

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2022-097  
January 2022

**SEMINOLE STATE COLLEGE OF FLORIDA**



Sherrill F. Norman, CPA  
Auditor General

## **Board of Trustees and President**

During the period January through December 2020, Dr. Georgia Lorenz served as President of Seminole State College of Florida and the following individuals served as Members of the Board of Trustees:

Scott D. Howat, Chair through 12-22-20<sup>a</sup>  
Amy Lockhart, Vice Chair  
Dr. Tina Calderone  
Bob Cortes  
Susan Fernandez through 2-14-20<sup>b</sup>  
Daniel J. O'Keefe from 12-23-20

<sup>a</sup> Chair position vacant from 12-23-20, through 12-31-20.

<sup>b</sup> Trustee position vacant from 2-15-20, through 12-31-20.

The team leader was Keith O. Auyang, CPA, and the audit was supervised by Keith A. Wolfe, CPA.

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

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# SEMINOLE STATE COLLEGE OF FLORIDA

## SUMMARY

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This operational audit of Seminole State College of Florida (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2019-084. Our operational audit disclosed the following:

**Finding 1:** The College did not always document required supervisor performance evaluations of adjunct instructors.

**Finding 2:** Contrary to Florida Department of Education, Division of Florida Colleges instructions, the College reported on the 5-year capital improvement plan, prepared in June 2019, that only State funds would be used to construct the Sanford/Lake Mary Building L & F Project and that additional appropriated State funds totaling approximately \$5.3 million would be required to complete the Project. However, according to College records, the College had already expended on the Project \$2.9 million from other funds as of June 2019 and expended an additional \$1.5 million from other funds after that date. Had the College properly reported all other funds for the Project, there would have been no additional appropriated State funds required to complete the Project.

## BACKGROUND

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Seminole State College of Florida (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 Altamonte Springs, Heathrow, Oviedo, and Sanford. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Seminole County.

## FINDINGS AND RECOMMENDATIONS

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### Finding 1: Performance Evaluations of Adjunct Instructors

State law<sup>1</sup> requires the Board to establish the personnel program for all employees of the College pursuant to State law<sup>2</sup> and rules and guidelines of the State Board of Education (SBE). Board policies<sup>3</sup> provide that the performance of all full-time and regular part-time employees shall be appraised at least once a year and temporary part-time employees' performance shall be appraised as appropriate. College

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<sup>1</sup> Section 1001.64(18), Florida Statutes.

<sup>2</sup> Chapter 1012, Florida Statutes.

<sup>3</sup> Policy 2.070, *Evaluation of Employees*.

procedures<sup>4</sup> require that adjunct faculty teaching courses with a total of at least 45 contact hours in a term will be evaluated during their first year of employment and those with a satisfactory evaluation will be evaluated on a 3-year cycle; however, supervisors may evaluate an adjunct faculty member more frequently as deemed necessary. The adjunct faculty evaluation is to include, at a minimum, a review of the course syllabi for all courses taught, a classroom observation, a review of the student perception of instruction forms, and a completed adjunct faculty evaluation form.

During the 2020 calendar year, the College employed 1,817 employees, including 630 adjunct instructors. As part of our audit, we requested for examination College records documenting the performance evaluations completed for 30 selected employees, including 14 adjunct instructors and 16 other employees. We found that most of the required evaluations were completed; however, required performance evaluations were not provided for 4 adjunct instructors who had been employed by the College 2 to 5 years.

In response to our inquiry, College personnel indicated that departments had developed evaluation schedules to monitor when an adjunct instructor would require a performance evaluation. However, although we requested, one department was unable to provide the schedules for 3 of the 4 adjunct instructors due to personnel turnover. Subsequent to our request, the department created a schedule to track future evaluations.

Timely conducted and documented employee performance evaluations are important management tools that inform employees, including adjunct instructors, of their accomplishments, needed improvements, and training needs, and also help management make and support personnel decisions.

**Recommendation: The College should continue efforts to ensure that adjunct instructor performance evaluations are completed timely and records of the evaluations are properly maintained in respective personnel files.**

## **Finding 2: Capital Improvement Plan**

Pursuant to State law,<sup>5</sup> colleges receive Public Education Capital Outlay (PECO) funds for projects based on a 3-year priority list submitted by the SBE annually in the legislative budget request.<sup>6</sup> To facilitate preparation of the legislative budget request, including the 3-year priority list, the Florida Department of Education, Division of Florida Colleges (DFC) requires each college to submit a legislative budget request, which includes a 5-year capital improvement plan (CIP), in a format established by the DFC.

DFC instructions for the budget request provide that each college's CIP is used to develop the 3-year priority list prescribed by State law. DFC instructions require the CIP to report additional appropriated State funds required to complete projects and other funds, such as capital improvement fees and unrestricted resources, that have been encumbered or spent to date for partially funded projects. In addition, DFC instructions provide that the project amount (i.e., project total costs) should not change on

<sup>4</sup> Procedure 2.1502, *Adjunct Teaching Faculty Evaluation*.

<sup>5</sup> Section 1013.64(4)(a), Florida Statutes.

<sup>6</sup> The legislative capital outlay budget request is required by Section 1013.60, Florida Statutes.

the CIP once a project receives State funding and that prior appropriated State funds plus any additional appropriated State funds required and other funds should equal the project total costs.

The College 5-year CIP for the 2020-21 through 2024-25 fiscal years, dated June 2019, included the Sanford/Lake Mary Building L & F Project (Project). The Project was a multi-year PECO-funded project that was first funded from State appropriations during the 2007-08 fiscal year and was completed in August 2019, one month prior to the projected completion date. Table 1 summarizes the information reported on the 5-year CIP.

**Table 1**  
**2020-21 Through 2024-25 Fiscal Year (5-year) CIP**

Project Summary  
June 2019

Prior Appropriated State Funds <sup>a</sup>	Additional Appropriated State Funds Required	Other Funds	Project Total Costs	Estimated Completion Date
\$26,844,963	\$5,265,050	\$0	\$32,110,013	9/15/2019

<sup>a</sup> PECO funds were the only State funds appropriated for the Project.

Source: College 5-year CIP for the 2020-21 through 2024-25 fiscal years.

In September 2019, the SBE approved the Florida College System’s 2020-21 fiscal year project priority PECO list, which included the same funding amounts for the Project as submitted on the College 5-year CIP. In the 2020-21 fiscal year, the College received \$2.5 million in PECO funds for the Project.<sup>7</sup>

As part of our audit, we examined College records to determine the sources that funded the Project and whether those sources were properly reflected on the 5-year CIP. Table 2 provides a summary of Project expenses by funding source.

**Table 2**  
**Project Expenses**

Expenses by Fiscal Year

Funding Source	Expenses by Fiscal Year			Total Project Expenses
	2007-08 through 2018-19	2019-20	2020-21	
PECO	\$24,526,394	\$2,321,359	\$ 2,500,000	\$29,347,753
Capital Improvement Fees	2,794,207	881,117	(2,500,000)	1,175,324
Unrestricted Resources	147,496	596,581	-	744,077
<b>Total</b>	<b>\$27,468,097</b>	<b>\$3,799,057</b>	<b>\$ -</b>	<b>\$31,267,154</b>

Source: College records.

Although the College reported \$0 in other funds on the 5-year CIP prepared in June 2019, the College had expended \$2.9 million<sup>8</sup> from other funds on the Project by that date. College records further indicated that when the 5-year CIP was prepared in June 2019, College personnel and the Board were aware that

<sup>7</sup> Chapter 2020-111, Laws of Florida, Specific Appropriation 23.

<sup>8</sup> Expenses from capital improvement fees totaling \$2,794,207 and unrestricted resources totaling \$147,496.

additional other funds would be used during the 2019-20 fiscal year on the Project. Specifically, the Board-approved capital outlay budget for the 2019-20 fiscal year reported that:

- Project budgeted expenses totaled \$3.9 million.
- PECO funds totaled \$2.3 million and were available for the Project.
- Local funds of either capital improvement fees or unrestricted current funds would be used in amounts sufficient to meet the Project's budgeted expenses in excess of available PECO funds.

Thus, had the College properly reported all other funds for the Project, there would have been no additional State funds required to complete the Project. Since other funds were used to complete the Project, the College used the 2020-21 appropriated PECO funds totaling \$2.5 million to reimburse capital improvement fee expenses incurred in the 2018-19 fiscal year. Consequently, Board minutes demonstrate that the Board approved use of other funds to complete the Project while the Board resolved to concurrently seek the remaining \$5.3 million in PECO funds. When information on the 5-year CIP is not complete, accurate, and consistent with DFC instructions, there is an increased risk that projects may not be funded based on the best available data.

**Recommendation: The College should enhance procedures to ensure that 5-year CIPs are properly completed and all funding sources available for capital outlay projects are reported in accordance with DFC instructions.**

#### **Follow-Up to Management's Response**

*Management's response states that the College disagrees with the finding and that the College completed the CIP "in accordance with the Florida Department of Education, Division of Florida Colleges' (DFC) instructions which do not contemplate sizeable appropriation funding gaps over a 13-year period within either the 5-year CIP submission, nor the DFC's 3-year priority list prescribed by State law and do not have the mechanism to report advance funding while concurrently requesting state appropriations funding." Additionally, the response indicates that College personnel confirmed with DFC staff that the correct reporting approach was used given the reporting limitations within the CIP. Notwithstanding, College records did not demonstrate compliance with the DFC instructions to report other funds spent to partially fund the Project.*

*To support the assertion that the College used the correct reporting approach, the College should obtain documented confirmation from the DFC that explains how the College CIP, which excluded the amount of other funds spent to partially fund the Project, complied with the DFC instructions. Absent DFC confirmation and explanation, the finding stands as presented.*

## **PRIOR AUDIT FOLLOW-UP**

The College had taken corrective actions for findings included in our report No. 2019-084.

## **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; textbook affordability; 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. 2019-084.
- 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 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, 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 finance and human resources (HR) applications during the audit period for the 13 and 18 total users, respectively, 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 applications to determine whether these accounts had been appropriately assigned, managed, and monitored.
- Evaluated College procedures that prohibit former employees' access to College IT data and resources. For the ten employees in the Finance and HR Departments who separated from College employment during the audit period, we examined College records to determine whether access privileges had been timely deactivated.
- Evaluated College procedures for protecting sensitive personal information of students, including social security numbers. Specifically, we examined College records supporting the access privileges of the 386 employees granted access to the sensitive personal information of students 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.
- 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 College had developed an anti-fraud policy to provide guidance to employees for communicating known or suspected fraud to appropriate individuals. Also, we examined College records to determine whether the College had implemented appropriate and sufficient procedures to comply with the anti-fraud policy.

- 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 organizations (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.
- Examined College records to determine whether student receivables were properly authorized, adequately documented and properly recorded. Specifically, from the population of delinquent student receivables totaling \$1,846,694 and recorded as of June 30, 2020, we examined documentation relating to 30 selected delinquent student receivables totaling \$17,480 and evaluated the adequacy of the College's collection efforts and whether restrictions on student records and holds on transcripts and diplomas were appropriate and enforced for students with delinquent accounts in accordance with Board policies established pursuant to Section 1010.03, Florida Statutes.
- Evaluated the effectiveness of College controls during the audit period to ensure that students who had not paid fees in an approved manner were not considered in calculating full-time equivalent enrollments for State funding purposes pursuant to Sections 1009.22(11) and 1009.23(9), Florida Statutes.
- To determine whether student fees totaling \$41,768,104 during the audit period were properly assessed and authorized, accurately calculated, and correctly recorded in accordance with Board policies and statutory and State Board of Education (SBE) requirements:
  - Examined College records for 30 selected students and their related fees totaling \$35,884 to determine whether the College documented Florida residency and correctly assessed tuition in compliance with Sections 1009.21, 1009.22, and 1009.23, Florida Statutes, and SBE Rules 6A-10.044 and 6A-14.054, Florida Administrative Code.
  - Determined whether the College had established procedures to cancel the registration of students who did not timely pay fees; make student status and Florida residency determinations in compliance with Section 1009.21, Florida Statutes; and record deferred fees as a receivable.
- From the population of 7,534 course sections offered during the audit period, examined College records supporting textbook adoptions to determine whether the College textbook affordability procedures complied with Section 1004.085, Florida Statutes.
- From the population of compensation payments totaling \$54,966,887 made to 1,817 employees during the audit period, selected payments totaling \$73,438 made to 30 employees and examined College records supporting the payments to determine the accuracy of the rate of pay, the validity of employment contracts, whether the employees met the required qualifications, whether performance evaluations were completed, the accuracy of leave records, and whether supervisory personnel reviewed and approved employee reports of time worked.
- Examined the one employee contract containing severance pay provisions to determine whether the provisions complied with Section 215.425(4)(a), Florida Statutes.
- Evaluated College policies and procedures for obtaining personnel background screenings to determine the extent to which the policies and procedures promoted compliance with Section 1012.8551, Florida Statutes.
- For the compensation payments totaling \$328,050 made to the President during the audit period, examined College records supporting the payments to determine whether the amounts paid did not exceed the limits established in Section 1012.885, Florida Statutes.
- 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 \$21,873,251 for the audit period, we examined College records supporting:

- 30 selected payments for general expenses totaling \$342,967.
- 30 selected payments for contractual services totaling \$308,240.
- Examined purchase card (P-card) records for the 13 cardholders who separated from College employment during the audit period to determine whether the College timely canceled the cardholders' P-cards.
- Reviewed Board policies and College procedures related to identifying potential conflicts of interest. We also researched Department of State, Division of Corporations, records; statements of financial interest; and from a population of 26 College officials, we reviewed College records for 12 selected College officials (the President, 3 Vice Presidents, 2 Associate Vice Presidents, the Purchasing Director, and the 5 Board members) to identify any relationships that represented a potential conflict of interest with vendors used by the College.
- From the population of Public Education Capital Outlay and other restricted capital outlay expenses totaling \$9,244,355 during the audit period, examined records supporting 28 selected expenses totaling \$1,957,164 to determine whether the expenses promoted compliance with the restrictions imposed on the use of these resources.
- Reviewed the capital improvement plans for the 2018-19 through 2023-24 fiscal years to determine that the College's Sanford Campus Building L & F renovation and remodeling project funding sources were properly reported in accordance with Division of Florida Colleges instructions for consideration in the Florida Department of Education annual legislative budget request for Public Education and Capital Outlay funding submitted to the Legislature.
- From the population of 1,878 tangible personal property (TPP) items with a cost of \$1,000 or more, examined College records to determine if 30 selected TPP items were accounted for properly.
- From the population of 2,452 adult general education instructional students reported for 478,033 contact hours for the Spring, Summer, and Fall 2020 Semesters, examined College records supporting 1,121 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 636 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 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***

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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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Georgia L. Lorenz, Ph.D., President

January 6, 2022

Ms. Sherrill F. Norman, CPA  
Auditor General, State of Florida  
111 West Madison Street, Suite G74  
Tallahassee, FL 32399-1450

RE: Response to the 2020 Operational Audit Findings

Dear Ms. Norman:

Please see the College's response to the 2020 Operational Audit Findings dated December 10, 2021 as follows:

**Auditor's Finding 1:** The College did not always document required supervisor performance evaluations of adjunct instructors.

**Auditor's Recommendation to Finding 1:** The College should continue efforts to ensure that adjunct instructor performance evaluations are completed timely and records of the evaluations are properly maintained in respective personnel files.

**College's Response to Finding 1:** The College acknowledges the audit finding and has implemented the following corrective measures:

1. The College conducted refresher training for all Deans on College Procedure 2.1502 and Article 13 -Evaluations in the contract (ratified June 2021) with the SEIU adjunct faculty union.
2. The College developed a Canvas training site for all newly hired Deans and Associate Vice Presidents that includes a section on Adjunct Teaching Faculty Evaluation training and recommended methods for documenting compliance.
3. Each Academic Dean created an updated Adjunct Faculty Evaluation Tracking chart and schedule for conducting evaluations. These charts/schedules targeted completing evaluations on all adjunct faculty due to be evaluated during the 2021-22 academic year based on Procedure 2.1502.
4. Although not outlined as part of the College procedure, the Vice President of Academic Affairs also charged the Associate Vice Presidents of each academic school to regularly monitor compliance with the adjunct evaluation schedule within their departments.

These measures will ensure that adjunct instructor performance evaluations are completed in a timely manner and that the records of the evaluations are properly maintained.

**Auditor's Finding 2:** Contrary to Florida Department of Education, Division of Florida Colleges instructions, the College reported on the 5-year capital improvement plan, prepared in June 2019, that only State funds would be used to construct the Sanford/Lake Mary Building L & F Project and that additional appropriated

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State funds totaling approximately \$5.3 million would be required to complete the Project. However, according to College records, the College had already expended on the Project \$2.9 million from other funds as of June 2019 and expended an additional \$1.5 million from other funds after that date. Had the College properly reported all other funds for the Project, there would have been no additional appropriated State funds required to complete the Project.

**Auditor’s Recommendation to Finding 2:** The College should enhance procedures to ensure that 5-year CIPs are properly completed and all funding sources available for capital outlay projects are reported in accordance with DFC instructions.

**College’s Response to Finding 2:** We disagree with the Auditor’s Finding 2 and assert the following which are elaborated further below:

- (1) We completed the referenced 5-year Capital Improvement Plan (CIP) in accordance with the Florida Department of Education, Division of Florida Colleges’ (DFC) instructions which do not contemplate sizeable appropriation funding gaps over a 13-year period within either the 5-year CIP submission, nor the DFC’s 3-year priority list prescribed by State law and do not have the mechanism to report advance funding while concurrently requesting state appropriations funding;
- (2) The Auditor left out of their narrative a number of critical points from the full discussion with College staff that gives the reader of the audit report the false impression that the College disregarded the CIP instructions, carelessly completed the CIP, and improperly requested State PECO appropriations for the project; and
- (3) A number of items presented as facts in the narrative are incorrect and do not accurately represent the discussion with College staff.

First, the 5-year CIP and 3-year DFC priority list are state appropriation funding request models using a historical (pre-fiscal year 2010-11) 3- to 5-year construction project start-to-completion cycle. The 5-year CIP instructions and report format do not contemplate the unique challenges of a 13-year, large dollar, multi-phase renovation and remodeling project with significant funding gaps, project cost escalations, value-engineering, and other project changes over this time:

Fiscal Year	Amount
2007-08	\$4,109,897
2008-09	\$3,505,890
2009-10	\$651,942
2014-15	\$5,829,366
2016-17	\$12,747,868
2020-21	\$2,500,000
Total	\$29,347,753

As noted by the Auditor, our Board of Trustees approved using local funds to complete the final phase of the project while resolving to concurrently seek the remaining \$5.3 million in State PECO project appropriations. We estimate that this decision to advance fund the final project phase saved the taxpayers of the state of Florida approximately \$750,000 in phased construction mobilization costs as

well as construction cost escalations due to periods of funding gaps; preserved state assets by completing construction of the exposed 1<sup>st</sup> and 2<sup>nd</sup> floors; and restored a critically needed instructional classroom building to serve students. In spite of the funding challenges and limitations of the CIP instructions to report advance funding while concurrently requesting state appropriations project funding, we completed the CIP in accordance with the instructions for the reasons stated more fully below.

Second, the Auditor left out of their narrative a number of critical points from the full discussion with College staff that gives the reader of the audit report the false impression that the College disregarded the CIP instructions, carelessly completed the CIP, and improperly requested State PECO appropriations for the project. As discussed with the Auditor on 10/11/21, the CIP instructions and forms cannot accommodate the unique challenges of our Board's decision to advance fund a project for the reasons described in Item 1 above while simultaneously requesting these same State appropriation project funds on the CIP. Per the CIP instructions, once a project receives state funding, the project amount should not change. This project received an initial appropriation in the 2007-08 fiscal year; therefore, we could not change the project amount in accordance with the CIP instructions.

Also, per the CIP instructions, requests for state appropriations amounts must be equal on all related forms. Per the CIP-2 Project Summary Instructions (page 6), "[The CIP-2] contains information regarding all capital requests including projects already authorized by an appropriation but still needing additional funding for construction or equipment to complete the project. The data in the CIP 2, CIP 3 and/or CIP 4 must agree" [emphasis added by College staff]. It was always our intent to concurrently seek the remaining \$5.3 million in PECO funds; therefore, we completed the CIP in accordance with the instructions with amounts equal to the remaining state appropriation request on all related forms since we were unable to adjust the total project amount. We confirmed with DFC staff that this is the correct reporting approach given the reporting limitations within the CIP.

We also discussed with the Auditor the precedence of K-20 institutions receiving State PECO Appropriations to refund and reimburse institutions for local funds previously expended on construction projects. This precedence was confirmed by DFC staff and, in fact, the FDOE Fixed Capital Outlay Office's "Capital Outlay Request Encumbrance Authorization - Form FCO 352" contemplates the use of State Appropriations to reimburse previous expenses by using "Phase Code 05: Repayment of projects or loans." This information was shared with the Auditor as additional evidence that our CIP request and reimbursement of previously expended funds is a normal and approved use of State PECO Appropriations once project funds are approved by the Legislature and signed by the Governor into law.

Additionally, we discussed with the Auditor another precedent with a similar fact pattern to the reporting of the Bldg. L/F project on the CIP. Our Board of Trustees approved the purchase of land for the Altamonte Springs Campus using local funds while concurrently seeking reimbursement of \$22.5 million from the Legislature through State PECO Appropriations. This occurred over three successive years beginning with the 2011 General Appropriations Act (GAA) and continuing through the 2013 GAA. The College reported in the same manner on the relevant CIP's at that time. DFC Staff confirmed the same precedent occurring over the years at other K-20 institutions.

Third, a number of items presented as facts in the narrative are incorrect and do not accurately represent the discussion with College staff. The Auditor notes the following in their narrative: *"In addition, DFC instructions provide that the project amount (i.e., project total costs) should not change on*

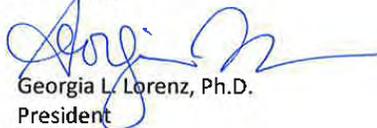
*the CIP once a project receives State funding and that prior appropriated State funds plus any additional appropriated State funds required and other funds should equal the project total costs* [emphasis added by College staff]. The underlined portion in the Auditor’s narrative refers to the CIP-1 Section (page 5, #3) of the CIP instructions dated April 11-12, 2019. The CIP-1 is not used to populate the 3-year DFC priority list sent to the Legislature to request project funds.

The amounts that populate the 3-year DFC priority list are pulled from the CIP-2, CIP-3, and/or CIP-4 sections of the CIP. Per the CIP-2 Project Summary Instructions (page 6), *“[The CIP-2] contains information regarding all capital requests including projects already authorized by an appropriation but still needing additional funding for construction or equipment to complete the project. The data in the CIP 2, CIP 3 and/or CIP 4 must agree”* [emphasis added by College staff]. Therefore, the College correctly completed the CIP to make the amounts on the CIP equal to the amount of concurrent state appropriation funding request as fully detailed in Item 2 above.

Additionally the Auditor makes two statements of fact in their narrative that we dispute: (a) *“Thus, had the College properly reported all other funds for the Project, there would have been no additional State funds required to complete the Project.”* and (b) *“When information on the 5-year CIP is not complete, accurate, and consistent with DFC instructions, there is an increased risk that projects may not be funded based on the best available data.”* As stated in Item 2 above, the CIP instructions and forms cannot accommodate reporting advance funding while concurrently requesting state appropriations project funding on the CIP. We completed the CIP in accordance with the limitations of the instructions and form consistently and in accordance with prior K-20 precedence as fully described above.

Please feel free to contact me, or Mr. F. Joseph Mazur III, CPA, Vice President for Business Operations & Chief Financial Officer, if you have any additional questions.

Sincerely,



Georgia L. Lorenz, Ph.D.  
President