Board at each meeting should be provided to the Purchasing Department.  2) The Purchasing Department should complete the review of the report of possible vendors that should have a contract numbers assigned in PeopleSoft. This should include a review of spend for the school year to determine if payments to the vendor exceeded contracted amounts.	1) Enhance processes to ensure Cabinet and staff submit contracts to Purchasing Department for review and Board work preparation.  2) Purchasing will configure a contract in PeopleSoft when there are multiple payments expected against the contract.	Ruth Gruett, Purchasing Director	Number 1 Per R. Seller - Process now in Place  Number 2 - Completed per R. Gruett	Completed	
Contract Compliance	ESS Substitute Teacher Educational Documentation	CC-2	Out of 15 substitute teachers selected for testing, there were two (2) in which ESS did not have adequate support on file at time of testing for evidence of High School Diploma or Bachelor's Degree.  Measures were taken by ESS to obtain additional documentation from the substitute teachers as a result of the audit, however, support was only obtained for one (1) of the substitute teachers. As a result, the other substitute teacher was temporarily terminated until additional documentation can be provided.	Management should perform the following:  1) Ensure that ESS has a process in place to review that adequate supporting documentation is obtained for new substitutes.  2) Periodically request and review from ESS support of educational documentation for new substitutes.	ESS has implemented the following changes to address this issue:  A hiring coordinator has been hired locally to onboard substitutes and verify all proper documentation.  ESS of SDMC will meet weekly to discuss all applicants who have applied to be substitute teachers and paraprofessionals to ensure proper documentation.  Each semester ESS will conduct an internal audit of records to review documentation provided to verify all proper credentialing documentation for each substitute teacher and paraprofessional hired in previous years.  SDMC will implement the following:  SDMC will twice annually review a small random sample of existing ESS substitute teachers (5-10 staff) to verify proper credentialing documentation.	Rick Bailey, CHRO	August 2023  All initial items and ongoing reviews noted as Completed per Action Plan	Completed	
Contract Compliance	Centerstone Contract Language	CC-3	The Centerstone Contract lacks language for vendor requirements to allow for the ESE Department to effectively monitor for compliance.	A. Management should update the Centerstone Contract. The updated contract should focus on vendor requirements which allow the ESE Department to effectively monitor and manage the contract, and should possibly include:  1) Documentation provided monthly, quarterly, annual, etc. would include status reports, log, or meeting notes.  2) Documentation for payment of contract should include the list of therapists providing services for the month as well as the Monthly Counseling Program Logs to support work performed. Billing should reflect the number of therapists provided.  3) Define the level of therapist that is acceptable along with degree, certification and licenses, such as certified mental health professional or licensed clinical intern. The contract should also state required supervision of any clinical interns.  4) Outline the ability and involvement of the District to address with Centerstone remediation of any issues with therapists.  B. Additionally, we recommend the following regarding the Contract Management Verification Form:  1) The ESE Department should document on the Contract Management Verification Form the information reviewed to ensure compliance with the contract.  2) The District should update the Contract Management Verification Form that provides a section for all departments to document vendor provided information reviewed prior to approving invoices for payment.	A. 1 and 2: During the first month of the contract, we will request the documentation of the number of therapists who work for MCS as well as their student logs for each month.  3: At the beginning of the contract, we will request documentation of the therapist credentials to ensure compliance with standards and pay scale.  4: In the wording of the new contract, MCS will put a clause in the contract for dismissal of staff in case issues arise from the therapists being on our campuses.  B: 1: The Associate Director of ESE will review the contract management form quarterly to ensure the contract is in compliance.  2: District Response: The Contract Management Verification Form has a Comment section in which the information reviewed can be documented. It is not practical to modify the form for every service.  ESE Response – The ESE department will ensure the practices implemented by the district are followed and monitored monthly as the contract invoices are approved for payment.	Nicole Cox, ESE Director	Per Provided Action Plan, all items have been implemented initially and ongoing	Completed	
Contract Compliance	Carroll Air - Invoice Parts and Subcontracted Work	CC-4	There were 22 invoices associated with the Carroll Air contract for the 2022/2023 school year for a total of \$835,351. We selected a total of 6 invoices for \$231,071.93 for testing, and noted the following exceptions:  1) There were two (2) invoices, totaling \$545.21 in parts, in which Carroll Air did not show the discount off of catalog list price or indicate that it was billed at cost for the part listed on the invoice.  2) There were 2 invoices, totaling \$3,111.75, in which the sub-contracted invoice was not included with the invoice from Carroll Air.	Management should perform the following:  1) Require the vendor to itemize the material cost that includes any discounts and to provide support as needed.  2) Include subcontractor invoices for any work that is subcontracted.  3) Ensure other vendors are providing the itemized material information and invoices, as well as subcontractor invoice support.	Vendor was purchased by another Corporation and relevant files are available but will require time to retrieve. Vendor has stated they will have required documents available within approximately 4-weeks. They are cooperative and we anticipate they will be forthcoming with the requested documentation.  In the next few weeks the Director Maintenance & Operations will be working with staff and purchasing to craft a process to review bid(s) language as it relates to vendor requirements on documentation for submission for payment. The process will also include a periodic review of vendor invoices to determine if the vendor(s) is/are following the bid language. Vendors will be notified if corrections are needed.	Todd Henson, Director Maintenance & Operations	August 2023 - Procedures have been created for the Department for review of invoices.	Completed	
Contract Compliance	District Terms and Conditions	CC-5	The District's Terms and Conditions contain sections that include Confidentiality, Compliance with Regulations, Governing Law, and Invoice Requirements, as well as sections for compliance with Jessica Lunsford Act (JLA), Contact with Students, Public Record Requests, and Compliance to Sunshine Law. We noticed in the contracts we reviewed that the District's Terms and Conditions did not include a Right to Audit clause. For the 3 contracts included in this internal audit, the vendors provided all documentation requested.	We discussed with the interim General Council if there is another section or if a Right to Audit Section is something that the District could incorporate within the Terms and Conditions. After review it was communicated that the District would consider incorporating a Right to Audit section. It should be noted that during this Audit vendors provided documentation when requested.	Statement of Clarification will be reviewed to determine whether such statement is necessary for inclusion in a contract.	General Counsel	September 30,2023  Audit will follow up if completed.	In-Process	
					Audit Committee Comments:				

School District of Manatee County  
Internal Audit Exception Tracker

MTC Financial Aid by CRI					Management Responses provided by SDMC (detailed Action Plans as provided by SDMC are available upon request)			
Report	Area	Issue Number	Exception	Recommendation	Management Response	Owner	Completed/Expected Date	Status
MTC Financial Aid	Pell Grant Process Documentation	PG-1	Although Policy and Procedures, Job Aids, and Student Handbooks have been created for guidance on the parameters, requirements, and steps in the Pell Grant Program process, detailed procedures on the steps performed to execute and comply with set guidance have not been documented.	Management should perform the following: 1) Document the detailed processes to monitor for Pell Grant program requirements, which would include the review by the Financial Aid Office of attendance and Satisfactory Academic Performance as part of the financial aid disbursement process. 2) Develop a Cost of Attendance Policy (COA) that would capture the process for the calculation for determining student costs. Management should incorporate guidance on COA Policy from the FAFSA Simplification Act	Management agrees with the recommendation. Documentation has been developed and added to the Policies and Procedures manual. Financial Aid (FA) Specialists have begun to check attendance weekly for withdrawal and disbursement purposes and all students are checked for SAP prior to disbursements.  Cost of Attendance Policy has been developed and added to the Policies and Procedures manual. Policy was developed based on FAFSA Simplification Act that has been adopted and using <a href="https://livingcost.org/cost/united-states/fl/bradenton">https://livingcost.org/cost/united-states/fl/bradenton</a> as our guideline.	Pat Forsythe / Financial Aid Coordinator Aurea Gonzalez; Brittany Burton; Alexis Causey; Sandy Sanchez / FA Special	Documentation completed – Monitoring is ongoing.	Completed
MTC Financial Aid	Pell Gran Recons	PG-2	Although the Financial Aid Office performs monthly internal and external reconciliations, as well as the required annual reconciliation of Pell Grant funds, procedures have not been documented. Additionally, reconciliations are not designed to fully incorporate recommended practices as noted in the FSA Handbook.	Management should perform the following:  1) Document the monthly and annual Pell Grant reconciliation. As noted in the guidance, the reconciliation should describe who, how and when the reconciliations are performed. Procedures should also include what reports are used in the reconciliation process, steps to research discrepancies, and final sign off by preparer and reviewer. Completed reconciliations, both internally (between Campus Solutions and FSCM) and externally (between Campus Solutions and COD) should be shared with the SDMC Accounting Department.  2) Review the FSA Handbook for recommended general reconciliation practices to include in the monthly internal and external reconciliation process as well as the annual reconciliation process. Reconciliations should include comparisons between data sources and comments for any pending items.	Management agrees with the recommendation. Our reconciliation procedure has changed beginning with the 2023-2024 school year. The FSA Handbook was referenced for these changes. We are now reconciling monthly, with the district, using a newly developed Corrections Spreadsheet, documenting discrepancies between COD funding dates and disbursement dates. The result is a match of the district internal report, CS report/spreadsheets out of FA as well as the external COD report. All changes are documented and dated.  All procedures have been added to Policies & Procedures manual.	Pat Forsythe / Financial Aid Coordinator	8/10/23 Completed	Completed
MTC Financial Aid	Return of Title IV Funds Procedures	PG-3	Out of the 67 withdrawals for the 22/23 school year, there were four (4) identified in which Return of Title IV Funds (R2T4) calculations were conducted more than 30 days after the school's determination that the student withdrew. Our testing was expanded to the entire population for this attribute as 2 out 8 in our sample had calculations performed past the 30 days.	Management should perform the following:  1) Fully implement the newly developed procedures for the 23/24 school year for the Financial Aid Office to monitor attendance to identify students that possibly withdrew. This procedure should be documented and the procedures should utilize queries or other tools within Campus Solutions.  2) Documented procedures should also be developed for the R2T4 calculation process performed by the Financial Aid Office. The procedures should include the identification of withdrawals (referencing Recommendation 1), performance of the calculation on the COD site, required documentation to maintain as support, and steps once the calculation is completed. Additionally, Management should ensure that procedures reflect regulatory guidance.	Management should perform the following:  1) Fully implement the newly developed procedures for the 23/24 school year for the Financial Aid Office to monitor attendance to identify students that possibly withdrew. This procedure should be documented and the procedures should utilize queries or other tools within Campus Solutions.  2) Documented procedures should also be developed for the R2T4 calculation process performed by the Financial Aid Office. The procedures should include the identification of withdrawals (referencing Recommendation 1), performance of the calculation on the COD site, required documentation to maintain as support, and steps once the calculation is completed. Additionally, Management should ensure that procedures reflect regulatory guidance.	Pat Forsythe /Financial Aid Coordinator Aurea Gonzalez; Brittany Burton; Alexis Causey / Financial Aid Specialists	Recommendation 1 – Completed May 2023 Recommendation 2 - Estimated Dated - December 2023	Completed
					Audit Committee Comments:			

**To:** Audit Committee of the School Board of Manatee County

**From:** Carr, Riggs & Ingram, LLC

**Date:** February 20, 2024

**Re:** Risk Assessment Update Memo

The previous Districtwide comprehensive Internal Audit Risk Assessment was conducted in 2020. The Internal Audit Risk Assessment enables Internal Audit to prioritize and focus activities on key risks, as well as organizational strategic objectives. To assess changes in an organization's risk profile the Internal Audit Risk Assessment should be updated at least annually.

In order to identify areas for potential Internal Audits for the 2024/2025 school year, we held meetings with members of District Management, Board Members, and Audit Committee Members and discussed the following topics:

- Major changes in the 2023/2024 School Year (staffing, structure, regulatory)
- Major changes expected in the 2024/2025 School Year (staffing, structure, regulatory)
- Top 3 risks within Departments/Areas of responsibility
- Top 3 risks for the District
- Potential areas for review in Department and District

We consolidated the areas and topics discussed and update the previous Risk Assessment at Attachment A. We added fields to document those areas that had Internal Audits performed since 2020 along with comments of potential areas to audit for 2024/2025. Additionally, the document captures the parties that perform audits of certain areas; such as Federal, State, Internal Audit, or External Audit.

**Suggested Audit Areas (Estimated Hours):**

- Sales Surtax (200)
- Payroll (300)
- Citizens' Financial Oversight Committee (CFOC) – Millage Referendum (300)
- Human Resources - Discipline (250)

- PCARD (200)
- Special Projects (150)
- Carry Over 23/24 Audits (50)
- Post Audit Reviews (Medical Claims, Transportation, Facilities and Maintenance, etc.) (200)

Other areas of concern that were identified through discussions with Management and Board Members:

- Succession Planning
- Elementary & Secondary School Emergency Relief (ESSER) Fund
- PeopleSoft Support
- Construction Costs

DRAFT

**School District of Manatee County**  
**Audit Universe**  
**Functional Areas and Auditable Units**  
**as of 7/22/2020. Comments as of 2/21/2024**

**Audit Performed By Key**  
 IA = Internal Audit      FA = Federal Audit  
 EA = External Audit      SA = State Audit

Likelihood of Risk	Severity of Occurrence				
	Minimal	Limited	Moderate	Significant	Catastrophic
	M	H	H	C	C
	L	M	H	C	C
	L	M	M	H	C
	VL	L	M	M	H
	VL	VL	L	M	H

	Audit Universe	Likelihood	Severity	Overall Risk	Audit Performed By	Internal Audit Performed since 2020?	General Comments
1	<b>Instructional Services</b>						
1	Curriculum and Professional Learning	3	2	Medium			
2	Exceptional Student Education	2	2	Low	SA		
3	Adult, Career, and Technical Education (MTC)	2	2	Low	SA/EA	Yes	POS and Financial Aid in 22/23 School Year.
4	Federal Programs and Grants	3	3	Medium	SA/FA		
5	Elementary-Secondary Education	3	3	Medium	SA		
6	Student Services (Alternative Program, Discipline)		3	Medium	SA		
7	Student Demographics, Projections, and Assignments			Very Low	SA/IA		
8	District Support (Virtual and Charter Schools)	2	1	Very Low			
9	Athletics	2	2	Low			
10	School Improvement	3	2	Medium			
11	Safe Schools (Violence, Alcohol, Tobacco, Drug Prevention)	3	3	Medium	SA		
12	School Health	2	4	Medium	SA		
13	Manatee Schools Television (MSTV)	2	3	Medium			
2	<b>Operations</b>						
14	Capitol Projects/Facilities Design & Construction	3	2	Medium	SA	Yes	Construction Operations Audit and Construction PAR
15	Food and Nutrition Services	2	3	Medium	SA		
16	Maintenance, Warehouse, and Operations	3	1	Low	SA	Yes	Maintenance and Facilities 23/24 Audit Plan.
17	Transportation	2	4	Medium	IA	Yes	Transportation - 20/21 Transportation - 23/24 Added
18	School Safety (Resource Officers, Security)	3	4	High	SA	Yes	Performed by In House Internal Auditor - 21/22 School Year
3	<b>Finance</b>						
19	Accounts Payable	3	3	Medium			
20	Accounts Receivable	2	2	Low			
21	Budgets	2	4	Medium		Yes	Budget Function Audit was conducted in 21/22. Budget Phase II on schedule in 22/23.
22	Capital Expenditures	3	2	Medium	SA/EA		
23	Federal Programs and Grants	3	2	Medium	SA/EA/FA		
24	Full Time Equivalent (FTE)	2	4	Medium		Yes	Included in Budget Function Audit in 21/22
25	Cash Management and Treasury	2	3	Medium	SA/EA		
26	Account Analysis	2	3	Medium			
27	Bank Reconciliation	3	3	Medium	SA/EA	Yes	Part of Payroll audit and Payroll PAR
28	Financial Reporting and Disclosures	3	3	Medium	SA/EA		
29	Property and Equipment	2	2	Low			
30	Purchasing Card (P-Card)	2	2	Low	SA/EA		Suggestion - Another component of the Purchasing Process
31	Payroll	2	3	Medium	IA/SA	Yes	Payroll Audit and Payroll PAR
32	Internal Accounts	3	2	Medium	EA	Yes	Bookkeeper and Principal Changes
33	Purchasing & Bidding	2	3	Medium		Yes	Purchasing Audit
4	<b>Human Resources</b>						
34	Risk Management	2	2	Low	SA		
35	Personnel	3	2	Medium	SA	Yes	Personnel Audit
36	Benefits	2	2	Low		Yes	Benefits Audit 22/23 Medical Payment Claims 23/24
5	<b>Executive (includes Board)</b>						
37	Governance	3	3	Medium			Reviewed as part of audits for Board Approvals and review, policies, Budgets, Purchasing, Positions, etc.
38	Communications	3	3	Medium			
39	Legal Services	2	3	Medium			
6	<b>Information Technology</b>						
40	Information Technology	3	3	Medium	SA/IA	Sylint	
41	Site Support Services	3	3	Medium	SA/IA	Sylint	
42	Infrastructure Services	3	3	Medium	SA/IA	Sylint	
43	Property Records	3	4	High	SA/IA		This was High at the time due to following factors 1) Process being highly manual (Student records for current students will be completely imaged by the end of the 22/23 school year. Records for students that are no longer active will be imaged by the end of the 23/24 school year.) 2) Potential for Fraud due to Cash Handling (Cash is no longer handled. Payments for student record requests are made through a third party). 3) Change in Management (at the time the person over the area was new).

44	Systems & Programming Services	3	3	Medium	SA/IA	Sylint	
45	BCDR	3	3	Medium	SA/IA	Sylint	
	PeopleSoft ERP					Yes	Evaluated during each audit.
7	Special Audits -Statutory compliance, mandate testing						
46	Bond Issuance	2	3	Medium	IA		
47	Bond Compliance	3	2	Medium	IA		
				Medium	IA	Yes	Annual Sales Surtax Audit
48	Advalorem and Sales Tax Compliance	3	2				

DRAFT

# Internal Risk Assessment for the 2020/2021 School Year

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**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

# OVERVIEW

- ➡ RISK ASSESSMENT PROCESS
- ➡ RISK ASSESSMENT RESULTS
- ➡ 2020-2021 SUGGESTED INTERNAL AUDIT PROJECTS

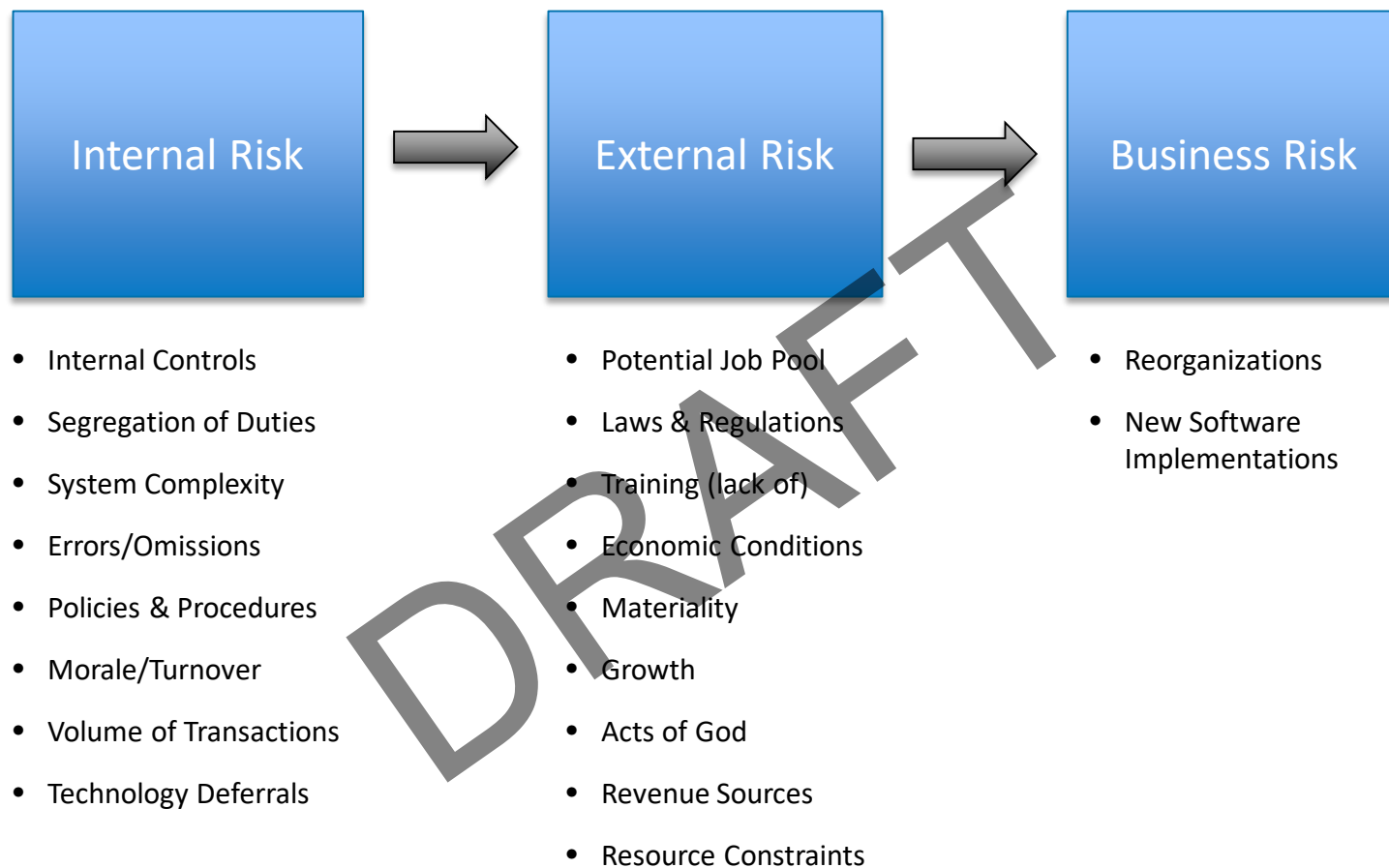
# RISK ASSESSMENT

- Internal Audit Standard 2010.A1 requires Chief Audit Executives to develop a risk based audit plan on an annual basis.
- The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.
- Audit Committee requested Internal Audit perform a districtwide risk assessment.
- Internal Audit used the industry standard, simple but systematic approach leveraging management experience to determine level of risks.
- Requested information on each Division's Internal and External Risks, through meetings with over 50 members of staff, management, Audit Committee, and Board Members.
- Evaluated risk scoring with subjective questions to suggest Internal Audit Projects for Audit Committee consideration.

# RISK ASSESSMENT PROCESS



# INTERNAL & EXTERNAL RISKS



# Risk Factors Evaluated for Each Auditable Entity

- ☐ Existence of District Policies
- ☐ Frequency of annual policy review and update
- ☐ Existence of written procedures
- ☐ Frequency of annual procedure review and update
- ☐ Highly technical specialized skillsets are required, present and available where necessary.
- ☐ Adequacy of staff levels
- ☐ Staff competency is commensurate with complexity of work
- ☐ Staff turnover
- ☐ Management turnover
- ☐ Level of manual systems/processes
- ☐ Opportunity for fraud
- ☐ Determination of need for High level discretionary judgement
- ☐ Degree of regulatory oversight
- ☐ Degree of public/political scrutiny

# PROBABILITY & SEVERITY RANKING SYSTEM

## Probability Choices

## Severity Choices

Likelihood of Risk			Severity of Occurrence		
1	Remote	Likely to occur only in exceptional circumstances. Will require little to no change in capabilities, technology, experience or processes. Operation is very prepared to manage related risk.	1	Minimal	Easily addressed and managed at manager/staff level. Business objectives being met. Confined to a local scale.
2	Unlikely	Not very likely to occur under normal circumstances. Will require limited change in existing capabilities, technology, experience or processes. Operation is prepared to manage related risk.	2	Limited	May cause temporary difficulty but manageable as part of ongoing operations. Business objectives generally being met. Confined to a local scale.
3	Possible	Event could occur at some time under normal circumstances. Will require limited or relatively new capabilities, technology and/or experience. Operation is moderately prepared to manage related risk.	3	Moderate	Disruption to operations, requires management engagement and oversight. Business objectives somewhat impaired, needing improvements.
4	Likely	Event is likely to occur under normal circumstances. Event is moving quickly but there is limited or new capabilities, technology and/or experience. Operation is minimally prepared to manage related risk.	4	Significant	Requires high level senior management attention. Business objectives are not met, including quality, safety and service.
5	Almost Certain	Event is expected to occur in most circumstances. Event is urgent and/or moving quickly and requires new or untested capabilities, technology and/or experience. Operation is very unprepared to manage related risk.	5	Catastrophic	Crisis mode -serious impact to operation, reputation, quality, safety and/or financials.

# Subjective Questions

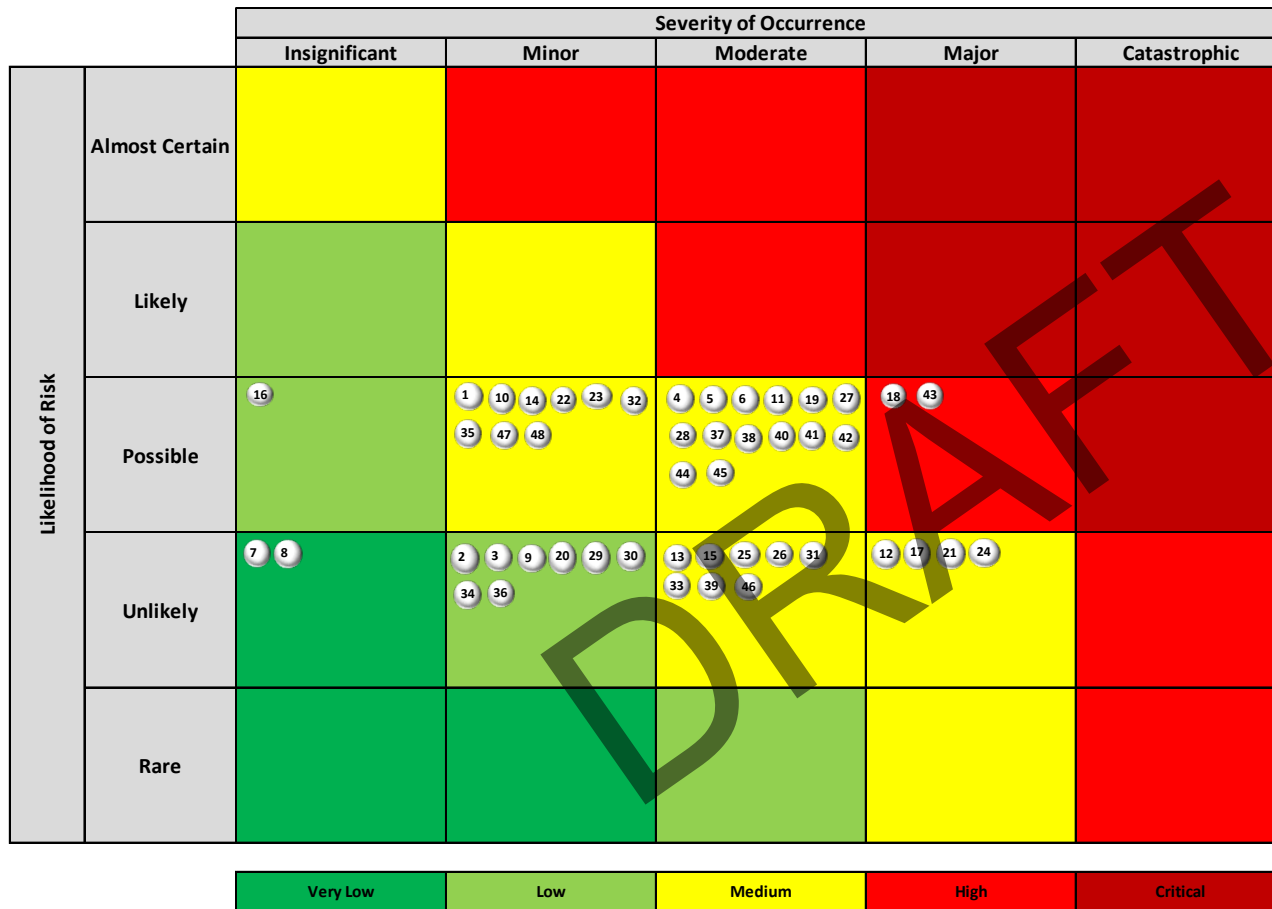
- ☐ What are the current roles, objectives and goals?
- ☐ Are there currently any back up or contingency plans?
- ☐ What is the status of current technology/system resources?
- ☐ What current issues/challenges are prevalent?
- ☐ What could be improved/changed/added to make more efficient or effective operations?
- ☐ What does the 1-3 year future planning entail?

# HEAT MAP – Auditable Entities



- ① Instructional Services
- ② Operations
- ③ Finance
- ④ Human Resources
- ⑤ Executive
- ⑥ Information Technology
- ⑦ Special

# Heat Map – Audit Universe



See Appendix A for Summary of Risk Assessment Results

- 1 Curriculum and Professional Learning
- 2 Exceptional Student Education
- 3 Adult, Career, and Technical Education (MTC)
- 4 Federal Programs and Grants
- 5 Elementary-Secondary Education
- 6 Student Services (Alternative Program, Discipline)
- 7 Student Demographics, Projections, and Assignments
- 8 District Support
- 9 Athletics
- 10 School Improvement
- 11 Safe Schools
- 12 School Health
- 13 Manatee Schools Television (MSTV)
- 14 Capitol Projects/Facilities Design & Construction
- 15 Food and Nutrition Services
- 16 Maintenance, Warehouse, and Operations
- 17 Transportation
- 18 School Safety (Resource Officers, Security)
- 19 Accounts Payable
- 20 Accounts Receivable
- 21 Budgets
- 22 Capital Expenditures
- 23 Federal Programs and Grants
- 24 Full Time Equivalent (FTE)
- 25 Cash Management and Treasury
- 26 Account Analysis
- 27 Bank Reconciliation
- 28 Financial Reporting and Disclosures
- 29 Property and Equipment
- 30 Purchasing Card (P-Card)
- 31 Payroll
- 32 Internal Accounts
- 33 Purchasing & Bidding
- 34 Risk Management
- 35 Personnel
- 36 Benefits
- 37 Governance
- 38 Communications
- 39 Legal Services
- 40 Information Technology
- 41 Site Support Services
- 42 Infrastructure Services
- 43 Property Records
- 44 Systems & Programming Services
- 45 BCDR
- 46 Bond Issuance
- 47 Bond Compliance
- 48 Advalorem and Sales Tax Compliance

Manatee County School District  
2020-2021 Annual Risk Assessment  
Instructional Services

Instructional Services		Likelihood of Risk					Severity of Occurrence				
		1	2	3	4	5	1	2	3	4	5
1	Curriculum and Professional Learning			3				2			
2	Exceptional Student Education		2					2			
3	Adult, Career and Technical Education (MTC)		2					2			
4	Federal Programs and Grants			3					3		
5	Elementary-Secondary Education			3					3		
6	Student Services			3					3		
7	Student Demographics, Projections and Assignments		2				1				
8	District Support (Charter and Virtual Schools)		2				1				
9	Athletics		2					2			
10	School Improvement			3				2			
11	Safe Schools			3					3		
12	School Health		2							4	
13	Manatee Schools Television (MSTV)		2						3		
Total		0	14	18	0	0	2	10	15	4	0
Average Score		2					2				

Operations		Likelihood of Risk					Severity of Occurrence				
		1	2	3	4	5	1	2	3	4	5
1	Food and Nutrition Services		2						3		
2	Capitol Projects/Facilities Design & Construction			3				2			
3	Maintenance and Operations			3			1				
4	Transportation		2							4	
5	School Safety			3						4	
Total		0	4	9	0	0	1	2	3	8	0
Average Score		3					3				

Manatee County School District  
2020-2021 Annual Risk Assessment  
Finance

Finance		Likelihood of Risk					Severity of Occurrence				
		1	2	3	4	5	1	2	3	4	5
1	Accounts Payable			3					3		
2	Accounts Receivable		2					2			
3	Budgets		2							4	
4	Capital Expenditures			3				2			
5	Federal Programs and Grants			3				2			
6	Full Time Equivalent (FTE)		2							4	
7	Cash/Investment Management and Treasury		2						3		
8	Account Analysis		2						3		
9	Bank Reconciliation			3					3		
10	Financial Reporting and Disclosures			3					3		
11	Property and Equipment		2					2			
12	Purchasing Card (P-Card)		2					2			
13	Payroll		2						3		
14	Internal Accounts			3				2			
15	Purchasing and Bidding		2						3		
Total		0	18	18	0	0	0	12	21	8	0
Average Score		2					3				

Human Resources		Likelihood of Risk					Severity of Occurrence				
		1	2	3	4	5	1	2	3	4	5
1	Risk Management		2					2			
2	Personnel			3				2			
3	Benefits		2					2			
Total		0	4	3	0	0	0	6	0	0	0
Average Score		2					2				

Executive (Including Board)		Likelihood of Risk					Severity of Occurrence				
		1	2	3	4	5	1	2	3	4	5
1	Governance			3					3		
2	Communications/Family and Community Engagement			3					3		
3	Legal		2						3		
Total		0	2	6	0	0	0	0	9	0	0
Average Score		3					3				

Information Technology		Likelihood of Risk					Severity of Occurrence				
		1	2	3	4	5	1	2	3	4	5
1	Information Technology			3					3		
2	Site Support Services			3					3		
3	Infrastructure Services			3					3		
4	Property Records			3						4	
5	Systems & Programming Services			3					3		
6	BCDR			3					3		
Total		0	0	18	0	0	0	0	15	4	0
Average Score		3					3				

Special Audits		Likelihood of Risk					Severity of Occurrence				
		1	2	3	4	5	1	2	3	4	5
1	Bond Issuance		2						3		
2	Bond Compliance			3				2			
3	Advalorem and Sales Tax Compliance			3				2			
Total		0	2	6	0	0	0	4	3	0	0
Average Score		<u>3</u>					<u>2</u>				

# Common Risks

The following Common Risks were identified through surveys, interviews, and risk assessment scoring:

- Systems/Processes are highly manual in nature and/or PeopleSoft limitations – (Personnel, Payroll, Finance, Construction)
- COVID 19 Impact – (Districtwide, including Information Technology, Funding, School Safety, Personnel, Budget)
- Personnel Changes – (Finance and Information Technology)

# Audit Plan Assumptions

School District is audited by the many different entities and the goal is to establish a risk based audit plan that doesn't over or under audit any one program area if possible. Currently the District undergoes the following "audits":

- External audit firm selected by the School Board to perform financial/yellow book audit two out of three years.
- Auditor General performs the financial audit/yellow book audit of the School Board one out of three years.
- Auditor General performs operational audits at least one out of three years or as necessary depending on risk.
- The Federal and/or State Department of Education conducts various field audits as they deem necessary at least every other year on FTE's, student demographics, school improvement, transportation, and various other grant programs.
- The Federal and/or State Department of Agriculture conducts various field audits as they deem necessary at least every other year on the student lunch programs.
- Internal audit conducts operational, fraud, and financial account audits of the District as requested at the direction of the Board, Audit Committee or Management.