Indian River School District

Kathleen K. McGuiness, RPh, CFE
Delaware State Auditor

Why This Engagement? This engagement was conducted in accordance with 29 Del. C. § 2906 and evaluated the district’s compliance with state laws and regulations regarding criminal background checks required for all district employees, contractors, volunteers and student teachers.

Our performance audit had two objectives:

(1) Determine if the district complied with state laws and regulations for criminal background checks on all required employees, contractors, volunteers and student teachers, and
(2) Assess the district’s internal controls and determine if the controls have been properly employed to reduce the risk of harm to district students.

This report is intended to assist district management with recommendations to improve procedures, processes and internal controls as necessary.

What Was Found? We found the district could strengthen its internal controls in several ways, including by improving documentation to ensure the following:

(1) employees, contractors, volunteers and student teachers are cleared, certified and suitable for their positions in accordance with state laws and regulations, and
(2) employee, contractor, volunteer and student teacher files contain the requisite documentation to provide evidence of the district’s compliance with relevant state laws, regulations and policies.

The report contains several recommendations for improvement, which we encourage district management to consider implementing. These recommendations were developed based on evaluation of audit evidence obtained for not only this school district but also all districts across the state, and they are designed to help keep schoolchildren safer by improving internal controls related to certifying the criminal background check processes.

The Indian River School District Criminal Background Checks Performance Audit for 2014 through 2019 can be found on our website: click here.

Please do not reply to this email. For any questions regarding the attached report, please contact State Auditor Kathleen K. McGuiness at Kathleen.Mcguiness@delaware.gov.
To the Indian River School District:

The attached reports provide the results of our performance audit on compliance with criminal background checks for the Indian River School District, including employees, volunteers, contractors, and student teachers, in accordance with the criteria set forth in the Delaware Code. The scope of this audit was January 1, 2014, through December 31, 2019.

My office is authorized under 29 Del. C. Ch. 29, §2906 to perform postaudits of all state agencies. The district’s management is responsible for criminal background checks, internal controls, and compliance with applicable Delaware Code.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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 report can be accessed online through the State Auditor’s website at [http://auditor.delaware.gov](http://auditor.delaware.gov).

Sincerely,

Kathleen K. McGuiness, RPh, CFE
State Auditor

December 21, 2021
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Abbreviations:

CBC    Criminal Background Check
DELJIS  Delaware Criminal Justice Information System
DHR    Department of Human Resources
DELDOT  Delaware Department of Transportation
DOE    Department of Education
DSCYF  Department of Services for Children, Youth and Their Families
FBI    Federal Bureau of Investigation
FSF    First State Financials
OAOA  Office of Auditor of Accounts
PHRST  Payroll Human Resources Statewide Technology
SBI    State Bureau of Identification
SD    School District

The mission of the Delaware Office of Auditor of Accounts
The Delaware State Auditor serves Delawareans by providing independent objective oversight of the state government’s use of taxpayer dollars with the goal of deterring fraud, waste and abuse through unbiased assessments, including the use of various audits, special reports, and investigations of financial operations designed to ensure statutory compliance while enhancing governmental economy, efficiency and effectiveness.

For further information on this release please contact:

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kathleen.mcguiness@delaware.gov
Audit Authority

OAOA is authorized under 29 Del. C. Ch. 29, §2906 to perform postaudits of all state agencies. Therefore, OAOA is authorized to conduct postaudits of the Department of Education and its school districts, including financial expenses, internal controls, and compliance associated with obtaining and reviewing criminal background checks for employment purposes.

Background

Overview

Criminal Background Checks (CBCs) and reference checks are an employer’s principal means of securing information about potential hires from sources other than applicants themselves. A CBC involves determining whether an applicant may be unqualified for a position due to a record of criminal conviction or other misrepresentation. The top reasons to conduct CBCs include mandates by law/regulations, to protect children from harm, to improve the quality of hires, and to protect the employer’s reputation. Public schools must follow certain protocols in obtaining CBCs in the hiring process. The protocols incorporate legal issues and protections due to the State’s commitment to nondiscriminatory employment practices.

Laws and Regulations

The State of Delaware and the Delaware Department of Education have addressed laws and regulations that require fingerprinted CBCs for prospective employees, contractors, volunteers and student teachers during the employment (hiring) process to help ensure the safety of children.

Title 31 §309 of the Delaware Code governs the requirement for CBCs for child-serving entities such as public schools and employees of the Department of Education. Title 31 §309 also addresses criminal activity preventing employment in child-serving entities, including felony convictions involving physical or sexual assault crimes, other violent felonies, misdemeanor convictions against children, and the prohibition requirements.

Delaware Title 14 of the Delaware Administrative Code §745 Public School Related Employment and §746 Student Teacher Placement detail CBC regulations, including purpose, definitions, procedures, and length of a valid CBC, as well as exemptions for continuous employment, appeals, confidentiality, penalties, and subsequent criminal history. Delaware law prevents individuals who have been convicted of crimes related to children – including child abuse (sexual and otherwise), neglect, kidnapping, and other violent crimes – from working in a Delaware school district.

Indian River School District Board of Education and Management

The main goal of public schools is to provide students with a challenging and safe learning environment. Meeting this goal requires the public school to hire qualified staff who ensure the safety and protection of the children. The Indian River School District has a Board of Education that acts as the governing body of the school district, with oversight of educational affairs such as employment practices, compliance with laws and regulations, and approval of policies. The board consists of ten elected officials who each serve five-year terms. The board meets monthly to approve the school district’s hiring recommendations. District management is responsible for establishing and maintaining an effective internal control structure.
Indian River School District Characteristics (Quick Facts)

Indian River School District, located in Sussex County, operates K-12 schools with 10,592 students in 14 buildings/schools as of FY2021. Indian River School District employs 1,387 employees to educate and support its students as of FY2021. Other groups supporting the school district include student teachers, volunteers and contractors. The employees responsible for the CBC process in the school district are the Director of Personnel, the Director of Business, two District Investigators, and three Personnel Secretaries.

Indian River School District Criminal Background Check Practices

As part of the application for public-school-related employment, the contract for services, or the volunteer agreement, candidates sign a Release for Criminal Background Check Information form approved by the Department of Education. Before beginning work, all prospective employees, student teachers, volunteers, and contractors are required to obtain a fingerprinted CBC completed by the Delaware State Police State Bureau of Identification (SBI) and the Federal Bureau of Investigation (FBI). A public school may place a candidate in a position provisionally in accordance with Delaware Code; however, the candidate must comply with the provisions defined in the regulation. Final candidates for employment, or those who enter into a contract for services, may have a CBC from other states accepted if certain conditions defined in the regulation are met. The SBI CBC report shows any criminal activity that occurred in Delaware, and the FBI report shows any criminal activity nationwide. Delaware Code allows that if there is prohibited criminal activity history, the employment offer may be rescinded prior to employment, or employment may be terminated.

SBI provides the state with a central repository for the collection and accurate organization of criminal arrest records, crime report(s), and missing persons reports for Delawareans using the DELJIS system. The Delaware State Police front desk operations provide fingerprinting services for individuals requiring a criminal background history check for employment. The potential employee is required to provide photo identification, such as a valid driver’s license or state ID (from any state) but is not required to provide a Social Security number or birth certificate. The Delaware SBI Criminal History Section is responsible for the research and completion of criminal history background checks, which are titled “State of Delaware Certification of Criminal Background Check.” The Delaware SBI Criminal History Section also electronically submits a request for a federal CBC to the FBI, which provides the “FBI Criminal Background Check Civil Applicant Response.”

SBI mails the CBCs directly to the designee that the school district has appointed to receive the hard copy of the CBC documentation. The SBI and FBI CBCs are submitted to the school district Human Resources department for review. The school district reviews the CBCs for any prohibitions (offenses) that may endanger its students and makes the required determination of suitability for employment based on the laws and regulations and any other criteria the public school may establish. Indian River SD has two District Investigators that conduct a background investigation on the applicant. The investigators run the applicant through Transunion TLOxp to view criminal history and other pertinent information. Once the investigation is completed, the investigators will interview the applicant where any offenses are discussed in further detail. The Director of Personnel, in consultation with District Investigators and the district’s attorney, reviews the CBC documents as well as reports generated from DELJIS to determine suitability. Once suitability is determined, a letter is sent to the applicant stating that they are able to work within the district. In cases where the district deems the applicant unsuitable, the applicant will receive a verbal or written notification that they may appeal the district’s decision. In more complex criminal history background check cases, the school district will refer to its attorney and District Investigators for additional advice.
If the applicant is a student teacher, SBI mails the CBCs directly to the applicant’s higher education institution, and the institution’s Human Resources/Administrator of Educator Preparation Program makes the initial determination for suitability for placement in the school district. Once suitability is determined by the higher education institution, background checks are sent to the school district, where the final determination of suitability occurs.

The school district is responsible for confidentiality, proper security precautions (including locked, fireproof cabinets), and record retention of the CBCs as part of the Human Resources employee personnel files. The Indian River School District does not use the CBC complete date field in Payroll Human Resources Statewide Technology (PHRST) system. The Director of Personnel maintains an Excel document to track receipt of CBCs for employees but not for volunteers, contractors, or student teachers. Volunteers’ packets are also kept as supporting documentation for the monitoring of volunteers. All applicants return the CBC submission fee receipt to the school district, which is placed in the employee file with the CBC when it is received.

The CBC is valid for twelve (12) months; however, if the employee becomes continuously employed by a Delaware public school, the background check is required to be kept on file for a minimum of five (5) years by the Delaware public school. Each person who has been continuously employed in a Delaware public school is exempt from obtaining a new CBC. Higher education institutions dispose of the student teacher CBC no earlier than six (6) months after students graduate from the entity.

The State of Delaware and Delaware Department of Education do not require that periodic CBC reports be obtained throughout employment/service with the school district. However, the DELJIS system has an automated process to notify the school district/DOE regarding persons who have new activity on their criminal record after completion of the initial CBC process. The automated process helps ensure that persons serving vulnerable populations, such as children in schools, remain fit to serve.
Audit Objectives

In accordance with the provisions of the Delaware Code and Generally Accepted Government Auditing Standards, we have conducted a performance audit of certain aspects of the CBC process to confirm the district has effectively used resources to ensure the safety of district children. The audit focused on the functions of the Indian River School District, the SBI, and the FBI. The Indian River School District is the entity primarily responsible for management of the CBC process for its employees, student teachers, volunteers, and contractors. SBI serves as the state’s repository for CBC information. The FBI is the national repository for CBC information.

The objectives established for the performance audit include:

- Determine if the school district is compliant with performing CBCs on covered personnel (Employees, Volunteers, Contractors, Student Teachers) and updating the background checks with subsequent criminal history as required under Delaware Administrative Code [14 Del. Admin C. §745 and §746]. This also includes the completion of the final determination of suitability for the Public School.

- Assess the school district’s internal control structure to determine if it is designed to provide reasonable assurance for CBC objectives and make recommendations, as considered necessary. For example, this includes determining if the Board Policy and school district procedures to implement laws and regulations are clear, complete, and actionable.

Audit Scope

The scope of the engagement covered personnel data during the period January 1, 2014, through December 31, 2019.
Audit Methodology

The audit relied on various sources and methods to obtain an understanding of and assess Delaware’s CBC process for the Indian River School District. As such, we performed the following:

A. reviewed the applicable sections of Delaware Code and the Delaware Administrative Code to learn about the legal requirements pertaining to CBCs.

B. examined the adequacy of the 1) current regulatory requirements related to current covered personnel; 2) types of background checks; and 3) types of criminal convictions that preclude applicants from employments.

C. conducted interviews and discussion with school district personnel to ascertain and document background check processes, practices, internal controls, limitations, and performance.

D. reviewed the Indian River School District Board policy to determine the existence and adequacy of the policy on CBCs information and requirements.

E. reviewed information recorded in PHRST for employees, including but not limited to information such as the hire/start date and history of employment.

F. conducted testing of covered personnel including employees, volunteers, student teachers, and contractors to verify compliance, using sampling to support our audit work. Testing included the following:

   a. examining and scrutinizing SBI and FBI CBCs for the following:
      i. existence: obtaining CBC to confirm complete and compliant fingerprinted CBC from the Delaware SBI and an FBI CBC were received;
      ii. fraud indicators: reviewing for any fraud indicators, including matching to actual sampled person and inquiry/verification of any name changes;
      iii. timeliness: requesting CBC prior to hire to confirm the timeliness of receipt of CBC documentation by the school district;
      iv. record retention: retaining CBC to confirm adequate record retention of the SBI and FBI CBC information; and
      v. suitability determination: to determine that evidence of suitability form or other alternative documentation was completed to document the approval of the applicant for hire by the school district.

   b. examining the SBI and FBI CBCs in detail when criminal activity was reported and comparing the criminal activity to what was prohibited under Delaware Code, to ensure disqualified candidates have not been hired by the school district.
Audit Results

The OAOA noted internal control and compliance deficiencies related to the following:

- The school district was not fully compliant with all requirements of the CBC State laws and regulations and did not have adequate processes and internal controls to address CBCs.

- The school district has incomplete policies and lacks written procedures on CBCs.

Refer to the Findings in the *Schedule of Findings, Recommendations and Responses* for details of the deficiencies identified and related recommendations.
**Schedule of Findings, Recommendations, and Responses**

**Finding Number:** 2019.01  
**Finding Name:** Criminal Background Checks

**Condition/Context**  
Although the school district has a robust program for dealing with CBC compliance, it was not fully compliant with all the requirements of the CBC State laws and regulations.

- **CBC Record Retention/Existence:** Two (2) employees did not have documented evidence that a compliant CBC, consisting of the fingerprint SBI and FBI screenings, had been completed. One (1) student teacher did not have documented evidence of the FBI screening portion of the CBC for the initial hire in 2016; however, following a last name change completed one year later, the school district provided documented evidence of a fully compliant CBC in 2017, consisting of the fingerprint SBI and FBI screenings.

**Criteria**
- Title 31 §309 of the Delaware Code,
- Title 14 Delaware Administrative Code, Section 745 & 746,
- Budget and Accounting Manual Chapter 2 – Internal Controls,

**Cause**
- The school district did not consistently follow processes to ensure that compliant CBCs were requested, received, reviewed, and filed, indicating a weakness in internal controls.
- Supervisory review failed to detect noncompliance with state laws and regulations regarding CBCs.
- The school districts function as independent entities, and DOE is not responsible for coordinated oversight. This may have caused or contributed to different approaches, used across school districts, for managing the CBC processes and inconsistency in the implementation of state laws and regulations across all school districts.

**Effect**  
The school district was not in full compliance with state law and regulations for all CBCs. The inability to verify all CBCs risks exposing children to potential harms from which they should be protected. Additional risks include the legal risk that results from potentially employing an unscreened individual in the school district (a negligent hiring claim), and reputation risk for the Indian River School District and the Department of Education as a whole.

**Recommendation**  
We recommend the Director of Personnel take the following actions to help strengthen internal controls and compliance:

- Work with other school districts and the Department of Education to determine the feasibility of implementing one information system that school districts can use to fully track and manage background check data and employment/services status for all persons employed, as follows:
  - Explore the use of the PHRST system to track all persons (employees, contractors, volunteers, and student teachers) requiring CBCs as a cost-beneficial solution and;
 determine if a person (other than a state employee) who requires a CBC, can be set up in PHRST as a non-payroll individual,
 follow up with monthly automated reports from the PHRST system for the school district to track the status of CBCs,
 determine if alternative systems exist which could be used for managing CBCs. For example, there are volunteer management systems which could assist with managing volunteers.

 Communicate to DOE any areas of the regulations which should be updated, clarified, or changed. Where the Delaware Code or Delaware Administrative Code lack definitive guidance on a situational basis, the school district should request that DOE provide guidance by a written policy update that complies with the principles of the law to assist with the formation of district procedures.

 Address the compliance findings in this report as follows:
   Review and address the compliance exceptions noted by OAOA and take actions as deemed appropriate to meet the requirements in state laws and regulations.
   Consider whether other persons, not sampled by OAOA should be reviewed for complete and compliant criminal background records.
Management Response:

INDIAN RIVER SCHOOL DISTRICT
“A Model of Excellence”

TO: Kathleen K. McGuiness, RPh, CFE
    Auditor of Accounts

FROM: Jack F. Owens, Jr., Ed.D.
       Superintendent

DATE: December 21, 2021

SUBJECT: Management Response to Criminal Background Check Performance Audit

Indian River School District considers Title 31 §309 of Delaware Code and Title 14 §§745 and 746 of the Delaware Administrative Code to be the bare minimum by which a school district would protect students. As the performance audit notes, our background check process is not only “robust” (thank you for the complement), but it also far exceeds legal requirements. We have on our full-time staff two retired troopers who investigate each new hire, and we subscribe to a proprietary database to run our own search on each applicant, all at our expense. We take no chances with our students. We perform documented reference checks, interview witnesses, follow up on oddities, and speak with prior supervisors, none of which are required by law. This is not just policy; it is best practice. Most importantly, we are most proud that this exercise revealed no one hired in Indian River who should not have been hired.

While I am glad your office lauded our practice as being robust, the performance audit result is flawed. There were many auditors involved due to staff turnover. They seemed to not understand what documentation your office already had received from us. That lack of organization is reflected in the result. We thus disagree with the performance audit for the reasons below.

1. The performance audit states that we did not have compliant CBC’s for two employees. This is an error. We met with [Removed] from your office on September 9, 2021 for our exit interview. There, they stated that there were four employees who did not have compliant CBC’s. See page 2 of the meeting notes from that meeting under “District Action Item 1.”

We thereafter provided documentation via email to [Removed] on September 20, 2021 as to employee [Removed]. This explained that [Employee Name] was fingerprinted by SBI, but Indian River never received her CBC from SBI. Given the lack of a report from SBI, we elected not to continue her employment.

With regard to the remaining three employees, we provided documentation to [Employee Name] on September 21, 2021 as to each of those three employees as follows:

31 Hosier Street, Selbyville, Delaware 19975 • (302) 436-1000 • Fax (302) 436-1034

The Indian River School District is an Equal Opportunity Employer and does not discriminate or deny services on the basis of race, color, national origin, sex, gender, creed, religion, veteran status, marital status, citizenship status, pregnancy, age, ancestry, disability, gender identity, genetic information, military status or any other characteristic protected by law.
a. [Redacted] - No background check was required at the time of hire and the personnel file was archived more than five years ago.
b. [Redacted] - No background check was required at the time of hire.
c. [Redacted] - The personnel file was archived more than five years ago.

After receiving the draft audit report, we asked the auditors to identify the employees represented in the finding. One additional employee that was not previously identified as an exception throughout the audit process or discussed during the exit conference was identified as a finding. This employee, [Redacted], was hired after our internal background check process was followed but pending the results of the SBI report. We did not receive the SBI report within a reasonable timeframe and appropriately terminated the employee. This employee, however, was initially identified as an exception to a different requirement and we sent documentation to the auditors that demonstrated appropriate compliance.

2. The performance audit also states that we obtained the SBI report, but not the FBI report for one student teacher in 2016, but we had both of the required reports for the same student teacher (following a last name change) in 2017. This is also an error. We provided on August 20, 2021 to the auditors all background checks for all student teachers in the past five years, as required by regulation. The auditors did not bring to our attention any student teacher who had an SBI report but not an FBI report in 2016, or one who then similarly changed his or her name in 2017 and for whom we had both reports. We met with [Redacted] from your office on September 9, 2021 for our exit interview and they confirmed that your office had “zero” student teachers who were missing CBC’s. See page 2 of the meeting notes from that meeting under “District Action Item 1.”
Auditor Response

OAOA thanks the school district for its ongoing cooperation and the thoughtful response to the performance audit. OAOA has considered each issue presented in management’s response and has made corrections to the final report where appropriate.

This office acknowledges that conducting a fully remote audit has its challenges. Auditors all over the world are conducting work remotely, and audit professional organizations have provided guidance in this specific area to ensure compliance with all professional standards. OAOA also partnered with a certified public accounting firm throughout the entire audit. The State also provided technology – Zoom, Teams, etc. – to allow for communications and exchange of information electronically. The pandemic extended the timeframe of this audit, as it has extended other state business activities.

OAOA’s objectives were limited to assessing the school district’s compliance with the Delaware Code, as well as evaluation of the control environment surrounding the Criminal Background Check (CBC) process. Our objectives did not include an audit of the entire hiring process or focus on finding any individuals who should have been disqualified. Adequate internal controls and written policies and procedures should ensure compliance and reduce the avenues through which an unacceptable hire might occur. Since 2015, the state adopted and follows the Standards for Internal Control in the Federal Government (the Green Book), which is used across the United States to ensure strong internal control processes. OAOA used the Green Book as the criteria to evaluate the district’s internal controls.

This audit is based on samples taken from the populations of persons requiring CBCs in the school district. The employee population was extracted through the State of Delaware’s Payroll Human Resource Statewide Technology system and sampled. The populations of contractors, volunteers, and student teachers were provided by the school district and sampled by the Auditors from the populations provided by the district. The population of contractors, volunteers, and student teachers provided by the district have no single source system from which to extract them. The Auditors requested the documentary evidence relating to the CBCs for the samples, during the audit fieldwork and gave the district ample time to provide all pertinent information to the auditors. The OAOA then conducted an exit meeting, where all potential findings were identified and discussed with district management. The school district was then given additional ample time to provide further information. Auditors evaluated all documents and claims provided by the district, including claims of purged records, to finalize the report.

Although each district is subject to the same Delaware Code, each approached compliance using different methods, processes, internal controls and documentation. Further, the Delaware Code does not address every unique aspect of the CBC process or circumstance that may occur. For the key internal control – which is the suitability determination – districts employed different policies, procedures and internal controls. We considered each district’s approach and the evidence obtained across the 20 entities and found weaknesses in the internal control design and/or operational effectiveness, which puts students and others at risk of harm.

Compliance for contractors hired by the districts is an area that poses potentially serious risks. Because the school districts function as quasi-independent entities, but still under control of the state, and because the DOE is not responsible for coordinated oversight, some districts place the responsibility for ensuring a compliant CBC on contractors without employing additional risk mitigation measures for the district’s students. The Delaware Code requires districts to mitigate risk by completing suitability determinations on contractors following the completion of a compliant fingerprint SBI and FBI screening. A signed and approved suitability determination establishes the ultimate responsibility for the CBC process. The signing of a contract or MOU with the contractor is not a substitute for the suitability determination and does not alleviate the district’s responsibility for compliance and oversight.
Across the 20 entities, there were various interpretations of State law and regulations. There were two notable examples, one involving the Delaware Code and one involving the Delaware Administrative Code. Regarding the issue of aged or late receipt of CBC records, although Delaware Code is not specific about the length of time that a person may serve in a provisional status, legislators did not intend for districts to have a person in provisional status for an unlimited amount of time. It is the district’s responsibility to develop written processes and procedures to ensure that employees are not employed indefinitely without a CBC. As part of a strong internal control environment, the school district should be instituting appropriate follow-up processes for late CBCs. Also, regarding the overall CBC process, the Delaware Administrative Code Title 14 Section 745 provides only minimum guidelines for persons employed, who may have personal contact with students receiving care or education during the course of their assigned duties. The Delaware Administrative Code then leaves the establishment of specific procedures to the school districts. The school districts had varying levels of understanding of the requirement to supplement the minimum guidelines established in the Administrative Code.

In the auditor’s professional judgment, the exceptions referenced in this final report remain valid. We encourage the districts to evaluate shared technology systems which could help automate the management of the CBC process in one system for all employees and non-employees. We continue to encourage district management to consider all recommendations to improve internal controls to help ensure the safety of all district children.
Conclusion

CBCs are a critical control mechanism to prevent abuse or misconduct involving children within schools. Based on the results of the audit procedures performed, Indian River School District has established internal controls over the CBC process. However, we found deficiencies in the control design and in the operating effectiveness of the controls, as documented in this report. This report makes recommendations that are intended to strengthen the internal controls and accountability for the CBC compliance process to ultimately help protect the district and the children it educates from being victims of bad actors.