

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2025-024  
October 2024

**ST. JOHNS RIVER STATE COLLEGE**



Sherrill F. Norman, CPA  
Auditor General

## Board of Trustees and President

During the period January through December 2023, Mr. Joe H. Pickens, J.D., served as President of St. Johns River State College and the following individuals served as Members of the Board of Trustees:

	<u>County</u>
Rich Komando, Chair from 8-9-23, Vice Chair through 8-8-23	Confidential <sup>a</sup>
Jan Conrad, Vice Chair from 08-09-23	St. Johns
Wendell D. Davis, Chair through 08-08-23	Clay
Makayla Buchanan through 10-18-23 <sup>b</sup>	Clay
James E. Reid	Putnam
W. J. Sapp Jr.	Clay

<sup>a</sup> Confidential pursuant to Section 119.071(4), Florida Statutes.

<sup>b</sup> Trustee position vacant from 10-19-23.

Note: One Trustee position was vacant for the entire calendar year.

The team leader was Zhen Yang, CPA, and the audit was supervised by Ivo N. Njabe, 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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# ST. JOHNS RIVER STATE COLLEGE

## SUMMARY

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This operational audit of St. Johns River State College (College) focused on selected College processes and administrative activities and included a follow-up on the finding noted in our report No. 2022-025. Our operational audit disclosed the following:

**Finding 1:** The College awarded 269 employees extra compensation payments totaling \$605,000 that did not meet the statutory requirements of a bonus and were prohibited by State law.

**Finding 2:** College controls over changes to vendor information need improvement.

**Finding 3:** As noted in our report No. 2022-025, some unnecessary information technology user access privileges existed that increased the risk for unauthorized disclosure of sensitive personal information to occur.

## BACKGROUND

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St. Johns River 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 Orange Park, Palatka, and St. Augustine. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Clay, Putnam, and St. Johns Counties.

## FINDINGS AND RECOMMENDATIONS

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### Finding 1: Extra Compensation

State law<sup>1</sup> prohibits the College from making extra compensation payments to employees after services have been rendered. Although State law<sup>2</sup> provides for bonuses, any policy, ordinance, rule, or resolution designed to implement a bonus scheme must base the award of a bonus on work performance; describe the performance standards and evaluation process by which a bonus will be awarded; notify all employees of the policy, ordinance, rule, or resolution before the beginning of the evaluation period on which a bonus will be based; and consider all employees for the bonus.

In August 2023, the Board approved a non-recurring, one-time payment of \$2,500 to all full-time non-bargaining unit employees and a non-recurring one-time payment of \$1,000 to all permanent

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<sup>1</sup> Section 215.425(1), Florida Statutes.

<sup>2</sup> Section 215.425(3), Florida Statutes.

part-time non-instructional employees. The payments were based on the Board-approved salary schedule, which annually authorizes the Board to approve non-recurring, one-time salary supplements to all full-time non-bargaining unit employees and permanent part-time non-instructional employees. To be eligible for the payment, a full-time non-bargaining unit employee had to be employed on or before September 30, 2023, and remain employed through the payment date of November 30, 2023. A permanent part-time non-instructional employee was required to work a minimum of 80 hours between the close of the September 2023 and November 2023 pay periods.

On November 30, 2023, the College disbursed the extra compensation payments totaling \$605,000 to 269 eligible full-time and part-time employees. As shown in Table 1, the College also made similar payments with similar eligibility requirements in the 2021 and 2022 calendar years.

**Table 1**  
**Extra Compensation Payments**  
**For Calendar Years 2023, 2022, and 2021**

Calendar Year	Amount
2023	\$ 605,000
2022	911,000
2021	900,000
<b>Total</b>	<b><u>\$2,416,000</u></b>

Source: College records.

In response to our inquiries, College personnel indicated that they thought the payments complied with State law because the employees held a qualifying position when the Board approved the payments and remained employed on the payment date. Notwithstanding this response, the payments did not meet the statutory requirements of a bonus and represent extra compensation prohibited by State law.

**Recommendation: The College should abstain from making extra compensation payments that do not meet the statutory requirements of a bonus.**

**Finding 2: Vendor Information Changes**

State law<sup>3</sup> requires each college to establish and maintain internal controls designed to, among other things, detect fraud, promote and encourage compliance with applicable contracts and best practices, and safeguard assets. Such controls should include properly documented and independently verified and authorized vendor information (e.g., address) changes before payments to vendors are made to confirm the propriety of the changes and to reduce the likelihood of fraud or errors associated with the payments. According to College personnel, the College only pays vendors by checks through the mail.

For the 2023 calendar year, the College documented 230 vendor address changes. To authorize vendor address changes, College procedures<sup>4</sup> require use of a vendor business profile form, which is to be completed and signed by the individual requesting the change and independently verified and approved of record by a supervisor in the College Business Office. However, College personnel indicated that, in

<sup>3</sup> Section 1010.01(5), Florida Statutes.

<sup>4</sup> College Procedure No.4.13, *Establishing and Updating Vendors*.

practice, vendors were not always asked to, and vendors did not, use the form or otherwise document approval of vendor information changes.

According to College personnel, vendors did not usually respond to requests to use the form and requiring use of the form caused delays in the vendor payment process. Typically, when vendors initiate information change requests, College personnel contact the vendor to verify the change. Notwithstanding, although we requested, College records were not provided to demonstrate College efforts to confirm the propriety of changes with the respective vendors. Subsequent to our inquiry, the College hired a purchasing director who will be responsible for ensuring that the form is used to document vendor information changes, verifying the information on the form, and authorizing payments to vendors before the payments are made.

We examined College records supporting payments to the vendors with address changes and determined that the payments were sent to the appropriate addresses; however, our procedures do not substitute for College management's responsibility to implement adequate controls over these changes. Absent effective policies and procedures over vendor information changes, College records do not demonstrate compliance with College procedures or that appropriate measures have been taken to reduce the risk of fraud or errors associated with vendor payments.

**Recommendation:** The College should continue efforts to ensure that, before changes to vendor information are made, the change requests are properly documented, independently verified, appropriately authorized, and reviewed.

### **Finding 3: Information Technology User Access Privileges**

The Legislature has recognized in State law<sup>5</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.

The College collects and uses SSNs for various purposes, such as to register newly enrolled students, comply with Federal tax reporting requirements and other Federal and State requirements related to financial and academic assistance, and to perform other College responsibilities such as processing employee payrolls. The College established a unique identifier, other than the SSN, to identify each student and also maintained student information, including SSNs, in the College IT system. The College also maintains an imaging system that contains copies of various documents, including some with student SSNs, such as applications for enrollment and IRS tax return transcripts for student financial aid.

According to College personnel, applicable College administrators and delegated staff members are responsible for approving employee access to sensitive data to help protect student and employee sensitive information from unauthorized disclosure, modification, or destruction. To ensure the privileges

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

remain appropriate, College procedures<sup>6</sup> require administrators and delegated staff members to annually review employee IT user access privileges.

As of June 2024, the College IT system contained SSNs for a total of 181,516 current, former, and prospective students and College employees. Also, as of that date, the College maintained an imaging system that contained copies of various documents, including some with student SSNs, such as applications for enrollment and student transcripts.

In response to our inquiry, College personnel provided records that 93 employees had IT user access to student and employee SSNs, including 52 employees with access through the imaging system, 26 employees with access through the College IT system, and 15 employees with access through both systems. However, according to College personnel, neither the College IT system nor the imaging system have a mechanism to differentiate user access privileges to employee or student SSNs or the SSNs of current, former, or prospective students and, therefore, did not limit access based on employee job duties. As a result, 34 employees had unnecessary access to certain SSNs in the imaging system, 9 employees had unnecessary access to certain SSNs in the College IT system, and 3 employees had unnecessary access to certain SSNs in both systems.

College personnel indicated that SSNs for prospective students are retained because previous attempts to purge SSNs made it difficult to match new applications to existing records of students who had previously applied. Effective June 2024, the College started purging prospective student data over 5 years old while maintaining the rest of the student information pursuant to the State *General Records Schedules* required retention period of 5 years.<sup>7</sup>

The existence of unnecessary 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 and others. Similar findings were noted in our report Nos. 2022-025 and 2019-053.

**Recommendation: To ensure access to sensitive student and employee information is properly safeguarded, the College should:**

- **Upgrade the College IT and imaging systems to include a mechanism to differentiate IT user access privileges to current student information from access privileges to employees and former and prospective student information.**
- **Continue efforts to purge prospective student information over 5 years old.**
- **After the College IT and imaging system upgrades, enhance periodic reviews of IT user access privileges to student and employee SSNs to determine whether such privileges are necessary, and timely remove any inappropriate or unnecessary access privileges detected.**

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<sup>6</sup> IT Standard Operating Procedures IT0302, *Access Control Verification*.

<sup>7</sup> The Florida Department of State, Division of Library and Information Services - General Records Schedule GS5 For Public Universities and College, Item #97, requires a minimum retention period of 5 years for certain records be maintained for students who apply for admission but are denied or who did not register.

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

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The College did not take corrective action for the finding included in our report No. 2022-025 as Finding 3 in this report was also reported in that report as Finding 1 and in our report No. 2019-053 as Finding 5.

## ***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 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 the finding included in our report No. 2022-025.
- 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 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 applications during the audit period for 25 of the 153 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, and application 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. We examined the access privileges for the 53 former employees who separated from College employment during the audit period to determine whether their access privileges had been timely deactivated.
- Evaluated College procedures for protecting sensitive personal information of students and employees, including social security numbers. We examined College records supporting the access privileges granted to the 93 employees who had continuous access to sensitive personal information of students and employees during the audit period to determine the appropriateness and necessity of the access privileges based on the employees' assigned job responsibilities.
- 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.



- From the population of 39 payments totaling \$128,157 made during the audit period from the College to its direct-support organization, examined College records supporting 14 selected payments totaling \$73,722 to determine whether the transactions were authorized as described in Section 1004.70(1)(a)2., (3), and (4), Florida Statutes.
- From the population of 3,932.50 full time equivalent student enrollment, examined College records for 30 selected students to determine the validity of the student enrollments for State reporting purposes.
- Determined whether student fees totaling \$11.5 million during the audit period were properly assessed and authorized, accurately calculated, and correctly recorded in accordance with Board policy, statutory, and State Board of Education (SBE) requirements. Specifically, we:
  - Examined College records for 30 selected students and their related fees totaling \$7,682 during the Spring, Summer, and Fall 2023 Semesters to determine whether the College had correctly assessed tuition in compliance with Sections 1009.23 and 1009.25, Florida Statutes, and SBE Rules 6A-14.0301 and 14.054, Florida Administrative Code.
  - Determined whether the College had established procedures to cancel the registration of students who did not timely pay fees and record deferred fees as a receivable.
- Examined College records supporting the 991 distance learning courses with fee revenue totaling \$597,052 during the audit period to determine whether distance learning fees were assessed, collected, and separately accounted for in accordance with Section 1009.23(16)(a) and (b), Florida Statutes.
- Reviewed the College's 5-year capital improvement plan for the 2022-23 through 2026-27 fiscal years to determine whether the College properly reported the capital outlay project funding sources 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 79 rental agreements with rental fee collections totaling \$224,266 during the audit period, examined facility use agreements and other supporting documentation for 22 selected events with rental receipts totaling \$126,509 to determine whether the agreements conformed to good business practices and were properly approved, receipts were consistent with agreements and fee schedules, and College records evidenced appropriate insurance for the facility rentals.
- From the population of 1,880 course sections offered during the audit period, examined College records supporting textbook adoptions to determine whether College textbook affordability procedures complied with Section 1004.085, Florida Statutes.
- From the population of compensation payments totaling \$31.8 million made to 1,026 employees during the audit period, selected payments totaling \$170,556 made to 30 employees and examined College records supporting the payments to determine whether the rate of pay was accurate, employment contracts were valid, performance evaluations were completed, and leave records were accurate.
- Examined severance pay provisions in 27 of the 220 employee contracts to determine whether the provisions complied with Section 215.425(4)(a), Florida Statutes.
- Examined College records supporting the extra compensation totaling \$605,000 paid to 269 employees during the audit period to determine whether the payments were in accordance with Section 215.425(3), 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 \$33.6 million for the audit period, we examined College records supporting 30 selected payments for general expenses totaling \$619,787.

- From the population of 3,728 purchasing card (P-card) transactions totaling \$858,648 during the audit period, examined College records supporting 30 selected P-card transactions totaling \$78,643 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.
- Examined P-card records for the 15 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 reviewed College records for the 6 College Board Members and the 6 College management staff to identify any relationships that represented a potential conflict of interest with vendors used by the College.
- Examined College records for the audit period to determine whether the College properly documented and independently verified and authorized vendor information (e.g., address and bank account) changes before payments to vendors are made to confirm the propriety of the changes and to reduce the likelihood of fraud or errors associated with the payments.
- From the population of 255 adult general education instructional students reported for 10,554 contact hours for the Spring, Summer, and Fall 2023 Semesters, examined College records supporting 1,399.5 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 291 industry certifications reported for performance funding that were attained by students during the 2022-23 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 as of June 30, 2023, was below the threshold established in Section 1011.84, 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 written in a cursive style with a large initial "S".

Sherrill F. Norman, CPA  
Auditor General

# MANAGEMENT'S RESPONSE

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**ST. JOHNS RIVER**  
**STATE COLLEGE**

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September 24, 2024

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

Dear Ms. Norman:

Pursuant to Section 11.45(4)(d), Florida Statutes, St. Johns River State College is submitting to you a written statement of explanation concerning the findings, including our actual or proposed corrective action to each preliminary and tentative finding of the operational audit of the St. Johns River State College, dated September 16, 2024.

**Finding 1: Extra Compensation**

*College Response:* St. Johns River State College acknowledges Finding 1. Future extra compensation payments recommended to and approved by the Board of Trustees, if any, will meet the statutory requirements of a bonus.

**Finding 2: Vendor Information Changes**

*College Response:* St. Johns River State College acknowledges Finding 2. College Procedure No. 4.13, *Establishing and Updating Vendors*, has been updated to reflect the newly created “Vendor Update” form which eliminates the reliance on vendor responsiveness to make vendor updates. Once verification has been confirmed, the completed form is further verified for accuracy by secondary Purchasing staff. The updated College Procedure No. 4.13 has been implemented and will be consistently enforced to ensure adequate controls over vendor updates. Although the College has not had an incident where a check was sent to the wrong address, Procedure No. 4.13 was updated to reduce the likelihood of fraud or errors associated with vendor payments.

**Finding 3: Information Technology User Access Privileges**

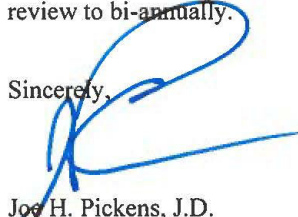
*College Response:* St. Johns River State College acknowledges Finding 3. Our ERP system does not differentiate current student information from access privileges to employees and former and prospective student information. Our only recourse is to use compensating controls to mitigate this risk. These compensating controls are multi-layered and as inclusive as we can make them. Our controls are constantly evolving and have improved over the course of time. The first control is forms access. All access in the ERP is role based. The roles grant users access to the necessary forms. The verification is a multistep process. The college verifies the forms associated with each role. Then the college verifies which users belong in which role. The college also verifies access to the imaging system and access to fine grained permissions. Verifications are performed yearly and obtain appropriate approval for the access provided. The second control is fine grained permissions. By default, SSN is masked on all forms. A user needs fine grained permission to view the unmasked SSN. The third control was recently

added, it is a process to delete the SSNs for prospective students that have not registered for a class in the last five years.

The imaging system is completely different from the administrative forms. There are some documents in the imaging system that are sensitive, but not all. We are working on processes to delete unnecessary information in the imaging system. We are also working on redacting certain sensitive information that has been scanned into the imaging system. Both endeavors are large projects and will not be completed soon.

The college will continue these processes and evolving the protections to include additional controls. The college is exploring removing SSN numbers from past employees, if those records no longer serve a purpose or are not required to meet a retention period. The college will also adjust its annual security review to bi-annually.

Sincerely,



Joe H. Pickens, J.D.  
President  
St. Johns River State College

cc: Dr. Melanie Brown  
Randy Peterson  
Charles Romer  
Richard Anderson