

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2022-025
October 2021

ST. JOHNS RIVER STATE COLLEGE



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the period January through December 2020, Mr. Joe H. Pickens, J.D., served as President of St. Johns River State College and the following individuals served as Members of the Board of Trustees:

	<u>County</u>
Samuel P. Garrison, Chair	Clay
Wendall D. Davis, Vice Chair	Clay
Jan Conrad	St. Johns
Robert Crum	St. Johns
Leslie Dougher through 12-20-20 ^a	Clay
Brian E. Keith	Putnam
James E. Reid	Putnam
W. J. Sapp Jr. from 12-23-20	Clay

^a Trustee position vacant 12-21-20, and 12-22-20.

The team leader was Christopher Doody, CPA, and the audit was supervised by Dennis W. Gay, 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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ST. JOHNS RIVER STATE COLLEGE

SUMMARY

This operational audit of St. Johns River State College (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2019-053. Our operational audit disclosed the following:

Finding 1: Some unnecessary information technology user access privileges existed that increased the risk for unauthorized disclosure of sensitive personal information to occur.

BACKGROUND

St. Johns River 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 seven 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 Orange Park, Palatka, and St. Augustine. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Clay, Putnam, and St. Johns Counties.

FINDING AND RECOMMENDATION

Finding 1: Information Technology User Access Privileges

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 duties and provide for documented, periodic reviews of information technology (IT) access privileges.

The College collects and uses 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.

According to College personnel, applicable College administrators and delegated staff members are responsible for approving employee access to sensitive data to help protect student and employee information from unauthorized disclosure, modification, or destruction. College procedures require

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

employee IT user access privileges to be reviewed annually by the administrators and delegated staff members to ensure the privileges remain appropriate. However, College personnel indicated that access to documents containing SSNs is not annually reviewed and, as of October 2021, the last review of that access was in 2018.

As of July 2021, the College IT system contained SSNs for a total of 200,035 current, former, and prospective students and current and former College employees. Also, as of that date, the College maintained an imaging system that contained copies of various documents, including some with student SSNs, such as applications for enrollment and student transcripts.

In response to our inquiry, College personnel provided records that 95 employees had continuous user access to student and employee SSNs, including 18 employees with access through the College IT system, 47 employees with access through the imaging system, and 30 employees with access through both systems. However, according to College personnel, the College IT system did not have a mechanism to differentiate user access privileges to employee or student SSNs and, therefore, did not limit access based on employee job duties. In addition, the IT system did not enable College personnel to distinguish between SSNs of current, former, and prospective students. As a result, 48 employees had unnecessary access to some SSNs of the 200,035 students and employees in the IT system and 47 employees had unnecessary access in the imaging system to some of those SSNs.

College personnel also indicated that the SSNs of prospective students were previously maintained indefinitely in order to eliminate duplicate entries and increase accuracy rates. At the end of the Fall 2020 Term, the College implemented an IT system program that was supposed to remove the SSNs from the records of students who had not been enrolled in the College for three consecutive terms or more while maintaining the rest of the student's information pursuant to the State *General Records Schedules* required retention period of 5 years.² However, subsequent to our audit inquiries, College personnel determined that, due to an error in the program, the SSNs of the prospective students were not actually removed.

The existence of unnecessary access privileges to sensitive personal information 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 and others. A similar finding was noted in our report No. 2019-053.

Recommendation: To ensure access to sensitive student and employee information is properly safeguarded, the College should:

- Upgrade the College IT system to include a mechanism to differentiate IT user access privileges to current student information from access privileges to former and prospective student information.
- Document the public purpose served for maintaining prospective student sensitive information beyond 5 years, establish a reasonable time frame for maintaining that information, and remove the information when the time frame expires.

² The Florida Department of State, Division of Library and Information Services - *General Records Schedule GS5 For Public Universities and College*, Item #97, requires a minimum retention period of 5 years for certain records be maintained for students who apply for admission but are denied or who did not register.

- **Ensure that periodic reviews of IT access privileges include a review of access to student and employee SSNs to determine whether such privileges are necessary, and timely remove any inappropriate or unnecessary access privileges detected.**

PRIOR AUDIT FOLLOW-UP

The College had taken corrective actions for findings included in our report No. 2019-053 except that the above finding was also noted in report No. 2019-053 as Finding 5.

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 July 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 public meetings and communications; direct-support organizations; property usage and records; student fees and enrollment; 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. 2019-053.
- 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, 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 students and employees, including social security numbers. We examined College records supporting the access privileges granted to the 95 employees who had continuous access to sensitive personal information of students and employees during the audit period to determine the appropriateness and necessity of the access privileges based on the employees' assigned job responsibilities.
- Evaluated Board security policies and College procedures for the audit period governing the classification, management, and protection of sensitive and confidential information.
- Examined College records supporting the transactions totaling \$76,621 during the audit period from the College to its direct-support organization (DSO) to determine whether the transactions 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 1,448 students with student accounts receivable balances, examined College records for 10 selected students to determine whether the students were properly excluded from full-time equivalent enrollment calculations for State funding purposes pursuant to Sections 1009.22(11) and 1009.23(9), Florida Statutes.

- Examined College records for 30 selected students with assessed fees totaling \$23,961 of the student fees totaling \$4,326,470 assessed during the audit period to determine whether the fees were properly assessed and authorized, accurately calculated, and correctly recorded in accordance with Board policy, statutory, and State Board requirements and whether the College documented Florida residency and correctly assessed tuition in compliance with Sections 1009.21 and 1009.23, Florida Statutes, and State Board of Education Rules 6A-10.044 and 6A-14.054, Florida Administrative Code.
- Examined College records supporting all 1,588 distance learning course sections with fee revenue totaling \$913,901 during the audit period to determine whether distance learning fees were assessed, collected, and separately accounted for in accordance with Section 1009.23(16)(a) and (b), Florida Statutes.
- From the population of 66 rental agreements with rental fee collections totaling \$260,943 during the audit period, examined facility use agreements and other supporting documentation for 22 selected events with rental receipts totaling \$219,301 to determine whether the agreements conformed to good business practices and were properly approved, receipts were consistent with agreements and fee schedules, and College records evidenced appropriate insurance for the facility rentals.
- From the population of compensation payments totaling \$27,730,071 made to 734 employees during the audit period, selected payments totaling \$1,302,767 made to 30 employees and examined College records supporting the payments to determine the accuracy of the rate of pay and whether supervisory personnel reviewed and approved employee reports of time worked. In addition, for the 30 employees we reviewed College records to determine the validity of employment contracts, whether the employees met the required qualifications, whether performance evaluations were completed, and the accuracy of leave records.
- 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 50 employees who separated from College employment during the audit period and were paid \$205,990 for terminal leave, we selected 17 employees with terminal payments totaling \$151,592 and examined the supporting records to determine compliance with Sections 110.122 and 1012.865, Florida Statutes; Board policies and College procedures; Division of Retirement Rule 60S-6.001(6), Florida Administrative Code; and Florida Retirement System guidelines.
- 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 \$29,653,099 for the audit period, we examined College records supporting:
 - 30 selected payments for general expenses totaling \$1,863,549.
 - 17 selected payments from restricted resources totaling \$3,332,908.
- Determined whether the College's process for selecting collection agencies was appropriate.
- From the two major construction projects with construction costs totaling \$3,165,321 and in progress during the audit period, selected six payments totaling \$1,368,341 related to the projects and examined College records to determine whether the payments were made in accordance with contract terms and conditions, Board policies and College procedures, and provisions of applicable State laws and rules.
- Examined documentation supporting the two major construction projects with total construction costs of \$3,165,321 during the audit period to determine whether the College process for selecting design professionals was in accordance with State law; the Board had adopted a policy

establishing minimum insurance coverage requirements for design professionals; and design professionals provided evidence of required insurance, and construction funding sources were appropriate.

- From the population of expenses paid through non-Federal grants and appropriations totaling \$122,958 for the audit period, selected 14 payments totaling \$7,641 made through one grant to determine whether the payments were made in accordance with grant or contract terms and conditions.
- From the population of 192 adult general education instructional students reported for 10,158 contact hours for the Spring and Fall 2020 Semesters, examined College records supporting 1,866 reported contact hours for 26 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 207 industry certifications reported for performance funding that were attained by students during the 2019-20 fiscal year, examined 27 industry certifications to determine whether the College maintained documentation for student attainment of the industry certifications.
- Examined College records to determine whether the College's unencumbered balance in the General Fund was below the threshold established in Section 1011.84, Florida Statutes.
- 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



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STATE COLLEGE

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EQUAL OPPORTUNITY/EQUAL ACCESS COLLEGE

October 5, 2021

Sherrill F. Norman
Auditor General
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Tallahassee, FL 32399-1450

Dear Ms. Norman:

Pursuant to Section 11.45(4)(d), Florida Statutes, St. Johns River State College is submitting to you a written statement of explanation concerning the finding, including our actual or proposed corrective action to the preliminary and tentative finding of the operational audit of the St. Johns River State College, dated September 17, 2021.

Finding 1: Information Technology User Access Privileges

College Response: St. Johns River State College acknowledges the finding. Since our ERP system does not differentiate between current student and former or prospective students, we will use compensating controls to mitigate this risk. A process has been run to delete all SSNs for students that are no longer active. This has greatly reduced the number of SSNs in our system. As part of the IT Audit, we are restructuring our Security classes to better protect confidential information. We will also begin a process to purge any non-needed scanned information from our imaging system.

Sincerely,

A handwritten signature in blue ink, appearing to read "Joe H. Pickens".

Joe H. Pickens, J.D.
President
St. Johns River State College

cc: Dr. Ros Humerick
Dr. Lynn Powers
Randy Peterson
Richard Anderson