

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2021-087
December 2020

HILLSBOROUGH COMMUNITY COLLEGE



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the period January 2019 through December 2019, Dr. Kenneth H. Atwater served as President of Hillsborough Community College and the following individuals served as Members of the Board of Trustees:

Beatriz "Betty" D. Viamontes, Chair from 6-27-19, Vice Chair through 6-26-19

Randall H. Reid, Vice Chair from 6-27-19

Dipa Shah, Chair through 6-26-19

Brigadier General Arthur "Chip" Diehl III (Ret.)

Note: One Trustee position was vacant during the period.

The team leader was Becky D. Grode, CPA, and the audit was supervised by Mark A. Arroyo, CPA.

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

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HILLSBOROUGH COMMUNITY COLLEGE

SUMMARY

This operational audit of Hillsborough Community College focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2018-160. Our operational audit disclosed the following:

Finding 1: College controls over delinquent student receivables continue to need improvement.

Finding 2: As similarly noted in our report Nos. 2018-160 and 2016-183, the College did not always properly report student enrollment for State funding purposes.

Finding 3: The College did not always demonstrate compliance with State law by limiting laboratory fees to the costs of services provided. For the 2019 calendar year, the College collected laboratory fees totaling \$2.2 million.

Finding 4: College controls continue to need enhancement to ensure that instructional contact hours for adult general education classes are accurately reported to the Florida Department of Education. Similar findings were noted in our report Nos. 2018-160 and 2016-183.

Finding 5: Some unnecessary information technology user access privileges continued to exist that increased the risk for unauthorized disclosure of sensitive personal information to occur.

BACKGROUND

Hillsborough Community 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 Brandon, Plant City, Ruskin, Tampa, and Ybor City. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Hillsborough County.

FINDINGS AND RECOMMENDATIONS

Finding 1: Student Accounts Receivable

State law¹ provides that a Florida College System institution board of trustees shall exert every effort to collect all delinquent accounts. The law further provides that the Board may adopt rules to implement a collection process, that includes setoff procedures and restrictions on the release of transcripts, awarding diplomas, and access to other College resources and services.

¹ Section 1010.03, Florida Statutes.

According to College administrative procedures,² delinquent student accounts receivable are outstanding more than 60 days, unless extended payment terms have been specifically allowed by Florida statute and authorized by the appropriate College administrators. College administrative procedures also provide that students with an outstanding balance may be permitted to participate in registration; however, if both the prior obligation and the current registration charges are not paid by the established due date (the term's final day to drop and add classes), the student's registration may be purged. According to College personnel, the purging should result in the removal of the student's registration and class enrollment for the current term. However, neither the College information technology (IT) system nor other College procedures ensure that student registration is purged for students with delinquent receivable balances who register and enroll in classes funded by financial aid or an installment payment plan.

College records included a list of students with delinquent accounts receivable balances outstanding more than 90 days and totaling \$5.5 million at December 31, 2019. As part of our audit, we requested for examination College records supporting 28 students with delinquent accounts receivable balances totaling \$55,719 selected from that list to determine whether College collection efforts were adequate and restrictions on student records were appropriate and enforced pursuant to State law and College administrative procedures. We found that 4 students had accounts receivable balances ranging from \$313 to \$1,645 and totaling \$3,381 that originated during the Fall 2018 through Summer 2019 Terms. Although those receivables were delinquent at the beginning of the Fall 2019 Term, the College allowed the students to register and enroll in classes for the Fall 2019 Term without paying their prior outstanding obligations by the Fall 2019 Term established due date, contrary to College administrative procedures.

In response to our inquiry, College personnel indicated that the College did not purge the four students from the Fall 2019 Term registration, enrollment, and related classes because those classes were to be funded by financial aid and an installment payment plan. Notwithstanding, College personnel agreed that the College should have purged the students' registration and enrollment and removed the students from Fall 2019 Term classes for not paying their prior obligations.

Absent effective controls that prohibit students with delinquent accounts receivable balances from enrolling in classes, student account balances may remain uncollected and ultimately be written off. In addition, as discussed in Finding 2, such deficiencies could cause the College to misreport students for State funding purposes, which may subject to College to statutory financial penalties. Similar findings were noted in our report Nos. 2018-160 and 2016-183.

Recommendation: The College should upgrade the IT system or establish other procedures to ensure that students with an outstanding delinquent account balance who are permitted to participate in registration are removed from class enrollment if the student's prior obligation is not paid by the established due date.

² HCC Administrative Procedure 6.07 – *Delinquent Accounts*.

Finding 2: Reporting Full-Time Equivalent Students

State law³ requires the Florida Department of Education (FDOE) to determine the State financial support and the annual apportionment of funds to each college through the Florida College System Program Fund (FCSPF) considering several components, including costs per full-time equivalent (FTE) students. Pursuant to State law,⁴ any college that reports students who have not paid fees in an approved manner in calculations of the FTE enrollment for State funding purposes shall be penalized at a rate equal to two times the value of such enrollment. Such penalty shall be charged against the following year's allocation from the FCSPF and shall revert to the State.

State law⁵ also requires the State Board of Education (SBE) to specify, as necessary, by rule, approved methods of student fee payment. Such methods are to include, but not be limited to, student fee payment; payment through Federal, State, or institutional financial aid; and employer fee payments. SBE rules⁶ provide that each college board of trustees shall establish, publish, collect, and budget student fees, and establish dates for paying fees. The dates may be no later than the last day of the drop and add periods established by the boards. Additionally, SBE rules provide that payment of registered fees may be deferred up to 60 days under certain conditions.

The College reported 20,466 and 20,702 fundable FTE students for the 2018-19 and 2019-20 fiscal years, respectively. As discussed in Finding 1, our examination of College records supporting 28 selected students with delinquent accounts receivable balances at December 31, 2019, disclosed that the Fall 2019 Term enrollments for 4 of the 28 students were not purged despite the students' unpaid obligations from previous terms. As such, FCSPF funding may be subject to adjustment by the FDOE for two times the value of the enrollment reported for these 4 students. Similar findings were noted in our report Nos. 2018-160 and 2016-183.

Recommendation: The College should enhance procedures to ensure that enrollment is reported only for students who have paid tuition and fees in an approved manner. In addition, the College should review the FTE student enrollment reported to the FDOE to determine if enrollment was misreported for other students who did not pay tuition and fees in an approved manner. We also continue to recommend that the College consult with the FDOE to determine the corrective actions necessary for the FTE reported for students who had not paid tuition and fees in an approved manner.

Finding 3: Lab Fees

State law⁷ authorizes the Board to establish user fees, such as laboratory fees (lab fees), that are in addition to tuition fees. Such user fees shall not exceed the cost of services provided and shall only be charged to persons receiving the service. In addition, the *Accounting Manual for Florida's College System (College Accounting Manual)* requires the Board to establish policies for the implementation of lab fees that provide justification for the additional fee, define which costs are in excess of base

³ Section 1011.84(1)(a), Florida Statutes.

⁴ Section 1009.23(9), Florida Statutes.

⁵ Section 1009.23(13), Florida Statutes.

⁶ SBE Rule 6A-14.054, Florida Administrative Code.

⁷ Section 1009.23(12)(a), Florida Statutes.

instructional costs, and describe the documentation required to support the additional charge, the time period for review of the fees, and the manner of presenting such fees to the Board for approval.

To establish lab fees or change an existing lab fee, College procedures⁸ require that instructional personnel complete a justification for new or adjusted course fee worksheet that defines which costs are in excess of base instructional costs and must be submitted within established time periods for approval by the Academic Affairs Committee and the Board. However, contrary to the *College Accounting Manual*, Board policies and College procedures do not describe the documentation, such as vendor invoices or other cost-related records, required to support the additional fees.

For the 2019 calendar year, the College collected lab fees totaling \$2.2 million. We requested for examination College records supporting five selected classes with lab fees ranging from \$64 to \$2,080 per student and College personnel provided the fee worksheets for these classes; however, documentation supporting the costs associated with the fees were not provided. According to College personnel, since there was no requirement to maintain documentation to support the fee worksheets, any additional supporting documents were either misplaced or destroyed.

Absent College records supporting the cost of services for classes that charge lab fees, compliance with State law and the *College Accounting Manual* is not demonstrated and there is an increased risk that the fees may exceed the cost of services provided.

Recommendation: The Board should establish policies that describe the documentation, such as vendor invoices or other cost-related records, required to support lab fees in accordance with the *College Accounting Manual*. In addition, the College should maintain documentation in accordance with those policies to demonstrate compliance with State law and that lab fees do not exceed the cost of services provided.

Finding 4: Adult General Education

State law⁹ defines adult general education, in part, as comprehensive instructional programs designed to improve the employability of the State's workforce. The College received State funding for adult general education, and General Appropriations Act¹⁰ proviso language requires each college to report enrollment for adult general education programs in accordance with the FDOE instructional hours reporting procedures.¹¹ FDOE procedures state that fundable instructional contact hours are those scheduled hours that occur between the date of enrollment in a class and the withdrawal date of end-of-class date, whichever is sooner. FDOE procedures require colleges to develop a procedure for withdrawing students for nonattendance and provide that the standard for setting the withdrawal date be six consecutive absences from a class schedule, with the withdrawal date reported as the day after the last date of actual attendance.

⁸ HCC Administrative Procedures 5.18 – *Tuition and Fee Increases*.

⁹ Section 1004.02(3), Florida Statutes.

¹⁰ Chapter 2018-009, Laws of Florida, Specific Appropriation 126; and Chapter 2019-115, Laws of Florida, Specific Appropriation 130.

¹¹ FDOE's Technical Assistance Paper: Adult General Education Instructional Hours Reporting Procedures, Dated August 2017; and FDOE's Technical Assistance Paper: Adult General Education Instructional Hours Reporting Procedures, Dated September 2019.

For the Spring and Fall 2019 Terms, the College reported a total of 35,613 contact hours provided for 356 students enrolled in 241 adult general education classes. As part of our audit, we requested for examination College records for 2,730 reported contact hours for 30 selected students enrolled in 90 adult general education classes. We found instructional contact hours were over reported a total of 323 hours (ranging from 12 to 37 hours) for 5 students in 15 classes and under reported a total of 30 hours for 1 student in 1 class because College personnel did not accurately input daily attendance into the IT system used to report contact hours.

According to College personnel, the College adult general education program will end in December 2020. Since funding may have been based, in part, on enrollment data submitted to the FDOE, it was important for the College to report accurate data. Similar findings were noted in our report Nos. 2018-160 and 2016-183.

Recommendation: The College should continue efforts to ensure that instructional contact hours for adult general education classes are based on student attendance and accurately reported to the FDOE. The College should also determine to what extent the contact hours were misreported for the Spring and Fall 2019 Terms and contact the FDOE for proper resolution of the misreported hours.

Finding 5: Information Technology User Access Privileges

The Legislature has recognized in State law¹² that social security numbers (SSNs) can be used to acquire sensitive personal information, the release of which could result in fraud against individuals; or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining the confidential status of such information. Effective controls restrict employees from accessing information unnecessary for their assigned job duties and provide for documented, periodic reviews of employee access privileges to help prevent personnel from accessing sensitive personal information inconsistent with their duties.

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 information, including SSNs, in the College information technology (IT) system. The College collects and uses SSNs for various purposes, such as to process employee benefits, comply with the Federal employee tax requirements, register newly enrolled students, and comply with Federal and State requirements related to financial and academic assistance.

As of June 2020, the College IT system contained SSNs for a total of 636,713 employees and students, including 618,938 current, former, and prospective¹³ students and 17,775 current and former employees. According to College personnel, there were 221 employees with continuous user access privileges to that information, but the IT system did not have a mechanism to differentiate user access privileges to student and employee SSNs and, therefore, could not limit access based on employee job duties. Additionally, College records were not maintained to demonstrate that employees needed continuous access to both the employee and student SSNs.

¹² Section 119.071(5)(a), Florida Statutes.

¹³ The College retention policy requires prospective student SSNs to be purged from the IT system after 3 academic terms.

As part of our audit, we examined College records and confirmed that the security administrators or their designees document periodic evaluations of IT user access privileges by certifying the propriety of certain privileges. However, the effectiveness of the periodic evaluations was mitigated because the IT system lacked a mechanism to differentiate user access privileges and limit users' access based on their job duties.

The existence of unnecessary user access privileges to sensitive personal information increases the risk of unauthorized disclosure of the information and the possibility that the information may be used to commit a fraud against College employees, students, or others. A similar finding was noted in our report No. 2018-160.

Recommendation: To ensure that sensitive personal information is properly safeguarded, the College should limit access privileges to only that information required for users to perform their assigned job duties. Specifically, the College should:

- Update the IT system to differentiate IT user access privileges to student and employee SSNs.
- Grant access privileges only for the time needed when users require occasional access to the sensitive personal information.
- Enhance procedures for conducting periodic evaluations of IT user access privileges to ensure that inappropriate or unnecessary access privileges to any sensitive personal information, including student and employee SSNs, are detected and promptly removed.

PRIOR AUDIT FOLLOW-UP

The College had taken corrective actions for findings included in our report Nos. 2018-160 and 2016-183 except as noted in Findings 1, 2, 4, and 5 and shown in Table 1.

Table 1
Findings Also Noted in Previous Audit Reports

Finding	Operational Audit Report No. 2018-160, Finding	Operational Audit Report No. 2016-183, Finding
1	2	3
2	3	4
4	4	5
5	6	Not Applicable

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 April 2020 through September 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform

the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit focused on information technology resources and related controls; direct-support organizations; student fees; compensation, construction, and other expenses; and other processes and administrative activities. For those areas, our audit objectives were to:

- Evaluate management’s performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management’s control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2018-160.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

In planning and conducting our audit, we assessed whether internal controls were significant to our audit objectives by considering the internal control integrated framework established by the Committee of Sponsoring Organizations (COSO)¹⁴ and adapted for a government environment within the *Standards for Internal Control in the Federal Government* issued by the United States Government Accountability Office. That framework is illustrated in the following table.

¹⁴ The Committee of Sponsoring Organizations (COSO) of the Treadway Commission was established in 1985 to develop guidance in the areas of risk and control which enable good organizational governance and reduction of fraud. Pursuant to their mission, COSO developed a framework for internal control that consists of five components and 17 underlying principles.

COSO Internal Control Integrated Framework

Internal Control Component	Description	Underlying Principles (To be Applied by the Board and Management)
Control Environment	Standards, processes, and structures that provide the basis for carrying out internal control across the organization. Represents the foundation on which an effective internal control system is built.	<ul style="list-style-type: none"> • Demonstrate commitment to integrity and ethical values. • Exercise oversight responsibility. • Establish structures and reporting lines and assign authorities and responsibilities. • Demonstrate commitment to a competent workforce. • Hold individuals accountable for their responsibilities.
Risk Assessment	Management's process to consider the impact of possible changes in the internal and external environment and to consider actions to mitigate the impact. The basis for how risks will be managed.	<ul style="list-style-type: none"> • Establish clear objectives to define risk and risk tolerances. • Identify, analyze, and respond to risks. • Consider the potential for fraud. • Identify, analyze, and respond to significant changes that impact the internal control system.
Control Activities	Activities in the form of policies, procedures, and standards that help management mitigate risks. Control activities may be preventive in nature or detective in nature and may be performed at all levels of the organization.	<ul style="list-style-type: none"> • Design control activities to achieve objectives and respond to risks. • Design control activities over technology. • Implement control activities through policies and procedures.
Information and Communication	Information obtained or generated by management to support the internal control system. Communication is the dissemination of important information to help the organization meet requirements and expectations.	<ul style="list-style-type: none"> • Use relevant and quality information. • Communicate necessary information internally to achieve entity objectives. • Communicate necessary information externally to achieve entity objectives.
Monitoring	Periodic or ongoing evaluations to verify that the internal control system is present and functioning properly.	<ul style="list-style-type: none"> • Conduct periodic or ongoing evaluations of the internal control system. • Remediate identified internal control deficiencies on a timely basis.

We determined that all components of internal control and underlying principles were significant to our audit objectives.

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

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

Our audit included transactions, as well as events and conditions, occurring during the audit period of January 2019 through December 2019 and selected College actions taken prior thereto. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

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

In conducting our audit, we:

- Reviewed applicable laws, rules, College policies and procedures, and other guidelines, and interviewed College personnel to obtain an understanding of applicable processes and administrative activities.
- Reviewed College information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, systems development and maintenance, disaster recovery, and incident response and recovery.
- Evaluated College procedures for maintaining and reviewing employee access to IT data and resources. We examined access privileges to the database and finance and human resources applications during the audit period for 377 of the 381 total users to determine the appropriateness and necessity of the access based on the employees' job duties and user account functions and the adequacy with regard to preventing the performance of incompatible duties. We also examined administrator account access privileges granted and procedures for oversight of administrator accounts for the network, operating system, database, and application to determine whether the accounts had been appropriately assigned, managed, and monitored.
- Evaluated College procedures that prohibit former employees' access to College IT data and resources. From the population of 528 employees who separated from College employment during the audit period, we examined the access privileges for 30 selected employees to determine whether their access privileges had been timely deactivated.
- Evaluated College procedures for protecting sensitive personal information of students and employees, including social security numbers (SSNs). We examined College records supporting the access privileges granted to the 221 employees who had access to sensitive personal information of students and employees during the audit period to determine the appropriateness and necessity of the access privileges based on the employees' assigned job responsibilities.
- Evaluated the appropriateness of the College 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.
- Examined College records to determine whether the Board had prescribed by rule, pursuant to Section 1004.70(3)(b), Florida Statutes, the conditions with which the direct-support organization (DSO) must comply in order to use College property, facilities, and personal services and whether the Board documented consideration and approval of anticipated property, facilities, and personal services provided to the DSO and the related costs.
- From the population of student receivables outstanding more than 90 days totaling \$5.5 million and recorded as of December 31, 2019, we evaluated College records supporting 28 selected

delinquent accounts receivable totaling \$55,719 to determine whether College collection efforts were adequate and restrictions on student records were appropriate and enforced pursuant to Section 1010.03, Florida Statutes, and College Administrative Procedure 6.07.

- 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.
- From the population of 354 laboratory fees with revenues totaling \$2.2 million during the audit period, examined College records for 5 selected laboratory fees ranging from \$64 to \$2,080 per student to determine whether the College properly calculated the fees in compliance with Section 1009.23(12)(a), Florida Statutes.
- From the population of compensation payments totaling \$76.4 million made to 3,250 employees during the audit period, selected payments totaling \$49,509 made to 30 employees and examined College records supporting the payments to determine the accuracy of the rate of pay, the validity of employment contracts, and the accuracy of applicable leave records and whether the employees met the required qualifications, performance evaluations were completed, and supervisory personnel reviewed and approved employee reports of time worked.
- Examined records for the College President's compensation payments totaling \$423,405 during the audit period to determine whether the amounts paid did not exceed limits established in Section 1012.885, Florida Statutes.
- Examined College records to determine whether selected expenses were reasonable, correctly recorded, and adequately documented; for a valid College purpose; properly authorized and approved; and in compliance with applicable laws, contract terms, and Board policies. Specifically, from the population of expenses totaling \$128.5 million for the audit period, we examined College records supporting:
 - 30 selected payments for general expenses totaling \$1,908,156.
 - 30 selected payments for contracted services totaling \$1,686,931.
- From the major construction project with construction costs totaling \$3 million and in progress during the audit period, selected two payments totaling \$1,313,381 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 the major construction project contract totaling \$20.1 million and with total construction costs of \$3 million during the audit period to determine whether the College process for selecting design professionals and construction managers complied with Sections 287.044 and 255.103, Florida Statutes, respectively; 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 Public Education Capital Outlay and other restricted capital outlay expenses totaling \$7.8 million during the audit period, examined records supporting two selected expenses totaling \$1,313,381 to determine whether these funds were expended in compliance with the restrictions imposed on the use of these resources.
- From the population of 356 adult general education instructional students reported for 35,613 contact hours for the Spring and Fall 2019 Semesters, examined College records supporting 2,730 reported contact hours for 30 selected students to determine whether the College reported the instructional contact hours in accordance with the Florida Department of Education requirements.

- From the population of 1,203 industry certifications reported for performance funding that were attained by students during the 2017-18 and 2018-19 fiscal years, examined 30 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.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name being the most prominent.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



hccfl.edu

Hillsborough Community College

December 17, 2020

Auditor General State of Florida
111 West Madison Street – Suite G74
Tallahassee, FL 32399-1450
Attn: Sherrill Norman

Dear Ms. Norman,
Please find below our response to the preliminary and tentative audit findings from your letter and attachment dated December 4, 2020.

Finding 1: Student Accounts Receivable

Recommendation: The College should upgrade the IT system or establish other procedures to ensure that students with an outstanding delinquent account balance who are permitted to participate in registration are removed from class enrollment if the student's prior obligation is not paid by the established due date.

Response: The College is currently in the process of selecting and implementing new, fully integrated Enterprise Resource Planning (ERP) software for all functions at HCC. One of the targeted ERP specifications will be to identify students with unpaid balances and prevent those students from being able to register for succeeding terms until the unpaid balance over \$25 has been cleared.

Until the new software is installed, tested and functional, finance will manually conduct multiple checks to ensure that this finding is not repeated in future audits.

Finding 2: Reporting Full-Time Equivalent Students

Recommendation: The College should enhance procedures to ensure that enrollment is reported only for students who have paid tuition and fees in an approved manner. In addition, the College should review the FTE student enrollment reported to FDOE to determine if enrollment was misreported for other students who did not pay tuition and fees in an approved manner. We also continue to recommend that the College consult with FDOE to determine the corrective actions necessary for the FTE reported for students who had not paid tuition and fees in an approved manner.

Response: As noted in Finding 1 above, the College is currently in the process of selecting and implementing new, fully integrated ERP software for all functions at HCC. One of the targeted ERP specifications will be to identify students with unpaid balances at a specific due date and to prevent those students from being reported to the Florida Department of Education (FDOE) as FTE for

enrollment purposes. Until the new software is installed, tested and functional, finance will manually conduct multiple checks and work with the College's state reporting director to ensure that this finding is not repeated in future audits.

Additionally, the College will re-review enrollment reporting for the audit period to determine if there were other students outside of the audit test sample who were incorrectly reported, and will work with FDOE on any corrective actions that may be necessary.

Finding 3: Lab Fees

Recommendation: The Board should establish policies that describe the documentation, such as vendor invoices or other cost-related records, required to support lab fees in accordance with the College Accounting Manual. In addition, the College should maintain documentation in accordance with those policies to demonstrate compliance with State law and that lab fees do not exceed the cost of the services provided.

Response: As noted in the finding, HCC has Administrative Procedure (5.18) covering lab fees. Academic Affairs will update Administrative Procedure 5.18, as well as the Academic Affairs Committee Handbook, and Lab Fee Justification Form to reflect the requested changes identified in this finding. The updated procedures will require the submission and retention of the original source documents used to calculate the lab fees. Examples of source documents will include written estimates, price quotes, webpage downloads, purchase orders, prior year expenditures, etc.

Additionally, as requested in this finding, on an annual basis, Academic Affairs will compare a sample of lab fee revenues to actual expenses, to ensure that lab fees do not exceed the cost of the goods and service(s) provided to the students, as required by State law.

Finding 4: Adult General Education

Recommendation: The College should continue efforts to ensure that the instructional contact hours for adult general education classes are based on student attendance and accurately reported to FDOE. The College should also determine to what extent the contact hours were misreported for the Spring and Fall 2019 Terms and contact FDOE for proper resolution of the misreported hours.

Response: In 2019-2020, a Task Force was assembled to review the GED program with the specific charge to determine what was needed to resolve this recurring audit finding. The Task Force concluded the findings related to human error that occurred due to the reliance on manual processes. The Task Force concluded that the technical infrastructure needed to eliminate the manual process would require a significant investment of IT personnel and costs for the small GED Program, and recommended the College discontinue the program. Consequently, a transition team from HCC and the School District of Hillsborough County (SDHC) are currently working to close HCC's existing GED Program with a closure date of December 18, 2020, with the program transitioning to the SDHC.

Also, the College will have our State Reporting Director contact FDOE for a proper resolution of the misreported hours.

Finding 5: Information Technology User Access Privileges

Recommendation: To ensure that sensitive personal information is properly safeguarded, the College should limit access privileges to only that information required for users to perform their assigned job duties. Specifically, the College should:

- Update the IT system to differentiate IT user access privileges to student and employee SSNs.
- Grant access privileges only for the time needed when users require occasional access to sensitive personal information.

- **Enhance procedures for conducting periodic evaluations of IT user access privileges to ensure that inappropriate or unnecessary access privileges to any sensitive personal information, including SSNs, are detected and promptly removed.**

Response: The College currently uses the Colleague ERP system for Student, HR/Payroll, and finance systems. Colleague uses one integrated database, where one single record is maintained for one individual's demographic information (including SSN). The system does not allow the College to restrict access based on the type of record being accessed or the time needed for occasional access. The College's Acceptable Use policy seeks to prohibit users from accessing unauthorized data.

Throughout the year, the College receives information about students, employees and vendors. Assigning access to screens within the ERP system is a time consuming, manual process. To continuously update user access to sensitive information, as suggested in the recommendation, is not possible, as it is both cost and personnel prohibitive. To implement the recommendation, the College would have to assign approvers and IT security exclusively to perform granting and removing the access.

The College currently has existing procedures to periodically conduct evaluations of the IT access. This review also includes access to sensitive information. Any inappropriate or unnecessary access is promptly removed by the IT security administrators. Also, while assigning access to users, evaluation is done before access is granted to sensitive information based on users' job duties.

The College is currently in the process of selecting and implementing new ERP software to replace Colleague. The ability to differentiate IT user access based on access privileges to student and employee information is one of the evaluation criteria. The other recommendations will be noted in the specifications. However, until the new ERP system is installed, tested and functional, the college will continue to perform periodic audits for user access and remove inappropriate or unnecessary access to sensitive information promptly.

I trust this satisfies the response requirements outlined in your letter dated December 4, 2020. Should you have additional questions or concerns please do not hesitate to contact me directly.

Sincerely,



Al Erdman
Vice President for Administration/CFO

Copied by email:
Dr. Ken Atwater President
Mr. Randal Reid – Chair - Board of Trustees

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