

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2025-057  
November 2024

**LAKE-SUMTER STATE COLLEGE**



Sherrill F. Norman, CPA  
Auditor General

## Board of Trustees and President

During the 2023 calendar year, Dr. Heather Bigard served as President of Lake-Sumter State College and the following individuals served as Members of the Board of Trustees:

	<u>County</u>
Bret D. Jones, Chair	Lake
Jennifer Hooten, Vice Chair	Sumter
Bryn Blaise through 8-15-23 <sup>a</sup>	Sumter
David Hidalgo	Lake
Emily A. Lee	Lake
Timothy Morris	Lake
Ivy Parks	Lake
Peter F. Wahl through 9-28-23 <sup>b</sup>	Sumter

<sup>a</sup> Trustee position vacant 8-16-23, through 11-14-23.

<sup>b</sup> Trustee position vacant 9-29-23, through 11-14-23.

Note: One Trustee position was vacant the entire audit period. On 11-15-23, the Board amended Board Rule 1-02 to reduce the maximum number of Trustees from nine to seven.

The team leader was Jonathan Agnelli, and the audit was supervised by Jeffrey M. Brizendine, 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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# LAKE-SUMTER STATE COLLEGE

## SUMMARY

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This operational audit of the Lake-Sumter State College (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2022-015. Our operational audit disclosed the following:

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

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

## BACKGROUND

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Lake-Sumter 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<sup>1</sup> 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 Clermont, Leesburg, and Sumterville. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Lake and Sumter Counties.

## FINDINGS AND RECOMMENDATIONS

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### Finding 1: Information Technology User Access Privileges

The Legislature has recognized in State law<sup>2</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. In addition, the State has adopted retention schedules for College records found in the *General Records Schedules*,<sup>3</sup> which require a retention period of 5 years for certain records of students who apply for admission but are denied or who did not register.

The College maintains sensitive personal records, including SSNs, of prospective, current, and former students. The College collects and uses student SSNs for various purposes, such as to register newly enrolled students, comply with Federal and State requirements related to financial and academic assistance, and perform other College responsibilities. The College maintains former students' SSNs to provide student transcripts to colleges and potential employers based on authorized requests.

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<sup>1</sup> On November 15, 2023, the Board amended Board Rule 1-02 to reduce the maximum number of trustees from nine to seven.

<sup>2</sup> Section 119.071(5)(a), Florida Statutes.

<sup>3</sup> Florida Department of State, Division of Library and Information Services – *General Records Schedule GS5 For Public Universities and Colleges*, Item #97.

As of September 2024, the College Chief Information Officer indicated that the College student information technology (IT) system contained SSNs for 59,005 students, including 34,393 prospective students who applied to the College but did not enroll in any courses, 18,581 former students, and 6,031 current students. As of that date, the College maintained records containing SSNs that were over 5 years old for 31,634 prospective students. According to College personnel, the College maintains prospective student information indefinitely.

As part of our audit, we examined College records supporting the access privileges for the 29 employees who had access to sensitive personal information of students to determine the appropriateness and necessity of those access privileges based on the employees' assigned job responsibilities. According to College records, the 29 employees needed access, based on their assigned job responsibilities, to the records of former and current students. However, College records did not demonstrate why the 29 employees needed access to sensitive prospective student information maintained by the College for over 5 years or the public purpose served for retaining that information beyond the 5-year retention period established by the *General Records Schedules*.

In response to our inquiries, the College Chief Information Officer indicated that the College retains student records of prospective students indefinitely as a matter of practice for efficiency. Notwithstanding, College records did not demonstrate that the risks associated with maintaining prospective students' sensitive personal information more than 5 years had been minimized. The existence of unnecessary access to prospective student information for prolonged periods increases the risk of unauthorized disclosure of sensitive personal information and the possibility that the information may be used to commit fraud.

**Recommendation: To ensure sensitive personal information, including SSNs, of prospective students who apply but do not enroll in the College is properly safeguarded, the College should document how the risks associated with maintaining sensitive personal information more than 5 years for prospective students is minimized or promptly purge that information.**

## **Finding 2: Vendor Information Changes**

State law<sup>4</sup> requires each college to establish and maintain internal controls designed to, among other things, detect fraud, promote and encourage compliance with best practices, and safeguard assets. Such controls should include 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. According to College personnel, the College pays vendors electronically and by checks through the mail and, for the 2023 calendar year, the College paid vendors a total of \$9.5 million.

To evaluate the authorization and propriety of vendor information changes during the 2023 calendar year, we requested and College personnel provided an IT system-generated report that identified 13 changes to vendor information, including 10 address changes, 2 telephone number changes, and 1 bank account change. In response to our request, College personnel provided correspondence from vendor e-mail accounts initiating the changes. However, although we requested, College records were

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<sup>4</sup> Section 1010.01(5), Florida Statutes.

not provided to evidence that College personnel verified the 13 changes with applicable vendor management. In response to our inquiries, the College Controller indicated that neither College policies nor procedures require documentation of vendor information changes or the verification of those changes.

In audits of other educational institutions, we have noted instances in which vendor e-mail accounts were compromised, ultimately leading the institutions to make payments to fraudulent bank accounts. We examined College records supporting payments related to the vendor information changes and determined that the payments were sent to the appropriate addresses and accounts; 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 that appropriate measures have been taken to reduce the risk of fraud or errors associated with vendor payments.

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

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

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The College had taken corrective actions for findings included in our report No. 2022-015.

## ***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 August 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. 2022-015.
- 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 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.
- 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 Chief Financial Officer, the Chief Information Officer, and the Director of Procurement to identify any relationships that represented a potential conflict of interest with vendors used by the College.
- Reviewed Board information technology (IT) policies and College procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, user authentication, and disaster recovery.

- Evaluated College procedures for maintaining and reviewing employee access to IT data and resources. We examined access privileges for the 19 users with access to critical functions within the finance and human resources (HR) applications during the audit period 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 eight employees who had access privileges to selected critical functions within the finance or HR applications and separated from College employment during the audit period to determine whether their access privileges had been timely deactivated.
- 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, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Determined whether a comprehensive IT risk assessment had been established 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 College procedures for protecting sensitive personal information of students, including social security numbers (SSNs). We examined College records supporting the access privileges for the 29 employees who had access to sensitive personal information of students during the audit period to determine the appropriateness and necessity of those access privileges based on the employees' assigned job responsibilities.
- To determine whether student tuition and fees during the audit period were properly assessed and authorized, accurately calculated, and correctly recorded in accordance with Board Rule 6-04; Chapter 1009, Florida Statutes; and State Board of Education Rule 6A-14.054, Florida Administrative Code.
- Evaluated Board policies and College procedures for payments of accumulated annual and sick leave (terminal leave pay) to determine whether the policies and procedures promoted compliance with State law and College procedures. Specifically, we examined the supporting records for terminal leave pay totaling \$139,6450 paid to the 12 employees who separated from College employment during the audit period to determine whether the College complied with Sections 110.122 and 1012.865, Florida Statutes, and College Administrative Procedure 5-32.
- Evaluated Board policies and College procedures for obtaining personnel background screenings to determine whether the College complied with Section 1012.8551, Florida Statutes.
- Evaluated compensation payments made to the College President during the audit period and examined College records to determine whether applicable amounts paid did not exceed the limits established in Section 1012.885, Florida Statutes.
- From the population of general expenses totaling \$9,498,430, examined College records supporting 16 selected payments totaling \$285,096 to determine whether the expenses were reasonable, correctly recorded, and adequately documented; for a valid College purpose; properly authorized and approved; and in compliance with applicable State laws, contract terms, and Board policies.
- From the population of 1,284 credit card transactions totaling \$361,207 during the audit period, examined College records supporting 30 selected credit card transactions totaling \$82,358 to

determine whether the credit card program was administered in accordance with Board policies and College procedures and transactions were not of a personal nature.

- Examined the credit limits for all 42 credit cardholders during the audit period to determine the reasonableness of the limits and whether requests for credit limit increases were adequately documented and properly approved.
- From the population of Public Education Capital Outlay and other restricted capital outlay expenses totaling \$2,549,497 during the audit period, examined records supporting 30 selected expenses totaling \$668,067 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 and the Florida Department of Education guidelines for the State Fiscal Recovery Fund Deferred Building Maintenance Program.
- From the population of 65 industry certifications reported for performance funding that were attained by students during the 2023 year, examined 22 industry certifications to determine whether the College maintained documentation for student attainment of the industry certifications.
- To determine whether student fees collected totaling \$4,068,580 were properly expended in accordance with statutory restrictions, examined College records supporting:
  - 10 selected expenses totaling \$36,649 from student activity and service fees to evaluate College compliance with the restrictions imposed by Section 1009.23(7), Florida Statutes.
  - 10 selected expenses totaling \$383,779 from technology fees to evaluate College compliance with the restrictions imposed by Section 1009.23(10), Florida Statutes.
  - 10 selected expenses totaling \$264,734 from capital improvement fees to evaluate College compliance with the restrictions imposed by Section 1009.23(11), 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.
- Evaluated the effectiveness of College controls during the audit period for verifying and approving vendor information changes.
- Reviewed College records to determine whether full-time equivalent (FTE) enrollment reported to the Florida Department of Education during the audit period 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 FTE enrollment for State funding purposes pursuant to Sections 1009.22(11) and 1009.23(9), 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 written in a cursive style with a large initial 'S'.

Sherrill F. Norman, CPA  
Auditor General

# MANAGEMENT'S RESPONSE

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Lake Sumter  
State College

9501 U.S. Highway 441, Leesburg, FL 34788

www.LSSC.edu

November 12, 2024

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

Dear Ms. Norman,

Lake-Sumter is in receipt of the preliminary and tentative findings and recommendations from the recently completed operational audit. We have reviewed the initial report and submit the following response.

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

### **Recommendation:**

To ensure sensitive personal information, including SSNs, of prospective students who apply but do not enroll in the College is properly safeguarded, the College should document how the risks associated with maintaining sensitive personal information more than 5 years for prospective students is minimized or promptly purge that information.

### **Response:**

The College acknowledges the importance of continually improving data protection measures. We believe we currently have a set of robust safeguards in place along with additional steps planned to further enhance protection measures of sensitive personal information:

### **Current Safeguards and Implemented Measures**

Our current data protection strategy includes several key components:

1. **Data Obfuscation:** All social security numbers are truncated to the last four digits within our Enterprise Resource Planning (ERP) system, Banner. This significantly reduces the exposure of sensitive information.
2. **Role-Based Access Control (RBAC):** We strictly limit access to SSNs based on job responsibilities. Only employees with a documented need are provided access to view and query this data.
3. **Annual Access Review:** We conduct an annual review of IT user access privileges to ensure access to sensitive personal information is still required for each user's current role.
4. **Audit and Monitoring:** We conduct monthly Oracle log reviews and have directed email alerts for any changes to sensitive data.
5. **Incident Review:** Any modifications to SSNs trigger an incident review to validate the change.



6. **Employee Training:** We regularly conduct and document training sessions on data protection policies and the importance of safeguarding PII.

#### **Enhanced Protection Measures**

To further strengthen our data protection practices, we have implemented or are in the process of implementing the following additional measures:

1. **Updated Retention Procedures:** We have already updated our 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:
  - a. Has NO academic history in the Banner system, and
  - b. Has a date of LAST ACTIVITY in Banner that is GREATER THAN 5 YEARS FROM THE CURRENT DATE  
(Activity defined as Admission Date, Registrar Activity, Bursar Activity, CE Activity, or Financial Aid Activity)
2. **Fine-Grained Access Control:** We are developing a new profile based on our existing STUDENT\_INFORMATION Fine-Grained Access Control (FGAC) profile. This will further restrict access to biographical information in SPBPERS for prospective students who have not enrolled beyond a certain timeframe.
3. **Enhanced Audit Logging:** We are implementing a trigger on changes to SPBPERS to create more detailed audit logs of all access and modifications to SSNs.
4. **Duplicate Management:** We are updating our application process to help previous students correctly identify their student ID, preventing duplicates while maintaining necessary historical data.
5. **Encryption Evaluation:** In line with 16 CFR 314.4 for data safeguards, we are re-evaluating our encryption practices, considering options such as encrypting the Oracle database or moving data to an encrypted storage system.

We believe these enhanced measures combined with our existing safeguards strikes an appropriate balance between data protection and providing necessary access for legitimate educational and administrative purposes.

#### **Finding 2: Vendor Information Changes**

##### **Recommendation:**

The College should establish procedures to ensure that, before changes to vendor information are made, the change requests are properly documented, independently verified, appropriately authorized, and reviewed.



Lake Sumter  
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**Response:**

The College established procedures earlier this year to require any vendor information update requests to be independently verified and documented by the Director of Procurement prior to their updating the vendor information record.

The College is committed to improving our processes and procedures to improve the efficient delivery of services and instruction to our students and the surrounding community.

Sincerely,

Dr. Laura Byrd  
Interim President  
Lake-Sumter State College