

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2022-040
November 2021

INDIAN RIVER STATE COLLEGE



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the period January through December 2020, Dr. Edwin R. Massey served as President of Indian River State College through August 31, 2020, and Dr. Timothy Moore served as President after that date. The following individuals served as Members of the Board of Trustees:

	<u>County</u>
Sandra J. Krischke, Chair from 10-27-20, Vice Chair through 10-26-20	St. Lucie
Anthony D. George Jr., Vice Chair from 10-27-20	Martin
Jose L. Conrado, Chair through 10-26-20	Indian River
Susan R. Caron	St. Lucie
Vicki H. Davis	Martin
Mark A. Feurer ^a	Indian River
Christa Luna	Okeechobee
J. Brantley Schirard Jr.	St. Lucie

^a Trustee resigned 4-1-20, and Trustee position vacant through 12-31-20.

Note: One Trustee position vacant for the entire calendar year.

The team leader was Mark D. Kenny, CPA, and the audit was supervised by Clare Waters, 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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INDIAN RIVER STATE COLLEGE

SUMMARY

This operational audit of Indian River State College (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2019-139. Our operational audit disclosed the following:

Finding 1: The College did not always timely conduct personnel evaluations for administrators.

Finding 2: College textbook affordability procedures need improvement.

BACKGROUND

Indian 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 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 Ft. Pierce, Okeechobee, Port St. Lucie, Stuart, and Vero Beach. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Indian River, Martin, Okeechobee, and St. Lucie Counties.

FINDINGS AND RECOMMENDATIONS

Finding 1: Personnel Evaluations

State law¹ requires that the Board establish the personnel program for all employees of the College, including standards for performance and conduct, evaluation, and recognition. Board policies² state that performance evaluations provide supervisors with the ability to communicate individual and departmental needs and goals, to promote productivity, to recognize excellent performance, and to work with employees to identify needed improvements and resolve deficiencies in performance. Board policies require that the appropriate supervisor conduct performance evaluations with full-time employees and administrators, both the supervisor and employee sign the evaluation, and the original evaluation be placed in the employee's personnel file. College Administrative Procedures³ require that the evaluations be conducted on a periodic basis, typically within a 3-year time frame.

As part of our audit, we requested for examination employee performance evaluations conducted for the 2020 calendar year for 36 Department Chairpersons and all 28 College administrators, including

¹ Section 1001.64(18), Florida Statutes.

² College Board of Trustee Policy 6Hx11-6.22, *Employee Evaluations*.

³ College Administrative Procedures 6.22, *Administrator Evaluations*.

4 Campus Presidents, 9 Vice Presidents, and 15 Deans. Our examination disclosed that the performance of 6 Vice Presidents, 5 Deans, and the Department Chairpersons had been timely evaluated of record; however, as of August 2021:

- A Campus President, 2 Vice Presidents, and 7 Deans, employed in those positions 4 to 7.5 years, had not received a performance evaluation within the 3-year time frame specified in College Administrative Procedures, and 1 to 4.5 years had elapsed beyond that time frame.
- The most recent evaluations for 3 Campus Presidents, a Vice President, and 3 Deans, employed in those positions 5 to 24 years, were conducted November 2011 through August 2017. Therefore, the required subsequent evaluations were 11 months to 6.75 years past due.

In response to our inquiries, College personnel indicated that the evaluations were not conducted due to oversights. College personnel also indicated that administrative procedures are being revised to require annual evaluations for administrators, that all administrators would receive an annual evaluation by September 2021, and that the College enterprise resource planning system would be used to track future evaluations and ensure evaluations are timely conducted. Timely conducted and documented performance evaluations are important management tools that inform employees of their accomplishments, needed improvements, and training needs, and also help management make and support personnel decisions.

Recommendation: The College should ensure that performance evaluations are performed and documented for all College administrators in accordance with College policies and procedures.

Finding 2: Textbook Affordability

State law⁴ requires the College to post prominently in the course registration system and on its Web site, as early as is feasible, but at least 45 days before the first day of class for each term, a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course sections offered at the college during the upcoming term.

During the Spring 2020 and Fall 2020 Semesters, the College adopted approximately 340 textbooks and instructional materials each semester. According to College personnel, textbook and instructional material information was updated on the College Bookstore Web site and the course registration system was linked to that Web site. However, although we requested, College records were not provided to demonstrate the date a link to the lists of required and recommended textbooks and instructional materials was posted on the College Web site or in the course registration system. In response to our inquiries, College personnel indicated that all textbook information was posted on the College Web site 45 days prior to the first day of classes, but that the system used is not able to provide the date that items were posted to the Web site.

Notwithstanding this response, without documentation evidencing timely postings for at least 95 percent of all courses and course sections offered at the College during the upcoming term, the College cannot demonstrate compliance with State law. When postings are not timely, students may not have sufficient

⁴ Section 1004.085(5), Florida Statutes.

time to gain an understanding of course requirements, consider purchase options, and potentially limit their costs.

Recommendation: To demonstrate compliance with State law, the College should document that a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course sections offered at the College during each term was prominently posted in the course registration system and on the College Web site at least 45 days before the first day of class for each term.

PRIOR AUDIT FOLLOW-UP

The College had taken corrective actions for findings included in our report No. 2019-139.

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 August 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; direct-support organizations; student fees; textbook affordability; compensation, construction, other expenses; 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. 2019-139.
- 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.
- Reviewed College information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, systems development and maintenance, and disaster recovery.
- Reviewed College procedures for maintaining and reviewing employee access to IT data and resources. Specifically, we examined College records for 40 employees with access privileges to the database and finance and human resources applications during the audit period to determine the appropriateness and necessity of the access privileges based on the employees' job duties and user account functions and the adequacy with regard to preventing the performance of incompatible duties.
- 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).
- Examined College records for all payments totaling \$1,283,537 made during the audit period from the College to its direct-support organization (DSO), 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 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.
- Determined whether certain student fees totaling \$6.5 million that were collected during the audit period pursuant to Section 1009.23, Florida Statutes, were within amounts authorized, paid into appropriate accounts to maintain accountability, and used as authorized by State law.
- From the population of 8,913 course sections offered for the Spring 2020 and Fall 2020 Semesters, examined College records supporting textbook adoptions to determine whether the College textbook affordability procedures complied with Section 1004.085, Florida Statutes.
- Examined severance pay provisions in all ten applicable employee contracts (including the President's) for the period ended December 2020 to determine whether the provisions complied with Section 215.425(4)(a), Florida Statutes.
- Examined College records for the President who received compensation totaling \$369,182 during the 2019-20 fiscal year to determine whether the amounts paid did not exceed limits established in Section 1012.885, Florida Statutes.
- Examined College records for all 64 College campus presidents, vice presidents, deans, and department chairpersons employed by the College during the audit period to determine whether the College appropriately completed the employees' performance evaluations pursuant to College Administrative Procedures.
- From the population of Public Education Capital Outlay and other restricted capital outlay expenses totaling \$7.6 million during the audit period, examined College records supporting 30 selected expenses totaling \$3.9 million to determine whether the funds expended complied with the restrictions imposed on the use of these resources.
- From the population of 1,316 adult general education instructional students reported for 213,151 contact hours for the Spring 2020 Semester, examined College records supporting 1,350 reported contact hours for 30 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 584 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.
- 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.
- Examined College records to determine whether the College's unencumbered balance in the general fund at June 30, 2020, was below the threshold established in Section 1011.84, Florida Statutes.
- Evaluated College procedures for selecting collection agencies for appropriateness.
- 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



INDIAN RIVER STATE COLLEGE

Office of the President

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October 25, 2021

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

Dear Ms. Norman:

The following is our response to the two (2) preliminary and tentative findings on the 2021 Operational Audit of Indian River State College administered by the State of Florida, dated September 27, 2021.

Finding 1: Personnel Evaluations – Auditor General’s Recommendation: The College should ensure that performance evaluations are performed and documented for all College administrators in accordance with College policies and procedures.

Indian River State College Response: IRSC acknowledges and accepts the Auditor General’s recommendation. The College will ensure that performance evaluations are performed and documented for all College administrators in accordance with College policies and procedures. As stated in our prior responses, the policy has been updated to clarify all administrators will receive performance evaluations on an annual basis. The College agrees that timely conducted and documented performance evaluations are an extremely important management tool for all employees including College administrators.

Finding 2: Textbook Affordability – Auditor General’s Recommendation: To demonstrate compliance with State law, the College should document that a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course sections offered at the College during each term was prominently posted in the course registration system and on the College Web site at least 45 days before the first day of class for each term.

Indian River State College Response: IRSC acknowledges and accepts the Auditor General’s recommendation. The college has put several processes in place to obtain records that support compliance with State law. As we move forward with textbook postings, we will gather the necessary data from multiple sources that demonstrates the 95 percent of course material posted within 45 days before first day of class.

Very Respectfully,

A handwritten signature in blue ink, appearing to read "Timothy E. Moore", is written over a blue circular stamp or seal.

Timothy E. Moore, PhD.
President