

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2025-067
December 2024

POLK STATE COLLEGE



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2023 calendar year, Dr. Angela Garcia Falconetti served as President of Polk State College and the following individuals served as Members of the Board of Trustees:

Teresa V. Martinez, Chair from 8-28-23,
Vice Chair through 8-27-23
Cynthia Hartley Ross, Vice Chair from 8-28-23
Greg Littleton, Chair through 8-27-23
Ann Barnhart from 6-30-23^a
Ashley Bell Barnett
Ashley Troutman from 6-30-23^a

^a Trustee positions vacant 1-1-23, through 6-29-23.

Note: One Trustee position was vacant the entire period.

The team leader was Becky D. Grode, CPA, and the audit was supervised by Mark A. Arroyo, CPA.

Please address inquiries regarding this report to Jaime N. Hoelscher, CPA, Audit Manager, by e-mail at jaimehoelscher@aud.state.fl.us or by telephone at (850) 412-2868.

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POLK STATE COLLEGE

SUMMARY

This operational audit of Polk State College (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2022-050. Our operational audit disclosed the following:

Finding 1: College procedures for procuring software services could be improved.

Finding 2: Controls over College purchasing card expenses need enhancement.

Finding 3: The College indefinitely maintained sensitive personal information, including social security numbers, of prospective students, increasing the risk of unauthorized disclosure of the information. A similar finding was noted in our report No. 2022-050.

BACKGROUND

Polk 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 Lakeland and Winter Haven. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Polk County.

FINDINGS AND RECOMMENDATIONS

Finding 1: Software Purchases

State Board of Education (SBE) rules¹ and the College *Purchasing Manual* require the College to publicly solicit competitive offers from at least three sources for purchases exceeding the category three threshold (\$65,000) established in State law,² unless the purchase is otherwise exempt, such as purchases of information technology (IT) software. Notwithstanding this exemption, documented considerations supporting IT software purchases increase public confidence in the procurement process.

For example, College records should include documented evaluations of the software costs in relation to the benefits of the software to specific user needs and documented evaluations of software provider security controls that safeguard against data security threats and risks associated with data stored using the software. To help entities identify data security threats and risks or, alternatively, provide management with additional assurance that software provider security controls effectively safeguard

¹ SBE Rule 6A-14.0734(1), Florida Administrative Code.

² Section 287.017, Florida Statutes.

against security threats and risks, software providers are often required to provide Service Organization Controls (SOC) 2 Type 2 reports.³

On March 31, 2022, the College entered into a software agreement with a software provider for finance, human resources, student recordkeeping, and other IT services. The agreement covered a 5-year period and totaled \$6.1 million, including subscription, implementation, consulting, and training service costs of \$2 million. During the 2023 calendar year, the College paid a total of \$1.9 million to the software provider for professional services from subscription and implementation services. Our discussions with College personnel disclosed that:

- The then Chief Information Officer (CIO) evaluated the market for software by contacting various software providers. Two vendors performed software demonstrations and College personnel had discussions with other colleges about their experience with those software products. Based on the CIO's evaluation, the President's Executive Team selected the proposed software in January 2022. Although we requested, College records were not provided to evidence evaluations of the software costs in relation to the benefits of the software to specific user needs. College personnel indicated that costs were evaluated but records of the evaluations were inadvertently not maintained. Given the extensive complexities and costs of IT software services and software cost fluctuations over time, independently developed current cost estimates for the desired modules and functionalities would have provided more complete information upon which to negotiate for the software procurement.
- During the 2023 calendar year, College data was stored on the software provider's servers, increasing the importance of provider data security, security incident, physical and environmental security, and data backup controls. However, the contract with the software provider did not require a SOC 2 Type 2 report to help identify data security threats and risks or provide additional assurance that security controls effectively safeguarded against security threats and risks. In addition, College records did not demonstrate a College documented evaluation of the software provider's security controls.

Subsequent to our inquiry, College personnel obtained from the service provider a SOC 1 Type 2 report that contained an opinion that the software provider's controls over financial reporting were effective. However, that report did not provide assurance over the software provider's data security, security incident, physical and environmental security, or data backup controls necessary to achieve the College-related control objectives. Absent documented evaluations of software provider security controls, there is an increased risk that College data entrusted to the provider may not be properly safeguarded.

Recommendation: The College should enhance procedures to ensure that, for future software purchases, College records demonstrate that the purchases are made considering the costs in relation to the benefits of the software to specific user needs and that appropriate consideration is given to the effectiveness of the provider's security controls associated with data that will be stored using the software and provider servers. In addition, the College should consider revisions to the software provider's contract to require a SOC 2 Type 2 report to help identify data security threats and risks or, alternatively, provide management with requisite assurance that software provider security controls effectively safeguard against security threats and risks.

³ As described by in the American Institute of Certified Public Accountants (AICPA), Statement of Standards for Attestation Engagements No. 18, *Attestation Standards: Clarification and Recodification* (SSAE No. 18).

Finding 2: Purchasing Cards

The College administers a purchasing card (P-card) program, which gives employees the convenience of purchasing items without using the standard purchase order process. Purchases made with P-cards must be for official College business and are subject to additional requirements in the *Purchasing Card Program Procedures Manual*.

For the 2023 calendar year, College P-card expenses totaled \$1.8 million and 115 P-cards were in use. As part of our audit, we examined College records supporting 57 selected P-card expenses totaling \$82,961 and found that controls over P-card expenses could be improved. Specifically:

- An employee used a P-card to pay a total of \$1,267 for dinner one day and lunch and dinner the next day for 11 employees on travel status attending a leadership training event. However, pursuant to State law,⁴ the College may only pay for breakfast, lunch, and dinner meal costs of \$6, \$11, and \$19, respectively, when an employee is on travel status. As the total allowed costs for the three meals for the 11 employees totaled \$539, the P-card charge exceeded the statutory meal limits by \$728.
- College records documented participation by a College team in an event to raise money for a charity and a College staff member used a P-card to contribute a \$2,000 gift to the charity. Although we requested, College records were not provided to demonstrate the educational purpose for the event or specific authority for making a charitable contribution.

In response to our inquiry, College personnel indicated that these charges occurred primarily because of oversights and personnel changes. While our scan of College expenses did not disclose similar payments for unauthorized purposes, without effective controls over P-card expenses, there is an increased risk of P-card misuse and for fraud or errors to occur.

Recommendation: The College should enhance controls over P-card expenses to ensure compliance with statutory meal cost limits and abstain from charitable contributions.

Finding 3: Prospective Student Sensitive Personal Information

The Legislature has recognized in State law⁵ 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. The College collects SSNs from all prospective students during the application process.

State-adopted *General Records Schedules*⁶ require retention periods of 5 years for certain records of students who apply for College admission but are denied or do not register. As of April 2024, the College IT system contained information, including SSNs, for 148,102 prospective students who never enrolled in the College and 200 employees had access to that information.

⁴ Section 112.061, Florida Statutes.

⁵ Section 119.071(5)(a) Florida Statutes.

⁶ Florida Department of State, Division of Library and Information Services – *General Records Schedule GS5 For Public Universities and Colleges*, Item #97.

In her November 2021 response to a similar finding in our report No. 2022-050, the College President indicated that the College would review the reasons for retaining prospective student information and would work to create a timeline for removing such information if the student did not choose to attend the College. However, our audit procedures disclosed that the College had not established a time frame for purging prospective student information during the 2023 calendar year and the age of that information was not readily available. According to College personnel, the College continued to indefinitely maintain prospective student sensitive personal information because the College IT system did not have the ability to purge such records. College personnel indicated that the College plans to purge prospective student information over 5 years old upon implementation of the College's new IT system during the 2025 calendar year.

Retaining prospective student sensitive personal information beyond the 5 years specified in the *General Records Schedules* increases the risk of unauthorized disclosure of the information and the possibility that the information may be used to commit fraud. In addition to report No. 2022-050, a similar finding was noted in our report No. 2019-054.

Recommendation: The College should identify and periodically purge prospective student sensitive personal information over 5 years old to minimize the risks associated with maintaining that information.

PRIOR AUDIT FOLLOW-UP

The College had taken corrective actions for findings included in our report No. 2022-050 except that Finding 3 was also noted in report No. 2022-050 as Finding 3 and report No. 2019-054 as Finding 2.

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 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. 2022-050.
- 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. 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.
- 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 30 of the 317 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, database, 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. From the population of 162 employees who separated from College employment during the audit period, we examined the access privileges for 25 selected former employees to determine whether their access privileges had been timely deactivated.
- Evaluated College procedures for protecting sensitive personal information of students, including social security numbers (SSNs). From the population of 200 employees who had access to sensitive personal information of students during the audit period, we examined College records supporting the access privileges granted to 27 employees to determine the appropriateness and necessity of the access privileges based on the employees' assigned job responsibilities.
- Determined whether the College complied with Section 1013.841, Florida Statutes, by timely preparing and submitting the required spending plan to the Board.
- 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.
- Reviewed the capital improvement plans for the 2024-25 through 2026-27 fiscal years to determine whether the College's capital projects were properly reported 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 compensation payments totaling \$342,646 made to the President during the audit period, examined College records supporting the payments to determine whether the amounts paid from appropriated State funds did not exceed the limits established in Section 1012.885 Florida Statutes.
- From the population of 6,008 purchasing card (P-card) transactions totaling \$1.8 million during the audit period, examined College records supporting 57 selected P-card transactions totaling \$82,961 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 14 cardholders who separated from College employment during the audit period to determine whether the College timely canceled the cardholders' P-cards.
- Examined College records for the audit period to determine whether the College had appropriate controls in place to ensure that vendor information changes are appropriate and independently verified.
- From the population of 481 industry certifications reported for performance funding that were attained by students during the 2023-24 fiscal year, examined 30 industry certifications to determine whether the College maintained documentation for student attainment of the industry certifications.
- From the population of restricted capital outlay expenses totaling \$7.2 million during the audit period, examined records supporting 7 selected expenses totaling \$2.1 million to determine whether the expenses complied with the restrictions imposed on the use of the funding resources.
- 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 contractual service expenses totaling \$17.1 million for the audit period, we examined College records supporting 21 selected payments totaling \$1.2 million.

- Examined College records to determine whether the College evaluated, prior to purchase, the effectiveness, suitability, and security of the new software application costing \$6.1 million and whether the purchase was procured based on documented considerations of the software costs in relation to the benefits of the software to specific user needs.
- 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

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, stylized initial "S".

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



December 9, 2024

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

Dear Ms. Norman:

Attached please find our responses to the preliminary and tentative audit findings and recommendations that may be included in a report to be prepared on your 2024 Operational Audit of Polk State College.

Please feel free to contact us if we can provide further information.

Sincerely,

A handwritten signature in black ink that reads "Angela Garcia Falconetti".

Dr. Angela Garcia Falconetti, CFRE
President, Polk State College

Polk State Office of the President

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RESPONSE TO PRELIMINARY AND TENTATIVE FINDINGS

2024 Operational Audit

Finding 1: Software Purchases

College procedures for procuring software services could be improved.

AG Recommendation

The College should enhance procedures to ensure that, for future software purchases, College records demonstrate that the purchases are made considering the costs in relation to the benefits of the software to specific user needs and that appropriate consideration is given to the effectiveness of the provider's security controls associated with data that will be stored using the software and provider servers. In addition, the College should consider revisions to the software provider's contract to require a SOC 2 Type 2 report to help identify data security threats and risks or, alternatively, provide management with requisite assurance that software provider security controls effectively safeguard against security threats and risks.

College Response

The College has established enhanced procedures over all purchases in excess of the category three threshold (\$65,000) established by Florida Statute Section 287.017 including those purchases such as information technology that may be exempt from State law.

- For purchases in excess of \$65,000, a selection committee will be established made up of a variety of staff within the College. The duties of the committee will be to review proposals, then select a vendor based on criteria that will include experience, scope of work and pricing. This will ensure the best decision is made to see that College funds are used in accordance with the State law.
- For those services considered exempt from the bid process, the College will, at a minimum, request proposals from respective vendors. A selection committee comprised of various staff within the College will review the proposals for the above criteria to ensure that the best selection is made based on the College's need and sound business practices are considered.
- The College will work with Ellucian to add an addendum to the contract to provide an annual SOC 2 Type 2 report to ensure the software provider has considered data security threats and risks and that any deficiencies are appropriately addressed.

Finding 2: Purchasing Cards

Controls over College purchasing card expenses need enhancement.

Business Services

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AG Recommendation

The College should enhance controls over P-card expenses to ensure compliance with statutory meal cost limits and abstain from charitable contributions.

College Response

The College has developed new procedures over the purchase card process which align with procedures with the implementation of the new ERP system, Banner. These include the following:

- The issuance of credit cards is clearly defined with card issuance limited to management. Credit card limits are established based on the level of management and are consistent across these levels. Those with credit cards are required to sign out the respective card which includes training on credit card usage and what is allowable in accordance with college policies and State law.
- Monthly credit card packages must include all receipts to support the credit card statement and must be approved by the respective supervisor with evidence of signature. Adherence to this is mandatory; those violating the procedure will have their credit card revoked.
- A monthly audit process is conducted by Business Services and Finance to ensure adherence to college policies and procedures.
- If an unallowable expenditure is detected through the monthly audit process, Business Services and Finance will request reimbursement to be personally made by the card holder.
- The purchase card procedures have been provided to card holders and their respective administrative assistants to ensure adherence to the purchase card policy.
- Business Services and Finance will schedule ongoing training with the administrative staff to reinforce the use of purchase cards and what is considered allowable expenditures.

Finding 3: Prospective Student Sensitive Personal Information

The College indefinitely maintained sensitive personal information, including social security numbers, of prospective students, increasing the risk of unauthorized disclosure of the information. A similar finding was noted in report No. 2022-050.

AG Recommendation

The College should identify and periodically purge prospective student sensitive personal information over 5 years old to minimize the risks associated with maintaining that information.

College Response

The College has implemented a new ERP system (Ellucian Banner) that provides the ability to purge prospective student sensitive personal information in accordance with State law. IT will work with the Registrar's Office to develop an annual plan to purge prospective student information that meets the State requirement to purge after 5 years. The College will also set a timeline to decommission the Genesis data that will include a targeted purge of prospective student information to be completed fiscal year end 2025.