

# STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2025-025  
October 2024

## DAYTONA STATE COLLEGE



Sherrill F. Norman, CPA  
Auditor General

## **Board of Trustees and President**

During the period January through December 2023, Dr. Thomas LoBasso served as President of Daytona State College and the following individuals served as Members of the Board of Trustees:

	<u>County</u>
Dr. Randall Howard, Chair	Volusia
Robert W. Lloyd, Vice Chair from 6-1-23	Volusia
Betty J. Holness through 5-31-23, <sup>a</sup> Vice Chair	Volusia
Randy Dye	Volusia
Lloyd J. Freckleton	Flagler
Kelly Parsons Kwiatek	Volusia
Gary R. Lubi	Flagler

<sup>a</sup> Trustee position vacant from 6-1-23, through 12-31-23.

Note: Two Trustee positions were vacant during the entire period.

The team leader was Vincent Coppola, 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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**State of Florida Auditor General**

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# DAYTONA STATE COLLEGE

## SUMMARY

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This operational audit of Daytona State College (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2022-058. Our operational audit disclosed the following:

**Finding 1:** College procedures for publishing general education core course syllabi on the College Web site need improvement to demonstrate compliance with State law and State Board of Education rules.

**Finding 2:** Contrary to State law, the College disbursed extra compensation payments totaling \$313,113 to 364 employees.

## BACKGROUND

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Daytona 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 Daytona, DeLand, New Smyrna Beach, and Palm Coast. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Flagler and Volusia Counties.

## FINDINGS AND RECOMMENDATIONS

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### Finding 1: Instructional Materials Transparency

State law<sup>1</sup> requires the College to publish course syllabi information containing sufficient detail to inform students of the course curriculum, the goals, objectives, and student expectations of the course, and how student performance will be measured, for each section of a general education core course identified pursuant to State law.<sup>2</sup> State Board of Education (SBE) rules<sup>3</sup> require the College to publish on the College Web site course syllabi for each section of a general education core course as early as feasible but at least 45 days before the first day of class for each term.

As part of our audit, we examined College records and found that general education core course syllabi were not always published, or were not timely published, on the College Web site. Specifically, we found that:

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<sup>1</sup> Section 1004.085, Florida Statutes.

<sup>2</sup> Section 1007.25, Florida Statutes.

<sup>3</sup> SBE Rule 6A-14.092, Florida Administrative Code.

- No general education core course syllabi were published for the Spring 2023 Semester,
- 45 percent (109 of 244 courses) of the syllabi were not published for the Summer 2023 Semester. Although the remaining 55 percent of the syllabi were published, the syllabi were not published at least 45 days before the first day of classes, May 18, 2023.
- 18 percent (104 of 582 courses) of the syllabi were not published for the Fall 2023 Semester. The remaining syllabi were timely published.

In response to our inquiries, College personnel indicated that a syllabus creation application was acquired during the Fall 2022 Semester and, due to the configuration, syllabus template creation, implementation, and user training of the application, the application was not available for instructors to use until May 2023. College personnel also indicated that future syllabus timelines will be integrated to coincide with course scheduling and textbook adoption deadlines.

We extended our audit procedures for the Spring 2024 Semester and found that 99 percent (623 of 628 courses) of the syllabi were published at least 45 days before the start of the semester. When general education core course syllabi are not published timely, students may not have sufficient time to gain an understanding of the course curriculum; the goals, objectives, and student expectations of the course; and how student performance will be measured.

**Recommendation: The College should continue efforts to ensure that general education core course syllabi are timely published on the College Web site as early as feasible, but at least 45 days before the first day of class for each term, in accordance with State law and SBE rules.**

## **Finding 2: Extra Compensation**

State law<sup>4</sup> prohibits the College from making extra compensation payments to employees after services have been rendered. State law also provides that 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.

On June 22, 2023, the Board approved a non-recurring, one-time payment for certain full-time permanent employees. To be eligible for the payment, the individual had to be hired on or before April 3, 2023;<sup>5</sup> be employed by the College as of July 14, 2023; and earn \$50,000 or more annually. The payments did not increase employee base pay, were paid from the 2023-24 fiscal year budget, and were 1 percent of the annual base salary for full-time permanent employees earning from \$50,000 to \$99,999 and 2 percent for employees earning over \$99,999. On July 14, 2023, the College disbursed the extra compensation payments totaling \$313,113 to 364 employees.

In response to our inquiries, College personnel indicated that the Board approved the payments, which were in accordance with the Board-approved Salary Administration Plan. In addition, College personnel believed that the non-recurring salary increase was not considered a bonus since it was not based on past services rendered. Notwithstanding, since the payments were made after the employees had

<sup>4</sup> Section 215.425, Florida Statutes.

<sup>5</sup> The College set the eligibility date of April 3, 2023, so that new employees would have completed their probationary period by July 1, 2023.

rendered services, did not increase the employee's base rate of pay, and did not meet the statutory requirements of a bonus, the payments represent extra compensation prohibited by State law.

**Recommendation: The College should refrain from making extra compensation payments to employees after services have been rendered.**

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

*In the response, Management disagreed with the finding and stated that the compensation was not based on past services rendered and is in compliance with State law. The response also notes that "the non-recurring payments were distributed as part of certain employees' future compensation." Notwithstanding Management's position, the payments did not increase the employees' base rate of pay and were not bonuses pursuant to Section 215.425(3), Florida Statutes. Consequently, the payments were extra compensation, which is prohibited by State law, and the finding stands as presented.*

## **PRIOR AUDIT FOLLOW-UP**

The College had taken corrective actions for findings included in our report No. 2022-058.

## **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 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. 2022-058.
- 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 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 the 12 total critical 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 employee access to College IT data and resources. From the population of 148 employees who separated from College employment during the audit period, we examined the access privileges for 20 selected former employees to determine whether their access privileges were promptly deactivated.

- Evaluated College procedures for protecting sensitive personal information of students, including social security numbers. Specifically, we examined College records supporting the access privileges granted to the 67 employees with access to 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 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.
- To determine whether student fees totaling \$33,021,194 during the audit period were properly assessed and authorized, accurately calculated, and correctly recorded:
  - Examined College records for 30 selected students and their related fees totaling \$29,523 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 State Board of Education 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 1,648 distance learning courses with fee revenue totaling \$1,852,605 during the audit period, examined College records supporting 10 selected distance learning courses 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.
- From the population of laboratory fees with revenue totaling \$2,134,847 during the audit period, examined College records for 11 selected laboratory fees totaling \$1,236 collected from 11 students and related to 13 courses to determine whether the fees were assessed only to students who received the services and examined supporting documentation to determine whether the College properly calculated these fees in compliance with Section 1009.23(12)(a), Florida Statutes.
- From the population of 6,459 course sections offered during the audit period, examined College records to determine whether the College textbook and instructional materials affordability and transparency procedures complied with Section 1004.085, Florida Statutes.
- From the population of compensation payments totaling \$55,517,579 made to 1,777 employees during the audit period, selected payments totaling \$59,866 made to 30 employees and examined College records supporting the payments to determine whether the rate of pay and leave records were accurate, employment contracts were valid, employees met the required qualifications, and performance evaluations were completed.
- Examined College records supporting extra compensation totaling \$313,113 paid to 364 employees (including the College President) during July 2023 to determine whether the payments were in accordance with Section 215.425(3), Florida Statutes.
- Evaluated Board policies and College procedures for obtaining personnel background screenings to determine compliance with Section 1012.8551, 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 \$24,053,927 for the audit period, we examined College records supporting:

- 30 selected payments for general expenses totaling \$262,123.
- 30 selected payments for unexpended plant fund expenses totaling \$4,051,588.
- 10 selected payments for expended technology fee revenue totaling \$95,319.
- From the population of 4,165 purchasing card (P-card) transactions totaling \$945,846 during the audit period, examined College records supporting 30 selected P-card transactions totaling \$14,680 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 17 of the 32 cardholders who separated from College employment during the audit period to determine whether the College timely canceled the cardholders' P-cards.
- Reviewed documentation related to 1 major construction project with total construction costs of \$13,146,947 during the audit period to determine whether the College process for selecting design professionals and construction managers was in accordance with State law; the College adequately monitored the selection process of subcontractors; the Board had adopted a policy establishing minimum insurance coverage requirements for design professionals; design professionals provided evidence of required insurance; and construction funding sources were appropriate.
- From the population of 1,292 adult general education instructional students reported for 164,112 contact hours for the (Spring, Summer, Fall, Winter) 2023 Semesters, examined College records supporting 2,621 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 1,270 industry certifications reported for performance funding that were attained by students during the 2023 year, examined 30 industry certifications to determine whether the College maintained documentation for student attainment of the industry certifications.
- 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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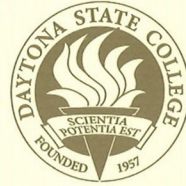
Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each College on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

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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*Office of the President*

September 24, 2024

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

Dear Ms. Norman:

The following is our response to the preliminary and tentative audit findings for the operational audit period of January 1, 2023 – December 31, 2023 of Daytona State College.

#### **Finding 1: Instruction Materials Transparency**

**Recommendation:** The College should continue efforts to ensure that general education core course syllabi are timely published on the College Website as early as feasible, but at least 45 days before the first day of class for each term, in accordance with State law and SBE rules.

**College Response:** The College concurs with the Auditor General's recommendation and corrective action has been taken. As of Spring 2024, the general education core course syllabi are timely published on the College Website at least 45 days before the first day of class for each term, in accordance with State law and SBE rules.

#### **Finding 2: Extra Compensation**

**Recommendation:** The College should refrain from making extra compensation payments to employees after services have been rendered.

**College Response:** The College respectfully disagrees with the Auditor General's position on this finding. Florida Statute 215.425(1) states that "no extra compensation shall be made to any officer, agent, employee, or contractor after service has been rendered or the contract made." The College's position on the non-recurring salary increase is that it was not based on past services rendered and is in compliance with State law, as employees needed to be active employees at the time of payment and the funding was allocated from the upcoming (not the previous) fiscal year's budget as part of the overall salary increase proposal approved by the

**Daytona State College**

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*September 24, 2024*

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Board. As indicated in the finding, the Board approved the non-recurring one-time salary payments, which were made in accordance with the Board-approved Salary Administration Plan. The non-recurring payments were distributed as part of certain employees' future compensation along with a recurring increase component to employee's base pay. In the midst of a very competitive job market, the College was being financially prudent by not increasing recurring base salaries for higher compensated employees at the same percentage as that of lower compensated employees as defined by annual income thresholds outlined in the salary increase plan approved by the Board of Trustees on June 22, 2023.

Sincerely,

A handwritten signature in blue ink, appearing to read "Thomas LoBasso".

Thomas LoBasso, Ed. D.  
President  
Daytona State College