

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2020-036  
October 2019

**VALENCIA COLLEGE**



Sherrill F. Norman, CPA  
Auditor General

## Board of Trustees and President

During the period January 2018 through December 2018, Dr. Sanford C. Shugart served as President of Valencia College and the following individuals served as Members of the Board of Trustees:

	<u>County</u>
Dr. Bruce A. Carlson, Chair	Osceola
Tracey Stockwell from 1-26-18, Vice Chair from 9-12-18 <sup>a</sup>	Orange
John Crossman through 1-25-18, Vice Chair through 1-25-18	Orange
Maria C. Grulich	Osceola
Guillermo Hansen	Osceola
Rosene Johnson	Orange
Daisy Lopez-Cid	Osceola
Raymer F. Maguire III	Orange
Lewis M. Oliver III	Orange
Beth Smith from 6-5-18 <sup>b</sup>	Orange

<sup>a</sup> Vice Chair position vacant from 1-26-18, through 9-11-18.

<sup>b</sup> Trustee position vacant through 6-4-18.

The team leader was Nicholas J. DeCandia, CPA, and the audit was supervised by Brenda C. Racis, CPA.

Please address inquiries regarding this report to Jaime N. Hoelscher, CPA, Audit Manager, by e-mail at [jaimehoelscher@aud.state.fl.us](mailto:jaimehoelscher@aud.state.fl.us) or by telephone at (850) 412-2868.

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# VALENCIA COLLEGE

## **SUMMARY**

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This operational audit of Valencia College (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2018-199. Our operational audit disclosed the following:

**Finding 1:** Although required by State law, the College had not established procedures to properly inform students and employees during orientation about the Florida Department of Law Enforcement sexual predator and sexual offender registry Web site and toll-free telephone number.

**Finding 2:** Some unnecessary information technology user access privileges existed that increased the risk that unauthorized disclosure of sensitive personal information of students could occur. A similar finding was noted in our report No. 2018-199.

## **BACKGROUND**

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Valencia College (College) is under the general direction and control of the Florida Department of Education, Division of Florida Colleges, and is governed by State law and State Board of Education rules. A board of trustees (Board) governs and operates the College. The Board constitutes a corporation and is composed of nine members appointed by the Governor and confirmed by the Senate. The College President serves as the Executive Officer and the Corporate Secretary of the Board and is responsible for the operation and administration of the College.

The College has campuses in Orlando, Kissimmee, and Winter Park, Florida. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Orange and Osceola Counties.

## **FINDINGS AND RECOMMENDATIONS**

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### **Finding 1: Sexual Predator and Sexual Offender Registry Notification**

State law<sup>1</sup> requires each college to inform students and employees at orientation and on its Web site of the existence of the Florida Department of Law Enforcement (FDLE) sexual predator and sexual offender registry Web site and the toll-free telephone number that gives access to sexual predator and sexual offender public information.

According to College personnel, during student orientation the College distributes a brochure directing students to the College Security Department Web site for additional information concerning security. However, our audit procedures disclosed that, while that Web site contains resource information that provides a link to the FDLE Web site and toll-free telephone number, neither the brochure nor other student orientation materials specifically referenced the FDLE registry and telephone number or that the

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<sup>1</sup> Section 1006.695, Florida Statutes.

College Security Department Web site contained the required information. In addition, according to College personnel, the College did not have procedures for the required information to be communicated to employees at orientation.

Subsequent to our inquiries, in May 2019 the College employee handbook was revised to reference the FDLE registry Web site and telephone number and College procedures were implemented to provide the handbook to new employees during orientation. However, College personnel indicated that the College student handbook will not be updated for the FDLE registry information and telephone number until the 2020-21 academic year. Without proper notification of the FDLE sexual predator and sexual offender registry Web site and toll-free telephone number, students and employees may be unaware of how to obtain information regarding sexual predators and sexual offenders who may be on campus.

**Recommendation: The College should continue efforts to ensure that students and employees are informed at orientation of the FDLE sexual predator and sexual offender registry Web site and toll-free telephone number.**

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

The Legislature has recognized in State law<sup>2</sup> that social security numbers (SSNs) can be used to acquire sensitive personal information, the release of which could result in fraud against individuals, or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining the confidential status of such information. Effective controls protect sensitive personal information by limiting employees' information technology (IT) user access privileges to only the information necessary to perform their assigned job responsibilities and providing for documented, periodic evaluations of user access privileges to help ensure that the assigned access privileges remain appropriate and align with the users' job responsibilities.

According to College personnel and records, the College established a unique identifier, other than the SSN, to identify each student and maintained student SSNs in the College IT system and in an electronic document management system. The College collects and uses student SSNs pursuant to State law for various purposes, such as to register newly enrolled students and to comply with Federal and State requirements related to financial and academic assistance. Student SSNs are also maintained so the College can provide student transcripts to other colleges, universities, and potential employers based on student-authorized requests. Access to student SSNs allows employees to perform administrative, supervisory, or instructional responsibilities that serve a legitimate educational purpose in accordance with applicable Florida Statutes, State Board of Education rules, and Federal laws.

To protect student information from unauthorized disclosure, modification, or destruction, applicable College supervisors and security administrators are responsible for approving employee access to sensitive data. The College financial information security use policy requires each office or department handling financial data, including SSNs, to take steps to identify information that could be subject to unauthorized access. However, while the College performed an evaluation of employee access privileges for the student records system in April 2019, the evaluation did not extend to the College electronic document management system for document imaging that also contained student SSNs. In

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<sup>2</sup> Section 119.071(5)(a), Florida Statutes.

addition, according to College personnel, procedures had not been established to address the retention of, including the College purpose for, records containing the sensitive personal information of prospective students. As of April 2019, the College maintained student records containing SSNs for 268,800 prospective, 916,550 former, and 175,721 current students, and 453 employees had access to these records.

As part of our audit, we analyzed College records supporting the access privileges for the 453 employees and identified 22 employees who previously held College positions that required access to student records in the electronic document management system but no longer needed the access. Subsequent to our audit inquiries, College personnel conducted an evaluation of the document management system in May 2019 and identified another 20 employees with unnecessary access privileges. The College removed the unnecessary access privileges for the 42 employees identified by our and the College's procedures.

The College Chief Information Officer also indicated that procedures are being developed to purge prospective student data records but that, as of August 2019, the College had not finalized these procedures. Unnecessary access privileges to the sensitive personal information of students increases the risk of unauthorized disclosure of the information and the possibility that the information may be used to commit a fraud against College students or others. A similar finding was noted in our report No. 2018-199.

**Recommendation: To ensure that access to the sensitive personal information of students is properly safeguarded, the College should continue efforts to:**

- **Ensure periodic evaluations of IT user access privileges are performed for all IT systems that contain such information and remove any unnecessary access privileges detected.**
- **Establish retention procedures for records containing sensitive personal information of prospective students and purge records that no longer serve a College purpose.**

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

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The College had taken corrective actions for applicable findings included in our report No. 2018-199, except that Finding 2 was also noted in Report No. 2018-199 as Finding 11.

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

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The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from March 2019 through July 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2018-199.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, weaknesses in management's internal controls; instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included transactions, as well as events and conditions, occurring during the audit period of January 2018 through December 2018 and selected College actions taken prior and subsequent thereto. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of management, staff, and vendors and, as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed College procedures to prohibit former employees' access to the College's electronic data files. We also determined whether access privileges to the College's information technology (IT) system were timely deactivated for the 995 employees with such access privileges who separated from College employment during the audit period.
- Evaluated College procedures for protecting sensitive personal information of students, including social security numbers (SSNs). We also examined College records supporting the access privileges for the 453 employees who had access to the sensitive personal information of students as of April 2019, to determine the appropriateness and necessity of the access privileges based on the employees' assigned job responsibilities.
- Examined Board meeting minutes and other College records to determine whether Board approval was obtained for Board policies and College procedures in effect during the audit period and for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- Determined whether the College internal audit function developed risk-based long- and short-range audit plans.
- Examined College records for the audit period to determine whether the College informed students and employees at orientation and on its Web site of the existence of the Florida Department of Law Enforcement sexual predator and sexual offender registry Web site and the toll-free telephone number that gives access to sexual predator and sexual offender public information as required by Section 1006.695, Florida Statutes.
- Examined College records to determine whether the College had an anti-fraud policy to provide guidance to employees for communicating known or suspected fraud to appropriate individuals. Also, we examined College records to determine whether the College had implemented appropriate and sufficient procedures to comply with its anti-fraud policy.
- Examined College records to determine whether recorded investments complied with applicable statutes and College investment policies. Also, we determined whether investment income was properly allocated to the fund that generated the investment income.
- Examined College records to determine whether payments, transfers, and loans to the College direct-support organization (DSO) were authorized as described in Section 1004.70(1)(a)2., (3), and (4), Florida Statutes.
- Examined College records to determine whether the Board had prescribed by rule, pursuant to Section 1004.70(3)(b), Florida Statutes, the conditions with which the DSO must comply in order to use College property, facilities, and personal services and whether the Board documented consideration and approval of anticipated property, facilities, and personal services provided to the DSO and the related costs.
- From the population of 4,557 delinquent student receivables totaling \$3.2 million and recorded as of December 31, 2018, examined documentation relating to 30 selected delinquent student receivables totaling \$106,770 and evaluated the adequacy of College collection efforts and whether restrictions on student records and holds on transcripts and diplomas were appropriate and enforced for students with delinquent accounts in accordance with Board policies established pursuant to Section 1010.03, Florida Statutes.
- Examined College records to determine whether uncollectible accounts totaling \$1 million written off during the audit period were properly approved.
- Determined whether student fees totaling \$24.4 million during the audit period were properly assessed and authorized, accurately calculated, and correctly recorded in accordance with Board policies and statutory and State Board requirements. Specifically, we determined whether the College had:

- Established procedures to make student status and Florida residency determinations in compliance with Section 1009.21, Florida Statutes.
- Properly calculated activity and service, financial aid, technology, capital improvement, and other user fees in compliance with Section 1009.23, Florida Statutes.
- From the population of six decentralized locations with collections totaling \$14.9 million, selected three locations with collections totaling \$4.3 million during the audit period and examined College records supporting collections totaling \$21,130 to determine the effectiveness of College collection procedures.
- Examined College records supporting the College's 18 auxiliary contracts, which generated revenues totaling \$1.4 million for calendar year 2018, to determine whether the College properly monitored compliance with the contract terms for fees, insurance, and other provisions. Also, we performed analytical procedures to determine whether College auxiliary services were self-supporting.
- Examined College records supporting 12,737 course sections offered during the audit period, to determine whether College textbook affordability procedures complied with Section 1004.085, Florida Statutes.
- From the population of compensation payments totaling \$144.8 million made to 5,732 College employees during the audit period, selected payments totaling \$47,630 made to 30 College employees and examined College records to determine the accuracy of the rate of pay, the accuracy of leave records, and whether supervisory personnel reviewed and approved employee reports of time worked.
- Evaluated Board policies and College procedures for payments of accumulated annual and sick leave (terminal leave pay) to determine whether the policies and procedures promoted compliance with State law and Board policies. Specifically, from the population of 162 employees who separated from College employment during the audit period and were paid \$853,037 for terminal leave, we selected 25 employees with terminal payments totaling \$661,128 and examined the supporting records to determine compliance with Sections 110.122 and 1012.865, Florida Statutes, and Board policies.
- Examined severance pay provisions in the President's employment contract to determine whether the provisions complied with Section 215.425(4)(a), Florida Statutes.
- Examined remuneration of the President and eight other administrators for both reasonableness of compensation and to determine compliance with statutory limits.
- Examined College records to determine whether selected expenses were reasonable, correctly recorded, and adequately documented; for a valid College purpose; properly authorized and approved; and in compliance with applicable laws, contract terms, and Board policies. Specifically, from the population of expenses totaling \$62.5 million for the audit period, we examined College records supporting:
  - 30 selected payments for general expenses totaling \$3.4 million.
  - 30 selected payments for contractual services totaling \$1.5 million.
  - 3 selected payments for software expenses totaling \$545,576.
- From the population of President and Board member travel expenses totaling \$6,626 during the audit period, examined College records supporting all 18 travel reimbursements to determine whether the travel expenses were reasonable, adequately supported, for valid College purposes, and limited to amounts allowed by Section 112.061, Florida Statutes.
- From the population of 658 payments totaling \$218,803 during the audit period to employees for other than travel and compensation, examined College records supporting 30 selected payments

totaling \$41,593 to determine whether such payments were reasonable, adequately supported, for valid College purposes, and whether such payments were related to employees doing business with the College, contrary to Section 112.313(3), Florida Statutes.

- From the population of 823 industry certifications reported for performance funding that were attained by students during the 2017-18 fiscal year, examined 30 industry certifications to determine whether the College maintained documentation for student attainment of the industry certifications.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

## ***AUTHORITY***

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Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each College on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive, flowing style.

Sherrill F. Norman, CPA  
Auditor General

## **MANAGEMENT'S RESPONSE**

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# VALENCIA COLLEGE

October 8, 2019

Ms. Sherrill F. Norman, C.P.A.  
Florida Auditor General  
111 West Madison Street  
Tallahassee, FL 32399-1450

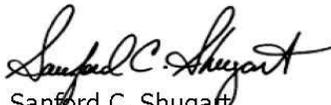
Dear Ms. Norman:

Re: Valencia College Operational Audit 2019

Please accept this document as our action responses for the preliminary and tentative audit findings made in the Valencia College Operational Audit report received via email on September 16, 2019. We welcome any discussion or questions you may have relative to our responses.

Please feel free to contact myself or Loren Bender, Vice President – Business Operations and Finance at 407-582-3408 or at [lbender2@valenciacollege.edu](mailto:lbender2@valenciacollege.edu).

Sincerely,

  
Sanford C. Shugar  
President

Enclosure  
C: Ms. Tracey Stockwell

## 2018-2019 Operational Audit Finding Response

### **Finding 1 Recommendation:**

The College should continue efforts to ensure that students and employees are informed at orientation of the FDLE sexual predator and sexual offender registry Web site and toll-free telephone number.

### **Finding 1 Response:**

The College has added the Florida Department of Law Enforcement sexual predator and sexual offender registry website and toll-free telephone number to the employee handbook to which all employees have access and which is provided (electronically) to new employees at the time of orientation. In addition, we have included the information regarding the registry into the "New Student Orientation" program as a portion of their presentation. Finally, the web site has been added to our Valencia College security app (main screen) that all employees and students (new and existing) are highly encouraged to use.

### **Finding 2 Recommendation:**

To ensure that access to the sensitive personal information of students is properly safeguarded, the College should continue efforts to:

- Ensure periodic evaluations of IT user access privileges are performed for all IT systems that contain such information and remove any unnecessary access privileges detected.
- Establish retention procedures for records containing sensitive personal information of prospective students and purge records that no longer serve a college purpose.

### **Finding 2 Response:**

- The Admissions/Records department has established a report that identifies users with access to unmasked student social security numbers in Banner and the Banner Document Management System. Using this report, Admissions and Records will review users periodically and remove application access for any employee whose job responsibilities do not require access to the information.
- Procedures have been developed to purge prospective student records from Banner that are greater than 5 years old. This purge process will take place in October and will occur on an annual basis.