STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2017-071
December 2016

POLK STATE COLLEGE

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the period April 2015 through March 2016, Dr. Eileen Holden served as President of Polk State College and the following individuals served as Members of the Board of Trustees:

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The team leader was Gregory J. Lemieux, CPA, and the audit was supervised by David A. Blanton, CPA.

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POLK STATE COLLEGE

SUMMARY

This operational report 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. 2015-085. Our operational audit disclosed the following:

Finding 1: College textbook affordability procedures could be enhanced.

Finding 2: Pursuant to a settlement and general release agreement, the College paid $19,941 to a former employee for a 17-week period after the employee's resignation; however, the payment exceeded the statutory limit by $12,699.

Finding 3: College records did not demonstrate that the College acquired operating software at the lowest price consistent with desired quality or timely considered provider security controls associated with data that would be stored using the software. Additionally, the software agreement did not specify the delivery dates of the provider deliverables.

Finding 4: The College needs to continue efforts to develop and implement a comprehensive security awareness training program.

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, Florida. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Polk County. The College reported enrollment of 7,208 full-time equivalent students for the 2015-16 fiscal year.

This operational audit focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2015-085. The results of our financial audit of the College for the fiscal year ended June 30, 2016, will be presented in a separate report. In addition, the Federal awards administered by the College are included within the scope of our Statewide audit of Federal awards administered by the State of Florida and the results of that audit, for the fiscal year ended June 30, 2016, will be presented in a separate report.

FINDINGS AND RECOMMENDATIONS

Finding 1: Textbook Affordability

State law[1] requires colleges to post on their Web sites, as early as is feasible, but not less than 30 days prior to the first day of classes, a list of each textbook required for each course offered at the institution during the upcoming term. Additionally, State Board of Education (SBE) rules[2] require colleges to collect and maintain, before each textbook adoption is finalized, written or electronically transmitted certifications from course instructors attesting that all textbooks and other instructional materials ordered will be used, particularly each individual item sold as part of a bundled package. Further, the Textbook Affordability Workgroup (Workgroup)[3] recommended that each college address textbook costs by developing and monitoring policies and guidelines for textbook adoption. The Workgroup also noted one effective practice to reduce textbook costs would be use of course-wide adoptions of textbooks for courses with many sections.

Although College procedures provide for posting a list of textbooks on the College Bookstore Web site, College personnel indicated that the College had not adopted the practice of course-wide textbook adoption as of October 2016. Our audit procedures also disclosed that:

- The College had not established monitoring procedures to ensure that textbook information was posted on the College's Bookstore Web site at least 30 days prior to the first day of classes. The College contracted with a vendor to manage and operate the College bookstore, as well as to compile and post lists of adopted textbooks on the College Bookstore Web site. During the Summer 2015, Fall 2015, and Spring 2016 terms the College adopted 6,026 textbooks. As part of our audit, we requested for our review the records for adopted textbooks and found that the College timely adopted the textbook information. However, although we requested, College records could not be provided to demonstrate that the required textbook information was timely posted on the College Bookstore Web site. College personnel indicated that they did not maintain a record documenting the date the textbook information was posted on the Web site nor was the bookstore vendor able to produce such information.

  The timely posting of required textbook information on the College Bookstore Web site is necessary for students to understand course textbook requirements and have sufficient time to consider textbook purchase options and limit their textbook costs. Effective July 1, 2016, State law[4] was revised to require each college to post prominently in the course registration system and on its Web site, as early as is feasible, but at least 45 days before the first day of class for each term, a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course sections offered at the college during the upcoming term.

- Our review of textbook prices for the 6,026 textbooks adopted during the audit period disclosed that new or used textbook prices for the same course varied as much as $147 for new and $110 for used textbooks. Table 1 shows the 6 courses and related textbooks that we identified with price variances of $50 or more in new or used textbook prices for the same course.

[1] Section 1004.085(3), Florida Statutes (2015).

[2] SBE Rule 6A-14.092(3), Florida Administrative Code.

[3] The Workgroup, consisting of membership from the Florida College System, in cooperation with the Florida Department of Education, Division of Florida Colleges, issued a report dated December 1, 2009, that contained certain recommendations.

[4] Section 1004.085(6), Florida Statutes (2016).

Table 1
Textbook Prices

	Cost of New Textbooks			Cost of Used Textbooks		
Course	High	Low	Difference	High	Low	Difference
CGS1100	$288	$141	$147	$216	$106	$110
ECO2013	306	171	135	230	128	102
REL2000	165	68	97	124	51	73
CET1174C	179	114	65	134	86	48
BSC1101C	160	97	63	120	73	47
ECO2023	224	171	53	168	128	40

Source: College records.

According to College personnel, effective in March 2016, the procedure for selecting textbooks limits instructors to only three choices and encourages the cost of each option to be as low as possible. However, when different textbooks are used for the same course, instructional costs paid by students may not be fair and equitable. A similar finding was noted in our report No. 2015-085.

Recommendation: The College should enhance procedures to ensure that records are maintained to document that lists of required and recommended textbooks and materials are timely posted in accordance with State law. In addition, the College should ensure that textbooks and other instructional materials are available to students at the lowest and best prices within acceptable quality by enhancing affordability procedures to require course-wide adoption of textbooks and other instructional materials for the same course.

Finding 2: Severance Pay

State law[5] provides that an employee or contractor may receive severance pay that is not provided for in a contract or employment agreement if the pay represents the settlement of an employment dispute and the amount does not exceed 6 weeks of compensation. Our examination of College records for the period April 2015 through March 2016 disclosed that in October 2015 the College entered into a settlement and general release agreement to pay the former Veterans Services Coordinator $19,941 for salary and benefits for a 17-week period after the employee's resignation in November 2015. However, because the former employee's contract with the College did not include a severance pay provision and the payment constituted the settlement of an employment dispute, the period covered by the payment exceeded the statutory limit by 11 weeks.

In response to our inquiries, College personnel indicated the settlement was deemed to be in the College's best interest. However, the severance payment exceeded the State law threshold by $12,699.

Recommendation: The College should ensure that severance payments do not exceed the limits established by State law.

[5] Section 215.425(4)(b), Florida Statutes.

Follow-Up to Management's Response

Management stated in the written response that "while Section 215.425, Florida Statutes, prohibits severance pay in excess of six (6) weeks to settle an employee dispute, that was not what occurred here. At the outset it should be noted that the term employee dispute is not defined in statute. Nor does Section 215.425, Florida Statutes contain any language that prohibits the College's ability to avert potential employment claims that would likely result in costly litigation. The employee had a previous history of filing claims against the College under Title VII for discrimination and retaliation. Given the significant financial exposure to the College and the advice of the College's attorney, it was determined to be in the best interest of the College to acquire a waiver and release of future claims prior to the separation of employment." Notwithstanding this response, as the payment was conditioned upon the employee's termination of employment and execution of a release, it appears the payment represented severance pay for the settlement of an employee dispute and should have been limited to 6 weeks of compensation. Consequently, the finding stands as presented and we continue to recommend that the College ensure that severance payments do not exceed the limits established by law.

Finding 3: Information Technology - Software Acquisition

Good business practice dictates that selection and acquisition of information technology (IT) software include documented considerations of the software costs in relation to the benefits of the software to specific user needs. Additionally, documented considerations should include evaluations of software provider security controls that safeguard against data security threats and risks associated with data stored using the software. Effective procedures also serve to increase public confidence in the procurement process, and appropriately written software agreements establish the scope of work deliverables and related delivery dates.

A Software as a Service (SaaS) agreement provides for a software provider to license operating software to an entity based on certain subscription terms. On May 29, 2015, the College entered into a SaaS agreement totaling $3,774,077, including implementation service costs of $1,341,620, with a software provider as a design collaboration partner over a 5-year period. The agreement provides that the College will be actively involved in the design of the various software modules (e.g., finance, human resources, financial aid, and student records) and, once the modules are publicly available, the College will receive full access to the software. During the 2015-16 fiscal year, the College paid a total of $291,896 to the software provider for professional services resulting from the initial costs of development. However, our review of this arrangement disclosed that:

- The College formed an IT Advisory Group (ITAG) to study the proposed system, provide feedback, and vote on whether to accept the proposed partnership. According to College records, the ITAG studied the proposal and voted in favor of entering into the agreement. In response to our inquiries, College personnel provided a list of costs incurred by five other colleges that acquired operating software in 2012; however, the College did not prepare, of record, a cost and benefit analysis to support the decision to contract with the software provider in 2015. Given the extensive complexities and costs of IT software services and software cost fluctuations over time, utilizing independently developed current cost estimates for the desired modules and functionalities would have provided more complete information upon which to negotiate for this procurement.

- College data will be 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, College records did not demonstrate an evaluation of the software provider's security controls, such as a service auditor report[6] or other evaluations of provider security controls, before the College entered into the agreement. The lack of evaluations of the software provider's security controls increase the risk that College data that will be entrusted to the provider may not be properly safeguarded against security threats and risks.
- The agreement with the software provider did not establish dates for provider deliverables such as the expected dates that modules would be available for College use. Rather, the agreement provided that the College and the software provider would work together to develop a project plan that included timelines for product delivery. In response to our request, the College provided a timeline graph that identified 31 different tasks with completion dates ranging from 2016 to 2019; however, the College had not documented, of record, the software provider's acceptance and responsibility for meeting these timelines. Without established delivery dates for provider deliverables, the College's ability to ensure appropriate agreement monitoring during the 5 year development and implementation period is limited.

Recommendation: The College should enhance procedures to ensure that, for future software acquisitions, College records demonstrate that the College makes acquisitions at the lowest price consistent with desired quality 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. Additionally, to appropriately and timely monitor software development and implementation, software procurement agreements should specify the delivery dates for provider deliverables.

Finding 4: Information Technology - Security Awareness

A comprehensive security awareness training program apprises new employees of, and reemphasizes to other employees, the importance of preserving the confidentiality, integrity, and availability of the data and IT resources entrusted to them. Significant nonpublic records (e.g., student record information and other records that contain confidential or sensitive information) are included in the data maintained by the College's IT systems.

Although the College posted security awareness information on its intranet and encouraged employees to review such information, the College had not implemented a comprehensive security awareness program or performed ongoing IT security awareness training for all who use the College's IT systems. The College did offer such optional training during a professional development day held for College staff; however, College records indicated that only 677 of the College's 1,548 employees (43 percent) attended the training. In addition, although the College had previously designed an acknowledgement form for new employees related to security awareness, new employees were not required to sign the form acknowledging that they had read, understood, and accepted College security policies. In response to our inquiries, the College indicated mandatory training for all employees, including new employees, would be developed.

The absence of a comprehensive security awareness training program increases the risk that the College's employees may not be aware of the importance of the information being handled and their

[6] As described by in the American Institute of Certified Public Accountants (AICPA), Statement of Auditing Standards for Attestation Engagements No. 16, *Reporting on Controls at a Service Organization* (SSAE No. 16).

responsibilities for maintaining the confidentiality, integrity, and availability of College data and IT resources. A similar finding was noted in our report No. 2015-085.

Recommendation: The College should continue efforts to implement a comprehensive security awareness and training program for all users of IT resources.

PRIOR AUDIT FOLLOW-UP

The College had taken corrective actions for findings included in our report No. 2015-085, except that Findings 1 and 4 were also noted in prior audit report No. 2015-085, as Findings 1 and 15.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from March 2016 to June 2016 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.

The objectives of this operational audit 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. 2015-085.
- 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 programs, activities, or functions included within the scope of the audit, weaknesses in management's internal controls; 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; 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 transactions, as well as events and conditions, occurring during the audit period of April 2015 through March 2016, 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 the College's 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, and disaster recovery.
- Reviewed College procedures for maintaining and reviewing employee access to IT resources. Specifically, we examined access privileges over the database and finance and human resources applications during the audit period, for 30 of the 1,352 total employees to determine the appropriateness and necessity based on employees' job duties and user account functions and adequacy with regard to preventing the performance of incompatible duties. We 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 and managed.
- Reviewed College procedures to prohibit former employees' access to electronic data files. We also examined the access privileges for the 120 employees who separated from College employment during the audit period to determine whether their access privileges had been timely deactivated.
- Evaluated the College's written security policies and procedures governing the classification, management, and protection of sensitive and confidential information.
- Determined whether a comprehensive IT security awareness and training program was in place.
- Examined Board minutes to determine whether Board approval was obtained for policies and procedures in effect during the audit period and for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- Examined College records to determine whether the College had developed an anti-fraud policy and procedures for the audit period to provide guidance to employees for communicating known

or suspected fraud to appropriate individuals. Also, we examined College records to determine whether the College had implemented appropriate and sufficient procedures to comply with its anti-fraud policy.

- Examined College records for the audit period to determine whether the College informed students and employees at orientation and on its Web site of the existence of the Florida Department of Law Enforcement sexual predator and sexual offender registry Web site and the toll-free telephone number that gives access to sexual predator and sexual offender public information as required by Section 1006.695, Florida Statutes.
- Examined supporting documentation for the 6,026 textbooks related to the population of 478 courses during the audit period to determine whether the College's policies and procedures regarding textbook affordability were in accordance with Section 1004.085(4), Florida Statutes.
- Reviewed the College's policies and procedures related to its identity theft prevention program for compliance with the Federal Trade Commission's Red Flag Rule.
- Examined the four third-party service provider contracts to ensure that the College required providers to perform their activities in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risks of identity theft.
- Examined College records to determine whether student receivables were properly authorized, adequately documented, properly recorded, and complied with Section 1010.03, Florida Statutes, and Board policies. Specifically, we examined:
    - From the population of 4,651 student receivables totaling $2,053,616 and recorded as of March 2016, documentation relating to 50 selected student receivables totaling $61,409.
    - From the population of 1,502 student receivables written off during the audit period totaling $1,054,844 as of March 2016, documentation relating to 30 selected student receivables written off totaling $48,307 to determine whether the College's collection efforts were adequate and whether the uncollectible write-offs were properly approved.
- Evaluated the adequacy of the College's reported allowance for doubtful accounts at June 30, 2015.
- Evaluated the effectiveness of the College's controls to determine whether 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.
- From the population of 17,512 students enrolled as Florida residents during the Summer 2015, Fall 2015, and Spring 2016 terms, examined College records for 30 selected students to determine whether the College documented Florida residency and correctly assessed tuition in compliance with Sections 1009.21 and 1009.22, Florida Statutes, and State Board of Education Rule 6A-10.044, Florida Administrative Code.
- Examined the three contracts for auxiliary operations, which generated revenue totaling $659,792 for the audit period, to determine whether the College properly monitored compliance with the contract terms for fees, insurance, and other provisions. Also, we performed analytical procedures to determine whether the College's auxiliary services were self-supporting.
- Selected 30 new hires from the population of 230 new hires during the audit period and reviewed supporting documentation to determine whether personnel records evidenced that the employees met the necessary qualification and experience requirements for the positions based on the written position description.
- Reviewed College policies and procedures, and documentation supporting 3 months of insurance premium activities during the audit period to determine whether health and life insurance was provided only to eligible employees, retirees, and dependents and that such insurance was timely

canceled upon employee termination. Also, we determined whether the College had procedures for reconciling health insurance costs to employee, retiree, and Board-approved contributions.

- Examined compensation records for the College President who received remuneration totaling $290,154 and $293,290 for the 2015 and 2016 fiscal years, respectively, to determine whether the amounts paid did not exceed limits established in Section 1012.885, Florida Statutes.
- Evaluated the College's policies and 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 Board policies. Specifically, from the population of 121 employees who separated from College employment during the audit period and were paid $306,638 for terminal leave, we selected 25 employees who received terminal payments totaling $87,283 and examined the supporting records to evaluate the payments for compliance with Sections 110.122 and 1012.865, Florida Statutes, and Board policies.
- From the population of 1,648 employees compensated a total of $39,628,895 for the audit period, selected 30 payroll transactions totaling $63,236 and examined the related payroll and personnel records to determine the accuracy of the rate of pay, validity of employment contracts, completion of performance evaluations, accuracy of leave records, and whether supervisory personnel reviewed and approved employee reports of time worked.
- Evaluated the College's policies and procedures for obtaining personnel background screenings to determine whether employees in positions of special trust or responsibility, such as positions with direct contact with persons under age 18, had undergone the appropriate background screenings.
- Examined severance pay provisions in the one employee contract that contained these provisions to determine whether the provisions complied with Section 215.425(4), Florida Statutes. Also, for our audit period, we examined the one payment for severance that was not made pursuant to an employment contract.
- Reviewed College rules and written processes related to electronic funds transfers to evaluate the adequacy of the rules and processes.
- Examined College records supporting the 10 payments totaling $5,336 that were made during the audit period from the College to its direct-support organization to determine whether the payments were authorized by Section 1004.70(1)(a)2. and (3), Florida Statutes.
- From the population of consulting services expenditures totaling $799,617 for the audit period, examined documentation relating to 22 selected payments totaling $225,505 to determine whether the expenditures 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; and applicable vendors were properly selected.
- From the population of 2,965 purchasing card (P-card) transactions totaling $1,232,787 during the audit period, examined College records supporting 30 selected P-card transactions totaling $55,700 to determine whether the P-card program was administered in accordance with College policies and procedures and transactions were not of a personal nature.
- Examined P-card records for the two cardholders who separated from College employment during the audit period to determine whether P-cards were timely canceled upon the cardholders' employment separation.
- From the population of 241 payments totaling $187,268 during the audit period to employees for other than travel and compensation, examined 34 selected payments totaling $59,248 to determine whether such payments were reasonable, adequately supported, for valid College purposes and whether such payments were related to employees doing business with the College, contrary to Section 112.313, Florida Statutes.

- From College records supporting the two major construction projects totaling $20,869,028 that were in progress during the audit period, selected 30 payments totaling $6,535,161 and examined College records to determine whether the payments were made in accordance with contract terms and conditions, College policies and procedures, and provisions of applicable State laws and rules.
- Reviewed documentation related to the two major construction projects with total construction costs of $20,869,028 during the audit period, to determine whether the College adequately monitored the selection process of design professionals, construction managers, and subcontractors; the Board had adopted a policy establishing minimum insurance coverage requirements for design professionals; and design professionals provided evidence of required insurance.
- From the population of 24,778 non-payroll expenditure transactions totaling $81,041,142, examined College records supporting 30 selected transactions totaling $2,139,045 to determine whether the transactions were properly approved, adequately documented, and paid in accordance with applicable laws and administrative rules and the individual requirement of the fund from which they were paid.
- From the population of $1,025,812 travel expenses for the audit period, examined 30 selected travel expenses totaling $70,121 to determine whether the travel expenditures were reasonable, adequately supported, for valid College purposes, and limited to amounts allowed by Section 112.061, Florida Statutes.
- From the population of 285 industry certifications reported for performance funding that were attained by students during the 2013-14 and 2014-15 fiscal years, examined 40 industry certifications to determine whether the College maintained documentation for student attainment of the industry certifications.
- Determined whether the College evaluated the effectiveness and suitability of software acquisitions prior to purchase. Also, we reviewed procedures for evaluating provider security controls prior to software acquisitions.
- 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.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE

POLK STATE
Office of
the President

December 9, 2016

Sherrill F. Norman, CPA
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 operational audit of

Polk State College
For the Audit Period April 2015 through March 2016

delivered to us electronically on November 3, 2016. Please feel free to contact us if can provide further information.

Sincerely,

Eileen Holden

Dr. Eileen Holden, President
Polk State College

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Finding 1: Textbook Affordability

College textbook affordability procedures could be enhanced.

Recommendation: The College should enhance procedures to ensure that records are maintained to document that lists of required and recommended textbooks and materials are timely posted in accordance with State law. In addition, the College should ensure that textbooks and other instructional materials are available to students at the lowest and best prices within acceptable quality by enhancing affordability procedures to require course-wide adoption of textbooks and other instructional materials for the same course.

Response: In response to the auditor's recommendation in Report #2015-085, the College implemented a comprehensive textbook affordability procedure, Procedure 5034 – *Textbook Affordability*. As part of the procedure, the College obtains written certification from the bookstore verifying that textbook adoptions were processed prior to the statutory deadline. Those certifications were provided to the auditor when requested. However, the College has since enhanced efforts to verify compliance, and now obtains reports from the bookstore vendor that include detailed information for all textbooks adopted as well as the date the adoption was processed.

The College acknowledges the impact that textbook selection has on college affordability. Section 1004.085, Florida Statutes, was revised during the 2016 Legislative Session to include a requirement that each institution "examine the cost of textbooks and instructional materials by course and course section for all general education courses offered at the institution to identify any variance in the cost of textbooks and instructional materials among different sections of the same course." It further requires that a list of courses with "a wide variance in costs among sections" be sent to department chairs for review. The statute leaves the determination of "wide variance" up to each individual institution. The College subsequently revised Procedure 5034 – *Textbook Affordability* and established its definition of a wide variance as a difference of no more than $150. Further, statute only requires that a college examine textbook cost variances for general education courses. Accordingly, the four general education courses listed in the finding (ECO2013, REL2000, BSC1101C, and ECO2023) were within the guidelines established in procedure. However, the College has approached textbook affordability globally, in part, by examining average textbook cost for all classes. In the most recent analysis, new textbook cost averaged $129.73 with a standard deviation of $97.30 and used textbook cost averaged $92.83 with a standard deviation of $69.63. The College, working with faculty, has focused on reducing both the average textbook cost as well as the standard deviation of such costs to reduce the impact on student finances. While the auditor's recommendation of course-wide adoptions of textbooks would help reduce the standard deviation in textbook cost, there is no assurance that such adoptions would reduce the average textbook cost to the student and thus improve college affordability in general. The College will continue its multi-pronged approach to addressing this issue including adoption of open access textbooks, availability of textbook rental and e-textbook programs and education of faculty and students regarding strategies to reduce textbook cost.

Finding 2: Severance Pay

Pursuant to a settlement and general release agreement, the College paid $19,941 to a former employee for a 17-week period after the employee's resignation; however, the payment exceeded the statutory limit by $12,699.

Recommendation: The College should ensure that severance payments do not exceed the limits established by State law.

Response: The College disagrees with the finding of the auditor as it relates to the particular case reviewed. While Section 215.425, F.S. prohibits severance pay in excess of six (6) weeks to settle an "employment dispute," that was not what occurred here. At the outset it should be noted that the term

"employment dispute" is not defined in statute. Nor does Section 215.425 F.S. contain any language that prohibits the College's ability to avert potential employment claims that would likely result in costly litigation.

The employee had a previous history of filing claims against the College under Title VII for discrimination and retaliation. The College consulted with its labor and employment attorneys and was advised that potential damages for Title VII claims can cost up to $300,000 plus attorney's fees. Given the significant financial exposure to the College and the advice of the College's attorneys, it was determined to be in the best interest of the College to acquire a waiver and release of future claims prior to the separation of employment.

Florida Attorney General's Opinion 2016-14 (2016) states that Section 215.425, F.S. is intended to "carry out a basic and fundamental principle that public funds may be used only for a public purpose and it is contrary to this policy to use public funds to give extra compensation for work which has already been performed for an agreed upon wage." The action taken by the College with respect to this matter does not conflict with this public purpose as it actually had the benefit of saving public funds that would have been expended on litigation costs. It is contrary to the stated public purpose of Section 215.425, F.S. to deprive the College of the ability to avoid potential claims in which litigation would reasonably occur. Indeed, restricting the College's ability to avoid anticipated employment claims prior to litigation would serve to drive up claim defense costs and in effect, waste public funds.

Finding 3: Information Technology – Software Acquisition

College records did not demonstrate that the College acquired operating software at the lowest price consistent with desired quality or timely considered provider security controls associated with data that would be stored using the software. Additionally, the software agreement did not specify the delivery dates of the provider deliverables.

Recommendation: The College should enhance procedures to ensure that, for future software acquisitions, College records demonstrate that the College makes acquisitions at the lowest price consistent with desired quality 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. Additionally, to appropriately and timely monitor software development and implementation, software procurement agreements should specify the delivery dates for provider deliverables.

Response: The College continues to work with our software provider as part of the Design Partner Agreement to ensure that the software modules that are developed provide appropriate functionality consistent with the College's needs at an appropriate cost. Evaluation of the provider security controls is an ongoing process that began with technical inquiries about software architecture in the initial discovery phase. This took place before consideration was given to the Design Partnership proposal and continues through the software development and evaluation stages. The College acknowledges that additional assurances could be provided by obtaining a service auditor's report and is working with the vendor to obtain the appropriate reports as the implementation timeline progresses. The College continues to work with the vendor to establish contractual milestones appropriate to the agreed upon project plan.

Finding 4: Information Technology – Security Awareness

The College needs to continue efforts to develop and implement a comprehensive security awareness training program.

Recommendation: The College should continue efforts to implement a comprehensive security awareness and training program for all users of IT resources.

Response: The College continues to use multimodal methodologies to alert faculty and staff of IT-related security procedures and awareness regarding appropriate access to IT resources. These methodologies include acknowledgement of the College's Acceptable Use Policy upon login to any college computer, email communications to all faculty and staff regarding the current threat environment, face to face and online classes in security awareness, and public awareness campaigns via prominently posted signage. In addition, the College has taken steps to improve tracking of faculty and staff participation in face-to-face and online security awareness classes.