

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2025-022  
October 2024

**EASTERN FLORIDA STATE COLLEGE**



Sherrill F. Norman, CPA  
Auditor General

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The team leader was Taha Tareen and the audit was supervised by Jeffrey M. Brizendine, CPA.

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# EASTERN FLORIDA STATE COLLEGE

## SUMMARY

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This operational audit of Eastern Florida State (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2022-044. Our operational audit disclosed the following:

**Finding 1:** Some unnecessary information technology user access privileges exist that increase the risk for unauthorized disclosure of sensitive personal information to occur.

**Finding 2:** College procedures did not include documented verification that specialty subcontractors were qualified, competitively selected, or contracted consistent with their bid award.

## BACKGROUND

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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.

## FINDINGS AND RECOMMENDATIONS

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### **Finding 1: Information Technology User Access Privileges**

The Legislature has recognized in State law<sup>1</sup> 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 employees from accessing information unnecessary for their assigned job duties and provide for documented, periodic evaluations of information technology (IT) access privileges.

In addition, State law<sup>2</sup> requires the College to maintain public records in accordance with the Department of State, Division of Library and Information Services, records retention schedules. For example,

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<sup>1</sup> Section 119.071(5)(a), Florida Statutes.

<sup>2</sup> Section 119.021(2)(a) and (b), Florida Statutes.

according to the records retention schedules,<sup>3</sup> certain prospective student records should be maintained for at least 5 years.

The College collects and uses SSNs pursuant to State law for various purposes, such as to comply with Federal tax reporting requirements and other Federal and State requirements related to financial and academic assistance. According to College personnel and records, the College established a unique identifier, other than the SSN, to identify students and also maintained SSNs in the College Student Information System (SIS). However, the College had not established procedures that required periodic evaluations of IT user access privileges to student SSNs or that records of prospective students be periodically purged.

As of April 2024, the College IT system contained SSNs for a total of 352,504 students, including 265,988 former, 60,262 prospective, and 26,254 current students. College personnel indicated that there were 113 employees with IT user access privileges to student SSNs maintained in the SIS. As part of our audit, we examined College records supporting the IT user access privileges to student SSNs for the 113 employees and found that 4 employees did not require the access to perform their job duties. Subsequent to our inquiry, in April 2024 the College removed the access for the 4 employees from the SIS. In addition, we found that, without a public purpose, the College retained for more than 5 years College admission applications that contained SSNs for 51,973 (86 percent) of the prospective students.

The existence of unnecessary user access privileges to sensitive personal information increases the risk of unauthorized disclosure of the information and the possibility that the information may be used to commit a fraud against college students or others.

**Recommendation: To properly safeguard and protect sensitive personal information, including SSNs, the College should continue efforts to ensure that only those employees who have a demonstrated need to access sensitive personal information be granted that access. Such efforts should include the establishment of procedures requiring periodic evaluations of IT user access privileges to restrict employees from having unnecessary access and the timely removal of any unnecessary privileges detected. Additionally, the College should document the public purpose served by maintaining prospective student SSNs beyond 5 years, establish a reasonable time frame for maintaining that information, and remove the information when the time frame expires.**

## **Finding 2: Subcontractor Monitoring**

State law<sup>4</sup> provides that a construction management entity (CME) must consist of, or contract with, licensed or registered professionals for the specific fields or areas of service to be performed. The CME is responsible for all scheduling and coordination of construction and is generally responsible for the successful, timely, and economical completion of the construction project. State law<sup>5</sup> also establishes certain certification requirements for persons engaged in construction contracting, including licensing requirements for specialty contractors such as electrical, air conditioning, plumbing, and roofing

<sup>3</sup> The Florida Department of State, Division of Library and Information Services – *General Records Schedule GS5 For Public Universities and Colleges*, Item #97, requires a minimum retention period of 5 years for certain records of prospective students who apply for admission to the College but are denied or did not register.

<sup>4</sup> Section 1013.45(1)(c), Florida Statutes.

<sup>5</sup> Chapter 489, Florida Statutes.

contractors. Good business practice dictates that College personnel monitor the subcontractor selection process to confirm the existence of required licenses, where applicable; that services are obtained at the lowest cost consistent with acceptable quality; and that maximum cost savings under a guaranteed maximum price (GMP) contract are achieved.

In February 2024, the College contracted with a CME for the Center for Innovative Technology Education Building, which required the CME to solicit bids and award subcontracts, as necessary. According to records provided by College personnel, in that month the CME began opening subcontractor bids and subsequently prepared a subcontractor bid list, identifying the bid number, description, and date of each bid opening. In April 2024, the CME submitted a GMP proposal, including projected specialty subcontractor costs totaling \$5.6 million along with the subcontractor bid list, to the College. Later that month, the College entered into a GMP contract totaling \$18.5 million with the CME for the building.

To evaluate College controls over CME subcontractor services, we requested for examination College records to determine whether specialty subcontractors were properly licensed, competitively selected, and awarded subcontracts with terms consistent with their bid award. However, no records supporting subcontractor services were initially provided because, according to College personnel, procedures had not been established to require these records. Instead, College personnel relied upon the CME to monitor subcontractors.

In response to our request, the College obtained CME records for the electrical subcontractor with service costs totaling \$2.3 million. As May 2024,<sup>6</sup> the date of our field work, the electrical subcontractor was the only subcontractor that had contracted with the CME. While our procedures confirmed that the subcontractor had the proper license and lowest cost for electrical services and was awarded a subcontract with terms consistent with the bid award, our procedures do not substitute for the College's responsibility to establish appropriate controls over specialty subcontractor services.

Timely documented verification that specialty subcontractors are properly licensed, selected, and contracted provides additional assurance that subcontractors are qualified to provide services at the best value and that the College may achieve maximum costs savings under a GMP contract.

**Recommendation: The College should establish procedures to ensure that specialty subcontractors are properly licensed, selected, and contracted. Such procedures should include documented attendance of College personnel at subcontractor bid openings and verification that the CME-selected subcontractors are properly qualified to provide services at the best price before they commence work on College facilities. In addition, College procedures should include documented verification that terms in the applicable subcontracts and bid awards agree.**

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

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The College had taken corrective action for the finding included in our report No. 2022-044.

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<sup>6</sup> During June and July 2024, the CME contracted with the remaining specialty subcontractors with costs totaling \$3.3 million.

## **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 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. 2022-044.
- 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, College policies and procedures, and other guidelines, and interviewed College personnel to obtain an understanding of applicable processes and administrative activities and the related requirements.
- 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 Board security policies and College procedures for the audit period governing the classification, management, and protection of sensitive and confidential information.
- Evaluated College procedures for protecting sensitive personal information of students, including social security numbers (SSNs). We examined College records supporting the access privileges of the 113 employees with access to sensitive personal information of students to determine the appropriateness and necessity of the access privileges based on the employees' assigned job responsibilities.
- From the population of 6,837 tangible personal property (TPP) items with recorded costs that totaled \$38,762,559, examined College records for 30 selected TPP items with costs totaling \$96,794 to determine whether the items existed, were properly tagged, and were located in their reported locations.
- Evaluated College procedures accounting for TPP items checked out and used off campus to determine whether such procedures were effective.
- Examined College records to determine whether student tuition and fees totaling \$34,420,720 collected during the audit period were properly assessed and authorized, accurately calculated, and correctly recorded in accordance with Board Policy 700.2; Chapter 1009, Florida Statutes; and State Board of Education Rule 6A-14.054, Florida Administrative Code.
- Evaluated College procedures for monitoring and reviewing the contract for the dual enrollment fees billed to the Brevard County School District to ensure revenues were properly collected.
- From the population of 14 contracts for auxiliary commissions, which generated revenue totaling \$645,597 for the audit period, examined College records supporting 1 selected contract, which generated revenues totaling \$512,387, to determine whether the College properly monitored compliance with the contract terms for commission fees, insurance, and other provisions.

- Evaluated College policies and procedures for obtaining personnel background screenings to determine compliance with Section 1012.8551, Florida Statutes. Specifically, from the population of College records documenting the background screening dates for the 1,518 individuals employed by the College during the audit period, we examined supporting documentation for 20 employees to determine whether College procedures had been effectively implemented.
- From the population of 9,392 purchasing card (P-card) transactions totaling \$2,306,902 during the audit period, examined College records supporting 30 selected P-card transactions totaling \$87,258 to determine whether the P-card program was administered in accordance with College Procedure 208.2 and the College's Purchasing Card Manual and transactions were not of a personal nature.
- Examined P-card records for all 16 cardholders who separated from College employment during the audit period to determine whether the College timely canceled the cardholders' P-cards.
- Evaluated the effectiveness of College controls during the audit period to ensure that vendor information changes in the College information system were appropriate and verified.
- From the population of contracted service expenses totaling \$3,957,197 for the audit period, examined College records supporting 20 selected expenses totaling \$369,085 to determine whether expenses were reasonable; correctly recorded; adequately documented; for a valid College purpose; properly authorized and approved; and in accordance with applicable laws, rules, contract terms, and College policies; and whether applicable vendors were properly selected.
- From the population of 127 expense transactions totaling \$1,749,870 made from general revenue funds appropriated and received by the College during the audit period from the Deferred Building Maintenance Program, examined College records supporting 20 transactions totaling \$408,237 to determine whether the College expended the funds pursuant to this program and the proviso language of Chapter 2022-156, Laws of Florida, General Appropriation Act, Section 197.
- From the population of student activity fee expenses totaling \$2,291,407, examined College records supporting 10 selected expenses totaling \$23,349 to evaluate College compliance with the restrictions imposed by Section 1009.23(7), Florida Statutes.
- From the population of capital improvement fee expense payments totaling \$966,252, examined College records supporting 8 selected expenses totaling \$331,467 to evaluate College compliance with the restrictions imposed by Section 1009.23(11), Florida Statutes.
- Reviewed documentation related to one major construction project with a \$18.5 million guaranteed maximum price contract executed by the College in April 2024 to determine whether the College process for selecting design professionals and construction managers was in accordance with Section 287.055, Florida Statutes; the College adequately monitored the selection process for subcontractors; and the Board had adopted a policy establishing minimum insurance coverage requirements for design professionals and design professionals provided evidence of required insurance.
- From the population of 390 industry certifications attained by students and reported for performance funding during the 2022-23 fiscal year, examined 30 selected industry certifications to determine whether the College maintained documentation supporting student attainment of the industry certifications.
- Reviewed College records to determine whether full-time equivalent enrollment reported on the FTE-3 report was accurately reported by the College. Also, we 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.



- 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.
- 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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September 25, 2024

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

Dear Ms. Norman:

Pursuant to Section 11.45(4)(d), Florida Statutes, we are providing this letter in response to the list of preliminary and tentative audit findings and recommendations for the 2023 operational audit of Eastern Florida State College.

**Recommendation 1:** To properly safeguard and protect sensitive personal information, including SSNs, the College should continue efforts to ensure that only those employees who have a demonstrated need to access sensitive personal information be granted that access. Additionally, the College should document the public purpose served by maintaining prospective student SSNs beyond 5 years, establish a reasonable time frame for maintaining that information, and remove the information when the time frame expires.

**Management Response:** The College has procedures in place to protect the sensitive personal information of our students and has already taken measures to address this preliminary finding. All social security numbers are truncated to the last four digits within the College's ERP system, Banner. Only those employees with a documented need are provided with access to view and query this data. An annual review of IT user access privileges will be conducted to ensure access to sensitive personal information is still required. In addition, the College's Banner Security Custodians are working to develop user access procedures for employees who transfer to new positions within the College to ensure the timely removal of any unnecessary privileges.

The College has updated its procedures for the retention of social security numbers of prospective students. As part of the closeout processes at the end of each term, Banner will be updated to replace the first 5 SSN digits with "\*\*\*\*\*" for any student that meets the following criteria:

1. Has NO academic history in the Banner system and
2. Has a date of LAST ACTIVITY in Banner that is GREATER THAN 5 YEARS FROM THE CURRENT DATE
  - a. Activity defined as Admission Date, Registrar Activity, Bursar Activity, CE Activity, or Financial Aid Activity

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James H. Richey, J.D.

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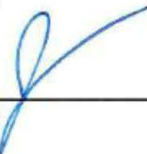
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Recommendation 2: The College should establish procedures to ensure that specialty subcontractors are properly licensed, selected, and contracted. Such procedures should include documented attendance of College personnel at subcontractor bid openings and verification that the CME-selected subcontractors are properly qualified to provide services at the best price before they commence work on College facilities. In addition, College procedures should include documented verification that terms in the applicable subcontracts and bid awards agree.

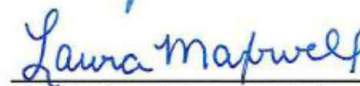
Management Response: The College will ensure that College personnel attend bid openings and collect copies of professional licenses for all awarded subcontractors to ensure that they are qualified to provide the services. Additionally, the College will review subcontract bid awards to verify that the subcontract amount is in alignment with the bid amount.

Sincerely,



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President



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Laura Mapwell  
VP of Operations and CFO

President  
James H. Richey, J.D.

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