

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2022-005
August 2021

PENSACOLA STATE COLLEGE



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the period January through December 2020, Dr. Charles E. Meadows served as President of Pensacola State College and the following individuals served as Members of the Board of Trustees:

	<u>County</u>
Herbert Woll, Chair through 12-22-20 ^a	Santa Rosa
Marjorie T. Moore, Vice Chair	Escambia
Carol H. Carlan	Escambia
Patrick R. Dawson	Santa Rosa
Kevin Robert Lacz	Santa Rosa
Julian MacQueen from 12-23-20 ^b	Santa Rosa
Harold Edward Moore	Escambia
Wendall E. Smith through 2-7-20 ^b	Santa Rosa
Dr. Troy Tippett from 12-23-20	Escambia

^a Chair position vacant from 12-23-20, through 12-31-20.

^b Trustee position vacant from 2-8-20, through 12-22-20.

Note: Two Trustee positions vacant during the entire period.

The team leader was Christy L. Johnson, CPA, and the audit was supervised by Kenneth C. Danley, CPA.

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

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PENSACOLA STATE COLLEGE

SUMMARY

This operational audit of Pensacola State College (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2019-081. Our operational audit disclosed the following:

Finding 1: Some unnecessary information technology user access privileges continued to exist increasing the risk that unauthorized disclosure of sensitive personal information may occur.

BACKGROUND

Pensacola State 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 Milton, Pensacola, and Warrington. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Escambia and Santa Rosa Counties.

FINDING AND RECOMMENDATION

Finding 1: Information Technology User Access Privileges – Sensitive Personal Information

The Legislature has recognized in State law¹ 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 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 student SSNs for various purposes, such as to register newly enrolled students, comply with Federal and State requirements related to financial and academic assistance, and perform other College responsibilities. Additionally, the College maintains former students' SSNs to provide student transcripts to colleges, universities, and potential employers based on authorized requests. The College also indefinitely maintains the SSNs of prospective students who apply but do not enroll in the College; however, College records did not document the public purpose served for indefinitely maintaining prospective student information.

¹ Section 119.071(5)(a), Florida Statutes.

As of June 2021, the College student records system contained the sensitive personal information, including SSNs, of 510,414 students, including current, former, and prospective students, and 59 IT users had continuous access to that information. College procedures require vice presidents to periodically evaluate IT user access privileges to ensure access is limited to that required by IT users to perform their job responsibilities. According to College records, an evaluation was most recently performed in June 2021.

Our examination of IT user access privileges for the student records system disclosed that some users had access that was unnecessary for their assigned responsibilities. For example, financial aid personnel had continuous access to the sensitive personal information of current students which was needed to comply with certain Federal and State reporting requirements but, these users also had unnecessary access to similar information for prospective students. Our examination of College records disclosed that the student records system did not differentiate access to the information of current, former, and prospective students. In response to our inquiries, College personnel indicated that, beginning in September 2021, a new student records system will be phased in to appropriately limit IT user access privileges.

The existence of unnecessary access privileges increases the risk of unauthorized disclosure of sensitive student personal information and the possibility that such information may be used to commit a fraud against College students or others. A similar finding was noted in our report No. 2019-081.

Recommendation: To ensure that sensitive student personal information, including SSNs, is properly safeguarded, the College should:

- **Document the public purpose served by maintaining that information for prospective students who apply but do not enroll in the College, establish a reasonable time frame for maintaining that information, and remove the information when the time frame expires.**
- **Ensure that the new student records system appropriately limits IT user access privileges to only that information needed for the users' assigned job responsibilities.**

PRIOR AUDIT FOLLOW-UP

The College had taken corrective actions for findings included in our report No. 2019-081 except that the above finding was noted as Finding 7.

OBJECTIVES, SCOPE, AND METHODOLOGY

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 2021 through June 2021 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 information technology resources and related controls; purchases and implementation of new software subscriptions; College rules and records regarding direct-support organizations; ethics policies; carryforward balances; student and user fees; textbook affordability; construction management; decentralized collections; adult general education contact hour reporting; industry certifications; 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. 2019-081.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

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

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

Our audit included transactions, as well as events and conditions, occurring during the audit period of January 2020 through December 2020 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 applicable laws, rules, Board policies and College procedures, and other guidelines, and interviewed College personnel to obtain an understanding of applicable processes and administrative activities.
- Reviewed College information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security and disaster recovery.
- Evaluated 6 (3 finance and 3 human resources) of the 425 business processes defined by the College to determine whether the business process rules promote an appropriate separation of duties.
- Evaluated College procedures that prohibit former employees' access to College IT data and resources. We examined the access privileges for 13 of the 205 employees who separated from College employment during the audit period to determine whether their access privileges had been timely deactivated.
- Evaluated College procedures for protecting sensitive personal information of students, including social security numbers.
- Determined whether a comprehensive IT security awareness and training program was in place for the audit period.
- Determined whether the College's unencumbered balance in the general fund at June 30, 2020, was above the threshold established in Section 1011.84, Florida Statutes.
- From the population of 1,478 course sections offered during the Fall 2020 Semester, examined College records supporting textbook adoptions to determine whether the College textbook affordability procedures complied with Section 1004.085, Florida Statutes.
- Examined College records to determine whether student tuition and fees that generated revenue totaling \$4.3 million during the audit period were authorized by and in accordance with the provisions of Section 1009.23, Florida Statutes.
- From the population of seven user fees that generated revenue totaling \$1.6 million during the 2019-20 fiscal year, examined College records supporting distance learning user fees that generated revenue totaling \$475,643 to determine whether the fees did not exceed the cost of services provided, and fee revenue was accurately and timely reported, in accordance with Section 1009.23(16)(b), Florida Statutes.
- From the population of seven decentralized collection locations with collections totaling \$66,611 during the audit period, selected the Pensacola Cosmetology location with collections totaling \$11,216 during the audit period and examined College records for that location to determine the effectiveness of College collection procedures.
- 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 direct support organizations (DSOs) must comply in order to use College property, facilities, and personal services.

- Documented consideration and approval of anticipated property, facilities, and personal services provided to DSOs and the related costs.
- For the one major construction project in progress with construction costs totaling \$5.8 million during the audit period:
 - Selected one payment totaling \$972,084 and examined College records to determine whether the payment was made in accordance with contract terms and conditions, Board policies and College procedures, and provisions of applicable State laws and rules.
 - Examined College records to determine whether the College adequately monitored the subcontractor selection process and verified subcontractor licenses.
- From the population of 209 adult general education instructional students reported for 18,435 contact hours for the Fall 2020 Semester, examined College records supporting 2,137 reported contact hours for 27 selected students to determine whether the College reported the instructional contact hours in accordance with the Florida Department of Education requirements.
- From the population of 368 industry certifications reported for performance funding that were attained by students during the 2019-20 fiscal year, examined 30 industry certifications to determine whether the College maintained documentation for student attainment of the industry certifications.
- Examined College records and evaluated College procedures to determine whether the College evaluated the effectiveness and suitability of new software subscriptions prior to purchase and whether the purchases were made using good business practices.
- Examined College records and evaluated College procedures to determine whether the College monitored compliance with selected software subscription and implementation contract provisions regarding protection and security of College data and the maintenance of required insurance.
- From the population of 27 payments totaling \$2.9 million during the audit period for new software subscriptions and implementation, examined documentation supporting 4 selected payments totaling \$1.1 million to determine whether deliverables met the contract terms and conditions.
- Evaluated Board policies to determine if the College prohibited gifts from vendors.
- 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**.

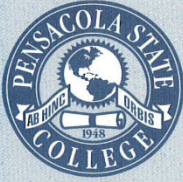
AUTHORITY

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

MANAGEMENT'S RESPONSE



Office of the President

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PENSACOLA STATE COLLEGE

July 28, 2021

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

Dear Ms. Norman:

Let me express our sincere appreciation for the professional manner in which your staff conducted the audit. Following is the College's response to the preliminary and tentative finding to be included in the operational audit report.

Finding No. 1: Information Technology User Access Privileges – Sensitive Personal Information

Recommendation: To ensure that sensitive student personal information, including social security numbers, is properly safeguarded, the College should:

- Document the public purpose served by maintaining that information for prospective students who apply but do not enroll in the College, establish a reasonable time frame for maintaining that information, and remove the information when the time frame expires.
- Ensure that the new student records system appropriately limits IT user access privileges to only that information needed for the user's assigned job responsibilities.

Response: The College will work to segregate access for former, current and prospective students. In so doing, timeframes for maintaining information will be established and information beyond the retention period will be removed. User access privileges will be refined so that access is limited to only that information that is needed to accomplish job responsibilities.

Should you have any questions or concerns, please feel free to call me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Edward Meadows".

Edward Meadows
President

Pensacola State College
is a member of the
Florida College System