

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2023-058
November 2022

PALM BEACH STATE COLLEGE



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

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Omar Soto from 1-12-21
Philip H. Ward III through 1-11-21

The audit was supervised by Yvonne McNaughton, CPA.

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

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PALM BEACH STATE COLLEGE

SUMMARY

This operational audit of Palm Beach State College (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2020-038. Our operational audit disclosed the following:

Finding 1: Contrary to State law, the College disbursed extra compensation payments totaling \$1.2 million to 786 employees and paid \$210,874 for employee benefits associated with those payments.

Finding 2: Contrary to Florida Department of Management Services rules, the College contributed \$121,634 to the Florida Retirement System for extra compensation prohibited by State law.

Finding 3: College textbook affordability procedures continue to need improvement.

Finding 4: As similarly noted in our report No. 2020-038, the College misreported industry certifications for four students to the Florida Department of Education (FDOE) and was over funded \$4,000 for these certifications. Subsequent to our inquiries, the College returned the over-funded amount to the FDOE.

Finding 5: Some unnecessary information technology user access privileges existed that increase the risk for unauthorized disclosure of student social security numbers to occur.

BACKGROUND

Palm Beach 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 five 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 Belle Glade, Boca Raton, Lake Worth Beach, Loxahatchee Groves, and Palm Beach Gardens, Florida. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Palm Beach County.

FINDINGS AND RECOMMENDATIONS

Finding 1: Extra Compensation

State law¹ prohibits the College from making extra compensation payments to employees after services have been rendered or contract made and provides that any policy, ordinance, rule, or resolution designed to implement a bonus scheme must base the award of a bonus on work performance; describe the performance standards and evaluation process by which a bonus will be awarded; notify all

¹ Section 215.425, Florida Statutes.

employees of the policy, ordinance, rule, or resolution before the beginning of the evaluation period on a which a bonus will be based; and consider all employees for the bonus.

On January 12, 2021, the Board approved a non-recurring, one-time stipend for full-time non-bargaining unit employees who began employment before October 1, 2020, and had at least 3 months of service. As shown in Table 1, the amount of extra compensation approved by the Board for each applicable employee was based on the employee’s service time and annual compensation.

**Table 1
2021 Extra Compensation**

Annual Compensation	Board-Approved Amount	
	6 Months or More of Service	At Least 3 Months and Less Than 6 Months of Service
\$33,333 and below	\$1,000	\$500
\$33,334 to \$83,332	3 percent of annual compensation	1.5 percent of annual compensation
\$83,333 and above	\$2,500	\$1,250

Source: College records.

In February 2021, the College disbursed the extra compensation payments totaling \$1.2 million to 786 employees. The College also paid \$210,874 for employee benefits associated with the payments, including, as noted in Finding 2, pension contributions totaling \$121,634 to the Florida Retirement System (FRS).

In response to our inquiries, College personnel indicated that the Board approved the stipend payments as a general increase to annual compensation and the payments had no tie to performance or any specific activity apart from the annual compensation for the year. In addition, College personnel indicated that, since the State appropriation is fluid and typically unknown during annual compensation planning, the College did not always have the ability to increase recurring base pay beyond the current fiscal year. College personnel also indicated that the payments complied with Florida Department of Management Services (DMS) rules.² Notwithstanding this response, the DMS rules cited by the College define words and terms used by the FRS, whereas State law governs permissible compensation.

Since the payments were made after the employees had rendered services, did not increase the employee’s base rate of pay, and did not meet the statutory requirements of a bonus, the payments represent extra compensation prohibited by State law.

Recommendation: The College should abstain from making extra compensation payments to employees after services have been rendered.

Follow-Up to Management’s Response

Management’s response states that the stipend was lawfully disbursed and did not constitute extra compensation since 4 months of the fiscal year remained. However, as the College points out, eligibility for the stipend was contingent upon employment 4 months prior to disbursement, clearly demonstrating that the stipend was partially based on past performance. The point of the finding is that, although called

² DMS Rules 60S-6.001(5) and (16)(a), Florida Administrative Code.

a stipend, the payment was more reflective of a bonus that failed to comply with State law and must therefore be considered extra compensation.

Finding 2: Florida Retirement System Contribution Payments

DMS rules³ define compensation and provide that a payment made in addition to an employee's regular salary that does not increase the employee's base rate of pay is not considered compensation and shall not be reported to the FRS as salary for retirement purposes. DMS rules⁴ also provide for the calculation of retirement benefits for FRS members upon retirement, with the defined benefit calculation based, in part, on the FRS member's average final compensation. The DMS rules⁵ specify what compensation is to be included, and not to be included, in the average final compensation.

As noted in Finding 1, the College made payments totaling \$1.2 million for extra compensation. The payments did not increase the employees' base rate of pay and, therefore, were not compensation under DMS rules. However, the College reported the extra compensation to the FRS as regular compensation and contributed \$121,634 to the FRS related to those payments. In response to our inquiries, College personnel indicated that, based on the conclusion that the underlying compensation was legal and proper, the corresponding contributions to the FRS were appropriate and required. Notwithstanding, DMS rules provide that a payment made in addition to an employee's regular salary that does not increase the employee's base rate of pay is not considered compensation and shall not be reported to the FRS as salary for retirement purposes.

Recommendation: The College should establish procedures to ensure that compensation payments that do not increase an employee's base rate of pay are not reported to the FRS as compensation for retirement purposes. In addition, the College should correct the amounts incorrectly reported to the FRS and the \$121,634 contributed to the FRS in error.

Follow-Up to Management's Response

Contrary to the College's assertion in Management's Response, this finding is consistent with DMS rules. Those rules state that payments shall not be reported to the FRS as salary, and retirement contributions shall not be made on payments that are made in addition to an employee's rate of pay and are non-recurring, do not increase employee's base rate of pay, and include no commitment for payment in a subsequent year. Since the extra compensation payments met each of these criteria, which are included in the DMS rules definition of bonus, the finding stands as written.

Finding 3: Textbook Affordability

State law⁶ requires the College to post prominently in the course registration system and on its Web site, as early as feasible, but at least 45 days prior to 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. According to College

³ DMS Rule 60S-6.001(6), (11), and (16), Florida Administrative Code.

⁴ DMS Rules, Chapter 60S-4, Florida Administrative Code.

⁵ DMS Rule 60S-6.001(6), Florida Administrative Code.

⁶ Section 1004.085(5), Florida Statutes (2021).

records, the College adopted textbooks and instructional materials for 3,241 course sections during the Fall 2021 Semester and 2,504 course sections during the Spring 2022 Semester.

College procedures require all faculty to complete an online form to attest that all items students are required to purchase are used in class. The form must be completed for each class, once per year, as part of the textbook review and certification process. College procedures also require that the form be completed by the last day of spring term each academic year for all classes an instructor is scheduled to teach the following academic year to ensure that the textbook information is timely posted to the course registration system.

The College contracts with a vendor to operate the College Bookstore and publishes the list of required and recommended textbooks and materials on the College Web site before each enrollment period. In addition, the course registration system contains a hyperlink to the College Web site.

In response to our inquiry, College personnel indicated that, although reminders are issued to the faculty about completing the online form, not all the faculty timely complete the form. Moreover, the College did not document communications and follow up with the faculty to ensure that textbook and instructional material adoption information is timely submitted to the College and posted as required.

As part of our audit, we examined College records for the Fall 2021 and Spring 2022 Semesters and found that the textbooks and instructional materials for only 86 percent of the Fall 2021 Semester courses and course sections were posted to the College Web site at least 45 days prior to the first day of class, rather than at least 95 percent as required by State law. Without evidence of the 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. When 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. Similar findings were noted in our report Nos. 2020-038 and 2017-072.

Recommendation: To demonstrate compliance with State law, the College should enhance procedures to ensure 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 its Web site, as early as feasible, but at least 45 days before the first day of class for each term. Such enhancements should include documented communications and follow up with the faculty to ensure that textbook and instructional material adoption information is timely submitted to the College Bookstore and posted as required.

Finding 4: Performance Funding for Industry Certifications

State law⁷ provides performance funding for industry certifications for Florida College System institutions contingent upon specific appropriation in the General Appropriations Act. State law⁸ also provides that the industry certifications eligible for funding will be identified on the Postsecondary Industry Certification Funding List approved by the State Board of Education. General Appropriations Act⁹ proviso language provided funding for colleges based on student industry certifications reported during the

⁷ Section 1011.81(2), Florida Statutes.

⁸ Section 1011.81(2)(b), Florida Statutes.

⁹ Chapter 2021-36, Laws of Florida, Specific Appropriation 126.

2020-21 academic year in certain occupational areas, including public safety, health sciences, automotive service technology, and computer programming.

During the 2020-21 fiscal year, the College received performance funding of \$707,381 for 805 industry certifications reported to the Florida Department of Education (FDOE). As part of our audit, we examined College records supporting 40 of the reported industry certifications. We found that 4 certifications reported to the FDOE were for four students who had not passed the State exam and, therefore, should not have been reported for funding. Subsequent to our inquiries, the College returned \$4,000 to the FDOE in July 2022 for the misreported certifications. According to College personnel, the College established procedures for tracking and maintaining industry certification documentation but had not established procedures to review and verify College records supporting industry certifications before certifications are reported to the FDOE.

Since performance funding is based on the number of industry certifications earned in certain occupational areas, it is important that the College report accurate data. A similar finding was noted in report No. 2020-038.

Recommendation: The College should establish procedures to review and verify College records supporting industry certifications, before certifications are reported to the FDOE, to ensure that the certifications earned by students are accurately reported.

Finding 5: Information Technology User Access Privileges

The Legislature has recognized in State law¹⁰ 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 information unnecessary for their assigned job duties and provide for documented, periodic evaluations of information technology (IT) access privileges.

In addition, State law¹¹ requires the College to maintain public records in accordance with the Department of State, Division of Library and Information Services, records retention schedules. For example, according to the State's records retention schedules,¹² certain prospective student records should be maintained for at least 5 years.

The College collects and uses SSNs for various purposes, such as to comply with Federal tax reporting requirements and other Federal and State requirements related to financial and academic assistance. According to College personnel and records, the College established a unique identifier, other than the SSN, to identify each student and also maintained student information, including SSNs, in the College Student Information System (SIS). As of May 2022, the SIS contained SSNs for 823,592 students, including 607,710 former, 209,405 current, and 6,477 prospective students.

¹⁰ Section 119.071(5)(a), Florida Statutes.

¹¹ Section 119.021(2)(a) and (b), Florida Statutes.

¹² The Florida Department of State, Division of Library and Information Services – *General Records Schedule GS5 For Public Universities and Colleges*, Item #97, requires a minimum retention period of 5 years for certain records of prospective students who apply for admission to the College but are denied or did not register.

In response to our inquiries, College personnel indicated that the SIS indefinitely keeps the sensitive personal information of prospective students to ensure that, should prospective students choose to reapply at the College, their records can be reactivated without duplicating records. Although we agree that the College should retain certain prospective student records for at least 5 years to comply with the State's records retention schedules, the College did not document the public purpose served for maintaining sensitive personal information of those individuals beyond the required 5 years.

In addition, College personnel indicated that periodic evaluations of IT user access privileges are performed to monitor most IT user access privileges; however, the evaluations did not include IT user access privileges to student SSNs to determine whether individuals had a demonstrated need for such privileges. According to College personnel, the SIS can differentiate the access privileges to sensitive information of former and current students from that of prospective students, but that SIS feature was not used to limit employee access privileges based on employee job duties and the College had no other mechanism to differentiate access privileges to sensitive information of former, current, and prospective students. As a result, some employees had unnecessary access to some student SSNs in the SIS.

College records indicated that 201 employees in 109 positions had access to current, former, and prospective student SSNs. As part of our audit, we examined College records supporting the access privileges of 51 selected employees and found that 38 employees had a demonstrated need for access to student records but did not need access to student SSNs. For example, 13 enterprise resource planning employees were responsible for troubleshooting and researching various business processes and development and support of student integrations and 7 employees were responsible for payment processing. While the job responsibilities of these 20 employees required access to student records, the responsibilities did not require access to student SSNs.

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

Recommendation: To ensure access to sensitive personal information is properly safeguarded, the College should:

- Document the public purpose served for maintaining prospective student information beyond 5 years, establish a reasonable time frame for maintaining that information, and remove the information when the time frame expires.
- Enhance procedures to require and ensure documented, periodic evaluations of assigned IT user access privileges to determine whether such privileges remain necessary and timely remove any inappropriate or unnecessary access privileges detected.
- Utilize the SIS ability to differentiate user access privileges to sensitive personal information of former and current students from that of prospective students and upgrade the SIS to include a mechanism that differentiates user access privileges to current, former, and prospective sensitive student information.

PRIOR AUDIT FOLLOW-UP

The College had taken corrective actions for findings included in previous reports except that Finding 3 was also noted in report Nos. 2020-038 and 2017-072, as Findings 1 and 2, respectively, and Finding 4 was also noted in report No. 2020-038 as Finding 3.

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 September 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 selected College processes and administrative activities. For those areas, our audit objectives were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2020-038.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

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

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those

charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; identifying and evaluating internal controls significant to our audit objectives; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records, as well as events and conditions, occurring during the audit period of January 2021 through December 2021. 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.
- Reviewed College 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, disaster recovery, and incident response and recovery.
- Evaluated College procedures for maintaining and reviewing employee access to IT data and resources. We examined modification access privileges to the accounting, finance, human resources, and procurement applications during the audit period for 21 of the 64 total users to determine the appropriateness and necessity of the access based on the employees' job duties and user account functions and the adequacy with regard to preventing the performance of incompatible duties. We also examined administrator account access privileges granted and procedures for oversight of administrator accounts for the network, operating system, database, and application to determine whether these accounts had been appropriately assigned, managed, and monitored.
- Evaluated College procedures for protecting sensitive personal information of students, including social security numbers. From the population of 201 employees who had access to sensitive personal information of students during the audit period, we examined College records supporting the access privileges granted to 51 selected employees to determine the appropriateness and necessity of the access privileges based on the employees' assigned job responsibilities.
- Evaluated Board security policies and College procedures governing the classification, management, and protection of sensitive and confidential information.
- Examined College records to determine whether the College had developed an anti-fraud policy 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 an anti-fraud policy.

- 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 direct-support organization (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.
- From the population of user fees totaling \$19,605,855 that were collected during the audit period, examined documentation supporting selected collections totaling \$14,022,086 to determine whether the College properly assessed and separately accounted for the collections as required by Section 1009.23, Florida Statutes.
- For the population of 5,745 course sections offered during Fall 2021 and Spring 2022 Semesters, 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 \$85,941,728 made to 3,334 employees during the audit period, selected payments totaling \$57,139 made to 30 employees and examined College records supporting the payments to determine the accuracy of the rate of pay, the validity of employment contracts, whether performance evaluations were completed, the accuracy of leave records, and whether supervisory personnel reviewed and approved employee reports of time worked.
- Examined College records supporting payments totaling \$1.2 million made to 786 employees in February 2021 to determine whether the payments were in accordance with Section 215.425(3), Florida Statutes, and whether amounts reported, and contributions totaling \$121,634, to the Florida Retirement System complied with Department of Management Services, Division of Retirement, Rule 60S-6.001(6), (11), and (16), Florida Administrative Code.
- Evaluated Board policies and College procedures for obtaining personnel background screenings to determine compliance with Section 1012.8551, 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 \$46,994,308 for the audit period, we examined College records supporting 30 selected expenses totaling \$2,370,678.
- From the population of 334 vendors that were paid in excess of the bid threshold, examined College records for 13 vendors to determine whether the vendors were properly selected.
- Reviewed Board policies and College procedures related to identifying potential conflicts of interest. We also researched Department of State, Division of Corporations, records; statements of financial interest; and reviewed College records for 20 selected College officials to identify any relationships that represented a potential conflict of interest with vendors used by the College.
- From the population of performance funding totaling \$707,381 for 805 industry certifications reported to the FDOE during the 2020-21 fiscal year, examined 40 industry certifications to determine whether the College maintained documentation for student attainment of the industry certifications.
- Determined whether the College's unencumbered balance in the general fund was below the threshold established in Section 1011.84, Florida Statutes.
- Inquired whether the College had any expenses or entered into any contracts under the authority granted by a state of emergency, declared or renewed during the audit period.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.

- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each College on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large initial 'S'.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



**PALM BEACH STATE
COLLEGE**

OFFICE OF
THE PRESIDENT

4200 Congress Avenue
Lake Worth, FL 33461-4796

561.868-3501 TEL
561.868-3504 FAX

November 15, 2022

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

Dear Ms. Norman:

The College reiterates its appreciation to the Office and its team generally and, in particular, welcomes its review of College processes.

The following is Palm Beach State College's response to the preliminary and tentative audit findings resulting from the operational audit of Palm Beach State College:

Finding 1: Contrary to State law, the College disbursed extra compensation payments totaling \$1.2 million to 786 employees and paid \$210,874 for employee benefits associated with those payments.

Finding 1 Response: The College respectfully disagrees with the Office's finding that the stipend is not compliant with Florida Statutes Section 215.425. The College carefully reviewed Statute language before the decision to pay the stipend was made and concluded that it did comply with statute 215.425 which generally prohibits "extra compensation" for services already rendered.

The finding appears to reason that the stipend applies to all work performed during that fiscal year, several months of which had already passed. It appears to conclude that, therefore, the stipend is compensation for work already performed and is "extra" because the employees had already been paid for that work under the previously established pay system. However, this reasoning overlooks the fact that, in February 2021, there were still more than four months left to be worked in the fiscal year. The finding states that the stipend is an addition to annual pay. If the error of the stipend as stated by the office is that it was allocated toward work already performed, then only that portion that could be attributed to past work would be prohibited extra compensation, i.e., about two-thirds. We believe, this assumption by the audit team, is not consistent since it further does not distinguish between the supposedly earned and unearned portions of the stipend.

In addition, because of the eligibility provision pointed out in the finding, the stipend was paid only to those employees employed before October 1, 2020. In other words, employees who did not work for the entire fiscal year, or even the entirety of the fraction of the fiscal year from July 1, 2020, to February 2021, were nonetheless paid the entire stipend.



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We concluded that the stipend paid to the employees was not tied to work already performed. It was a payment given to the employees as a general increase in pay for that single fiscal year. So long as the employee meets the eligibility criterion of having been employed before October 1, 2020, then the employee collects the payment made in February. The employees receiving the stipend had not yet completed their employment for that fiscal year; therefore, there was work yet to be done. The stipend can be viewed as prospective in operation and in nature, and we concluded it should be viewed in that way. (If it were viewed as retroactive, then provision might have been made to pay it to employees who worked during that fiscal year, but who had left employment before February; it was not.)

While the College differs on the reasoning of finding number one, we can agree with the audit team's recommendation that in the future the College abstain from making extra compensation payments. The College shall mitigate the interpretation of finding number one by more thoroughly documenting the intent of any future stipend in lieu of a base increase to be acceptable to the audit team.

Finding 2: Contrary to Florida Department of Management Services rules, the College contributed \$121,634 to the Florida Retirement System for extra compensation prohibited by State law.

Finding 2 Response: As finding number two is dependent on the determination of finding one, the College disagrees with the assessment that that one-time payments should not be included as compensation as defined by the Florida Retirement System (FRS) as the stipend payment in finding one is in lieu of a general wage increase and for services to be rendered.

The auditor's comment states only changes to base pay are to be reported to FRS. However, FRS defines regular salary as the general payment for work performed. This is evidenced in the FRS live and online training videos during the contributions section. The College complied with reporting the stipend properly as we provided evidence the payment was for work to be performed in the fiscal year.

Finding 3: College textbook affordability procedures continue to need improvement.

Finding 3 Response: The College continues to monitor compliance with this State law and believe we can improve the documentation and evidence that the instructional material adoption is communicated and provided timely to the College Bookstore. All respective parties work closely together to follow up on missing adoptions. The College has begun work on improving the adoption and certification process to make it more efficient and hope to put these changes into effect by Fall 2023.

Finding 4: As similarly noted in our report No. 2020-038, the College misreported industry certifications for four students to the Florida Department of Education (FDOE) and was over funded \$4,000 for these certifications. Subsequent to our inquiries, the College returned the over-funded amount to the FDOE.

Finding 4 Response: An electronic workflow process within our Student Information System (SIS) has been created to ensure only eligible and documented industry certifications are entered into the system of record.

Finding 5: Some unnecessary information technology user access privileges existed that increase the risk for unauthorized disclosure of student social security numbers to occur.



Finding 5 Response: The College continues to perform periodic review of user access and adjust access based on business needs. During the recent deployment of a new Student Information System (SIS), multiple technology support staff member's involvement in the architecture of the system required access to student social security numbers. Upon the recent transition to the new SIS, that access has been reviewed and adjusted as necessary. In reference to the recommendation related to the retention of prospective student records, the College will work to document the public purpose served for maintaining prospective student information beyond 5 years, establish a reasonable time frame for maintaining that information, and remove the information when the time frame expires. Currently prospective student records in our new SIS do not exceed the 5-year retention requirement.

Sincerely,



Ava L. Parker, J.D.
President, Palm Beach State College