

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2023-011  
August 2022

**INDIAN RIVER STATE COLLEGE**



Sherrill F. Norman, CPA  
Auditor General

## Board of Trustees and President

During the 2020-21 fiscal year, Dr. Edwin R. Massey served as President of Indian River State College through August 31, 2020, and Dr. Timothy Moore served as President after that date. The following individuals served as Members of the Board of Trustees:

	<u>County</u>
Sandra J. Krischke, Chair from 10-27-20, Vice Chair through 10-26-20	St. Lucie
Anthony D. George Jr., Vice Chair from 10-27-20	Martin
Jose L. Conrado, Chair through 10-26-20	Indian River
Susan R. Caron	St. Lucie
Vicki H. Davis	Martin
Christa Luna	Okeechobee
J. Brantley Schirard Jr.	St. Lucie

Note: Two Trustee positions were vacant for the entire fiscal year.

The team leader was Mark D. Kenny, CPA, and the audit was supervised by Clare Waters, 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.

This report and other reports prepared by the Auditor General are available at:

[FLAuditor.gov](http://FLAuditor.gov)

Printed copies of our reports may be requested by contacting us at:

**State of Florida Auditor General**

**Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722**

# INDIAN RIVER STATE COLLEGE

## SUMMARY

---

This operational audit of Indian River State College (College) focused on the purchase of selected information technology interactive training and software. Our operational audit disclosed the following:

**Finding 1:** College controls over information technology (IT) resource purchases were not always effective. For example, although we requested, College personnel did not always provide evidence to demonstrate that IT resource purchases were for a public purpose, resulting in questioned costs totaling \$96,065; and College records did not always identify the specific scope of IT work or deliverables, or time frame to complete IT work.

## BACKGROUND

---

Indian River 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 Ft. Pierce, Okeechobee, Port St. Lucie, Stuart, and Vero Beach. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Indian River, Martin, Okeechobee, and St. Lucie Counties.

## FINDING AND RECOMMENDATION

---

### Finding 1: Information Technology Resource Procurements

As a matter of good business practice, information technology (IT) resource purchases should be appropriately preauthorized by contracts or purchase orders (POs) that outline the specifics of the purchase, including a description of the requested resources and related services, quantity of items, time frame for delivery, and agreed-upon price and payment terms. Appropriate, documented preauthorization protects the interests of both the vendor and customer and provides a basis for payment. In addition, IT resources purchased for use on College premises should be available for inspection to verify existence and to demonstrate the public purpose for the purchase.

Board policies<sup>1</sup> delegated to the President, or designee, the authority to sign documents, agreements, contracts, and instruments of payment and conveyance. College Administrative Procedures<sup>2</sup> provided that no employee of the College has the authority to purchase or commit funds toward the procurement of goods or services without first going through authorized purchasing procedures. The procedures

---

<sup>1</sup> College Board of Trustee Policy 6Hx11-2.21, *Board Authority to Purchase and Contract*.

<sup>2</sup> College Administrative Procedures 2.21, *Purchasing, Receiving, Contracting, and Disbursement Procedures*.

required that all purchases exceeding \$10,000 be approved by the President or designee and that the applicable Vice President approve all purchases less than \$10,000. The procedures also required that, prior to approval of an invoice for payment, College staff with knowledge of the receipt of the invoiced goods and services record the receipt of the goods and services in the College accounting system.

During the period July 2015 through June 2021, the College paid one vendor a total of \$1.6 million for IT resources and related services, such as Web design, interactive lessons,<sup>3</sup> and educational software for College students and employees. According to College personnel, the College used POs to authorize the purchases and establish vendor responsibilities.

As part of our audit, we requested for examination all POs, related invoices, and other records supporting payments to the vendor for the 2020-21 fiscal year. According to College records, the College made 20 payments totaling \$211,030 to the vendor during the 2020-21 fiscal year, and the accounting system identified the College personnel who documented receipt of the IT resources and related services prior to payment. As displayed in Table 1, during the 2020-21 fiscal year, the College issued seven POs totaling \$218,675 to the vendor. In addition, the College received and paid for vendor services totaling \$18,590 for cyber security, ID theft, and faculty onboarding modules that were not authorized by a PO or other document.

---

<sup>3</sup> The interactive lessons include student guidance for enrollment, employee guidance for recording work and leave time, faculty training, and other similar services.

**Table 1**  
**Purchase Orders Issued to Vendor**  
**2020-21 Fiscal Year**

No.	PO Date	PO Description	PO Approved By	PO Service Hours	Received By	PO Amount
1	07/08/20	Development of interactive lesson modules to support remote instruction and work.	President <sup>a</sup>	2,000 hours (\$55/hour)	Vice President of Institutional Technology/Chief Information Officer (VP-CIO) <sup>a</sup>	\$110,000
2	07/08/20	Site license for cyber security and identity theft training modules.	President <sup>a</sup>	NA	VP-CIO <sup>a</sup>	18,000
3	07/09/20	Software site license for career exploration, skill inventory, and values inventory.	Administrative Assistant	NA	VP-CIO <sup>a</sup>	8,250
4	09/29/20	Courseware annual license renewal for financial literacy, emotional intelligence, and interest inventory software modules.	Administrative Assistant	NA	VP-CIO <sup>a</sup>	9,000
5	10/28/20	Development of service desk training with narration and closed captioning.	Administrative Assistant	160 hours (\$55/hour)	VP-CIO <sup>a</sup>	8,800
6	11/23/20	Interactive student learning modules, including log-in process, downloading and using the mobile app, navigating learning module, and using related tools, including voice-overs and closed captioning for Americans with Disabilities Act (ADA) compliance.	Administrative Assistant	175 hours (\$55/hour)	VP-CIO <sup>a</sup>	9,625
7	01/06/21 <sup>b</sup>	Development of interactive training materials for 2021 human capital management/finance and advanced student training modules, including voice-overs and closed captioning for ADA compliance.	President	1,000 hours (\$55/hour)	Interim VP-CIO <sup>a</sup> and Global Campus President <sup>a</sup>	55,000
<b>Total</b>						<b>\$218,675</b>

<sup>a</sup> The individual in the position at the time of the purchase of and payment for the described IT resources and services was no longer in the position at the time of our audit fieldwork.

<sup>b</sup> The College subsequently discontinued services with vendor, resulting in services authorized by this PO and totaling \$26,235 that were not received or paid for by the College.

Source: College records.

Our examination of the seven POs and other records supporting payments to the vendor, along with consideration of College personnel responses to audit inquiries, disclosed that controls over IT resource procurements were not always effective. Specifically, we found that:

- College personnel could not always provide evidence to demonstrate that IT resource purchases were for a public purpose. Upon our request, College personnel provided for our inspection certain items authorized by College POs and received by College personnel, which supported payments totaling \$114,965 to the vendor. However, although we requested, College personnel could not locate on College premises or provide evidence of use for certain items listed on seven vendor invoices (Nos. 1 through 7 in Table 2) with payments totaling \$78,815 that had been authorized by POs (Nos. 1, 6, and 7 in Table 1) and received according to the College accounting system. Since the invoices did not itemize values for each item, the costs of the unlocated items could not be quantified. In addition, the College Executive Director of Cloud and Infrastructure researched College records and found no evidence that the software license subscriptions listed

on two invoices (Nos. 8 and 9 in Table 2) with payments totaling \$17,250, authorized by POs (Nos. 3 and 4 in Table 1) and received according to the College accounting system, were placed on the College system.

Accordingly, without evidence that all items listed on the nine invoices totaling \$96,065 were available or had been used at the College, the existence of the items and the public purpose served by the purchases was not readily apparent, resulting in questioned costs of that amount.

**Table 2**  
**Vendor Invoices for Unlocated IT Resources**

No.	Invoice Description	Invoice Service Hours	Total Invoice Amount	Unlocated IT Resources Purchased
1	Application for admission and paying and application fee learning modules; advising and student updates; mobile operating system – getting started and requesting time off lesson updates; mobile audio tracks; financial aid; faculty training; portal module updates; and completion of adjunct faculty modules.	520	\$28,600	Mobile operating system – getting started and requesting time off lesson updates and mobile audio tracks.
2	Student learning modules; mobile operating system – getting started, payroll information, requesting time off, and submitting time worked updates; mobile Phase 1; and Academic Progress Report module updates and analytics.	221	12,155	Mobile operating system – getting started, payroll information, requesting time off, submitting time worked updates; and mobile Phase 1.
3	Learning modules and mobile operating system – getting started, payroll information, requesting time off, and submitting time worked; completed modules; and portal lessons updates.	165	9,075	Learning modules and mobile operating system – getting started, payroll information, requesting time off, and submitting time worked.
4	Learning updates and additions to dashboard and dual enrollment learning modules; updates to mobile operating system – getting started (includes new screen shots).	159	8,745	Updates to mobile operating system – Getting Started (includes new screen shots).
5	Student support interactive learning modules, including log-in process, downloading, and using the mobile app, navigating and using applicable tools. Voice - overs and closed captioning for ADA compliance. Updates and additions to student records lesson and Employee Mobile App Lesson.	175	9,625	Employee Mobile App Lesson.
6	Advising lesson update intended institution and program of study. Student records additional updates; student mobile app lesson updates; and completion of modules and student support interactive learning modules updates.	117	6,435	Student app lesson updates.
7	Updates to the advising lesson including voice-overs and closed captioning for ADA compliance; and create multi-layer interactive Family Educational Rights and Privacy Act (FERPA) learning module.	76	4,180	Create multi-layer interactive FERPA learning module.
Subtotal			\$78,815	
8	Software site license for career exploration, skill inventory, and values inventory.	NA	8,250	All invoice items unlocated.
9	Courseware annual license renewal for financial literacy, emotional intelligence, and interest inventory software modules.	NA	9,000	All invoice items unlocated.
Subtotal			\$17,250	
<b>Total</b>		<b><u>1,433</u></b>	<b><u>\$96,065</u></b>	

Source: College records.

- While the descriptions in three software license POs (Nos. 2, 3, and 4 in Table 1) were adequate, the PO descriptions and College records supporting the other four POs listed in Table 1 did not identify the specific scope of work or deliverables or time frame to complete PO tasks. For example, the four POs did not outline what the vendor would deliver for each module developed, provide benchmark completion points, or authorize demonstrations during the module development process to allow College personnel input.

In response to our inquiry, College personnel indicated that the requester was responsible for ensuring that all pertinent information is included in the PO and the Purchasing Department was responsible for ensuring compliance with the terms outlined in the PO. However, although we requested, College personnel were unable to explain why the four POs lacked pertinent information to clearly support all purchases and related costs. Without a scope of work with clearly defined descriptions of the tasks to be performed and a time frame for production, the College's ability to ensure that products supplied by the vendor are those contemplated in the approved PO is limited.

- College procedures did not always ensure that invoiced items were authorized for purchase pursuant to an approved PO prior to payment, increasing the risk that services may not be received as expected, overpayments may occur, and any overpayments that occur may not be timely detected or recovered.

Specifically, the College paid the vendor \$18,590 for an invoice referencing the PO totaling \$55,000 listed as No. 7 on Table 1. However, the invoice included module costs totaling \$16,500 for cyber security and ID theft and \$2,090 for updates to faculty onboarding, which were not included on that PO. In response to our inquiry, College personnel indicated that College procedures typically include comparisons of invoices to POs before payment and that the services were received for the \$18,590 payment although, due to oversight, the services were not preauthorized by a PO.

- Although Vice President approval was required, on behalf of the applicable Vice President, an administrative assistant approved PO Nos. 3, 4, 5, and 6 listed in Table 1 with amounts of \$8,250, \$9,000, \$8,800, and \$9,625, respectively. According to College personnel, College Administrative Procedures should have allowed College Vice Presidents to assign a designee for purchase approvals but, due to an administrative oversight, the procedures did not authorize such assignments. Notwithstanding this response, it is not apparent that an administrative assistant should have purchase approval authority since assistants are not required to understand department budget limits and procurement needs or supervise staff who will use the procured goods and services as they conduct College business.

**Recommendation:** The College should improve IT resource procurement procedures to ensure that IT resources purchased for use on College premises are available for inspection and demonstrate the public purpose for the purchase. Moreover, the College should document the propriety of questioned costs totaling \$96,065 or consult with legal counsel regarding appropriate action for the unlocated IT resource items. In addition, the College should enhance procedures to ensure that contracts or POs identify the specific scope of work or deliverables and time frames to complete agreed-upon tasks, and that all purchases are properly authorized.

## **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 2022 through June 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit focused on the purchase of selected information technology interactive training and software. Our audit objectives were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those areas included within the scope of the audit, weaknesses in management's internal controls significant to our audit objectives; instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; identifying and evaluating internal controls significant to our audit objectives; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records, as well as events and conditions, occurring during the audit period of July 2020 through June 2021 and selected College actions taken prior and subsequent thereto. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of management, staff, and vendors and, as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, College policies and procedures, and other guidelines, and interviewed College personnel to obtain an understanding of applicable processes and administrative activities.
- Examined College records supporting the 20 payments totaling \$211,030 made to a vendor during the audit period for Web design, interactive lessons, and educational software for College students and employees to determine whether:
  - Appropriate documented authorization was maintained for the information technology purchases and included a scope of work in sufficient detail to establish deliverables, minimum invoicing requirements, and completion dates for authorized tasks.
  - College records demonstrated that the related 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.
  - College personnel with direct knowledge of goods and services documented the receipt of the products and services invoiced to and paid for by the College and that the products existed at the College.
- Evaluated the College check disbursement process for compliance with College administrative procedures and good business practices.
- 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

---



## INDIAN RIVER STATE COLLEGE

### Office of the President

3209 Virginia Avenue  
Fort Pierce, FL 34981-5596  
1-772-462-4701 • irsc.edu

August 16, 2022

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

Dear Ms. Norman:

The following is Indian River State College's response to the preliminary and tentative audit finding on the operational audit of purchase of selected information technology interactive training and software for the period of Fiscal Year ending June 30, 2021.

#### **Finding 1: Information Technology Resource Procurements**

As a matter of good business practice, information technology (IT) resource purchases should be appropriately preauthorized by contracts or purchase orders (POs) that outline the specifics of the purchase including a description of the requested resources and related services, quantity of items, time frame of delivery, and agreed upon price and payment terms. IT resources purchased for use in College premises should be available for inspection and verifiable and demonstrates the public purpose of the purchase. In addition, all IT purchases should be properly authorized.

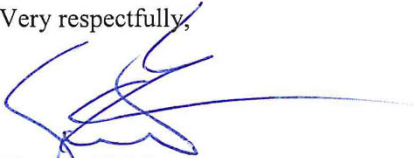
#### **Indian River State College Response:**

IRSC acknowledges and accepts the Auditor General's recommendation. The College will modify procedures for procurement of information technology services to include a detailed scope of work and will identify the deliverables and time to completion for the services purchased. The purchasing department will monitor that all requisitions and purchase orders include the required information prior to the actual purchase of the service. The individual department requesting the service will be responsible for documenting the actual receipt of the goods and services and ensure that the goods and services are available for inspection to verify existence and demonstrate the public purpose for the purchase. The Accounts Payable department will check the invoice against the PO to ensure that payment for such services agrees with the scope of work detailed in the purchase order.

In addition, in November 2021, College management implemented procedures that requires additional approval services from the VP of Information Technology and VP of Financial Services/CFO for the purchase of any technology related goods and services. Justification, funding source,

and establishing a database related to the review and approval of all Technology Purchase requests has been initiated to satisfy security, duplication, negotiation and a tri-party review of all purchases related to hardware, software and services. This process has been automated through our service desk ticketing process. Finally, purchasing procedures will be revised to establish that the President and CFO have the signing authority on all contracts as well as board approval, as required per board policy.

Very respectfully,

A handwritten signature in blue ink, appearing to read 'Timothy E. Moore', with a long horizontal flourish extending to the right.

Timothy E. Moore  
President