

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

**STATE COLLEGE OF FLORIDA,
MANATEE-SARASOTA**



Sherrill F. Norman, CPA
Auditor General

Report No. 2019-045
November 2018

Board of Trustees and President

During the period January through December 2017, Dr. Carol Probstfeld served as President of the State College of Florida, Manatee-Sarasota and the following individuals served as Members of the Board of Trustees.

	<u>County</u>
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Robert A. Wyatt, Vice Chair from 4-18-17	Sarasota
Lori A. Moran, Vice Chair through 2-10-17 ^a	Sarasota
Edward A. Bailey	Manatee
Dominic DiMaio from 3-23-17 ^b	Manatee
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Tracy Knight from 3-23-17	Sarasota
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Eric W. Robinson through 3-22-17	Sarasota
Rod P. Thomson	Sarasota
Dr. Craig A. Trigueiro through 4-17-17 ^c	Manatee

^a Member resigned 2-10-17, Member position vacant through 3-22-17, and Vice Chair position vacant through 4-17-17.

^b Member position vacant through 3-22-17.

^c Member resigned 4-17-17, and Member position vacant through 12-31-17.

The team leader was Gina M. Bailey, CPA, CFE and the audit was supervised by Rachel P. Sellers, CPA.

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

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STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA

SUMMARY

This operational audit of State College of Florida, Manatee-Sarasota (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2017-027. Our operational audit disclosed the following:

Finding 1: Some unnecessary information technology user access privileges existed that increased the risk that unauthorized disclosure of sensitive personal information may occur.

Finding 2: College procedures for collecting delinquent student accounts receivable did not specify when financial holds should be placed on student records, student accounts should be referred to collection agencies, or other collection efforts should be made.

Finding 3: College rules and records supporting College property, facilities, and personal services used by the College's direct-support organization could be improved.

BACKGROUND

State College of Florida, Manatee-Sarasota (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 9 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 Bradenton, Lakewood Ranch, and Venice. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Manatee and Sarasota Counties.

FINDINGS AND RECOMMENDATIONS

Finding 1: Information Technology User Access Privileges

The Legislature has recognized in State law¹ 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 responsibilities and provide for documented, periodic evaluations of employee access privileges to help prevent personnel from accessing sensitive personal information inconsistent with their responsibilities.

¹ Section 119.071(5)(a), Florida Statutes.

The College collects and uses SSNs pursuant to State law for various purposes, such as identification and verification of employees and students, employee benefit processing, and to comply with Federal employee tax and student scholarship reporting requirements. According to College personnel and records, the College established a unique identifier, other than the SSN, to identify employees and students and maintained employee and student SSNs in the College information technology (IT) system. In January 2018, College financial aid records retention procedures² were revised to require the retention of prospective student SSNs for a maximum of 3 years. To comply with the revised requirements, College personnel purged records for 16,290 prospective students from the College IT system in January 2018.

In April 2018, the College Vice President approved internal procedures³ to authorize user IT access privileges based on applicable employee positions and related position responsibilities and to ensure that access privileges granted to users or applications that maintain sensitive data are for legitimate business purposes and are approved by management. The procedures provide that department managers are responsible for completing a Request for Access Form (RFA) authorizing these privileges. The internal procedures also establish the process for evaluating employee access privileges by authorizing data custodians to perform regular (e.g., no less frequently than quarterly) evaluations of user access privileges for their respective systems to identify and remove invalid or inactive users and accounts.

To protect employee and student information from unauthorized disclosure, modification, or destruction, College personnel indicated that security administrators, designated as data custodians, approve the access request forms because their positions have decision making responsibilities over their respective modules in the IT system. The College has 4 employees designated as security administrators, including the Director of Finance, College Registrar, Director of Financial Aid, and Director of Human Resources, who document annual evaluations of employee access to student personal information to verify that employee access privileges were commensurate with their job duties and responsibilities.

As of June 2018, College personnel indicated that the College IT system contained sensitive personal employee information for 6,234 employees, including 4,226 former and 2,008 current employees, and sensitive personal student information for 288,691 students, including 271,786 former, 14,162 current, and 2,743 prospective students. Seventy-three employees, such as financial aid, human resources (HR), admissions, and accounting personnel, had access privileges to sensitive personal information of all these individuals. However, according to College personnel, the assigned job responsibilities of the employees did not always require user access privileges to employee, current student, and former student information and the IT system did not have a mechanism to differentiate user access privileges to:

- Employee information from access privileges to student information.
- Current student information from access privileges to former student information.

As part of our audit, we examined College records and confirmed that the security administrators or their designees performed periodic, documented evaluations of IT user access privileges by certifying the propriety of certain privileges and these evaluations showed that access request forms were utilized to

² Procedure, *Financial Aid Record Retention*.

³ Internal Procedures, *Access Control Procedure*.

evidence access review. We also examined College records supporting the IT user access privileges for 22 selected employees with access privileges to student and employee SSNs in the IT system. Our examination disclosed that 4 employees in the HR Department had continuous access to current, former, and prospective student SSNs but did not need access to any student SSNs based on access request forms submitted by applicable supervisor.

In response to our inquiry, College personnel indicated that, although the 4 HR Department employees only needed access to employee SSNs, the IT system would not allow access privileges to employee SSNs to be distinguished from access privileges to student SSNs. The existence of unnecessary access privileges increases the risk of unauthorized disclosure of employee and student sensitive personal information and the possibility that such information may be used to commit a fraud against College employees and students.

Recommendation: To ensure access to sensitive employee and student information is properly safeguarded, the College should:

- Enhance procedures for assigned IT user access privileges to include determinations of whether such privileges are necessary and to timely remove any unnecessary access privileges detected. If an individual only requires occasional access to sensitive personal information, the privileges should be granted only for the time needed.
- Upgrade the College IT system to include a mechanism to differentiate IT user access privileges to employee information from access privileges to student information and to differentiate access privileges to current student information from access privileges to former student information.

Finding 2: Student Accounts Receivable Collection Procedures

State law⁴ provides that an Florida College System (FCS) institution board of trustees shall exert every effort to collect all delinquent accounts and may employ the services of a collection agency when deemed advisable in collecting delinquent accounts. 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 rules⁵ require that, to continue enrollment, students may not have any outstanding financial obligations to the College and delegate to the President of the College the authority to establish policies and procedures, and penalties, to ensure that financial obligations of enrolled students are timely settled.

College procedures⁶ provide for collection of financial obligations and specify that a delinquent student account is sufficient cause to prevent future registration for classes at the College, issuance of a diploma, and release of transcripts. The procedures also provide that the College will attempt to collect delinquent obligations for a reasonable period of time to allow students an opportunity to settle those debts. After every avenue of collection has been pursued, the College will forward the matter to a collection agency.

According to College personnel, financial holds that prevent class registration and the release of official transcripts, diplomas, or certificates are typically placed on student records if the balance has not been

⁴ Section 1010.03, Florida Statutes.

⁵ Board Rule 6Hx14-15.11 – *Student Debts*.

⁶ College Procedure 5.11.01 – *Student Debts*.

paid within the first 60 days the balance is established. If unpaid within the 60 days, the student is notified of the balance and given a final 30-day grace period to pay off their balance. The College and the student may enter into a payment plan agreement to collect the delinquent balance; however, if the student does not make payments pursuant to the agreement during the grace period, the account is referred to a collection agency for resolution. Notwithstanding these described processes, we noted that the Board had not adopted rules to specify when financial holds should be placed on student records, student accounts should be referred to collection agencies, or other collection efforts should be made. During the 2017 calendar year, the College wrote off uncollectible student accounts totaling \$451,624.

At December 31, 2017, the population of 694 delinquent student accounts outstanding more than 90 days totaled \$497,460. As part of our audit, we examined College records supporting 30 of these student accounts totaling \$71,823. We found that, for 19 accounts totaling \$53,437, College collection efforts could be improved. Specifically:

- As of August 20, 2018, 8 student accounts totaling \$18,650 had been outstanding, 459 to 558 days, or an average of 499 days, after a financial hold had been placed on the accounts and the accounts had not been referred to a collection agency. In response to our inquiry, College personnel indicated that no referrals were made because the accounts had not been recently reviewed and analyzed. Additionally, College personnel indicated they are developing processes to timely analyze student accounts.
- 8 other student accounts totaling \$26,325 were not sent to a collection agency until 134 to 238 days after a financial hold was placed on the accounts. According to College personnel, the College process for identifying accounts to be sent to collections is a labor intensive manual process, which delayed account referrals to the collection agency.
- 3 student accounts totaling \$8,462 were created in the Fall 2016 and Spring 2017 Semesters; however, as of July 24, 2018, the accounts had been outstanding 315, 401, and 423 days, respectively, and the College had not placed financial holds on the student accounts. Although College records indicated that the 3 students did not enroll in subsequent semesters, according to College personnel, financial holds were not placed on the accounts due to oversight. Subsequent to our inquiry, on July 24, 2018, financial holds were placed on all 3 accounts.

Absent College procedures that set forth specific requirements for effective, timely student accounts receivable collection efforts, the risk increases that receivables will remain uncollected. Prompt placement of financial holds on student accounts and the timely use of collection agencies could improve collections and reduce the amount of student accounts receivable written off as uncollectible.

Recommendation: **The College should enhance procedures for collection of delinquent student accounts receivable by specifying when holds should be placed on student records, student accounts should be referred to collection agencies, and other student receivable collection efforts should be made. Such enhancements should ensure that financial holds are placed on applicable student accounts to prevent those students from class registration and the release of official transcripts, diplomas, or certificates and that delinquent accounts are timely referred to a collection agency.**

Finding 3: Direct-Support Organization

To promote accountability over College property, facility, and personal service use, it is important that public records prescribe 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 that use, and enhance government transparency.

State law⁷ provides that a direct-support organization (DSO) is organized and operated exclusively to receive, hold, and invest, and administer property and make expenses to, and for the benefit of, the FCS institution. Additionally, State law⁸ authorizes the Board to permit the use of College property, facilities, and personal services by a DSO, and to prescribe by rule any conditions with which a DSO must comply for such use. The Board approved the State College of Florida Foundation, Inc. (Foundation) as a DSO, and the Foundation routinely receives and uses charitable contributions for the benefit of the College.

Board policies⁹ authorize the College President to implement procedures and guidelines appropriate to allow the DSO use of College property, facilities, and personnel subject to the provisions of State law. The policies require the Foundation to provide the Board with an annual audit report within 120 days following the close of its fiscal year. College personnel indicated that this approval demonstrates one aspect of how the Board verifies that the DSO continues to operate in a fiscally sound manner consistent with the College's best interests. The Board and Foundation Relationship Agreement, dated February 12, 2014, requires the College President to approve in-kind support as needed and requested by the Foundation, including staff, office space, and technological support. However, while the Board approved the Foundation as a DSO and permitted the use of College property, facilities, and personal services, 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 resources to Board-approved public purposes consistent with the mission, vision, and values of the College.
- Require Foundation management to certify, before use, that College resources will only be used for Board-approved purposes and to affirm, after use, that the resources were only used for those purposes.

While College personnel indicated that College expenses for the Foundation are included in the College operating budget presented annually to and approved by the Board, 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 evidence authorization, demonstrate the reasonableness of the value, and enhance transparency for the College resources provided for Foundation use.

As part of our audit, we interviewed College personnel and requested for examination College records related to the Foundation and found that:

- During the 2017 calendar year, ten College employees provided personal services totaling \$492,222 to the Foundation, including four employees who worked full time on Foundation

⁷ Section 1004.70(1)(a), Florida Statutes.

⁸ Section 1004.70(3), Florida Statutes.

⁹ Policy 6HX14.1.17, DSO Accountability Standards.

activities and six employees who spent 57 percent of their time worked on Foundation activities. Based on the employee job descriptions, the services provided included various general and administrative responsibilities for the Foundation. However, the College did not require or maintain records for the employees who divided work effort between the College and Foundation to document the employee's actual time and effort to support the purpose for the personal services provided to the Foundation or the related costs.

- The Foundation reimbursed \$102,423 to the College for a portion of the personal service costs. However, although we requested, Board-approved agreements or other College records were not provided to evidence the basis for the DSO reimbursements.
- In December 2017, the Board approved the audited Foundation financial statements for the fiscal year ended September 30, 2017. According to the audited financial statements, the College primarily provided office space and personal services to the Foundation and the value of such use was \$371,966. The use and related costs included salaries and benefits, rent, and other expenses. However, although we requested, College records were not provided to evidence that the Board approved the buildings and related square footage of the office space for use by the Foundation or the value of such use.

Without appropriate personnel records to monitor Foundation-related work activities and records to demonstrate the agreed-upon basis for reimbursements, there is an increased risk that misunderstandings between the Board and Foundation may occur, services may not be consistent with Board intentions, and over or under payments may occur without timely detection and resolution.

Recommendation: We recommend that:

- The Board prescribe by rule any conditions with which the Foundation must comply in order to use College property, facilities, and personal services and the College monitor and document Foundation compliance with such conditions.
- 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 buildings and related square footage of office space for use by the Foundation and the value of such use.
- For employees who divide work effort between the College and the Foundation, the College document College employee actual time and effort provided to the Foundation.
- The Board enter into an agreement with the Foundation to establish the basis for any Foundation reimbursements.

PRIOR AUDIT FOLLOW-UP

The College had taken corrective actions for the findings included in our report No. 2017-027.

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 May 2018 through July 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. 2017-027.
- 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 2017 through December 2017, and selected College actions taken subsequent thereto. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

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

In conducting our audit, we:

- 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 maintaining and reviewing employee access to IT data and resources. We examined database and finance and human resources application access privileges during the audit period for 206 of the 858 employees to determine the appropriateness and necessity of the access privileges based on the employees' job duties and user account functions and whether the access privileges adequately prevented 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 that prohibit former employees' access to College IT data and resources. We examined the access privileges for 30 former employees selected from the population of 54 employees who separated from College employment during the audit period, to determine whether the access privileges had been timely deactivated.
- Evaluated College procedures for protecting student social security numbers (SSNs). We examined College records supporting the access privileges of 22 employees selected from the population of 73 employees who had access to student SSNs during the audit period, to determine the appropriateness and necessity of the access privileges based on the employee's assigned job responsibilities.
- Evaluated Board security policies and College procedures for the audit period governing the classification, management, and protection of sensitive and confidential information.
- Evaluated the appropriateness of the College's comprehensive IT disaster recovery plan effective during the audit period and determined whether it had been recently tested.
- Reviewed operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Determined whether a written, comprehensive IT risk assessment had been developed for the audit period to document the College risk management and assessment processes and security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.
- Examined Board, committee, and advisory board meeting minutes to determine whether Board approval was obtained for Board policies and College procedures in effect during the audit period and for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- Examined College records for the audit period to determine whether the College informed students and employees at orientation and on its Web site of the existence of the Florida Department of Law Enforcement sexual predator and sexual offender registry Web site and the toll-free telephone number that gives access to sexual predator and sexual offender public information as required by Section 1006.695, Florida Statutes.
- Examined College records to determine whether the College had developed an anti-fraud policy for the audit period to provide guidance to employees for communicating known or suspected

fraud to appropriate individuals. Also, we examined College records to determine whether the College had implemented appropriate and sufficient procedures to comply with its anti-fraud policy.

- Examined supporting documentation for the 931 textbooks and instructional materials for the 5,723 Spring, Summer, and Fall 2017 Semester courses, to determine whether Board policies and College procedures regarding textbook affordability were in accordance with Section 1004.085, Florida Statutes.
- From the population of payments totaling \$432,115 made during the audit period from the College for its direct-support organization (DSO), examined College records supporting payments totaling \$416,600, to determine whether the transactions were authorized as described in Section 1004.70(1)(a)2., Florida Statutes.
- Examined College records to determine whether the Board had prescribed by rule, pursuant to Section 1004.70(3)(b), Florida Statutes, the conditions with which the DSO must comply in order to use College property, facilities, and personal services and whether the Board documented consideration and approval of anticipated property, facilities, and personal services provided to the DSO and the related costs.
- Examined College records to determine whether student accounts receivable were properly authorized, adequately documented, and properly recorded. Specifically, we examined:
 - From the population of 749 student accounts receivable totaling \$538,555 and recorded as of December 31, 2017, documentation relating to 30 selected student receivables totaling \$74,840.
 - From the population of 694 delinquent student receivables totaling \$497,460 and recorded as of December 31, 2017, documentation relating to 30 selected delinquent student receivables totaling \$71,823 and evaluated the adequacy of the College's collection efforts and whether restrictions on student records and holds on transcripts and diplomas were appropriate and enforced for students with delinquent accounts in accordance with Board policies established pursuant to Section 1010.03, Florida Statutes.
- Examined College records to determine whether uncollectible accounts totaling \$451,624 written off during the audit period were properly approved.
- From the population of 11,947 students enrolled as Florida residents during the 2017 calendar year, examined College records for 30 selected students to determine whether the College documented Florida residency and correctly assessed tuition in compliance with Section 1009.21, Florida Statutes, and State Board of Education Rule 6A-10.044, Florida Administrative Code.
- From the population of 2,448 collections for student tuition and fees totaling \$766,335 from 2 locations (other than the central cashiering and fee payment location), selected 30 collections and examined College records supporting collections totaling \$99,080 to determine the effectiveness of College collection procedures.
- From the population of four contracts for auxiliary operations, which generated revenue totaling \$640,582 for the audit period, examined College records supporting two selected contracts, which generated revenues totaling \$623,570, to determine whether the College properly monitored compliance with the contract terms for fees, insurance, and other provisions. Also, we performed analytical procedures to determine whether College auxiliary services were self-supporting.
- From the compensation payments totaling \$38,921,158 made to 1,276 employees during the audit period, selected 30 payroll transactions totaling \$46,819 and examined College 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, the accuracy of leave records, and whether supervisory personnel reviewed, and approved employee reports of time worked.

- Evaluated Board policies and College 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 33 employees who separated from College employment during the audit period and were paid \$286,022 for terminal leave, we selected 5 employees with terminal payments totaling \$174,317 and examined the supporting records to determine compliance with Sections 110.122 and 1012.865, Florida Statutes, and Board policies.
- Examined severance pay provisions in the President's contract to determine whether the provisions complied with Section 215.425(4), Florida Statutes.
- Examined College records supporting compensation totaling \$3.5 million paid to 36 administrative employees (including the President) during the audit period to determine whether the amounts paid did not exceed limits established in Sections 1012.885 and 1012.886, Florida Statutes, and that the President and administrators' performance was evaluated pursuant to Section 1012.86(3), Florida Statutes.
- Evaluated Board policies and College 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.
- Evaluated Board policies and College procedures to ensure health insurance was provided only to eligible employees, retirees, and dependents and that such insurance was timely canceled upon an employee's separation from College employment. Also, we determined whether the College had adequate procedures for reconciling health insurance costs to employee, retiree, and Board-approved contributions.
- 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 \$106.4 million for the audit period, we examined College records supporting:
 - 30 selected payments for general expenses totaling \$124,211.
 - 30 selected payments for contractual services totaling \$398,200.
- From the population of 1,166 purchasing card (P-card) transactions totaling \$431,182 during the audit period, examined College records supporting 30 selected P-card transactions totaling \$125,372 to determine whether the P-card program was administered in accordance with Board policies and College procedures and transactions were not of a personal nature.
- Examined P-card records for 7 cardholders who separated from College employment during the audit period to determine whether the College timely canceled the cardholders' P-cards.
- From the population of President and Board member travel expenses totaling \$3,263 during the audit period, examined all 6 travel reimbursements 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 229 payments totaling \$64,102 during the audit period to employees for other than travel and compensation, examined 8 selected payments totaling \$14,979 to determine whether such payments were reasonable, adequately supported, for valid College purposes, and whether such payments were related to employees doing business with the College, contrary to Section 112.313(3), Florida Statutes.
- From the population of 8 major construction projects totaling \$10.9 million in construction expenses and in progress during the audit period, selected 7 payments totaling \$2.8 million

related to 3 major construction projects with contract amounts totaling \$13.6 million and examined College records to determine whether the payments were made in accordance with contract terms and conditions, Board policies and College procedures, and provisions of applicable State laws and rules.

- Reviewed documentation related to 3 major construction projects with total construction costs of \$6.3 million during the audit period to determine whether the College process for selecting design professionals and construction managers was in accordance with State law; the College adequately monitored the selection process of subcontractors; the Board had adopted a policy establishing minimum insurance coverage requirements for design professionals; and design professionals provided evidence of required insurance.
- From the population of 94 industry certifications reported for performance funding that were attained by students during the 2016-17 fiscal year, examined 25 industry certifications to determine whether the College maintained documentation for student attainment of the industry certifications.
- 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



STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA

OFFICE OF THE PRESIDENT
Carol F. Probstfeld, Ed.D.

October 31, 2018

Sherrill F. Norman, CPA
Auditor General
3505 East Frontage Rd, Suite 350
Tampa, FL 33607

Dear Ms. Norman:

In response to your letter dated October 3, 2018 regarding the operational audit for the calendar year ended December 31, 2017, please find attached, a written statement of explanation, and the actual or proposed corrective actions to the Preliminary and Tentative Audit Findings.

Please let me know if you have questions or need additional information.

Sincerely,

A handwritten signature in black ink that reads "Carol F. Probstfeld".

Carol F. Probstfeld, President

State College of Florida, Manatee-Sarasota
5840 26th Street West
Bradenton, Florida 34207

STATE COLLEGE OF FLORIDA, MANATEE-SARASOTA

RESPONSE TO PRELIMINARY AND TENTATIVE AUDIT FINDINGS AND RECOMMENDATIONS

OPERATIONAL AUDIT FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2017

The following is the State College of Florida, Manatee-Sarasota (SCF) response to the findings identified in the State Auditor General's Operational Audit Report for the Calendar Year Ended December 31, 2018.

RESPONSE TO FINDINGS AND RECOMMENDATIONS

Finding No. 1: Information Technology User Access Privileges

Recommendation: To ensure access to sensitive employee and student information is properly safeguarded, the College should:

- Enhance procedures for assigned IT user access privileges to include determinations of whether such privileges are necessary and to timely remove any unnecessary access privileges detected. If an individual only requires occasional access to sensitive personal information, the privileges should be granted only for the time needed.
- Upgrade the College IT system to include a mechanism to differentiate IT user access privileges to employee information from access privileges to student information and to differentiate access privileges to current student information from access privileges to former student information.

College Response:

SCF has established procedures to review user access privileges. Based on the results of these reviews SCF will continue to remove unnecessary access privileges in a timely manner and will review or modify the procedures to ensure that privileges are necessary for the requested individual and time period. SCF's ERP software does not have a mechanism to restrict or distinguish access between employee, current, prospective and/or former students. SCF has requested this change with our vendor and will continue to monitor their progress towards a solution.

Finding No. 2: Student Accounts Receivable Collection Procedures

Recommendation: The College should enhance procedures for collection of delinquent student accounts receivable by specifying when holds should be placed on student records, student accounts should be referred to collection agencies, and other student receivable collection efforts should be made. Such enhancements should ensure that

financial holds are placed on applicable student accounts to prevent those students from class registration and the release of official transcripts, diplomas, or certificates and that delinquent accounts are timely referred to a collection agency.

College Response:

SCF will enhance our procedures and monitor progress for timely account collection.

Finding No. 3: Direct-Support Organizations (DSO)

Recommendation: We recommend that:

- The Board prescribe by rule any conditions with which the Foundation must comply in order to use College property, facilities, and personal services and the College monitor and document Foundation compliance with such conditions.
- 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 buildings and related square footage of office space for use by the Foundation and the value of such use.
- For employees who divide work effort between the College and the Foundation, the College document College employee actual time and effort provided to the Foundation.
- The Board enter into an agreement with the Foundation to establish the basis for any Foundation reimbursements.

College Response:

College leadership, in consultation with legal counsel, will review the Florida Statutes and College Board rules as well as the signed agreement with the Foundation dated 2/12/14 and make recommendations regarding any proposed changes to its Rules and/or procedures or the Agreement with the College's Direct Support Organization.