

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2020-092  
January 2020

**PASCO-HERNANDO STATE COLLEGE**



Sherrill F. Norman, CPA  
Auditor General

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During the period January 2018 through December 2018, Dr. Timothy L. Beard served as President of Pasco-Hernando State College and the following individuals served as Members of the Board of Trustees:

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Alvaro A. Hernandez, Vice Chair from 7-17-18	Pasco
Dr. Rao Musunuru, Chair through 7-16-18	Pasco
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Raymond "Ray" E. Gadd Jr. from 2-1-18	Pasco
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Dr. Jeffrey E. Harrington	Pasco
Lee Maggard from 2-20-18 <sup>a</sup>	Pasco
John Richard Mitten from 1-26-18	Hernando
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Morris R. Porton through 1-25-18	Hernando
Ardian Zika through 1-31-18	Pasco

<sup>a</sup> Trustee position vacant 1-27-18, through 2-19-18.

<sup>b</sup> Trustee position vacant 1-1-18, through 1-31-18.

The team leader was Elba M. Guzik, CPA, and the audit was supervised by Anna A. McCormick, 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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# PASCO-HERNANDO STATE COLLEGE

## SUMMARY

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This operational audit of Pasco-Hernando State College (College) focused on selected College processes and administrative activities. Our operational audit disclosed the following:

**Finding 1:** College textbook affordability procedures need improvement.

**Finding 2:** The College did not always require students who paid tuition at Florida residency rates to provide Florida residency affidavits.

**Finding 3:** The College did not routinely refer delinquent student accounts to collection agencies.

**Finding 4:** Records documenting the College direct-support organization's use of property, facilities, and personal services could be improved.

**Finding 5:** Some unnecessary information technology user access privileges existed that increased the risk that unauthorized disclosure of sensitive personal student information may occur.

## BACKGROUND

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Pasco-Hernando State College (College) is under the general direction and control of the Florida Department of Education, Division of Florida Colleges, and is governed by State law and State Board of Education rules. A board of trustees (Board) governs and operates the College. The Board constitutes a corporation and is composed of nine members appointed by the Governor and confirmed by the Senate. The College President serves as the Executive Officer and the Corporate Secretary of the Board and is responsible for the operation and administration of the College.

The College has campuses in Brooksville, Dade City, New Port Richey, Spring Hill, and Wesley Chapel, Florida. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Hernando and Pasco Counties.

## FINDINGS AND RECOMMENDATIONS

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### Finding 1: Textbook Affordability

State law<sup>1</sup> requires the 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.

During the Summer 2018 and Fall 2018 Semesters, the College adopted 262 and 434 textbooks and instructional materials, respectively. According to College personnel, textbook and instructional material information was updated on the College Bookstore Web site and the course registration system was

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<sup>1</sup> Section 1004.085(6), Florida Statutes (2018).

linked to that Web site. However, although we requested, College records were not provided to demonstrate the date that the lists of required and recommended textbooks and instructional materials were made available on the Bookstore Web site. In response to our inquiries, College personnel indicated that all textbook information was posted on the College Web site 45 days prior to the first day of classes, and that the system used is not able to provide the date that items were posted to the Web site. Notwithstanding this response, College records did not evidence the dates the lists of required and recommended textbooks and instructional materials were posted to the College Bookstore Web site and made available via the link from the course registration system.

Without documentation evidencing timely postings for at least 95 percent of all courses and course sections offered at the College during the upcoming term, the College cannot demonstrate compliance with State law and, if postings are not timely, students may not have sufficient time to gain an understanding of course requirements, consider purchase options, and potentially limit their costs.

**Recommendation: To demonstrate compliance with State law, the College should document that 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 is prominently posted in the course registration system and on the College Web site, as early as feasible, but at least 45 days before the first day of class for each term.**

## **Finding 2: Florida Resident Tuition**

State law<sup>2</sup> provides that, for tuition assessment purposes, colleges are to classify students as Florida residents or nonresidents, a student must meet certain requirements to qualify as a Florida resident, and each institution must affirmatively determine whether an applicant meets those requirements. College policies<sup>3</sup> require students to submit a notarized residency affidavit<sup>4</sup> as part of the admissions requirements along with appropriate documentation. According to College personnel, College Admissions Department personnel are required to verify the information provided and date stamp the affidavit.

The College collected \$23 million in tuition and fees during the 2018 calendar year. The College tuition rate<sup>5</sup> for each semester hour during the 2018 calendar year was \$401.05 for non-Florida residents and \$105.18 for Florida residents. We requested for examination College records supporting 33 selected students and their related fees totaling \$87,484 to evaluate their Florida residency classification and tuition payments during the 2018 calendar year. We found that the College:

- Did not initially obtain the Florida residency affidavits for 6 students who paid tuition at the Florida residency rate but, subsequent to our requests in April 2019, obtained the affidavits.
- Untimely obtained the affidavits for 2 other students after the students had paid tuition at the Florida residency rate.
- Did not provide the affidavit for another student who paid tuition at the Florida residency rate.

<sup>2</sup> Section 1009.21, Florida Statutes.

<sup>3</sup> College Policy: 6Hx19-6.04.

<sup>4</sup> The completion of the affidavit requires two types of residency information and the signature of the individual affirming that the Florida residency requirements were met.

<sup>5</sup> College tuition rate sources: *2017-18 and 2018-19 Catalog and Student Handbooks*.

College personnel indicated that certain students had attended intermittently for years and, when they returned to College, residency information was confirmed but not always retained. Absent documentation evidencing that students are properly classified as Florida residents for tuition purposes, the College cannot demonstrate compliance with State law and the College may not assess and collect the appropriate tuition amounts.

**Recommendation: The College should continue efforts to demonstrate compliance with State law by ensuring affidavits are obtained and maintained to support the Florida residency classification of students for tuition assessment and collection purposes.**

### **Finding 3: Student Accounts Receivable Collection Procedures**

State law<sup>6</sup> provides that a Florida College System (FCS) institution board of trustees shall exert every effort to collect all delinquent accounts and may employ the services of a collection agency when deemed advisable in collecting delinquent accounts. Also, State law provides that the Board may adopt rules to implement this process, including setoff procedures and restrictions on the release of transcripts, awarding of diplomas, and access to other College resources and services.

Board rules<sup>7</sup> require that students who have a financial obligation outstanding will not be allowed to register, receive transcripts, or receive financial aid. In addition, Board rules allow the College to refer obligations, remaining unpaid after multiple contact attempts with no response, to a collection agency for resolution. College personnel indicated that they attempt to review delinquent accounts at least once a semester and try to refer applicable delinquent accounts to a collection agency within a year after the debt is incurred. Notwithstanding, neither Board rules nor College procedures specify when an account is considered to be delinquent and when the delinquent account should be referred to a collection agency.

At December 31, 2018, the College had student accounts receivable totaling \$992,466. As part of our audit, we examined College records supporting 30 selected student accounts with past due balances totaling \$70,146. We found that College personnel did not routinely refer student accounts to collection agencies. For example, we found that 26 student accounts, ranging from \$172 to \$5,465 and totaling \$60,676, were referred to collection agencies 139 to 384 days, or an average of 266 days, after a financial hold was placed on the accounts. According to College personnel, the College process for identifying accounts to be sent to collections is a labor-intensive manual process, which delayed referrals to the collection agency.

Absent Board rules and College procedures that specify when an account is delinquent and is required to be referred to a collection agency, there is an increased risk for collection efforts to be inconsistent and receivables to remain uncollected. The timely use of collection agencies could improve collections and reduce the amount of student accounts receivable written off as uncollectible.

**Recommendation: Board rules or College procedures should be established to specify when a student receivable account is considered delinquent and when a delinquent account should be referred to a collection agency. In accordance with those established rules or procedures,**

<sup>6</sup> Section 1010.03, Florida Statutes.

<sup>7</sup> Board Rule 6HX-6.27, Consequences of Students' Unmet Financial Obligations.

**College personnel should timely refer delinquent student accounts receivable to a collection agency.**

**Finding 4: Direct-Support Organization**

To promote accountability over College property, facility, and personal services use by a direct-support organization (DSO), it is important that public records document the conditions for such use, document appropriate approval before the use occurs, and demonstrate appropriate use. Such records help document authorization for the use, demonstrate the use, demonstrate the reasonableness of the value associated with the use, and enhance government transparency.

State law<sup>8</sup> provides that a DSO is organized and operated exclusively to receive, hold, invest, and administer property and make expenses to, or for the benefit of, the institution. Additionally, State law<sup>9</sup> authorizes the Board to permit the use of College property, facilities, and personal services by a DSO and to prescribe by rule any conditions with which a DSO must comply for such use. The Board approved the Pasco-Hernando State College Foundation, Inc. (Foundation) as a DSO and the Foundation routinely receives and uses charitable contributions for the benefit of the College. However, the Board had not prescribed by rule the conditions with which the Foundation must comply for use of College property, facilities, and personal services.

Our examination of College records disclosed that the Board-approved operating budget for the 2018-19 fiscal year included projected personnel service costs totaling \$320,000 that the College would provide for the Foundation, representing 80 percent of the services provided by 5.125 full-time equivalent College employees.

Similarly, a memorandum of understanding (MOU)<sup>10</sup> between the College and the Foundation approved by the Board in September 2018 authorized the College to provide facility, property, and other resources in consideration for Foundation activities that benefit the College. The MOU included projected personnel costs for 100 percent of the services provided by five College employees and 50 percent of the services provided by the Director of Alumni and Donor Relations. Additionally, the MOU projected the annual use and associated costs of College property, various services such as telephones and utilities, and 1,594 square feet of facilities assigned to the Foundation for daily operations. The Board-approved MOU projected College personnel costs totaling \$344,115 and required the Foundation to reimburse the College for the personnel costs of the Director of Development and for 50 percent of the services provided by the Director of Alumni and Donor Relations. While the Foundation appropriately reimbursed the personnel costs of the two employees totaling \$112,722, College records indicated that the College paid a total of \$424,561<sup>11</sup> for Foundation personnel services, or \$104,561 more than the Board-approved operating budget and \$80,446 more than the Board-approved MOU.

<sup>8</sup> Section 1004.70(1)(a)2., Florida Statutes.

<sup>9</sup> Section 1004.70(3)(a), Florida Statutes.

<sup>10</sup> Attached documents approved by the Board along with the MOU included projected College costs for personnel, furniture and equipment, and office and storage space that would be provided to the Foundation.

<sup>11</sup> College costs, before the Foundation reimbursement, totaled \$390,279 for personnel devoting 100 percent of their activities to the Foundation and totaled \$34,282 for 50 percent of the services provided by the Director of Alumni and Donor Relations.

In addition, while job descriptions<sup>12</sup> supported the personnel services and projected costs of College employees who would devote 100 percent of their activities to the Foundation, the College did not require or maintain records to document the actual time and effort provided by the Director of Alumni and Donor Relations to support the purpose for the personal services provided to the Foundation or the related costs. As such, College records did not demonstrate that personal services costs were appropriately distributed among the specific College and Foundation activities. Additionally, College records did not require Foundation management to certify that College resources would only be used for Board-approved purposes and to affirm, after use, that the resources were only used for such purposes.

In response to our inquiries, College personnel believed that the Board-approved MOU and attached documents set forth the conditions with which the Foundation had to comply for use of College property, facilities, and personal services and that, because of College personnel mathematical errors, the Board approved incorrect amounts in those documents. Notwithstanding this response, a Board-prescribed rule and appropriately maintained records would document authorization, demonstrate the reasonableness of the value, and enhance transparency for the College resources provided for Foundation use.

**Recommendation: We recommend that:**

- **The Board prescribe by rule the conditions with which the Foundation must comply for use of College property, facilities, and personal services.**
- **The College continue efforts to document Board consideration and approval of the Foundation’s anticipated use of College resources, at least annually, before the use occurs. Such efforts should ensure that projected personnel cost amounts are accurately calculated before Board consideration and approval.**
- **The College document actual time and effort for any personnel assigned to both the College and the Foundation to ensure that personal services costs are appropriately distributed among the specific College and Foundation activities.**
- **The College require and ensure that DSO personnel affirm, after use of College resources, that the College resources were used properly.**

**Follow-Up to Management’s Response**

*Management’s response indicates that, since Florida statutes authorize the Board to provide the College in-kind services for Foundation activities benefiting the interests of the College, there is no need to provide actual time and effort reporting for the positions being provided by the College. Notwithstanding this response, it is important for the College to maintain time and effort records for personnel assigned to both the College and the Foundation, such as the Director of Alumni and Donor Relations, to demonstrate that personal services costs are appropriately distributed among the specific College and Foundation activities.*

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<sup>12</sup> College job descriptions for the College employees providing personal services to the Foundation identified various general and administrative services that would be provided for the Foundation and included, for example, services for administering and coordinating fundraising programs, preparing the Foundation’s annual budget, and recording and maintaining the Foundation’s financial records.

## Finding 5: Information Technology User Access Privileges

The Legislature has recognized in State Law<sup>13</sup> that social security numbers (SSNs) can be used to acquire sensitive personal information, the release of which could result in fraud against individuals or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining the confidential status of such information. Effective controls restrict employees from accessing sensitive personal information unnecessary for their assigned duties and provide for documented, periodic evaluations of information technology (IT) access privileges.

According to College personnel and records, the College established a unique identifier, other than the SSN, to identify each student and maintained student information, including SSNs, in the College IT system. Access to student SSNs should allow College employees to perform administrative, supervisory, or instructional responsibilities that serve a legitimate educational purpose in accordance with applicable Florida statutes, State Board of Education rules, and Federal laws. The College collects and uses SSNs pursuant to State law for various purposes, such as to register newly enrolled students, to comply with Federal tax reporting requirements and other Federal and State requirements related to financial and academic assistance, and to perform other College responsibilities. The College indefinitely maintains records, including the SSNs, of former students who transferred, graduated, or withdrew and of prospective students who apply for entrance into the College but did not enroll. Additionally, College personnel indicated that SSNs are a required field in the application record of the IT system and, therefore, are not masked from individuals who may not have a demonstrated need for such information.

As of May 28, 2019, the IT system contained sensitive personal information for 256,584 students, including 248,357 former students, 6,111 current students, and 2,116 prospective students and a total of 49 College employees had IT user access privileges to this information. According to College personnel, continuous access to former, current, and prospective student information was necessary for the 49 employees to perform their job duties. However, College procedures had not been established to help identify the employees who should be granted access to sensitive personal student information such as SSNs. Although we requested, College records were not provided to demonstrate that the 49 users, which included the Financial Services Assistant II, Financial Aid Advisor, and student affairs assistants, needed continuous access to the information or that occasional access could not be granted only for the time needed. Additionally, according to College personnel, the IT system did not have a mechanism to differentiate user access privileges to former, current, or prospective student information, although the College is in the process of implementing a new system by 2021 and will consider differentiating user access.

We also noted that the College had not established procedures to require periodic evaluations of access privileges to sensitive personal student information. Upon our request in April 2019, College personnel provided records of their most recent access evaluation, completed in December 2017 for a financial aid audit, which only evaluated the access privileges of 17 employees and did not document consideration by the employees' immediate supervisors. We found that 41 of the 49 employees who had access to sensitive personal student information during the 2018 calendar year also had that access in

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<sup>13</sup> Section 119.071(5)(a), Florida Statutes.

December 2017. As such, the College evaluation insufficiently addressed the access privileges for all employees who had access to sensitive personal student information. Access privileges evaluated by immediate supervisors would provide better assurance that the privileges are necessary and would provide for timely removal of any inappropriate or unnecessary access privileges detected.

The existence of unnecessary access privileges increases the risk of unauthorized disclosure of sensitive personal information and the possibility that such information may be used to commit a fraud against College students or others.

**Recommendation:** To ensure sensitive student information is properly safeguarded, the College should enhance policies and procedures for identifying employees who should be granted access to sensitive personal information of students. Specifically, the College should:

- Document the public purpose served for indefinitely maintaining sensitive personal information for prospective students who do not enroll in the College. Absent such, the College should discontinue the practice of indefinitely maintaining the information.
- Document periodic evaluations of all IT user access privileges to student SSNs by an immediate supervisor to support that the privileges are necessary. Such evaluations would also enable inappropriate or unnecessary access privileges to be detected and promptly removed. If an employee only requires occasional access to student SSNs, the access should be granted only for the time needed.
- Upgrade the College IT system to include a mechanism to differentiate former, current, and prospective student information.

## ***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 2019 through June 2019 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.
- 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 January 2018 through December 2018 and selected College actions taken 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:

- Evaluated College procedures for protecting sensitive personal information of students, including student social security numbers (SSNs). We examined College records supporting the access privileges granted to the 49 employees who had access to student SSNs during the audit period to determine the appropriateness and necessity of the access privileges based on the employees' assigned job responsibilities. We also examined College records to determine whether the College had provided individuals with written statements of the purpose for collecting their SSNs.
- Examined Board, committee, and advisory board meeting minutes and related records to determine whether Board approval was obtained for Board policies and College 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 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 College records to determine whether the College had developed an anti-fraud policy 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 supporting transfers totaling \$110,848 from the College to the College's direct-support organization (DSO) to determine whether the transfers were authorized as described in Section 1004.70(1)(a)2., (3), and (4), Florida Statutes.
- Examined College records to determine whether the Board had prescribed by rule, pursuant to Section 1004.70(3)(b), Florida Statutes, the conditions with which the DSO must comply in order to use College property, facilities, and personal services and whether the Board documented consideration and approval of anticipated property, facilities, and personal services provided to the DSO and the related costs.
- Examined College records to determine whether student accounts receivable were properly authorized, adequately documented, and properly recorded. Specifically, from the population of 1,305 delinquent student receivables totaling \$992,466 and recorded as of December 2018, we examined documentation relating to 30 selected delinquent student receivables totaling \$70,146 and evaluated the adequacy of the College's collection efforts and whether restrictions on student records and holds on transcripts and diplomas were appropriate and enforced for students with delinquent accounts in accordance with Section 1010.03, Florida Statutes.
- Examined College records to determine whether uncollectible accounts totaling \$409,813 written off during the audit period were properly approved.
- 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.
- To determine whether student fees totaling \$13,284,767 during the audit period were properly assessed and authorized, accurately calculated, and correctly recorded in accordance with Board policies and statutory and State Board requirements:
  - Examined College records for 33 selected students and their related fees totaling \$87,484 to determine whether the College documented Florida residency and correctly assessed tuition in compliance with Sections 1009.21, 1009.22, and 1009.23, Florida Statutes, and State Board of Education Rules 6A-10.044 and 6A-14.054, Florida Administrative Code.
  - Determined whether the College had established procedures to cancel the registration of students who did not timely pay fees and make student status and Florida residency determinations in compliance with Section 1009.21, Florida Statutes.
- From the population of five decentralized collection locations with collections totaling \$5,157,599, during the audit period, examined College records supporting selected collections totaling \$269,059 to determine the effectiveness of College collection procedures.
- From the population of 69 centralized collection receipts totaling \$5,564,058 during the audit period, examined College records for 8 selected transactions totaling \$3,391,476 to determine if appropriate procedures were in place.
- From the population of five contracts for auxiliary operations for the audit period, examined College records supporting two selected contracts 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 College auxiliary services were self-supporting.

- From the population of 2,350 course sections offered during the audit period, examined College records supporting textbook adoptions to determine whether the College textbook affordability procedures complied with Section 1004.085, Florida Statutes.
- From the population of compensation payments totaling \$26,459,677 made to 1,241 employees during the audit period, selected 30 payments totaling \$45,230 and examined College records to determine the accuracy of the rate of pay, the validity of employment contracts, and the accuracy of leave records, and whether the employees met the required qualifications, performance evaluations were completed, and supervisory personnel reviewed and approved employee reports of time worked.
- Evaluated Board policies and College procedures for payments of accumulated annual and sick leave payments to determine whether the policies and procedures promoted compliance with State law and Board policies. Specifically, from the population of 65 employees who received annual and sick leave payments totaling \$390,188 during the audit period, we selected 13 employees with leave payments totaling \$226,944 and examined the supporting records to determine compliance with Sections 110.122 and 1012.865, Florida Statutes, and Board policies.
- Examined severance pay provisions in the President's contract to determine whether the provisions complied with Section 215.425(4)(a), Florida Statutes.
- From the population of compensation payments totaling \$381,977 made to the President during the audit period, examined College records to determine whether the amounts paid did not exceed the limits established in Section 1012.885, Florida Statutes.
- Examined College records to determine whether selected expenses were reasonable, correctly recorded, and adequately documented; for a valid College purpose; properly authorized and approved; and in compliance with applicable laws, contract terms, and Board policies. Specifically, from the population of expenses totaling \$21,774,342 for the audit period, we examined College records supporting:
  - 32 selected payments for general expenses totaling \$222,143.
  - 31 selected payments for contractual services totaling \$480,574.
- From the population of vendors that were paid in excess of the bid threshold, examined College records relating to 12 vendors to determine whether the vendors were properly selected.
- From the population of 4,559 purchasing card (P-card) transactions totaling \$740,639 during the audit period, examined College records supporting 34 selected P-card transactions totaling \$56,815 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 10 cardholders who separated from College employment during the audit period to determine whether the College timely canceled the cardholders' P-cards.
- Evaluated the credit limits for the 143 P-cardholders during the audit period, including the highest limit of \$19,000 and the 11 cards with limits of \$10,000 or more, to determine whether the limits were reasonable based on the P-cardholder's job responsibilities.
- From the population of 169 payments totaling \$145,470 during the audit period to employees for other than travel and compensation, examined records supporting 11 selected payments totaling \$36,282 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(3), Florida Statutes.

- Reviewed Board policies and College procedures related to identifying potential conflicts of interest. We also searched Department of State, Division of Corporations, records and reviewed College records for 18 selected College officials to identify any potential relationships that represented a conflict of interest with vendors used by the College.
- From the population of construction project expenditures totaling \$5,107,707 during the period January 2018 through December 2018, examined documentation for project expenses totaling \$1,034,199 during the audit period to determine compliance with Board policies, College procedures, and provisions of State laws and rules. Also, for the construction management contract with guaranteed maximum price of \$1,983,582, we:
  - Evaluated College procedures for monitoring subcontractor selection and licensure and examined College records to determine whether the College ensured subcontractors were properly selected and licensed.
  - Determined whether the College established appropriate policies and procedures addressing negotiation and monitoring of general condition costs.
  - Examined College records for the selected expenditures to determine whether College procedures for monitoring payments were adequate and payments were sufficiently supported.
- From the population of Public Education Capital Outlay (PECO) and other restricted capital outlay expenses totaling \$2,568,815 during the audit period, examined records supporting two selected expenses totaling \$134,408 to determine whether these funds were expended in compliance with the restrictions imposed on the use of these resources.
- From the four non-Federal grants received totaling approximately \$151,557 for the 2018 calendar year, selected one grant totaling \$73,303 and examined College records to determine whether payments were made in accordance with grant terms and conditions.
- From the population of 514 industry certifications reported for performance funding for the 2018-19 fiscal year that were attained by students from January 2017 to April 2018, examined 30 industry certifications to determine whether the College maintained documentation for student attainment of the industry certifications.
- From the population of \$7,390,636 user fees collected during the audit period, examined documentation supporting selected collections totaling \$5,602,134 to determine whether the College properly assessed and separately accounted for the amounts as required by Section 1009.23, Florida Statutes.
- Determined whether the Board had established appropriate investment policies and whether College investment procedures during the audit period complied with those policies. Also, we determined whether any investment income was properly allocated to the funds that generated the investment income.
- 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 fluid and cursive, with the first name being the most prominent.

Sherrill F. Norman, CPA  
Auditor General

# MANAGEMENT'S RESPONSE

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THE OFFICE OF THE PRESIDENT

December 10, 2019

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

Dear Ms. Norman:

The following is the College's response to the preliminary and tentative findings to the operational audit conducted

**Finding 1: College textbook affordability procedures need improvement.**

College Response:

The College agrees with the audit finding during the audit period noted.

College Corrective Action:

The College operates its own bookstore and utilizes Nebraska Book Company's (NBC) website and point of sale system. The College has worked with NBC to create a daily report that the District Textbook Manager can print and maintain electronically after uploading the textbook requirements for each semester to the website that indicates the date the items were posted to the website. The College implemented this process for Fall 2019 and Spring 2020 and has the electronic reports on file for review that can be provided as verification.

**Finding 2: The College did not always require students who paid tuition at Florida residency rates to provide Florida residency affidavits.**

College Response:

The College agrees with the audit finding during the audit period noted.

College Corrective Action:

The college has revised its policy to classify each student as out of state until residency has been validated and place a hold on the students account until the Admission Enrollment Specialist has confirmed the required documentation for residency. Students who do not attend after a year are automatically flagged for reevaluation upon readmission to the college. Documentation is maintained by the College in WebExtendex.

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**Finding 3: The College did not routinely refer delinquent student accounts to collection agencies.**

College Response:

The College agrees with the finding during the audit period noted.

College Corrective Action:

College Internal Management Memorandum #5-25 "Collections of Delinquent Debt" procedure was approved by the President's Administrative Leadership Team on November 4, 2019 in compliance with District Board of Trustees Rule 6H-19-5.36 "Delinquent Accounts" and has been implemented. The implementation of the new CampusNexus Enterprise Resources Planning (ERP) system in 2021 will assist the college in more effectively tracking the student information and required submission deadlines, which is not available in our current ERP system.

**Finding 4: Records documenting the College direct-support organization's use of property, facilities, and personal services could be improved.**

College Response:

The College agrees with the finding during the audit period noted.

College Corrective Action:

The combined calculation error in the spreadsheet and the change in the administration personnel during the college fiscal year 2018-19 accounted for the underrepresentation of the total college financial in-kind contribution. The Dean retired and the position was upgraded to an Associate Vice President (AVP) with an increase in compensation and pension cost for the AVP, as well as the accumulated vacation leave payout for the Dean. The fiscal year 2019-2020 calculation input error has been corrected and will be presented to the District Board of Trustees (DBoT) for their review and approval at their January 21, 2020 meeting. In the future, if there are any increases in the foundation in-kind contribution budget, they will be presented to the DBoT for their approval.

The Memorandum of Understanding states: ***"The College will provide services to the Foundation as needed and as determined by the College, and any employees who provide such services will remain College employees and will be compensated, supervised, and evaluated in accordance with College policies and procedures."*** Thus, this statement addresses your recommendation that the College require and ensure that the DSO personnel affirm, after use of College Resources, that the college resources were used properly since all College employees are required to comply with the following District Board of Trustee Rules:

**6Hx19-2.04 EMPLOYEE DUTIES AND RESPONSIBILITIES**

The purpose of this Board Rule is to establish Board policy relating to expected employee performance. The College is committed to the concept of excellence in accomplishing its mission and relies on the dedication and commitment of its employees in the performance of their duties to achieve this purpose. To that end, ***all College employees are expected to assume and perform all responsibilities and duties listed in their official Job Descriptions and as assigned to them by the President or designee. Employees are further expected to perform their duties in an ethical manner consistent with all Rules of the District Board of Trustees and College procedures***

**6Hx19-4.07 USE OF COLLEGE EQUIPMENT/PROPERTY**

The purpose of this Board Rule is to establish Board policy relating to the use of College owned and controlled property/equipment. The President, as custodian of all District Board of Trustees property/equipment, shall develop and implement procedures for the use of College equipment. Use of College equipment shall generally be restricted to college business activities. Incidental personal use of such property/equipment may be allowed by such procedures provided such use is without cost to the College.

In addition, since Florida Statute 1004.70(3) authorizes the District Board of Trustees to provide the College in-kind services for Foundation activities benefiting the interests of the College, there is no need to provide actual time and effort reporting for the positions being provided by the college. The primary responsibilities of all the positions are to provide support to the foundation activities with a direct benefit to the College and the College District Board of Trustees have authorized the in-kind contribution for these positions. The total funding provided by the foundation for staff and program development and scholarships is more than three times the in-kind contribution the College provides to the Foundation.

**Finding 5: Some unnecessary information technology user access privileges existed that increased the risk that unauthorized disclosure of sensitive personal student information may occur.**

College Response:

The College is working to improve the access review for each Administrative system (student information system, finance system and hr/payroll system) given the limitations of our current Enterprise Resource Planning System.

College Corrective Action:

The College has implemented and is documenting a new process for employees who have access to social security numbers. MIS will generate the list of users that have access to Social Security Numbers and have the immediate supervisors review and acknowledge the required access. The College will be implementing a new Enterprise Resource Planning system CampusNexus Student in 2021 which will provide better access controls regarding former, current, and prospective student information.

If you have any questions regarding our response, please contact Mr. Brian Horn, Vice President of Finance and Auxiliary Services at 727.816.3412

Sincerely,



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C: Brian Horn  
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