

# SANTA FE COLLEGE

---

## Operational Audit

For the Fiscal Year Ended  
June 30, 2008



## BOARD OF TRUSTEES AND PRESIDENT

Members of the Board of Trustees and President who served during the 2007-08 fiscal year are listed below:

	<u>County</u>
Winston J. Bradley, Vice-Chair to 7-15-07, Chair from 7-16-07	Alachua
Breck A. Weingart, Vice-Chair from 7-16-07	Alachua
James A. Davis, Jr., Chair to 7-15-07	Bradford
Glenna F. Brashear	Alachua
Dr. Bessie G. Jackson	Alachua
G. Thomas Mallini	Alachua
Ltc. Richard C. Solze, Jr.	Bradford
Evelyn T. Womack	Bradford

Dr. Jackson N. Sasser, President

The audit team leader was Janet N. Bliss, CPA, and the audit was supervised by Philip B. Ciano, CPA. For the information technology portion of this audit, the audit team leader was Bill Allbritton, CISA, and the supervisor was Nancy Reeder, CPA, CISA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at [jimstultz@aud.state.fl.us](mailto:jimstultz@aud.state.fl.us) or by telephone at (850) 922-2263.

This report and other audit reports prepared by the Auditor General can be obtained on our Web site at [www.myflorida.com/audgen](http://www.myflorida.com/audgen); by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

## SANTA FE COLLEGE

### SUMMARY

Our operational audit for the fiscal year ended June 30, 2008, disclosed the following:

**Finding No. 1:** Improvements were needed in monitoring commission revenues received from food court and café operations.

**Finding No. 2:** The College's Student Life Office needed to improve controls over the collection of money.

**Finding No. 3:** The basis for the assessment of certain laboratory fees was not always adequately documented.

**Finding No. 4:** Student enrollment in adult general education programs was not properly reported to the Florida Department of Education.

**Finding No. 5:** The College had not implemented a formal ongoing security awareness program to reemphasize to employees the importance of preserving the integrity, confidentiality, and availability of data and information technology resources entrusted to them.

**Finding No. 6:** Access to College software systems was not timely removed for employees who terminated employment.

**Finding No. 7:** We noted certain deficiencies regarding the College's security program planning and management and data flow documentation.

### BACKGROUND

The College is under the general direction and control of the Florida Department of Education, Division of Community Colleges, and is governed by State law and State Board of Education rules. A board of trustees governs and operates the College. The Board constitutes a corporation and is composed of eight members appointed by the Governor and confirmed by the Senate.

The College has campuses in Gainesville, Starke, Archer, and Keystone Heights, Florida. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Alachua and Bradford Counties. The College reported enrollment of 11,874 full-time equivalent students for the 2007-08 fiscal year.

The results of our financial audit of the College for the fiscal year ended June 30, 2008, will be presented in a separate report. In addition, the Federal awards administered by the College are included within the scope of our Statewide audit of Federal awards administered by the State of Florida and the results of that audit, for the fiscal year ended June 30, 2008, will be presented in a separate report.

**FINDINGS AND RECOMMENDATIONS****Finding No. 1: Auxiliary Services Contracts**

The College entered into written agreements with contractors for food service operations in the College's food court and a café in the College's main campus library. Commission revenues to the College totaled \$119,690 for food court sales and \$21,494 for café sales during the 2007-08 fiscal year. As similarly noted in our report No. 2007-050, College procedures to monitor commission revenues received from contractors could be improved as follows:

- The agreements for the College's food court operations provided that the College receive commission revenue based on a percentage of net sales. Our review disclosed that the College did not always obtain documentation from food court contractors to verify the accuracy of sales from which commission revenues were calculated as follows:
  - Although required by the agreement with one contractor, the College did not obtain the monthly State sales and use tax reports. Reconciling these reports to the monthly profit and loss statements would provide the College with additional assurance of the accuracy of the net sales used by the contractor to calculate commission revenues paid to the College.
  - An agreement with another contractor required the contractor to provide the College a certified statement by an independent certified public accountant regarding the accuracy of the net sales figures upon which the commission revenues were based within 90 days after year-end. However, the certified statement was not obtained by the College until our inquiries regarding its receipt.
- The agreement for the operations of the café provided that the College receive commissions based on a percentage of net profits. However, the agreement also provided that the College share a percentage of the losses, if the vendor has a net loss. Our review of the College's monitoring procedures related to commission revenue for the café disclosed the following:
  - There was no evidence that the mathematical accuracy of detailed monthly profit and loss statements provided by the vendor had been verified. Recalculating and verifying the mathematical accuracy of amounts presented would provide the College with additional assurances that it is receiving the proper commission revenue.
  - The College conducted an audit of the vendor's October 2007 profit and loss statement. Although documentation was obtained for general operating expense components, the College did not obtain documentation supporting employee salaries and benefits, which represented 86 percent of total direct expense on the vendor's profit and loss statement.
- The College did not consistently use the same accounting codes when recording commission revenues in the accounting system. Consistently posting such transactions to the same accounting code would facilitate the monitoring of commission revenues.

In the absence of obtaining and reviewing financial records, obtaining applicable certified statements, and effectively monitoring compliance with contract provisions, the College cannot be assured it is receiving all commissions to which it is entitled.

---

**Recommendation:** We recommend that College personnel enhance its procedures to obtain and verify documentation substantiating commission revenues to ensure that the College is receiving all the commissions to which it is entitled.

---

---

**Finding No. 2: Student Life Collections**

---

The College's Student Life Office (Office) collects money for providing goods and services, primarily to students. Such services include the sale of student identification (ID) cards, test books and answer forms, flu shot vaccines, and tickets for an annual etiquette dinner. Collections reported during the 2007-08 fiscal year totaled \$11,671. Our review of collection procedures by the Office disclosed the following:

- The Office does not have written procedures addressing money collected for flu shot vaccines or tickets to the etiquette dinner.
- Checks were not always restrictively endorsed upon receipt to limit their negotiability in the event of loss or theft.
- The Office did not use a cash register, prenumbered receipts, or other method to establish accountability for checks and money orders at the point of collection.
- Employees who collect money for student ID cards shared the same cash drawer and transfer documents were not completed when money was transferred between employees. Under these conditions, it would be difficult to fix responsibility should collections become lost or stolen.
- The Business Manager performed the incompatible duties of receipting collections and reconciling daily deposits to collections.
- Collections for student ID cards and flu shot vaccines were not always deposited timely, increasing the risk that collections may be lost or stolen. Our review disclosed that daily collections ranging from \$125 to \$380 were deposited from 3 to 76 days late. College policy requires deposits no less frequently than weekly.

In the absence of adequate procedures for receipting, depositing, and recording collections, there is an increased risk that loss or theft of collections could occur and would not be detected by employees performing their assigned duties.

---

**Recommendation:** The College should strengthen procedures at the Student Life Office to ensure that controls provide reasonable assurances that collections would be properly receipted, deposited, and recorded in a timely manner.

---

---

**Finding No. 3: Laboratory Fees**

---

Section 1009.23(12), Florida Statutes, authorizes each community college board of trustees to establish user fees, including laboratory fees. Such user fees cannot exceed the cost of the services provided and can only be charged to persons receiving the service. Laboratory fee collections totaled \$1.3 million during the 2007-08 fiscal year. The College has developed a methodology and guidelines for assessing laboratory and special course fees, including the use of a Lab Fee Approval Form (Form). The Form is used to document the extraordinary materials, supplies, and service costs which comprise the total laboratory fee to be charged. As similarly noted in our report No. 2007-050, our review of the College's administration and assessment of laboratory fees for 26 courses disclosed the following:

- Lab Fee Approval Forms generally listed various items and associated costs. We selected 20 Forms and requested support for the costs listed on the form to support the fee assessed. Although requested, documentation to support the basis for the costs listed was not provided.
- In some instances, the amount on the Form did not agree with the fee charged to students. For example:
  - A \$4 fee was charged for one course for which the Form did not indicate any costs or laboratory fee. Although requested, no documentation was provided to explain the discrepancy.
  - For one course, students were charged a \$20 laboratory fee; however, the Form showed an estimated cost per student of \$12.28. Although requested, no documentation was provided to explain this difference.
- Laboratory fees ranging from \$3 to \$80 were charged for four other courses and the Forms supporting these fees included items such as paper costs for quizzes, tests, syllabi, and other copies. However, such costs did not appear to be extraordinary student costs or exceed the base cost of the course as defined by College procedures.
- A laboratory fee of \$17 for three reading courses included costs for other nonreading material and supplies. College personnel indicated that excluding these other nonreading items would reduce the laboratory fee to approximately \$2.50.

Absent information to support the costs used to calculate laboratory fees, the College cannot document that laboratory fees charged to students did not exceed the cost of the services provided, contrary to the above-cited law.

---

**Recommendation:** The College should ensure that laboratory fees assessed are supported by accurate records to substantiate the basis for the fees charged. In addition, the College should ensure that the laboratory fees do not exceed the cost of the services provided, as required by the above-cited law, and are calculated in conformity with guidelines established by the College.

---



---

#### **Finding No. 4: Adult General Education Programs Reporting**

---

Section 1004.02(3), Florida Statutes, defines adult education, in part, as comprehensive instructional programs designed to improve the employability of the State's workforce. Chapter 2007-72, Laws of Florida, requires that each college report enrollment for adult general education programs in accordance with Florida Department of Education (FDOE) instructional hours reporting procedures. Procedures provided by the FDOE stated that instructional contact hours are those schedule hours that occur between the date of enrollment in a class and the withdrawal date or end-of-class date, whichever is sooner.

Our review of the hours reported to the FDOE for 10 students from the College's Fall 2007 attendance rosters disclosed that hours of instructional activity for the adult general education programs were not always accurately reported:

- Hours were reported for three students, allowing them to be counted for FTE funding purposes, when they did not have the minimum required number of contact hours to be counted. College records indicated that 45, 180, and 360 hours of instructional activity were reported for these three students when actual hours of attendance were 3.83, 1.5 and 3.23 hours, respectively.
- No hours were reported for three other students who met the minimum required number of contact hours to be counted for FTE funding purposes. College records indicate that 11, 31.43, and 34.42 hours of instructional activity should have been reported for these three students.

Since future funding may be based, in part, on enrollment data submitted to the FDOE, it is important that the College submit accurate data.

---

---

**Recommendation:** We recommend that the College enhance its controls to ensure the accuracy of reporting instructional contact hours for students enrolled in adult general education courses to the FDOE.

---

---

---

---

**Finding No. 5: Information Technology – Security Awareness Program**

---

---

Employee security awareness is important to minimize misuse of information technology (IT) resources. A security awareness program is designed to inform personnel of the importance of information they handle and the legal and business reasons for maintaining its integrity, confidentiality, and availability. Employees must be aware of their responsibilities and the steps the College is willing to take to ensure security through documentation describing security policies and procedures and acknowledgement of an individual's responsibility.

The College had not implemented a formal ongoing security awareness program to reemphasize to current users the importance of preserving the integrity, confidentiality, and availability of data and IT resources entrusted to them. The lack of a formal ongoing security awareness program, and signed user acknowledgement of the receipt and understanding of security policies, increases the risk to, and the vulnerability of, the College's IT resources by limiting management's assurance that employees understand the importance of IT security and are sufficiently prepared to safeguard data and IT resources. In addition, the College could be limited in its ability to take legal recourse, should it be necessary, against individuals misusing data or information technology resources.

---

---

**Recommendation:** The College should develop a formal IT security awareness program, including written policies and procedures that require users to periodically provide written acknowledgement that they have read and understand security policies.

---

---

---

---

**Finding No. 6: Information Technology – Access Controls**

---

---

Access controls provide safeguards to assist in the prevention or detection of deliberate and accidental errors. Errors may be caused by the improper use or manipulation of data files, unauthorized or incorrect use of computer programs, and improper use of computer resources. Controls should limit access to computer data files, programs, and hardware to authorized persons who require them in the performance of their duties.

Our review, in March 2008, of the timely removal of access to College software systems for 64 former employees disclosed that 19 employees continued to have access to College resources, as follows:

- Mainframe access was not removed for one employee who terminated employment in October 2007. Mainframe access allows access to payroll and personnel menus and limited finance and financial aid databases. Although mainframe access was removed for the other former employees, documentation was not maintained to evidence the timeliness of the removal.
- Access to *eStaff* accounts was not removed for 19 former employees who terminated employment between January 5, 2007, and January 13, 2008. Access to *eStaff* allows users to gain entry to financial data and various other functions, including student, purchasing, and travel data.
- Network access was not removed for 6 employees who terminated employment between January 5, 2007, and December 31, 2007. The network allows access to shared departmental and College files.

Failure to timely remove access increases the risk of unauthorized use of computer resources. Subsequent to our discussions with the College, access to computer resources was removed for these former employees.

**Recommendation:** The College should enhance its procedures to ensure that access to information technology resources is timely removed when employees terminate employment.

**Finding No. 7: Information Technology – Security Program Planning and Management and Data Integrity**

We noted certain deficiencies in the College’s information technology environment related to security program planning and management and data flow documentation. Specific details of the needed improvements are not disclosed in this report to avoid the possibility of compromising the College’s data and information technology resources. However, appropriate College personnel have been notified of the needed improvements.

**Recommendation:** The College should enhance procedures over security controls and the flow of data for its information technology resources.

**PRIOR AUDIT FOLLOW-UP**

Except as discussed in the preceding paragraphs, the College had taken corrective actions for findings included in our report No. 2007-050.

**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 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: (1) obtain an understanding and make overall judgments as to whether College internal controls promoted and encouraged compliance with applicable laws, rules, regulations, contracts, and grant agreements; the economic and efficient operation of the College; the reliability of records and reports; and the safeguarding of assets; (2) evaluate management’s performance in these areas; and (3) determine whether the College had taken corrective actions for findings included in our report No. 2007-050. Also, pursuant to Section 11.45(7)(h), Florida Statutes, our audit may identify statutory and fiscal changes to be recommended to the Legislature.

The scope of this operational audit is described in Exhibit A. Our audit included examinations of various records and transactions (as well as events and conditions) occurring during the 2007-08 fiscal year.

Our audit methodology included obtaining an understanding of the internal controls by interviewing College personnel and, as appropriate, performing a walk-through of relevant internal controls through observation and examination of supporting documentation and records. Additional audit procedures applied to determine that



internal controls were working as designed, and to determine the College's compliance with the above-noted audit objectives, are described in Exhibit A. Specific information describing the work conducted to address the audit objectives is also included in the individual findings.

**AUTHORITY**

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.



David W. Martin, CPA  
Auditor General

**MANAGEMENT'S RESPONSE**

Management's response is included as Exhibit B.

**EXHIBIT A  
AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Security awareness and training program regarding the confidentiality of information.	Made inquiries relating to the development of the College's IT security awareness and training program.
Procedures to timely prohibit terminated employees' access to electronic data files.	Sampled employees who terminated during the audit period and examined documentation to determine whether the College timely terminated access privileges.
Information Technology Resources	Reviewed security program planning, and management and data integrity.
Fraud policy and related procedures.	Examined written policies and procedures, and examined supporting documentation relating to the College's fraud policy and related procedures.
Sunshine Law requirements for Board meetings (i.e., proper notice of meetings, ready access to public, maintain minutes).	Read Board minutes and, for selected Board meetings, examined supporting documentation evidencing compliance with Sunshine Law requirements.
Auxiliary operations contract compliance.	Examined contracts with food vendors to determine compliance with contract provisions.
Student activity and service fees assessed.	Verified that the activity and service fee did not exceed 10 percent of the total tuition fee.
Procedures for calculating user and laboratory fees.	Selected a sample of user and laboratory fees and examined supporting documentation to determine whether the College properly calculated these fees.
Adult general education program enrollment reporting.	Selected a sample of adult education students and examined supporting documentation to determine whether the College reported instructional and contact hours in accordance with FDOE requirements.
Social security number requirements of Section 119.071(5)(a), Florida Statutes.	Examined supporting documentation to determine whether the College had provided individuals with a written statement as to the purpose of collecting social security numbers, certified compliance pursuant to Section 119.071(5)(a)4.b., Florida Statutes, and filed the required report specified by Section 119.071(5)(a)9.a., Florida Statutes, no later than January 31, 2008.
Cash collection procedures decentralized collection points.	Reviewed collection procedures at a selected location and tested daily cash collections to determine the effectiveness of the College's collection procedures.
Construction management policies and procedures.	Selected a sample of construction contracts to determine adequacy of documentation of expenses claimed, labor burden rate assessed, subcontractor licensure, and liquidated damages.

**EXHIBIT A (Continued)**  
**AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Travel to terrorist states.	Reviewed College’s policies and procedures regarding travel and sampled travel reimbursements to determine compliance with those policies.
Procedures for monitoring cellular telephone usage and compliance with related IRS reporting requirements.	Determined whether the College either provided for compliance with IRS substantiation requirements for cellular telephone usage or, for the most recent calendar year, reported the value of cellular telephone services provided to employees as income for those employees.

EXHIBIT B  
MANAGEMENT'S RESPONSE



SANTA FE COMMUNITY COLLEGE  
OFFICE OF THE PRESIDENT

---

November 12, 2008

Mr. David W. Martin  
Auditor General of the State of Florida  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

In response to the preliminary and tentative audit findings in and recommendations from your audit of the District Board of Trustees of Santa Fe College for the Fiscal Year Ended June 30, 2008, we submit the following comment's including corrective action taken or to be taken.

Finding No. 1 Auxiliary Services Contracts

Recommendation: College personnel should enhance its procedures to obtain and verify documentation substantiating commission revenues to ensure that the College is receiving all the commissions to which it is entitled.

Response: The College has reviewed each of the specific concerns noted in this finding and have taken the appropriate action to address each concern. In addition, College personnel will continue to enhance procedures, to the degree possible, in this area to ensure that the College is receiving all the commissions to which it is entitled.

Finding No. 2 Student Life Collections

Recommendation: The College should strengthen procedures at the Student Life Office to ensure that controls provide reasonable assurances that collections would be properly receipted, deposited, and recorded in a timely manner.

Response: To ensure that collections in the Student Life Office are properly receipted, deposited, and recorded the College has begun reviewing, modifying and/or adding procedures for each individual sale service provided in Student Life. Once the procedures are finalized College staff will actively monitor the adherence to each sale service procedure.

Mr. David W. Martin  
November 12, 2008  
Page 2

#### Finding No. 3 Laboratory Fees

Recommendation: The College should ensure that laboratory fees assessed are supported by accurate records to substantiate the basis for the fees charged. In addition, the College should ensure that the laboratory fees do not exceed the cost of the services provided, as required by the above-cited law and are calculated in conformity with guidelines established by the College.

Response: The College updated its methodology and timetable for determining, requesting, reviewing, and assessing lab fees effective May 1, 2008, for Fall Term 2008. The College will continue to take the appropriate action to enhance the policies and procedures to resolve this finding.

#### Finding No. 4 Adult General Education Programs Reporting

Recommendation: The College should enhance its controls to ensure the accuracy of reporting instructional contact hours for students enrolled in adult general education courses to the FDOE.

Response: Upon notice of the observations by audit staff in April 2008, college staff met to identify and resolve the reporting discrepancies. The student database was corrected, resubmitted, and verified. In addition, to assure accurate data reporting for future submissions, internal controls for data integrity have been implemented by the College.

#### Finding No. 5 Information Technology-Security Awareness Program

Recommendation: The College should develop a formal IT security awareness program, including written policies and procedures that require users to periodically provide written acknowledgement that they have read and understand security policies.

Response: The College agrees with the recommendation and will develop a formal information security awareness program as resources become available. A key component of the program requiring all users to periodically acknowledge that they have read and understand the security policies is currently being implemented.

#### Finding No. 6 Information Technology-Access Controls

Recommendation: The College should enhance its procedures to ensure that access to information technology resources is timely removed when employees terminate employment.

Response: The College encourages former employees to remain connected to the college community and allows them to retain access to their payroll information, to their email accounts and to resources that are considered "public". The College will however review and enhance procedures to ensure terminated employees' access to sensitive resources is removed or restricted in a timely manner.

Mr. David W. Martin  
November 12, 2008  
Page 3

As noted in the audit report, access to the mainframe and network by the former employees cited in the audit has been removed and access to eStaff by former employees cited in the audit has been restricted to only their payroll information.

Finding No. 7 Information Technology- Security Program Planning  
and Management and Data Integrity

Recommendation: The College should enhance procedures over security controls and the flow of data for its information technology resources.

Response: The College has developed a comprehensive information security plan. To the extent possible, the College will implement the suggested improvements.

Sincerely,



Jackson N. Sasser  
President

JNS:pns