

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2022-044
November 2021

EASTERN FLORIDA STATE COLLEGE



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the period January through December 2020, Dr. James H. Richey served as President of Eastern Florida State College and the following individuals served as Members of the Board of Trustees:

Alan H. Landman, Chair
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Dr. Edgar Figueroa
Moses L. Harvin Sr.

The team leader was Kristopher M. Kessel, and the audit was supervised by Jeffrey M. Brizendine, CPA.

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EASTERN FLORIDA STATE COLLEGE

SUMMARY

This operational audit of Eastern Florida State College (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2019-059. Our operational audit disclosed the following:

Finding 1: Required background screenings were not always conducted for employees in positions of special trust or responsibility.

BACKGROUND

Eastern Florida 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 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 Cocoa, Melbourne, Palm Bay, and Titusville. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Brevard County.

FINDING AND RECOMMENDATION

Finding 1: Background Screenings

State law¹ requires colleges to designate the positions of special trust or responsibility that are subject to a level 2 background screening² and the *College Procedures Manual*³ requires level 2 background screenings for positions of special trust. According to the Vice President of Operations and Chief Financial Officer, in April 2016 the College determined that all College employees were in positions of special trust.

While the *College Procedures Manual* requires background screenings, as of September 2021, neither Board policies nor the *College Procedures Manual*⁴ require each College employee to obtain a level 2 background screening and College procedures had not been established to monitor and ensure all employees receive the screenings timely. In response to our inquiry, College personnel indicated that new hires are screened as a condition of employment. The Florida Department of Law Enforcement submits the screening results via a secure Web site accessible only by the Assistant Vice President of

¹ Section 1012.8551, Florida Statutes.

² A level 2 background screening includes fingerprinting for Statewide criminal history records checks through the Florida Department of Law Enforcement (FDLE), national criminal history records checks through the Federal Bureau of Investigation and may include local criminal checks through local law enforcement agencies.

³ College Procedure No. 301.9, *Criminal History Check*.

⁴ College Procedure No. 301.9, *Criminal History Check*.

Human Resources. The Assistant Vice President reviews the results to determine whether each individual has a suitable background for employment and any personnel actions should be made.

During the 2020 calendar year, the College employed 1,750 personnel. As part of our procedures, we examined College records, as of June 2021, listing the last background screening dates for employees and identified 62 employees without screening dates. Although we requested, College records were not provided to demonstrate that level 2 background screenings had been conducted for these employees although most had been employed by the College from 4 to 30 or an average of 11 years. The 62 employees without documented background screenings included:

- 27 College Institute of Public Safety adjunct instructors.
- 23 College Virtual Campus adjunct instructors.
- 12 employees from other College departments, including 5 who separated from College employment during the 2020 calendar year.

Absent effective controls to ensure that required level 2 background screenings are timely obtained and the results promptly verified, there is an increased risk that the College will employ individuals with unsuitable backgrounds.

Recommendation: Board policies and the *College Procedures Manual* should be amended to designate the positions of special trust or responsibility that are subject to a level 2 background screening. In addition, the College should identify employees who have not obtained the required background screenings, ensure the screenings are promptly obtained and evaluated, and make personnel decisions, as necessary based on evaluations of the screening results.

PRIOR AUDIT FOLLOW-UP

The College had taken corrective actions for the findings included in our report No. 2019-059.

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 May 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 information technology resources and related controls; 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. 2019-059.
- 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. 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 Board policies and College procedures related to identifying potential conflicts of interest. We also researched Department of State, Division of Corporations, records and reviewed College records for the Board of Trustees, the College President, the Vice President of Operations, and the Chief Financial Officer to identify any relationships that represented a potential conflict of interest with vendors used by the College.
- Evaluated College procedures for protecting the sensitive personal information of students, including student social security numbers (SSNs). We examined College records supporting the access privileges of the 62 employees with access to students' sensitive personal information to determine the appropriateness and necessity of the access privileges based on the employee's assigned job responsibilities. We also examined College records to determine whether the College had provided individuals with written statements of the purpose for collecting their SSNs.
- From the population of 5,105 course sections offered during the audit period, examined College records to determine whether Board policies and College procedures regarding textbook affordability were in accordance with Section 1004.085, Florida Statutes.
- Determined whether the College's unencumbered balance in the general fund was below the threshold established in Section 1011.84, Florida Statutes.
- Examined College records to determine whether a total of \$34.4 million in user fees, including financial aid fees, activity and service fees, capital improvement fees, and technology fees were assessed, calculated, correctly recorded, and expended.
- Evaluated Board policies and College procedures for obtaining personnel background screenings to determine compliance with Section 1012.8551, Florida Statutes. Specifically, we reviewed Board policies and College procedures and examined College records listing the last background screening dates for the 1,750 individuals employed with the College during the audit period.
- From the population of 14 executive level employees, identified and examined the 5 employee contracts with severance pay clauses to determine whether severance pay provisions complied with Section 215.425(4), Florida Statutes.
- From a population of 35 capital improvement fee expense vendor payments totaling \$795,500, examined College records supporting 6 selected expenses totaling \$545,769 to evaluate College compliance with the restrictions imposed by Section 1009.23(11), Florida Statutes.
- From the population of eight major construction projects with construction costs totaling \$23,353,365 and in progress during the audit period, selected ten payments totaling \$1,555,097 related to two major construction 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.
- Evaluated documentation related to one major construction project with total construction costs of \$15,383,682 to determine whether the College process for selecting design professionals and construction managers was in accordance with Section 287.055, Florida Statutes.
- Examined College records supporting payments totaling \$421,291 made during the audit period from the College for its direct-support organizations (DSOs) 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.

- Reviewed Board policies prohibiting employees from soliciting or accepting gifts in connection with any decision, approval, disapproval, or recommendation, affecting the institution's purchasing or contracting decisions.
- Examined College records to determine whether the process for selecting collection agencies was appropriate.
- From the population of 226 industry certifications reported for performance funding that were attained by students during the 2019-20 fiscal year, examined 31 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

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 fluid and cursive, with the first name being the most prominent.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



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November 2, 2021

Sherrill F. Norman
Auditor General
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Dear Ms. Norman:

The following is the response to the preliminary and tentative finding of your operational audit of Eastern Florida State College.

Finding No. 1: Background Screenings

College procedure 301.9 has been revised designating all full- and part-time faculty and staff are subject to level 2 background screenings. Additionally, employees who had not obtained the required background screenings have been identified and appropriate personnel actions have been taken based on evaluations of the screening results.

Sincerely,


Dr. James H. Richey
President