

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2021-060  
November 2020

**ST. PETERSBURG COLLEGE**



Sherrill F. Norman, CPA  
Auditor General

## **Board of Trustees and President**

During the period January 2019 through December 2019, Dr. Tonjua Williams served as President of St. Petersburg College and the following individuals served as Members of the Board of Trustees:

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Vice Chair through 8-19-19  
Bridgette Bello, Vice Chair from 8-20-19  
Nathan M. Stonecipher, Chair through 8-19-19  
Bill Foster through 7-30-19  
Deveron M. Gibbons  
Thomas Kidwell from 7-31-19

The team leader was Sehrish Ladhani and the audit was supervised by Rachel P. Sellers, 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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# ST. PETERSBURG COLLEGE

## SUMMARY

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This operational audit of St. Petersburg College (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2018-081. Our operational audit disclosed the following:

**Finding 1:** For the 2019 calendar year, the College funded individual student athletic scholarships from student activity and service fees without apparent legal authority, resulting in questioned costs totaling \$453,172.

**Finding 2:** Some unnecessary information technology user access privileges continued to exist that increased the risk for unauthorized disclosure of sensitive personal information to occur.

## BACKGROUND

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St. Petersburg 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 five 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 Clearwater, Seminole, St. Petersburg, and Tarpon Springs, Florida. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Pinellas County.

## FINDINGS AND RECOMMENDATIONS

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### **Finding 1: Student Activity and Service Fees and Expenses**

State law<sup>1</sup> authorizes the Board to establish a student activity and service fee not to exceed 10 percent of the tuition fee, according to rules of the State Board of Education. State law requires that the student activity and service fee be paid into a student activity and service fund at the College and be expended for lawful purposes to benefit the student body in general. These purposes include, but are not limited to, student publications and grants to duly recognized student organizations, the membership of which is open to all students at the College. To ensure student activity and service fees are limited to the purposes set forth in State law, it is important for those who monitor expenses from those fees are knowledgeable of the statutory restrictions for such use.

Our examination of College records disclosed that the College separately accounted for student activity and service fees and expenses. For the 2019 calendar year, the College expended \$4.6 million from

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<sup>1</sup> Section 1009.23(7), Florida Statutes.

those fees and, to evaluate the propriety of those expenses, we examined College records supporting 16 selected expenses totaling \$539,821. We found that the fees funded a \$2,000 student athletic scholarship for expenses without apparent benefit to the student body in general. We expanded our audit procedures and determined that, for the 2019 calendar year, the fees funded 89 student athletic scholarships totaling \$453,172.

According to College management, use of the fees was initially considered to be appropriate because all students could attend athletic events for free and the events build collegiate affiliation, Collegewide participation, and engagement opportunities. Notwithstanding, since individual scholarships benefit an individual student athlete and not the student body in general, we requested from the College the legal authority for funding student athletic scholarships with those fees. After additional discussions, College management acknowledged that there was no legal authority to expend the fees directly on behalf of individual student athletes and that the College did not always comply with the State law restrictions for fee use.

Without an appropriate understanding of the statutory restrictions on the use of student activity and service fees and adequate procedures to ensure the restrictions are properly observed, there is an increased risk that the College will use the proceeds for purposes other than those authorized by State law.

**Recommendation:** The College should enhance procedures to ensure that student activity and service fees are only used for authorized purposes. Such enhancements should include training so that those responsible for monitoring student activity and service fee use appropriately understand and observe the restrictions associated with that use. In addition, the College should discontinue the practice of using those fees to fund individual student scholarships and reimburse \$453,172 to the student activity and service fund.

## **Finding 2: Information Technology User Access Privileges – Sensitive Personal Information**

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 such information. Effective controls restrict employees from accessing information unnecessary for their assigned job responsibilities and provide for documented, periodic evaluations of information technology (IT) user access privileges.

The College collects and uses SSNs for various purposes, such as to register newly enrolled students, comply with Federal tax reporting requirements and other Federal and State requirements related to financial and academic assistance, and perform other College responsibilities. According to College personnel and records, the College has established a unique identifier, other than the student's SSN, to identify each student and maintained student information, including SSNs, in the College's enterprise resource planning (ERP) system.

As of June 2020, the College ERP system contained the sensitive personal information of 1,057,312 students, including 733,463 former, 291,902 prospective, and 31,947 current students, and

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

115 employees had access to that information. To protect the sensitive personal information from unauthorized disclosure, modification, or destruction, the College requires employee supervisors and department administrators to approve IT user access privileges based on a demonstrated need for such access.

According to College personnel, the Financial Aid Department documented monthly evaluations of the Department's IT user access privileges, including access to the sensitive personal information of students. All other departments evaluated IT user access privileges only when a new employee is hired or an employee changes jobs. While the other department evaluations provide some assurance regarding the appropriateness of access privileges, such evaluations could be enhanced if extended to all user access privileges like the evaluations conducted by the Financial Aid Department.

As part of our audit, we examined College records supporting the access privileges for 30 selected employees to determine whether the employees required access to the sensitive personal information of students. We noted that the College ERP system did not differentiate access privileges to the sensitive personal information of former, prospective, and current students although some employees did not require access to the information of each type student to perform their job duties. In response to our inquiries, College personnel indicated that all 115 employees with ERP system access, including career and academic advisors and administrative services specialists, needed occasional access to student information; however, although we requested, College records were not provided to demonstrate that these employees needed continuous access to the information or that occasional access could not be granted only for the time needed. In response to our inquiries, College personnel indicated it would be time consuming for the College's IT staff to grant occasional access to these employees due to the complexity of system security in the ERP system.

Additionally, College personnel indicated that the College retains all application data, including sensitive personal information, of prospective students who apply but do not initially enroll to provide for easy future enrollment. Notwithstanding, although we requested, College records were not provided to document a viable public purpose for maintaining the information of prospective students indefinitely or to support a reasonable time frame for maintaining that information.

The existence of unnecessary access privileges increases the risk of unauthorized disclosure of sensitive personal information of students 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. 2018-081.

**Recommendation: To ensure that sensitive personal information maintained by the College is properly safeguarded, the College should:**

- **Document periodic evaluations of all assigned IT user access privileges to the information to ensure that such privileges are necessary based on employee job responsibilities. Any unnecessary access privileges detected should be promptly removed. If a user only requires occasional access to such information, the privileges should be granted only for the time needed.**
- **Upgrade the College ERP system to include a mechanism to differentiate the IT user access privileges to former, prospective, and current student information.**

- Document the viable public purpose for maintaining the information for prospective students who apply but do not enroll in the College, establish a reasonable time frame for maintaining the information, and delete the information when the time frame expires.

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

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The College had taken corrective action for Finding 2 included in our report No. 2018-081, but Finding 1 in that report was also noted as Finding 2 in this report.

## ***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 2020 through July 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit focused on direct-support organizations; student fees; textbook affordability; compensation, construction, other expenses; and other processes and administrative activities. For those areas, our audit objectives were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2018-081.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

In planning and conducting our audit, we assessed whether internal controls were significant to our audit objectives by considering the internal control integrated framework established by the Committee of Sponsoring Organizations (COSO)<sup>3</sup> and adapted for a government environment within the *Standards for*

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<sup>3</sup> The Committee of Sponsoring Organizations (COSO) of the Treadway Commission was established in 1985 to develop guidance in the areas of risk and control which enable good organizational governance and reduction of fraud. Pursuant to their mission, COSO developed a framework for internal control that consists of five components and 17 underlying principles.

*Internal Control in the Federal Government* issued by the United States Government Accountability Office. That framework is illustrated in the following table.

### COSO Internal Control Integrated Framework

Internal Control Component	Description	Underlying Principles (To be Applied by the Board and Management)
<b>Control Environment</b>	Standards, processes, and structures that provide the basis for carrying out internal control across the organization. Represents the foundation on which an effective internal control system is built.	<ul style="list-style-type: none"> <li>• Demonstrate commitment to integrity and ethical values.</li> <li>• Exercise oversight responsibility.</li> <li>• Establish structures and reporting lines and assign authorities and responsibilities.</li> <li>• Demonstrate commitment to a competent workforce.</li> <li>• Hold individuals accountable for their responsibilities.</li> </ul>
<b>Risk Assessment</b>	Management’s process to consider the impact of possible changes in the internal and external environment and to consider actions to mitigate the impact. The basis for how risks will be managed.	<ul style="list-style-type: none"> <li>• Establish clear objectives to define risk and risk tolerances.</li> <li>• Identify, analyze, and respond to risks.</li> <li>• Consider the potential for fraud.</li> <li>• Identify, analyze, and respond to significant changes that impact the internal control system.</li> </ul>
<b>Control Activities</b>	Activities in the form of policies, procedures, and standards that help management mitigate risks. Control activities may be preventive in nature or detective in nature and may be performed at all levels of the organization.	<ul style="list-style-type: none"> <li>• Design control activities to achieve objectives and respond to risks.</li> <li>• Design control activities over technology.</li> <li>• Implement control activities through policies and procedures.</li> </ul>
<b>Information and Communication</b>	Information obtained or generated by management to support the internal control system. Communication is the dissemination of important information to help the organization meet requirements and expectations.	<ul style="list-style-type: none"> <li>• Use relevant and quality information.</li> <li>• Communicate necessary information internally to achieve entity objectives.</li> <li>• Communicate necessary information externally to achieve entity objectives.</li> </ul>
<b>Monitoring</b>	Periodic or ongoing evaluations to verify that the internal control system is present and functioning properly.	<ul style="list-style-type: none"> <li>• Conduct periodic or ongoing evaluations of the internal control system.</li> <li>• Remediate identified internal control deficiencies on a timely basis.</li> </ul>

We determined that the all internal control components were significant to our audit objectives. The associated underlying principles significant to our objectives included:

- Board and management commitment to integrity and ethical values.
- Board exercise of oversight responsibility.
- Management establishment of an organizational structure, assignment of responsibility, and delegation of authority to achieve the College’s goals and objectives.
- Management commitment to recruit, develop, and retain competent individuals.
- Management establishment of clear objectives to enable the identification of risks and define risk tolerances.
- Management design of control activities to achieve the College’s objectives and respond to risks.
- Management design of controls over information technology.
- Management establishment of policies and procedures to implement internal control activities.
- Management communication of information internally necessary to achieve the College’s objectives.
- Management activities to monitor the College’s internal control system and evaluate the results.

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

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

Our audit included transactions, as well as events and conditions, occurring during the audit period of January 2019 through December 2019, and selected College actions taken prior. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

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

In conducting our audit, we:

- Reviewed applicable laws, rules, College policies and procedures, and other guidelines, and interviewed College personnel to obtain an understanding of applicable processes and administrative activities.
- Evaluated College procedures for protecting sensitive personal information of employees and students, such as social security numbers. From the population of 146 employees who had access to sensitive personal information, including 115 employees who had access to student sensitive personal information during the audit period, we examined College records supporting the access privileges granted to 61 employees, including 30 employees who had access to student sensitive personal information, to evaluate the appropriateness of and necessity for the access privileges based on the employees' assigned job responsibilities.
- From the population of 3,344 course sections offered during the Fall 2019 Semester, examined College records supporting textbook adoptions for 30 course sections to determine whether the College textbook affordability procedures complied with Section 1004.085, Florida Statutes.
- Determined whether the College maintained an unencumbered balance in the general fund of at least 7 percent of its operating budget as required by Section 1011.84, Florida Statutes.

- Determined whether the Board established appropriate investment policies and procedures and whether College investments during the audit period complied with those policies and procedures. Also, we determined whether any investment income was properly allocated to the funds that generated the investment income.
- From the population of 8 decentralized collection locations with collections totaling \$5.5 million during the audit period, selected 1 location with collections totaling \$1.3 million and examined College records supporting collections totaling \$12,685 at that location to determine the effectiveness of College collection procedures.
- To determine whether student fees totaling \$75 million during the audit period, including \$50.4 million in tuition fees, were properly assessed and authorized, accurately calculated, and correctly recorded in accordance with State law, State Board rule, and Board policy requirements:
  - Examined College records for 30 selected students and their related fees totaling \$28,347 to determine whether the College correctly assessed tuition in compliance with Section 1009.23, Florida Statutes, and State Board of Education Rules 6A-14.0301 and 6A-14.054, Florida Administrative Code.
  - Determined whether the College had established procedures to cancel the registration of students who did not timely pay fees and record deferred fees as receivables.
- To determine whether the user fees totaling \$24.6 million during the audit period, including \$4 million for student activity and service fees, were properly assessed and authorized, accurately calculated, and correctly recorded in accordance with State law and State Board rules:
  - Examined College records supporting selected collections totaling \$23.9 million for compliance with Section 1009.23, Florida Statutes.
  - Examined records supporting 31 selected expenses totaling \$2.8 million, including 16 selected expenses totaling \$539,821 from student activity and service fees, for compliance with the restrictions imposed on the use of these fees.
- Selected 20 new hires from the population of 45 new hires during the audit period to determine whether personnel records evidenced that the employees had the necessary qualifications, education degrees, and experience for the positions based on applicable position descriptions.
- Examined College records supporting compensation payments totaling \$509,825 made to the President during the audit period determine whether the amounts paid did not exceed the limits established in Section 1012.885, Florida Statutes.
- Examined severance pay provisions in the President's contract to determine whether the provisions complied with Section 215.425(4)(a), Florida Statutes.
- Examined documentation for the one significant construction project in progress during the audit period, with construction costs totaling \$9 million and related to a design-build contract with a guaranteed maximum price totaling \$19.3 million, to determine compliance with College policies and procedures and provisions of State laws and rules. We also:
  - Evaluated College procedures for monitoring subcontractor selection and licensure and examined College records to determine whether the College verified that subcontractors were properly selected and licensed.
  - Determined whether the College established and followed appropriate policies and procedures addressing the negotiation of general conditions cost.
  - Examined College records supporting 30 selected payments totaling \$1.6 million to determine whether College procedures for monitoring payments were adequate and payments were sufficiently supported.

- 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 State laws, contract terms, and Board policies; and whether applicable vendors were properly selected. Specifically, from the population of expenses totaling \$13 million for the audit period, we examined College records supporting:
  - 30 selected payments for contracted services totaling \$1.4 million.
  - The competitive selection of 3 vendors paid a total of \$168,102.
- From the population of College payments totaling \$132,014 during the audit period to College direct-support organizations (DSOs), examined College records supporting selected payments totaling \$107,345 to determine whether the payments 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 DSOs 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 DSOs and the related costs.
- From the population of Public Education Capital Outlay and other restricted capital outlay expenses totaling \$11.8 million during the audit period, examined records supporting 30 selected expenses totaling \$1.5 million to determine whether these funds were expended in compliance with the restrictions imposed on the use of these resources.
- From the population of 24 non-Federal grants totaling \$1.4 million during the audit period, examined College records supporting:
  - 5 selected grants totaling \$1.1 million to evaluate College procedures and records to ensure compliance with grant provisions.
  - 30 selected expenses totaling \$336,666 from 4 grants totaling \$1 million to determine whether expenses were legally authorized.
- From the population of 836 industry certifications reported for performance funding that were attained by students during the 2018-19 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 style with a large initial "S".

Sherrill F. Norman, CPA  
Auditor General

**SPC** ST. PETERSBURG COLLEGE

**To:** Auditor General – State of Florida

**From:** St. Petersburg College

**Subject:** Operational audit response to tentative audit findings

**Finding 1:** For the 2019 calendar year, the College funded individual student athletic scholarships from student activity and service fees without apparent legal authority, resulting in questioned costs totaling \$453,172.

**Recommendation:** The College should enhance procedures to ensure that student activity and service fees are only used for authorized purposes. Such enhancements should include training so that those responsible for monitoring student activity and service fee use appropriately understand and observe the restrictions associated with that use. In addition, the College should discontinue the practice of using those fees to fund individual student scholarships and reimburse \$453,172 to the student activity and service fund.

**Response to Finding 1:**

A review of student activity and service fees will be conducted to ensure that these fees will be expended for authorized purposes to benefit the student body in general and all future student athletic scholarships will not be funded with student activity and service fees. A transfer to the Student Activity cost center to reimburse \$453,172 will be completed within 90 days.

**Finding 2:** Some unnecessary information technology user access privileges continued to exist that increased the risk for unauthorized disclosure of sensitive personal information to occur.

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**Recommendation:** To ensure that sensitive personal information maintained by the College is properly safeguarded, the College should:

- (1) Document periodic evaluations of all assigned IT user access privileges to the information to ensure that such privileges are necessary based on employee job responsibilities. Any unnecessary access privileges detected should be promptly removed. If a user only requires occasional access to such information, the privileges should be granted only for the time needed.
- (2) Upgrade the College ERP system to include a mechanism to differentiate the IT user access privileges to former, prospective, and current student information.
- (3) Document the viable public purpose for maintaining the information for prospective students who apply but do not enroll in the College, establish a reasonable time frame for maintaining the information, and delete the information when the time frame expires.

**Response to Finding 2:**

The College will document and put a procedure in place to evaluate user access to sensitive information on a quarterly basis. Unnecessary access will be promptly removed. In addition, the College will be upgrading the ERP system to either enhance masking capabilities and/or delete unnecessary sensitive data. A written procedure will be developed to support both our ERP system maintenance of data as well as to document the viable public purpose for maintaining that information.