

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2022-050
November 2021

POLK STATE COLLEGE



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the period January through December 2020, Dr. Angela Garcia Falconetti served as President of Polk State College and the following individuals served as Members of the Board of Trustees:

Cynthia Hartley Ross, Chair from 8-24-20,
Vice Chair through 8-23-20
Ashley Bell Barnett, Vice Chair from 8-24-20
Teresa V. Martinez, Chair through 8-23-20
Dan Dorrell
Greg Littleton
Mark G. Turner

Note: One Trustee position was vacant during the entire period.

The team leader was Pakeishia L. Johnson, and the audit was supervised by Mark A. Arroyo, 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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POLK STATE COLLEGE

SUMMARY

This operational audit of Polk State College (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2019-054. Our operational audit disclosed the following:

Finding 1: The College paid severance pay to a former employee to settle an employment dispute. However, the pay represented 20 weeks of compensation, exceeding the 6-week limit set by State law by \$24,570.

Finding 2: College records supporting payments for security and custodial services need improvement.

Finding 3: As similarly noted in our report No. 2019-054, some unnecessary information technology user access privileges existed that increased the risk for unauthorized disclosure of sensitive student information to occur.

BACKGROUND

Polk 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 Lakeland and Winter Haven. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Polk County.

FINDINGS AND RECOMMENDATIONS

Finding 1: Severance Pay

State law¹ provides that an employee may receive severance pay that is not provided for in a contract or employment agreement if the severance pay represents the settlement of an employment dispute and the amount does not exceed 6 weeks of compensation. If severance pay is provided for in a contract or employment agreement, the severance pay provided may not exceed an amount greater than 20 weeks of compensation. Severance pay is defined as salary, benefits, or perquisites for employment services yet to be rendered that are provided to an employee who has recently been or is about to be terminated.

During the period January 2020 through December 2020, College records indicated that 17 employees received severance payments totaling \$377,176. As part of our audit, we examined College records supporting these payments and noted a former employee, who had a continuing contract without a

¹ Section 215.425(4), Florida Statutes.

severance pay provision, received severance pay totaling \$35,100 to settle an employment dispute. However, the pay represented 20 weeks of compensation, exceeding the 6-week limit set by State law by \$24,570.

In response to our inquiry, College personnel indicated that the negotiated settlement was made with the employee to resign from his contract. Notwithstanding, the amount exceeded the statutory limit for severance pay and violated State law.

Recommendation: The College should ensure that severance payments do not exceed the amounts established by law.

Finding 2: Contracted Services

Effective management for contracted services requires and ensures that contract provisions clearly establish the services to be performed, the basis for payment after services are rendered, and that records are maintained to evidence satisfactory receipt of the services by personnel with direct knowledge of the services.

During the 2020 calendar year, the College paid \$10,182,075 for contracted services. As part of our audit of College controls over these services and related payments, we examined College records supporting selected payments totaling \$1,333,619 and found that College procedures were generally effective for most contracted services. However, we noted certain deficiencies relating to services provided by, and related payments to, the Polk County Sheriff's Office (PCSO) and custodial services contractor. Specifically, according to the contracts for:

- PCSO services, related to \$133,548 of the selected payments, the College was required to prepay quarterly for the services of five security personnel on College campuses. However, the contracts did not define service times or locations and, although we requested, records were not provided to demonstrate that the PCSO services were received.
- The custodial services, supporting \$182,027 of the payments, the contractor must submit monthly invoices for services rendered before payments are made by the College. However, the contractor submitted invoices at the beginning of the service period and College personnel approved and made payment before services were rendered.

In response to our inquiries, College personnel indicated the College prepaid the PCSO quarterly as required by the terms of the applicable contracts and the custodial services were prepaid in error. Notwithstanding, absent effective procedures for establishing contracts that require and ensure payment after satisfactory receipt of contracted services is documented, there is an increased risk that the College may overpay for services, the services may not be received consistent with Board expectations, and any overpayments that occur may not be timely detected and recovered.

Recommendation: The College should enhance procedures to require and ensure that contracts for services set forth the required services, including applicable service times and locations, and exclude prepayment provisions. In addition, prior to payment, College personnel should verify that the contracted services are appropriately received by either reconciling contract terms, documented receipt of the services by personnel with direct knowledge of the services and invoices, or conducting other appropriate procedures.

Finding 3: Information Technology User Access Privileges – Sensitive Personal Information

The Legislature has recognized in State law² 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 individuals 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 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. While the State *General Records Schedules*³ require retention periods of 5 years for certain records of students who apply for admission but are denied or who did not register, the College indefinitely maintains the SSNs of prospective students and College records did not document the public purpose served for indefinitely maintaining that information.

To help protect student information, including student SSNs, from unauthorized disclosure, modification, or destruction, all employees with IT system access are required to receive records confidentiality training. In addition, the IT system had the ability to mask SSNs that were displayed on IT screens along with student demographic information. However, College procedures had not been established to evaluate access privileges to student SSNs to ensure that the access was based on a demonstrated need and that, if access was not needed, the SSNs were masked or otherwise protected from unnecessary disclosure.

As of April 2021, the College IT system contained information for 299,727 students, including current, former, and prospective students, which the system did not differentiate, and a total of 152 employees and 27 contractors had IT user access privileges to sensitive personal student information. As part of our audit, we examined College records supporting the access privileges for 33 employees and 2 contractors. We found that 24 employees had unnecessary access to student SSNs displayed along with student demographic information. Although the job responsibilities of the individuals required access to certain student demographic information such as telephone numbers and home and e-mail addresses, student SSNs were not required. Subsequent to our inquiry, in July 2021, College personnel removed the unnecessary access to student SSNs.

In response to our inquiries, College personnel indicated that the remaining 11 individuals needed continuous access to student SSNs. Notwithstanding, we determined that some personnel, such as accounting specialists and administrative assistants had access to the sensitive personal information for prospective, current, and former students but only needed access to information related to current students.

² Section 119.071(5)(a), Florida Statutes.

³ Florida Department of State, Division of Library and Information Services - *General Records Schedule GS5 For Public Universities and College*, Item #97.

The existence of unnecessary access privileges increases the risk of unauthorized disclosure of sensitive 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. 2019-054.

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

- **Document the public purpose served for maintaining prospective student information beyond 5 years, establish a reasonable time frame for maintaining that information, and remove the information when the time frame expires.**
- **Enhance procedures to require and ensure documented periodic evaluations of assigned IT user access privileges to determine whether such privileges remain necessary and timely remove any inappropriate or unnecessary access privileges detected.**
- **Mask the display of SSNs when IT system users only need access to student demographic information.**
- **Upgrade the College IT system to include a mechanism to differentiate current, former, and prospective student information.**

PRIOR AUDIT FOLLOW-UP

The College had taken corrective actions for findings included in our report No. 2019-054 except that Finding 3 was also noted in report No. 2019-054 as Finding 2.

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 information technology resources and related controls; direct-support organizations; student fees; compensation, 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. 2019-054.
- 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 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, disaster recovery, and incident response and recovery.
- Evaluated College procedures for maintaining and reviewing employee access to IT data and resources. We examined access privileges to the database and finance and human resources applications during the audit period for 49 of 628 total users to determine the appropriateness and necessity of the access based on the employees' job duties and user account functions and the

adequacy with regard to preventing the performance of incompatible duties. We also examined administrator account access privileges granted and procedures for oversight of administrator accounts for the network, operating system, database, and application to determine whether these accounts had been appropriately assigned, managed, and monitored.

- Evaluated College procedures for protecting sensitive personal information of students, including social security numbers. From the population of 179 employees and contractors who had access to sensitive personal information of students during the audit period, we examined College records supporting the access privileges granted to 35 employees and contractors to determine the appropriateness and necessity of the access privileges based on the employees' assigned job responsibilities.
- Evaluated Board security policies and College procedures governing the classification, management, and protection of sensitive and confidential information during the audit period.
- Evaluated the appropriateness of the College comprehensive IT disaster recovery plan effective during the audit period and determined whether it had been recently tested.
- Reviewed operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- 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 direct-support organization (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.
- Examined supporting documentation to determine whether the College properly calculated, in compliance with Section 1009.23(12)(a), Florida Statutes, financial aid, student activity, technology, and capital improvement user fees with revenue totaling \$4.6 million.
- Examined College records to determine whether, as required by Section 1009.23, Florida Statutes, the College separately accounted for financial aid, student activity, technology, and capital improvement user fees collected during the audit period.
- Examined severance pay provisions in the 16 employee contracts with these provisions to determine whether the provisions complied with Section 215.425(4)(a), Florida Statutes. We also examined College records supporting all severance payments totaling \$377,176 made to 17 employees during the audit period to determine whether the payments complied with State laws and Board policies.
- Examined College records to determine whether selected payments 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. Specifically, from the population of contracted services payments totaling \$10,182,075 for the audit period, we examined College records supporting payments for contracted services totaling \$1,333,619.
- From the population of capital improvement fee and other restricted capital outlay expenses totaling \$2,236,264 during the audit period, examined records supporting five selected expenses totaling \$1,105,548 to determine whether funds were expended in compliance with the restrictions imposed on the use of these resources.
- From the population of 324 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.

- 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

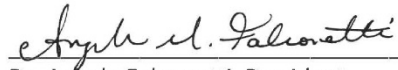
MANAGEMENT'S RESPONSE



TRANSMITTAL FORM

SUBJECT: 2020 OPERATIONAL AUDIT PRELIMINARY AND TENTATIVE FINDINGS RESPONSE

I verify that the attached documents are the responses by Polk State College to the three findings and recommendations in the preliminary and tentative report by the State Auditor General's report, dated October 14, 2021.



Dr. Angela Falconetti, President

11/16/2021

Date

Polk State College
RESPONSE TO PRELIMINARY AND TENTATIVE FINDINGS
2020 Operational Audit

FINDING 1: SEVERANCE PAY

AG Recommendation:

The College should ensure that severance payments do not exceed the amounts established by law.

College Response:

Polk State will modify its employment contracts when issued in the next fiscal year (FY 2022-23) to include language reflecting Florida Statute on the matter of severance payments and limits.

FINDING 2: CONTRACTED SERVICES

AG Recommendation:

The College should enhance procedures to require and ensure that contracts for services set forth the required services, including applicable service times and locations, and exclude prepayment provisions. In addition, prior to payment, College personnel should verify that the contracted services are appropriately received by either reconciling contract terms, documented receipt of the services by personnel with direct knowledge of the services and invoices, or conducting other appropriate procedures.

College Response:

Polk State will enhance internal procedures and protocol to ensure that contracts for services exclude prepayment provisions. In addition, Polk State will enhance internal procedures and protocols to verify that contracted services are appropriately received through documented receipt of the services by personnel with direct knowledge of the services. In the case of the contracted services with the Polk County Sheriff's Office, our Director, Public Safety and Security will review and approval all timesheets, and the Vice President, Business Administration and Finance will review and approve the Director's timesheet and one of our accountants will be assigned to review all timesheets for a check.

FINDING 3: INFORMATION TECHNOLOGY USER ACCESS PRIVILEGES – SENSITIVE PERSONAL INFORMATION

AG Recommendation:

To ensure access to sensitive information, including SSNs, is properly safeguarded, the College should:

- Document the public purpose served for maintaining prospective student information beyond 5 years, establish a reasonable time frame for maintaining that information, and remove the information when the time frame expires.
- Enhance procedures to require and ensure documented periodic evaluations of assigned IT user access privileges to determine whether such privileges remain necessary and timely remove any inappropriate or unnecessary access privileges detected.
- Mask the display of SSNs when IT system users only need access to student demographic information.

Polk State College
RESPONSE TO PRELIMINARY AND TENTATIVE FINDINGS
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- Upgrade the College IT system to include a mechanism to differentiate current, former, and prospective student information.

College Response:

Polk State will work to create internal procedures to review reasons for holding onto prospective student information and a timeline for removing that information if a student does not choose to attend Polk State.

Polk State reviews user access privileges annually or when position responsibilities change. Based on the results of these reviews, Polk State will continue to remove unnecessary access privileges or change privileges to mask certain information in a timely manner and will review or modify the procedures to ensure that privileges are necessary for the requested individuals and time period.

Polk State's current ERP software does not have a mechanism to restrict or distinguish access between current and former students. Polk State is in the early stages of a process reviewing two ERP systems to replace the current, antiquated ERP system. Unlike the current system, we have confirmed that both proposed systems can achieve the Auditor General's recommendation and will allow Polk State to differentiate current, former and prospective student information and create security as to who can access this information.

End of Response to 2020 Operational Audit Preliminary and Tentative Findings