

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2018-198
March 2018

BROWARD COLLEGE



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

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BROWARD COLLEGE

SUMMARY

This operational report of Broward College focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2015-102. Our operational audit disclosed the following:

Finding 1: College records did not always document that faculty and adjunct instructors complied with scheduled classroom contact, office, and on-campus work hour requirements.

Finding 2: The College did not have a mechanism for exempt employees to report time worked and needs to implement procedures requiring supervisors to document the review and approval of such time. A similar finding was noted in our report No. 2015-102.

Finding 3: College controls over terminal leave payments continue to need improvement.

Finding 4: The College could enhance efforts for collecting student accounts receivable.

Finding 5: College controls over assessing tuition to students enrolled in the same undergraduate College-credit course more than twice need improvement.

Finding 6: College textbook affordability procedures need enhancement to promote compliance with State law.

Finding 7: Policies and records supporting College property, facilities, and personal services used by the College direct-support organization could be improved.

Finding 8: The College did not always accurately report performance funding for industry certifications to the Florida Department of Education.

Finding 9: College records did not document the reasonableness of the President's compensation during his anticipated sabbatical when he will hold the position of President Emeritus.

BACKGROUND

Broward 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 Coconut Creek, Davie, and Pembroke Pines, and centers in Coral Springs, Dania Beach, Fort Lauderdale, Miramar, Pembroke Pines, and Weston. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Broward County.

This operational audit focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2015-102. The results of our financial audit of the College

for the fiscal year ended June 30, 2017, 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, 2017, will be presented in a separate report.

FINDINGS AND RECOMMENDATIONS

Finding 1: Instructor Work Hours – Classroom Contact, Office, and On-Campus

State law,¹ State Board of Education (SBE) rules,² and the collective bargaining agreement³ set forth the classroom contact, office, and on-campus work hour requirements for instructors. For example, SBE rules require full-time instructional faculty to publicly schedule a minimum of 25 hours per week for total classroom contact and office hours. Pursuant to the collective bargaining agreement, a typical weekly schedule must reflect a 35-hour workweek, including alternative responsibilities, with at least 30 hours per week on campus.

The collective bargaining agreement⁴ required that office hours be listed in the syllabus distributed to each student by the end of the first week of classes or that the syllabus contain a statement that the hours are posted on the outside of the faculty member's office door and in the College distance learning system. Board policies⁵ require that all adjunct instructor assignments include 8 student office hours per 3 credit-hour course distributed equally through each course semester or session. Each adjunct instructor's semester workload is not to exceed 27.5 clock hours per week and the total credit bearing courses assigned are not to exceed 12 credit hours per term.

In response to our inquiries, College management indicated that the associate deans are responsible for maintaining work schedule documentation for each instructor (i.e., faculty-member and adjunct instructors) and monitoring each instructor's work hours. To evidence these work hours, instructors may use a faculty schedule office-hour form, an adjunct work limit form, or other documentation. In addition, College management indicated that formal grievance procedures had been established for students to notify the applicable deans about complaints concerning instructors, including concerns with instructor office-hour requirements. The Human Resource Department uses adjunct work limit forms to verify work limits before approving adjunct schedules. However, the completed adjunct work limit forms are not retained once the schedule has been approved and procedures have not been established to monitor and verify faculty member compliance with classroom contact, office, and on-campus requirements. Appropriate monitoring and verification procedures, including the use and retention of standard forms, would provide the College with assurance that staff comply with State law and College policies governing these requirements.

¹ Section 1012.82, Florida Statutes.

² SBE Rule 6A-14.0491, Florida Administrative Code.

³ United Faculty of Florida Bargaining Agreement Article 7.10A.2.

⁴ United Faculty of Florida Bargaining Agreement Article 7.20 A.3.

⁵ Board Policy 6Hx2-3.07, *Adjunct and Substitute Faculty*.

For the Spring 2017 Semester, the College had a total of 1,500 instructors, including faculty-member and adjunct instructors, who taught 5,916 courses. To determine whether College records evidenced appropriate monitoring to verify that instructors documented compliance with the weekly minimum work-hour requirements, or were assigned alternative responsibilities, we examined College records supporting the work hours of 30 selected instructors (12 faculty-member and 18 adjunct instructors). Our examination disclosed that College records did not evidence any monitoring by the applicable associate deans to verify that 29 of the 30 instructor schedules complied with the work-hour requirements and 16 of those 29 schedules did not evidence compliance with one or more of the work-hour requirements. Specifically, we found that:

- College records did not evidence that the schedules of 6 faculty-member instructors met the 35-hour workweek requirement as the instructors' work hours documented in College records ranged from 25.5 to 31 work hours per week. In addition, compliance with the on-campus 30-hour requirement was not documented for 4 of these faculty-member instructors as neither the instructors' schedules nor other records identified the on-campus hours.
- Course information, such as the number of courses or course times, recorded by 3 faculty-member instructors (including 2 instructors who also did not document compliance with the 35-hour work week requirement) and one adjunct instructor on their faculty schedule or adjunct work limit form did not agree with the course information in the College student information system. For 1 of the faculty-member instructors and 1 of the adjunct instructors, the student system indicated two additional course sections that were not reflected on the instructors' respective schedules. For the other 2 faculty-member instructors, the course times indicated on the schedule differed from the course times in the College student information system.
- Another faculty-member instructor's compliance with the SBE-required 25 minimum weekly contact hours was not demonstrated as College records only documented 21 hours per week for this instructor during the period January through March 2016.
- College records did not demonstrate compliance with the minimum office-hour requirements for:
 - 7 faculty-member and 3 adjunct instructors as the course syllabi and faculty schedules contained inconsistencies in office hour information. For example:
 - The course syllabus for a faculty-member instructor indicated a total of 9.5 office hours per week but the faculty schedule showed a total of 7.5 hours.
 - The course syllabus for an adjunct instructor indicated office hours by appointment only and did not specify the hours available for appointments, while the faculty schedule indicated specific hours.
 - The faculty schedule indicated 1 office hour per week for another adjunct instructor, but the course syllabus listed no office hours. Based on the adjunct instructor's course load, this instructor should have held a total of 22.6 office hours distributed equally throughout the term, which would require more than 1 office hour per week. Subsequent to our inquiry, we were provided another copy of the syllabus with the office hours handwritten at the bottom of the syllabus but it was not apparent that the syllabus provided to students disclosed the office hours.
 - 2 adjunct instructors as the course syllabi indicated office hours were by appointment only and the faculty schedule did not include office hour information.

In response to our inquiries, College management indicated that the College had no uniform method to document faculty-member and adjunct instructor hours and that documentation was not always properly maintained. Without complete and accurate instructor schedules and adequately documented monitoring

procedures, there is an increased risk of instructor noncompliance with classroom contact, office, and on-campus work-hour requirements and, as a result, instructors may not dedicate the time expected on their assigned duties.

Recommendation: The College should establish procedures to ensure that instructional faculty and adjunct instructors demonstrate compliance with classroom, office, and on-campus weekly work-hour requirements. Such procedures should require use of a uniform method to document instructors' scheduled work hours and a documented review of those hours.

Finding 2: Payroll Processing – Time Records

Effective internal controls require that time records document the time worked and leave used by employees and also require supervisory approval of such time to ensure that compensation payments are appropriate and leave balances are accurate. The College pays exempt employees (i.e., technical, executive, and administrative employees and faculty) on a payroll-by-exception basis whereby employees are paid a fixed authorized gross amount for each payroll cycle unless the amount is altered. A payroll-by-exception methodology assumes, absent any payroll actions to the contrary, that an employee worked or used available accumulated leave for the required number of hours in the pay period.

During the period January 2016 through December 2016, the College reported salary costs of approximately \$96 million for exempt employees (excluding the President). According to College procedures,⁶ exempt employees document their leave on leave forms that are submitted to supervisory personnel for review and approval. The Payroll Department uses the approved forms to enter leave into the payroll system prior to processing payroll. However, the College does not require exempt employees to maintain attendance or other records to document their time worked.

In response to our inquiry in April 2017, College personnel indicated that supervisory personnel monitor exempt employee work efforts. Notwithstanding this response, without records documenting exempt employee time worked and supervisory review and approval of such records, there is limited assurance that exempt employee services were provided consistent with the Board's expectations. In addition, without records documenting exempt employees' time worked and supervisory review and approval, there is an increased risk that exempt employees may be incorrectly compensated, employee leave balances may not be accurate, and College records may not be sufficiently detailed in the event of a salary or leave dispute. A similar finding was noted in our report No. 2015-102.

Recommendation: The College should establish a mechanism for exempt employees to report time worked and implement procedures requiring supervisors to document the review and approval of such time.

Finding 3: Terminal Leave Payments

Pursuant to State law⁷ and Board policies,⁸ the College provides terminal pay for accumulated unused sick leave to full-time instructional staff (e.g., faculty members) and employees other than instructional

⁶ Procedure 6Hx2-3.04, *Normal Work Hours*.

⁷ Section 1012.865, Florida Statutes.

⁸ Board Policy 6Hx2-3.16, *Terminal Pay*.

staff (e.g., administrative employees) based on the employee's pay rate, leave balance, and the various percentages specified in State law for years of service. According to College personnel, a Payroll Department employee calculated terminal leave pay amounts and another Payroll Department employee verified the mathematical accuracy of the amounts. However, College procedures did not require, nor did College personnel perform, independent verifications to confirm that the calculation components, such as the employee pay rate, leave balances, classification (administrative or faculty), years of service, and statutorily established percentages for years of service are properly supported by College records and conform to State law and Board policies.

The College made terminal leave payments totaling \$2.2 million for the 2016 calendar year to a total of 195 former employees. Our examination of College records supporting terminal leave payments totaling \$1.3 million to 26 selected former employees disclosed that the College underpaid a former faculty associate professor by \$7,609 and overpaid a former provost/senior vice president (administrative employee) by \$6,737 because the payment calculations applied an incorrect percentage for years of service and independent verifications were not conducted to confirm that the calculation components were properly supported and conformed to State law and Board policies.

Independent verifications, prior to payments for terminal leave, to confirm that the payment calculation components are properly supported and conform to State law and Board policies would reduce the risk of errors or fraud associated with the payments. A similar finding was noted in our report No. 2015-102.

Recommendation: The College should require independent verifications, prior to making terminal leave payments, to confirm that pay calculation components, such as employee pay rates, leave balances, classifications, years of service, and statutorily established percentages for years of service, are supported by College records and conform to State law and Board policies. The College should also take action to remedy the under and over payments noted and verify the accuracy of the terminal leave payments for the 169 former employees who were not included in our procedures. If errors are detected, appropriate action should be taken to remedy the errors.

Finding 4: Student Accounts Receivable Collection Procedures

State law⁹ provides that a Florida College System institution board of trustees shall exert every effort to collect all delinquent accounts and may employ the services of a collection agency when deemed advisable in collecting delinquent accounts. State law further provides that the Board may adopt rules to implement this process, including setoff procedures and restrictions on the release of transcripts, awarding of diplomas, and access to other College resources and services. Board policies¹⁰ provide that, if student debt is not paid by the due date, the student will be subject to additional collection efforts. For example, holds which prevent registration and the release of official transcripts, diplomas, or certificates may be placed on the student's record until the debt is paid in full. Board policies define delinquent accounts as those that are 90 days or older that have not been paid.

⁹ Section 1010.03, Florida Statutes.

¹⁰ Board Policy 6Hx2-6.16, *Collection of Funds Owed to the College*.

Board policies also state that student debt due to the College is to be communicated to the student and paid in full by the student. College collection procedures¹¹ require that invoices be sent within 14 days of the date a receivable is added to a student account. Based on our inquiries with College personnel and review of College records, we determined that the College generates invoices twice a month and the due date on the invoice requires payment no later than 15 days after the invoice date. The first follow-up, or dunning notice is sent to students 30 days after the due date and the second dunning notice is sent 60 days after the due date. If payment is not received within 30 days of the second dunning notice, the account will be referred to a collection agency.

As part of our audit, from the population of 5,785 student accounts receivable totaling \$4.8 million at December 31, 2016, we examined College records supporting 30 selected receivables totaling \$51,720. As summarized in Table 1, we found that invoices, dunning notices for past due amounts, and collection agency referrals were not always timely.

Table 1
Summary of Untimely Collection Efforts

Student Receivable	Receivable Amount as of 12/31/2016	Number of Days			Referred to Collection Agency After Second Dunning Notice
		Invoice Sent After Receivable Recorded	First Dunning Notice Sent After Due Date	Second Dunning Notice Sent After Due Date	
1	\$3,634	42		75	
2	2,273	48			420
3	2,092		42		
4	1,490		42		
5	1,449				77
6	1,341				77
7	1,111	26			63
8	722		42		
9	722		43		
10	722			63	
11	721				63
12	639	71		63	
13	611				161
14	519		42		72

In response to our inquiries, College personnel indicated that the delayed invoices, dunning notices for past due amounts, and collection agency referrals occurred primarily because of personnel changes. Absent effective, timely collection efforts the risk increases for receivables to remain uncollected.

Recommendation: The College should enhance student accounts receivable collection efforts by promptly sending invoices and, as applicable, first and second dunning notices and timely referring receivables 90 days past due to collection agencies.

¹¹ Procedure A6Hx2-6.16, *Collection of Funds Owed to the College* (Procedures were in draft format during the audit period).

Finding 5: Repeat Enrollment Fees

State law¹² provides that a student enrolled in the same undergraduate college-credit course more than twice is required to pay tuition (repeat enrollment fee) to cover 100 percent of the full cost of instruction. However, students who withdraw or fail a class due to extenuating circumstances may be granted an exception only once for each class, provided that approval is granted according to Board policies.¹³

In response to our inquiry, College personnel indicated that the College registration system automatically identified students who repeated enrollment and, in accordance with Board policies, these students were assessed a repeat enrollment fee equivalent to the out-of-State tuition rate. Courses deemed repeatable courses, such as applied music or choir, that have been successfully completed and are being repeated for further skill enhancement, or are required to be repeated by a regulatory agency or as part of a regulatory requirement for continuing education, are not assessed the repeat enrollment fee. College personnel indicated that, for these allowed repeatable courses, the applicable department is required to notify the Registrar's Office with the reason the student needs to retake the course and the Registrar's Office manually inputs a code indicating that the repeat enrollment fee is waived.

During the 2016 calendar year, a total of 2,147 students repeated enrollment in courses. Our examination of College records supporting 30 selected students who repeated enrollment in courses disclosed that 2 students who repeated enrollment in courses were given exceptions from the repeat enrollment fee. However, the students were assessed and paid repeat enrollment fees, resulting in overpayments totaling \$1,786. According to College personnel, these errors occurred because the applicable department did not notify the Registrar's Office of the exceptions.

Subsequent to our audit inquiries, in May 2017 the College refunded the overpayments totaling \$1,786. Absent appropriate controls over the assessment of the repeat enrollment fee, the College lacks assurance that students are assessed and pay the proper fees in accordance with State law and Board policies.

Recommendation: The College should ensure that repeat enrollment fees are properly assessed and paid in accordance with State law and College policy.

Finding 6: Textbook Affordability

State law¹⁴ requires each college to post prominently in the course registration system and on its Web site, as early as feasible, but at least 45 days before the first day of classes 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. State law¹⁵ also requires each college to examine the cost of textbooks and instructional materials by course and course section for all general education courses offered at the institution to identify any variance in the cost of textbooks and instructional materials among different sections of the same course.

¹² Section 1009.285, Florida Statutes.

¹³ Board Policy 6Hx2-5.36, *Course Withdrawal*.

¹⁴ Section 1004.085(6), Florida Statutes.

¹⁵ Section 1004.085(4), Florida Statutes.

In accordance with State law, the College calculated wide cost variances as those in which the lowest textbook and materials cost for a particular course section was greater than 30 percent of the highest textbook and materials cost. The variance listing was compiled for review and provided to the appropriate academic department chair, as required. We requested and College personnel provided an analysis of textbook costs for the Fall 2016 Semester that compared minimum to maximum costs per course and identified average price variances ranging from \$37 to \$230. According to College personnel, faculty-member instructors are encouraged to adopt textbooks in accordance with the *Textbook Adoption Guidelines* posted on the College's Intranet; however, the *Guidelines* do not require that the same textbook or similar-priced textbooks be used for all sections of the same course.

The College offered 7,449 course sections during the Fall 2016 Semester. As part of our audit, we inquired of College personnel and examined College records associated with textbook affordability for that semester. We noted that:

- The College contracted with a vendor to manage and operate the College Bookstore, as well as to compile and post lists of adopted textbooks on the College Bookstore Web site. According to College personnel, textbook and instructional material information is simultaneously updated in the course registration system and on the College Bookstore Web site. However, although we requested, College records were not provided to demonstrate that the required textbook information was timely posted in the course registration system and on the College Bookstore Web site. College personnel indicated that they did not maintain a record documenting the date the textbook information was posted nor was the Bookstore vendor able to produce such information.

The timely posting of required textbook information in the course registration system and on the College Bookstore Web site is necessary for students to understand course textbook requirements, have sufficient time to consider textbook purchase options, and limit their textbook costs. Also, without evidence of the timely posting of textbook information, the College cannot demonstrate compliance with State law.

- Our examination of College records supporting textbook prices for the 15 general education courses, which included 931 course sections during the Fall 2016 Semester, disclosed that, similar to the analysis performed by the College, new or used textbook prices for the same course varied as much as \$194 for new and \$135 for used textbooks. Table 2 shows the 8 courses and related textbooks that we identified with price variances of \$90 or more in new or used textbook prices for the same course. In addition, 348 (or 37 percent) of 931 course sections only offered a new textbook option; consequently, there were no lower-priced options available for the required textbook.

Table 2
Course Textbook and Other Instructional Material Prices
Fall 2016 Semester

Course	Number of Course Sections	Cost of New			Cost of Used		
		High	Low	Difference	High	Low	Difference
MAC 1105	148	\$268	\$ 74	\$194	\$188	N/A	N/A
PHY 1001	5	229	49	180	171	\$ 36	\$135
MAC 2312	7	319	147	172	239	110	129
ENC 1101	292	196	32	164	147	N/A	N/A
PSY 2012	119	223	87	136	167	N/A	N/A
AML 2020	4	142	14	128	106	10	96
SPC 1024	101	206	86	120	154	N/A	N/A
DEP 2002	6	230	121	109	173	92	81

N/A Course sections did not provide an option for used books.

Source: College records.

The price variances occurred primarily because College procedures allowed faculty members to independently select course textbook and other instructional materials, resulting in different textbooks and instructional materials being used for the same course.

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

Finding 7: Direct-Support Organization

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

State law¹⁶ provides that a direct-support organization (DSO) is organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to, or for the benefit of, a Florida College System institution. Additionally, State law¹⁷ authorizes the College Board of Trustees (Board) to permit the use of College property, facilities, and personal services by a DSO, and to prescribe by rule any condition with which a DSO must comply for such use. The Board approved the Broward College Foundation, Inc. (Foundation) as a DSO and the Foundation routinely receives and uses charitable contributions for the benefit of the College. While the Board approved the Foundation as a DSO, the

¹⁶ Section 1004.70(1)(a), Florida Statutes.

¹⁷ Section 1004.70(3), Florida Statutes (2017).

Board had not prescribed by rule the conditions with which the Foundation must comply in order to use College property, facilities, and personal services.

According to College personnel, during the 2016 calendar year the College provided personal services and related costs totaling \$1,257,133 to the Foundation. College personnel indicated that these costs were based on the services of 11 College employees who provided 100 percent of their work efforts for the Foundation. According to the Board-approved job descriptions, all 11 employees worked in the Office of Advancement/Foundation and used College property and 4,700 square feet of facilities to, for example, administer and coordinate fundraising programs that have significant impact to planned donations to advance student success. Additionally, College records indicated that furniture and equipment totaling \$26,838 was assigned to the Foundation for use in the Foundation's day-to-day operations.

In response to our inquiries regarding whether the Board preapproved Foundation use of College property and facilities, College management indicated that the Board approved an agreement between the College and the Foundation that stipulated the College would provide facility, property, and other resources and had annually approved the Foundation budget, audited Foundation financial statements, and the Foundation's Federal Internal Revenue Service Return of Organization Exempt from Income Tax Form 990 (IRS Form 990). The audited Foundation financial statements and IRS Form 990 disclosed College support totaling \$1,257,133 to the Foundation for the 2016 calendar year. Notwithstanding these responses, we found that College records associated with Foundation use of College resources could be improved by prescribing in Board-approved rule any conditions with which the Foundation must comply in order to use College resources. Such rule could prescribe, for example, conditions to:

- Restrict Foundation use of College property, facilities, and personal services to Board-approved public purposes consistent with the mission, vision, and values of the College.
- Require Foundation management certifications that College resources will only be used for such purposes and certifications after the resource use to affirm that the resources were only used for those purposes.

College records could also be enhanced by obtaining Board approval of anticipated Foundation use of College resources and the value of such use before the use occurs and documenting when the Foundation used College resources and the purpose for and value of such use. Such records would document authorization, demonstrate the reasonableness of the value, and enhance transparency for the College resources provided for Foundation use.

Recommendation: We recommend that:

- **The Board prescribe by rule any condition with which the Foundation must comply in order to use College property, facilities, and personal services.**
- **The College document Board consideration and approval of the Foundation's anticipated use of College resources, at least annually, before the use occurs. To enhance transparency, Board approval documentation should identify the positions of employees who will provide the personal services, the square footage of the office space and related buildings and property that will be used by the Foundation, and the estimated value of the College resources provided.**

Finding 8: Performance Funding for Industry Certifications

State law¹⁸ provides performance funding for industry certifications for Florida College System institutions contingent upon specific appropriation in the General Appropriations Act. General Appropriations Act¹⁹ proviso language provided funding for colleges based on industry certifications attained by students during the 2014-15 and 2015-16 academic years in certain occupational areas, such as public safety, including police, fire, and emergency medical technician (EMT); health sciences; and computer programming.

During the 2015-16 fiscal year, the College received performance funding of \$595,749 for 1,278 industry certifications reported to the FDOE. As part of our audit, we requested for examination College records supporting 58 of the reported industry certifications, including 14 EMT certifications, and identified 4 EMT certifications reported for students who had not attained the certifications. According to College personnel, the misreported certifications occurred because of errors that occurred when the student records were updated. Subsequent to our inquiries, College personnel identified a total of 154 EMT certifications reported and noted an additional 22 EMT certifications that should not have been reported as the students had not attained the certifications.

On May 12, 2017, the College returned to the FDOE the \$12,120 of unearned performance funding for the 26 industry certifications misreported. Since performance funding is based on the number of industry certifications attained in certain occupational areas, it is important that the College report accurate data.

Recommendation: The College should enhance controls to ensure that industry certifications attained by students are accurately reported to the FDOE.

Finding 9: President Emeritus Position

State law²⁰ provides the Board with the authority to establish a personnel program for all employees, including the College President's compensation and other conditions of employment. Board policies²¹ allow the Board to provide the President a contract for at least 1 year, but no longer than 5 years. The contract is to fix the duration of employment, compensation, fringe benefits, and may contain any other terms and conditions the Board deems appropriate.

On August 1, 2017, the President requested, and the Board approved, negotiation for an amendment to the President's employment contract to include a sabbatical provision. College personnel reviewed the provisions of other college presidents' contracts at six similarly sized Florida colleges and determined that a sabbatical provision at the President's current salary was consistent with the contract provisions at two of those colleges. In addition, College personnel noted that the presidents' contracts at three of the six colleges included housing and car allowances that were not included in the College President's contract.

¹⁸ Section 1011.81(2), Florida Statutes.

¹⁹ Chapter 2015-232, Laws of Florida, Specific Appropriation 121.

²⁰ Section 1001.64(18), Florida Statutes.

²¹ Board Policy 6Hx2-1.07, *Employment of the President*.

On September 26, 2017, the Board approved the President's amended employment contract to include a provision for a transition period with the right to a sabbatical leave of up to 1 year in which the salary and benefits during the sabbatical will be the same as immediately prior to the sabbatical. College personnel indicated that, in accordance with the sabbatical provision, the President will transition to a President Emeritus position effective July 1, 2018, and will continue to receive his current salary and benefits totaling \$411,871 until June 30, 2019.

In January 2018, the Board contracted with a firm to conduct a search for a new College president. College personnel recommended, and the Board approved, a period in which the current President and the incoming President could serve concurrently and collaborate from the date of the May 2018 Board meeting through June 2018.

According to the College job description for the President, the position is full-time and has an objective of serving as the College Chief Executive Officer and working in close collaboration with the Board as well as with a wide range of internal and external constituencies to provide overall leadership and direction for the College. The President is also responsible for leading the College academically, administratively, and financially, guided by the College mission and values. Essential functions of the President include providing senior leadership direction in fulfilling the mission of the College, leading in collaboration with senior management team under the direction and leadership of the Board, and developing and recommending the College long and short-term goals and objectives.

According to the College job description for the President Emeritus, the position is full-time and has an objective of serving in an advisory role to the President and Board to provide transitional services, guidance, and expertise. The objective further anticipated that, during the period of the sabbatical transition, the President Emeritus would take courses or exercise his skills in the classroom to sharpen and refresh his teaching skills to improve his effectiveness in the classroom.

Notwithstanding Board authority to establish employee positions and related compensation, although we requested, College records were not provided to demonstrate the reasonableness of the President Emeritus position compensation at the same rate the individual was compensated while serving as President. Based on the job description, the expected responsibilities for the President Emeritus appear more of an advisory role with some responsibilities associated with enhancing the individual's instructional skills. Such responsibilities appear significantly less in scope than the expected duties and responsibilities of the President, who is the College Chief Executive Officer. Absent records to support the basis for maintaining the President's compensation at the same rate after he assumes the position of President Emeritus, the public purpose served for the Board's decision is not readily apparent.

Recommendation: The Board should take official action to demonstrate the reasonableness of compensating the President Emeritus position at the same rate that the individual was compensated while serving as President. Absent such, the Board should base the pay of the President Emeritus position on the responsibilities assigned to the position and the benefits the College will receive.

Follow-Up to Management's Response

Management states in the written response that the College disagrees with the finding and "having a President who has served ten years with the institution, retained for a year to assure a seamless transition

is an industry best practice.” Management also indicates that the College has no doubt that this contract will prove its worth over time. Notwithstanding this response, College records were not provided to demonstrate that the anticipated services provided from the President Emeritus position will be of equal benefit to the College as those provided from the President position. Absent such, we continue to recommend that the Board base the pay of the President Emeritus position on the responsibilities assigned to the position and the benefits the College will receive.

PRIOR AUDIT FOLLOW-UP

Except as noted in Findings 2 and 3, the College had taken corrective actions for findings included in our report No. 2015-102.

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 February 2017 through February 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

- Evaluate management’s performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management’s control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2015-102.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, weaknesses in management’s internal controls; instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining

significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

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

Our audit included transactions, as well as events and conditions, occurring during the audit period of January 2016 through December 2016, and selected College actions taken prior and subsequent thereto. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

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

In conducting our audit, we:

- Reviewed 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, and disaster recovery.
- Evaluated College procedures for protecting student social security numbers (SSNs). Specifically, from the population of 179 employees who had access to student SSNs as of July 14, 2017, we examined College records supporting the access privileges of 31 employees to determine the appropriateness and necessity of the access privileges based on the employees' assigned job responsibilities.
- Examined College records for the audit period to determine whether the College informed students and employees at orientation and on its Web site of the existence of the Florida Department of Law Enforcement sexual predator and sexual offender registry Web site and the toll-free telephone number that gives access to sexual predator and sexual offender public information as required by Section 1006.695, Florida Statutes.
- Examined College records to determine whether the College had adopted an anti-fraud policy and procedures for the audit period to provide guidance to employees for communicating known or suspected fraud to appropriate individuals. Also, we examined College records to determine whether the College had implemented appropriate and sufficient procedures to comply with its anti-fraud policy.
- From the population of 34 payments totaling \$132,227, made during the audit period, from the College to its direct-support organizations, we examined College records supporting 11 payments totaling \$77,433 to determine whether the payments were authorized by Section 1004.70(1)(a)2. and (3), Florida Statutes.

- Examined College records to determine whether the Board had prescribed by rule the conditions with which the DSOs must comply in order to use College property, facilities, and personal services, the College maintained records to document the value of College property and facilities used by the Broward College Foundation, Inc. (Foundation), and the Board documented consideration and approval of anticipated property, facilities, and personal services and related costs provided to the Foundation.
- Examined College records for 30 selected student receivables totaling \$51,720 from the population of 5,785 student receivables totaling \$4.8 million as of December 2016, and evaluated the adequacy of College collection efforts and to determine whether student receivables were properly authorized, adequately documented, properly recorded, and complied with Section 1010.03, Florida Statutes, and Board policies.
- Examined College records to determine whether uncollectible accounts written off during the audit period totaling \$2.1 million were properly approved.
- Evaluated the effectiveness of College controls during the audit period to ensure that students who had not paid fees in an approved manner were not considered in calculating full-time equivalent enrollments for State funding purposes pursuant to Sections 1009.22(11) and 1009.23(9), Florida Statutes.
- Examined documentation to determine whether the College's policies and procedures regarding textbook affordability were in accordance with Section 1004.085, Florida Statutes.
- From the population of 4,620 employees compensated a total of \$120,525,416 during the audit period, selected 30 payroll transactions totaling \$99,960 and examined the related payroll and personnel records to determine the accuracy of the rate of pay, the validity of employment contracts, whether the employees met the required qualifications, whether performance evaluations were completed, accuracy of leave records, and whether supervisory personnel reviewed and approved employee reports of time worked.
- Evaluated College policies and procedures for payments of accumulated annual and sick leave (terminal leave pay) to determine whether the policies and procedures promoted compliance with State law and Board policies. Specifically, from the population of 195 employees who separated from College employment during the audit period and were paid \$2.2 million for terminal leave, we selected 26 employees with terminal payments totaling \$1.3 million and examined the supporting records to determine compliance with Sections 110.122 and 1012.865, Florida Statutes, and Board policies.
- Reviewed the President's compensation, including the base salary of \$380,900 plus additional benefits of \$30,971 during the audit period to determine whether the amounts paid did not exceed limits established in Section 1012.885, Florida Statutes. Additionally, we reviewed the sabbatical provision in the President's amended contract and College records supporting the reasonableness of the President Emeritus position compensation determination.
- Evaluated College policies and procedures for obtaining personnel background screenings to determine whether individuals in positions of special trust and responsibility, such as positions with direct contact with persons under age 18, had undergone the appropriate background screenings.
- Reviewed College policies and procedures for the audit period to determine whether health and life insurance was provided only to eligible employees, retirees, and dependents and that such insurance was timely canceled upon employee termination. Also, we determined whether the College had procedures for reconciling health insurance costs to employee, retiree, and Board-approved contributions.
- From the population of expenditures totaling \$87 million for the audit period, examined College records supporting 30 selected payments for general expenditures totaling \$9.9 million to

determine whether the expenditures were reasonable, correctly recorded, and adequately documented; for a valid College purpose; properly authorized and approved; and in compliance with applicable laws, contract terms, and Board policies; and applicable vendors were properly selected and carried adequate insurance.

- From the population of 11,369 procurement card (P-card) expenditures totaling \$1.7 million during the audit period, examined College records supporting 30 selected expenditures totaling \$39,094 to determine whether the P-card program was administered in accordance with College policies and procedures and expenditures were not of a personal nature. We also determined whether the College promptly suspended or canceled the P-cards for 27 of the 38 cardholders who separated from College employment during the audit period.
- From the population of \$42,964 in total travel expenditures for the President during the audit period, examined 11 selected travel expenditures totaling \$24,567 to determine whether the travel expenditures were reasonable, adequately supported, for valid College purposes, and limited to amounts allowed by Section 112.061, Florida Statutes.
- From the population of 1,278 industry certifications reported for performance funding that were attained by students during the 2015-16 fiscal year, examined 50 industry certifications to determine whether the College maintained documentation for student attainment of the industry certifications.
- For 30 of the 1,500 full-time instructional faculty-member and adjunct instructors, determined whether the instructors documented compliance with the weekly minimum hourly requirements, or were assigned alternative responsibilities, pursuant to Section 1012.82, Florida Statutes, SBE Rule 6A-14.0491, Florida Administrative Code, and the collective bargaining agreement.
- Examined College records supporting the 4 restricted money transfers between funds totaling \$5.6 million to determine the propriety of the transfers.
- From the population of 2,147 students who enrolled in the same course more than twice, examined College records for 30 selected students to determine whether the repeat enrollment fee was properly assessed and paid in accordance with College policies.
- Evaluated College policies and procedures relating to transient students for compliance with Section 1006.735, Florida Statutes.
- Evaluated the reasonableness of College procedures and related decisions for leasing College property to a redevelopment firm.
- 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



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March 29, 2018

The Florida Auditor General
Claude Pepper Building
111 West Madison Street
Tallahassee, Fl. 32399

Sir/Madam,

Below please find Broward Colleges response to the Preliminary and Tentative Operational Audit findings for calendar year 2016:

Finding 1: College records did not always document that faculty and adjunct instructors complied with scheduled classroom contact, office, and on-campus work hour requirements

The College agrees with the finding and is developing a process that will bring a consistent method of collecting the classroom contact, office, and on-campus work hour requirements.

Finding 2: The College did not have a mechanism for exempt employees to report time worked and needs to implement procedures requiring supervisors to document the review and approval of such time.

The College believes its current practices meet all legal requirements. College procedures for exempt employees are based on the Federal Fair Labor Standards Act. Exempt employees use the College's Enterprise Reporting System to request paid or unpaid leave. All leave requires supervisor approval which is also completed in the College's Enterprise Reporting System.

Finding 3: College controls over terminal leave payments continue to need improvement.

We agree with the finding. The issue has been corrected through enhanced procedures and oversight. The one overpayment and one underpayment has been remedied. It should be noted that the College audited all leave payments for 2016 and no additional errors were discovered.

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Finding 4: The College should enhance student accounts receivable collection efforts. The College should take appropriate action to prevent students who have outstanding student receivable balances and register early from attending classes in subsequent semesters.

The College agrees with the finding and the issues noted have already been remedied through enhanced procedures and oversight.

Finding 5: College controls over assessing tuition to students enrolled in the same undergraduate college-credit course more than twice need improvement.

We agree with the finding. The College is currently assessing all policy, procedure and technology improvements that must be made to address this finding.

Finding 6: College textbook affordability procedures need enhancement to promote compliance with state law.

The College agrees with the finding. We have already made improvements to the related processes and are working to further streamline and document procedures.

Finding 7: Policies and records supporting college property, facilities, and personal services use by the college direct-support organization could be improved.

We agree with the recommendation's objective of increased transparency regarding the support provided by the College to the DSOs. The College will develop a Board-approved agreement between the College and the DSOs that enumerates and quantifies the College property, facilities, and personal services resources described in the "College Support of [DSO]" section of the MOUs between the College and the DSOs. The agreement will be an integral part of the DSO's annual proposed budget that is College Board of Trustees approved.

Finding 8: The College did not always accurately report performance funding for industry certifications to the Florida Department of Education.

We agree with the finding. It has been corrected and the monies returned. Additional oversight has been added to the process to ensure compliance with reporting.

Finding 9: College records did not document the reasonableness of the President's compensation during his anticipated sabbatical when he will hold the position of President Emeritus.

The College disagrees with the finding. The Auditor General has provided no guidance, statute, rule, regulation or best practice documentation to support their conclusion. The College disagrees with the finding, as there is no supporting statute, rule, regulation or best practice documentation. Contrary to the finding, we believe having a President who has served ten years with the institution, retained for a year to assure a seamless transition is an industry best practice. This value is enhanced even further by the significant additional duties required of the President Emeritus. The Board believes that the value of the services to be provided will far exceed

the cost to the College. The Board has a fiduciary responsibility to assure that contracts executed by the College provide a real and demonstrative public benefit and has no doubt that this contract will prove its worth over time.

Yours truly,

A handwritten signature in black ink, appearing to read "Jayson Iroff", with a long horizontal stroke extending to the right.

Jayson Iroff
Chief Financial Officer