

**STATE OF FLORIDA AUDITOR GENERAL**

Operational Audit

Report No. 2025-017  
September 2024

**PENSACOLA STATE COLLEGE**



Sherrill F. Norman, CPA  
Auditor General

## Board of Trustees and President

During the period January through December 2023, Dr. Charles E. Meadows served as President of Pensacola State College and the following individuals served as Members of the Board of Trustees:

	<u>County</u>
Dr. Troy Tippett, Chair	Escambia
Gordon J. Sprague, Vice Chair from 9-19-23	Santa Rosa
Patrick R. Dawson, Vice Chair through 9-18-23	Santa Rosa
Gabriel Bullaro	Santa Rosa
Carol Carlan	Escambia
Kevin Robert Lacz	Santa Rosa
Marjorie T. Moore	Escambia
Julie Louise Sheppard	Escambia

Note: One trustee position remained vacant during the entire period.

The team leader was Christy L. Johnson, CPA, and the audit was supervised by Kenneth C. Danley, 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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# PENSACOLA STATE COLLEGE

## SUMMARY

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This operational audit of Pensacola State College (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2022-005. Our operational audit disclosed the following:

**Finding 1:** College records did not always demonstrate that required background screenings were obtained for employees who provided services for, or board members of, the College-operated charter school.

**Finding 2:** College records did not support the assessment of certain lab fees, contrary to State law.

## BACKGROUND

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Pensacola 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 Milton, Pensacola, and Warrington. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Escambia and Santa Rosa Counties.

## FINDINGS AND RECOMMENDATIONS

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### Finding 1: Background Screenings

State law<sup>1</sup> requires personnel who are hired or contracted to fill positions in any charter school and members of the governing board of the charter school to undergo a level 2 background screening<sup>2</sup> at least once every 5 years. In addition, Board policies<sup>3</sup> require all employees working in select, sensitive positions to undergo criminal background screenings.

In June 2022, the College entered into a charter with the Escambia County School District (District) to establish the Pensacola State College Charter Academy (charter school) with the District serving as the charter school sponsor. Among other things, the charter requires all charter school employee and governing board background screening results be reported in writing to the District. During the 2023 calendar year, the College operated the charter school, which was governed by 3 board members,<sup>4</sup>

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<sup>1</sup> Section 1012.32(2)(b)1., Florida Statutes.

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

<sup>3</sup> Board Policy 6Hx20-1.036, *Criminal Background Checks/Fingerprinting*.

<sup>4</sup> Three College Board members volunteered to serve as the charter school board members.

and employed 89 instructors, who taught one or more charter school students in their College class(es), and 5 charter school administrators.

To determine whether the required level 2 background screenings were conducted within the past 5 years, we requested documentation supporting the screenings. College personnel indicated that the District received, evaluated, and maintained the level 2 background screening results for the charter school's 5 administrators and 3 board members and had verbally informed the College that the screenings were appropriate. While we confirmed with the District that the District maintained those individuals' screening results, College records did not demonstrate the College's process to confirm background screening results.

The College maintained records of appropriate background screenings for 27 of the 89 instructors; however, according to College personnel, the screenings were not reported in writing to the District. In addition, College records did not demonstrate that 62 (70 percent) of the instructors underwent the required level 2 background screenings within the last 5 years. Specifically, College records showed that:

- 33 instructors underwent level 2 background screenings, but the screenings were more than 5 years ago.
- 20 instructors underwent level 1 background screenings<sup>5</sup> rather than level 2 background screenings.
- Background screenings were not obtained for 9 instructors.

In response to our inquiries, College personnel indicated that the charter school students were dual enrolled in the College and, consequently, the instructors would not be subject to the level 2 background screening requirement. College personnel also responded that some instructors were hired before the College required level 2 background screenings and that recently hired instructors did not undergo level 2 background screenings because the College had technical difficulties using a new background screening system at the Florida Department of Law Enforcement. Notwithstanding these responses, State law requires all charter school employees to undergo level 2 background screenings at least once every 5 years.

Absent effective controls for monitoring and ensuring that required background screenings are obtained, there is an increased risk that the College may not comply with the statutory screening requirements and those who provide services for or govern the charter school may have unsuitable backgrounds.

**Recommendation: The College should establish procedures to require level 2 background screenings be timely obtained for personnel hired or contracted to fill positions in the College charter school and for the charter school board members and ensure that evidence of the screenings is maintained in College records and reported in writing to the District. The results of the screenings should be promptly evaluated and appropriate decisions be made based on the results.**

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<sup>5</sup> Pursuant to Section 435.03(1), Florida Statutes, a level 1 background screening includes, but need not be limited to, employment history checks and Statewide criminal correspondence checks, and a check of the Dru Sjinin National Sex Offender Public Web site, and may include local criminal records checks.

## Finding 2: Laboratory Fees

State law<sup>6</sup> authorizes the Board to establish user fees, such as laboratory fees (lab fees), that are in addition to tuition. Such user fees shall not exceed the cost of the services provided and shall only be charged to persons receiving the service. In addition, the *Accounting Manual for Florida's College System* requires the Board to establish policies for the implementation of lab fees that provide justification for the additional fees, define which costs are in excess of base instructional costs, and describe the documentation required to support the additional fees, the time period for review of the fees, and the manner of presenting such fees to the Board for approval.

Board policies<sup>7</sup> authorize the College to establish procedures for justifying, determining, and reviewing lab fees. College procedures<sup>8</sup> indicate that a lab fee may be established for a course to cover costs other than base instructional costs and specify the components (e.g., costs for consumable supplies and vehicle service and fuel) that may be included in a lab fee. Each lab fee must be supported by documentation showing past actual costs or estimated future costs and be reviewed at least every 3 years. In addition, the Board must approve each new or modified lab fee.

During the 2023 calendar year, the College assessed a lab fee for 283 courses and collected lab fees totaling \$1 million. As part of our audit, we requested for examination College records supporting the lab fees for 5 selected courses. The lab fee amounts for the 5 courses ranged from \$25 to \$1,670 per student and the total amount collected was \$399,916. College personnel provided us with records demonstrating Board approval of the 5 courses' lab fees and that each lab fee was reviewed within the past 3 years. However, although we requested, College records supporting \$1,070, or 64 percent, of the \$1,670 lab fee for a tractor trailer truck driver course were not provided.

In response to our inquiries, College personnel indicated that the truck driver course was first offered in January 2020 and, at that time, many of the lab fee components were estimated. When the lab fee was reviewed in April 2023, no changes to the lab fee were determined necessary but records from that review supporting lab costs were not maintained. Absent College records supporting the amount for each component of a lab fee, compliance with State law cannot be demonstrated and there is an increased risk that lab fees may exceed the cost of services provided.

**Recommendation:** The College should enhance procedures to demonstrate compliance with State law and ensure that lab fees do not exceed the cost of services provided. Such enhancements should include the maintenance of records to support the amount of each lab fee component.

## ***PRIOR AUDIT FOLLOW-UP***

The College had taken corrective actions for the finding included in our report No. 2022-005.

<sup>6</sup> Section 1009.23(12)(a), Florida Statutes.

<sup>7</sup> Board Policy 6Hx20-3.019, *Laboratory and Special Course Fees*.

<sup>8</sup> College Procedure 316, *Establishing Laboratory or Special Course Fees*.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

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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 April 2024 through July 2024 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 selected College 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. 2022-005.
- 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 the selection and examination of transactions and records, as well as events and conditions, occurring during the audit period of January 2023 through December 2023 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, Board policies and College procedures, and other guidelines, and interviewed College personnel to obtain an understanding of applicable processes and administrative activities and the related requirements.
- Evaluated College procedures for protecting sensitive personal information of students, including social security numbers.
- Determined whether a written, comprehensive information technology (IT) risk assessment had been developed for the audit period to document the College risk management and assessment processes and security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.
- Evaluated the adequacy of College IT procedures relating to security incident response and reporting.
- Inquired whether the College had any expenses or entered into any contracts under the authority granted by a state of emergency declared or renewed during the audit period.
- Examined the three electronic funds transfers made during the audit period totaling \$8 million to determine whether the transfers were adequately supported and properly authorized.
- From the population of 185 delinquent student receivables totaling \$95,739 that the Board approved for write off at June 30, 2023, examined College records supporting 15 selected receivables totaling \$10,735 to evaluate the adequacy of College collection efforts prior to write off and to determine whether restrictions on student records and holds on transcripts and diplomas were appropriate and enforced in accordance with Board policies established pursuant to Section 1010.03, Florida Statutes.
- From the population of 490 delinquent student receivables totaling \$332,110 as of December 31, 2023, examined documentation relating to 15 selected student receivables totaling \$31,070 to evaluate the adequacy of College collection efforts and determine whether restrictions on student records and holds on transcripts and diplomas were appropriate and enforced 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 Section 1009.23(9), Florida Statutes.
- Reviewed the College's 3-year capital improvement plan for the 2024-25 through 2026-27 fiscal years, including the current status of funded and budgeted projects for the 2023-24 fiscal year, to

determine whether the College properly reported the capital outlay project funding sources in accordance with the Division of Florida Colleges instructions for consideration in the Florida Department of Education (FDOE) annual legislative budget request for Public Education and Capital Outlay funding submitted to the Legislature.

- Examined College records to determine whether student fees that generated revenue totaling \$6.4 million during the audit period were authorized by Section 1009.23, Florida Statutes, and whether selected user fees were assessed in accordance with State law. Specifically, we:
  - Examined College records supporting distance learning fees that generated revenue totaling \$751,134 during the 2022-23 fiscal year to determine whether the fees did not exceed the additional costs of services provided attributable to the development and delivery of distance learning courses in compliance with Section 1009.23(16)(b), Florida Statutes.
  - From the population of collected laboratory fees for 283 courses totaling \$1 million during the audit period, examined College records and supporting documentation for 5 selected courses with laboratory fees totaling \$399,916, and ranging from \$25 to \$1,670 per student, to determine whether the College properly calculated the fees in compliance with Section 1009.23(12)(a), Florida Statutes.
- Evaluated Board policies and College procedures for obtaining level 2 background screenings for personnel hired or contracted to fill positions in the College-operated charter school and charter school board members. Specifically, we examined College records to determine whether the required background screenings were obtained during the audit period pursuant to Section 1012.32(2)(b)1., Florida Statutes, for the 89 instructors who taught one or more charter school students in their class(es), 5 charter school administrators, and 3 charter school board members.
- From the population of 4,449 purchasing card (P-card) transactions totaling \$1.6 million during the audit period, examined College records supporting 30 selected P-card transactions totaling \$33,057 to determine whether the P-card program was administered in accordance with Board policies and College procedures and transactions were not of a personal nature.
- From the population of Deferred Maintenance Building Program and other restricted capital outlay expenses totaling \$20.6 million during the audit period, examined College records supporting 25 selected expenses totaling \$11.3 million to determine whether use of the funds was consistent with restrictions imposed on the resources, such as the restrictions in Chapter 2022-156, Laws of Florida, General Appropriations Act, Section 197.
- Evaluated the adequacy of College procedures for verifying and approving vendor information changes.
- From the population of 371 industry certifications reported for performance funding during the 2022-23 fiscal year, examined 30 industry certifications to determine whether the College maintained documentation for student attainment of the industry certifications.
- From the population of 20,837 students enrolled in the 2022-23 fiscal year, examined College records supporting selected student enrollment for 30 students to determine whether student enrollment data was accurately reported to the FDOE.
- Determined whether the College maintained a minimum carryforward balance of at least 5 percent of its State operating budget and that a spending plan for excess carryforward funds was prepared and timely submitted to the Board as required by Section 1013.841(2), 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**.

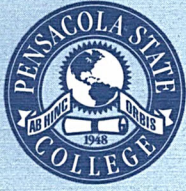
## ***AUTHORITY***

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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 letters of the first and last names being capitalized and prominent.

Sherrill F. Norman, CPA  
Auditor General



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Pensacola State College  
is a member of the  
Florida College System

## PENSACOLA STATE COLLEGE

September 16, 2024

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

Dear Ms. Norman:

Following are the College's responses to the preliminary and tentative findings to be included in the operational audit report.

### Finding No. 1: Background Screenings

**Recommendation:** The College should establish procedures to require level 2 background screenings be timely obtained for personnel hired or contracted to fill positions in the College charter school and for the charter school board members and ensure that evidence of the screenings is maintained in College records and reported in writing to the District. The results of the screenings should be promptly evaluated and appropriate decisions will be made based on the results.

**Response:** The College will re-instate procedures that had required all employees to have a Level 2 background screening as had occurred prior to an FDLE audit that seemingly limited the process to specific positions only. Procedures will be developed to re-screen employees working with the Charter Academy every five years and share the results with the Escambia District School Board with the original screening documentation housed within Human Resources. The faculty who had been grandfathered not to receive a background screening will be given a Level 2 background check.

### Finding No. 2: Laboratory Fees

**Recommendation:** The College should enhance procedures to demonstrate compliance with State law and ensure that lab fees do not exceed the cost of services provided. Such enhancements should include the maintenance of records to support the amount of each lab fee component.

**Response:** The College will review and enhance procedures related to lab fees to ensure that documentation exists to support lab fees charged and that the amount charged does not exceed what is paid for the lab fee expense items.

Should you have any questions or concerns, please feel free to call me.

Sincerely,

Edward Meadows  
President