

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2021-201
April 2021

BROWARD COLLEGE



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the period January 2019 through December 2019, Gregory Adam Haile, Esq. served as President of Broward College and the following individuals served as Members of the Board of Trustees:

Gloria M. Fernandez, Chair
David R. Maymon, Vice Chair through 8-12-19
Edward Michael Rump, Vice Chair from 8-13-19
Matthew Caldwell J.D. through 6-18-19^a

^a Trustee position vacant 6-19-19, through 12-31-19.

Note: One Trustee position was vacant for the entire year.

The team leader was Simone Oladejo, and the audit was supervised by Diana G. Garza, 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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BROWARD COLLEGE

SUMMARY

This operational audit of Broward College (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2018-198. Our operational audit disclosed the following:

Finding 1: Some unnecessary information technology user access privileges existed that increase the risk for unauthorized disclosure of student social security numbers to occur.

Finding 2: The College could enhance efforts for collecting student accounts receivable.

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.

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 protect sensitive personal information by restricting employees from accessing information unnecessary for their assigned duties and providing for documented, periodic evaluations of information technology (IT) user access privileges.

According to College personnel and records, the College established a unique identifier, other than the SSN, to identify students and also maintained student information, including SSNs, in the College IT system. The College collects and uses SSNs pursuant to State law for various purposes, such as providing SSNs to the Internal Revenue Service for Federal tax purposes, enrollment verification, and reporting Veterans Administration beneficiaries. The College indefinitely maintains records, including SSNs, of former students who transferred, graduated, or withdrew, and of prospective students who apply

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

for entrance into the College but do not enroll. As of October 2020, College personnel indicated that the IT system contained SSNs for approximately 802,652 students, including 512,645 former, 250,892 prospective, and 39,115 current students.

To protect student information from unauthorized disclosure, modification, or destruction, the College established IT procedures requiring applicable supervisors to approve employee access to sensitive data and individuals who have access to College information to agree not to disclose information improperly or use information improperly or unethically for personal or professional gain or to discredit or harass someone. Before access privileges to IT resources are granted, College personnel must sign a user agreement that requires the employee to confirm that the employee has read and clearly understands the employee's responsibility and will abide by the terms and conditions set forth for use of College systems. Although College personnel indicated that periodic evaluations of IT user access privileges are performed to monitor privileges, the evaluation does not include IT user access privileges to student SSNs to determine whether individuals had a demonstrated need for such privileges and, according to College personnel, the IT system did not have a mechanism to differentiate user access privileges to former, prospective, and current student information. In addition, the College had not established a time frame for discarding sensitive personal information of prospective students and, although we requested, College records were not provided to demonstrate a cost-benefit or risk analysis to justify maintaining that information indefinitely.

Our examination of IT user access privileges in July 2020 disclosed 154 employees who had continuous access to former, prospective, and current student SSNs. Our review of College records supporting the access privileges for 49 of the 154 employees disclosed that certain employees that had a demonstrated need for access to students records but did not need access to student SSNs. For example, 21 student success coaches, 6 student system project managers, and 2 accountants needed access to certain information in student records to perform their job duties but did not require access to student SSNs to perform those duties. In addition, although we requested, College records were not provided to demonstrate that all 154 employees needed continuous access to the information or that occasional access could not be granted only for the time needed.

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

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

- **Document a cost-benefit or risk analysis to justify maintaining SSNs of individuals who apply but do not enroll in the College, establish a reasonable time frame for maintaining that information, and delete the information when the records are no longer needed or the time frame expires. Absent such, the College should discontinue the practice of indefinitely maintaining prospective student SSNs.**
- **Upgrade the College IT system to include a mechanism to differentiate IT user access privileges to former, prospective, and current student information. Additionally, if an employee only requires occasional access to sensitive personal information, access should be granted only for the time needed.**

- **Periodically evaluate IT user access privileges to SSNs to ensure that such access is necessary based on employee job duties.**

Finding 2: Student Accounts Receivables

State law² provides that 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. The law further provides that the Board may adopt rules to implement this process, including setoff procedures and restrictions on the release on transcripts, awarding diplomas, and access to other College resources and services.

Board policies³ provide that student debt due to the College is to be communicated to the student and paid in full by the student. In addition, Board policies provide that, if student debt is not paid by the due date, the student will be subject to 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 have been overdue by 90 days or longer.

College collection procedures⁴ require that invoices be sent within 14 days of the date a receivable is added to a student account. Our inquiries with College personnel and examination of College records disclosed 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. When invoiced amounts are not paid within 30 days, College collection procedures require:

- The first follow-up, or dunning notice, be sent to the applicable students notifying them of the unpaid and overdue amounts.
- A second dunning notice be sent if payment is not received within 30 days after the first notice.
- If payment is not received within 30 days of the second dunning notice, the unpaid account be referred to a collection agency.

College collection procedures also provide that, if the student debt cannot be immediately paid in full and the debt is not yet placed with a collection agency, the student may contact the Credit and Collections Department to make payment arrangements. Collection procedures also require that payments be made at least every 30 days for an agreed upon amount and if payments are made as agreed, the account will not be placed with a collection agency. However, if payments are not made as agreed, the account will be placed with a collection agency and the student will be responsible for all collection fees assessed by the College.

From the population of 5,316 student accounts receivable totaling \$3.8 million at December 31, 2019, we examined College records supporting 30 selected students with receivables totaling \$130,534 to determine whether College collection efforts were adequate. We found that collection agency referrals

² Section 1010.03, Florida Statutes.

³ Board Policy 6Hx2-6.16, *Collection of Funds Owed to the College*.

⁴ College Procedure A6Hx2-6.16, *Collection of Funds Owed to the College*.

were not always timely as College referrals for 6 students with accounts receivable balances from \$239 to \$2,264 and totaling \$19,520 were made to a collection agency 14 to 71 days late.

In response to our inquiries, College personnel indicated that some of the delayed collection agency referrals occurred, in part, due to the student making partial payments (i.e., less than the agreed-upon amount) in an attempt to halt the collection process. Notwithstanding, absent effective, timely collection efforts, including referrals to collection agencies, the risk increases for receivables to remain uncollected.

Recommendation: The College should continue efforts to enhance student accounts receivable collection efforts by timely referring receivables 90 days past due to collection agencies.

PRIOR AUDIT FOLLOW-UP

The College had taken corrective actions for findings included in our report No. 2018-198 except that Finding 2 was also noted in report No. 2018-198 as Finding 4.

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 2020 through February 2021 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; textbook affordability; compensation, construction, 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. 2018-198.
- 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)⁵ 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.

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;

⁵ 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.

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 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 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 address certain important IT control functions, such as security, systems development and maintenance, disaster recovery, and incident response and recovery.
- Evaluated College procedures for protecting sensitive personal information of students, including social security numbers (SSNs). From the population of 154 employees who had access to sensitive personal information of students during the audit period, we examined College records supporting the access privileges granted to 49 employees to determine the appropriateness and necessity of the access privileges based on the employees' assigned job responsibilities.
- Evaluated College security policies and College procedures governing the classification, management, and protection of sensitive and confidential information, including student SSNs.
- Examined documentation supporting all 12 bank account reconciliations for the audit period to determine whether the reconciliations were timely, complete, and evidenced supervisory review and approval.
- From the population of payments totaling \$86,324 made during the audit period from the College to its direct-support organization (DSO), examined College records supporting payments totaling \$46,177 to determine whether the transactions were authorized as described in Section 1004.70(1)(a)2., (3), and (4), 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 receivables were properly authorized, adequately documented and properly recorded. Specifically, we examined:

- From the population of 5,316 student receivables totaling \$3.8 million and recorded as of December 2019, documentation relating to 30 selected students with receivables totaling \$130,534 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 \$963,011 written off during the audit period 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.
- From the population of 2,691 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.
- To determine whether student fees totaling \$35,805,749 during the audit period were properly assessed and authorized, accurately calculated, and correctly recorded in accordance with Section 1009.23, Florida Statutes, and State Board of Education Rule 6A-14.054, Florida Administrative Code, examined College records supporting five student fees based on significance of amounts assessed.
- From the population of six decentralized collection locations with collections totaling \$15,387,130, selected four locations with collections totaling \$15,258,631 during the audit period and examined College records supporting selected collections totaling \$887,021 at those locations to determine the effectiveness of College collection procedures.
- From the population of 6,952 course sections offered during the Spring Semester, examined College records supporting textbook adoptions to determine whether the College textbook affordability procedures complied with Section 1004.085, Florida Statutes.
- From the population of compensation payments totaling \$258,256,656 made to 4,363 employees during the audit period, selected payments totaling \$55,973 made to 30 employees and examined College records supporting the payments to determine the accuracy of the rate of pay, the validity of employment contracts, whether the employees met the required position 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 152 employees who separated from College employment during the audit period and were paid \$2,160,515 for terminal leave, we selected 25 employees who received terminal payments totaling \$1,303,263 and examined records supporting the payments to determine compliance with Sections 110.122 and 1012.865, Florida Statutes, and related Board policies.
- From the population of compensation payments totaling \$53,889,391 made to 922 administrative employees (including the President) during the audit period, selected compensation payments totaling \$828,171 made to 3 administrative employees and examined College records supporting the payments to determine whether the amounts paid did not exceed the limits established in Sections 1012.885 and 1012.886, 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 \$65,775,017 for the audit period, we examined College records supporting:

- 30 selected payments totaling \$4,991,311 for general expenses.
- 27 selected payments totaling \$6,564,500 for contractual services.
- Reviewed Board policies and College procedures related to identifying potential conflicts of interest. We also researched Department of State, Division of Corporations, records; statements of financial interest; and reviewed College records for the 13 College officials in key financial decision making positions, including the Board members and the President, to identify any relationships that represented a potential conflict of interest with vendors used by the College.
- From the population of construction payments totaling \$23.3 million during the audit period, selected 31 payments totaling \$7.1 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 three major construction projects with construction costs totaling \$3.7 million during the audit period to determine whether the College process for selecting design professionals and construction managers was in accordance with Section 287.055, Florida Statutes; 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 1,535 industry certifications reported for performance funding that were attained by students during the 2018-19 fiscal year, examined 30 industry certifications to determine whether the College maintained documentation for student attainment of the industry certifications.
- Determined whether the Board established appropriate investment policies and procedures and whether College investments during the audit period complied with those policies and procedures. Also, we determined whether any investment income was properly allocated to the funds that generated the investment income.
- Determined whether the College's unencumbered balance in the general fund was below the threshold established in Section 1011.84, Florida Statutes.
- 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



Cypress Creek Administrative Center
6400 N.W. 6th Way, Fort Lauderdale, FL 33309

April 12, 2021

Ms. Sherrill F. Norman, CPA
Auditor General State of Florida
Clade Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Ms. Norman,

Below please find Broward College's response to the Preliminary and Tentative Operational Audit findings for calendar year 2019:

Finding 1: Some unnecessary information technology user access privileges existed that increase the risk for unauthorized disclosure of student social security numbers to occur.

Response: Acknowledged. The College is exploring the development of a timeline and procedure for the systematic removal of prospective student information when it is determined to be no longer needed. Additionally, the College is implementing a documented periodical review of employee security access privileges and mitigation to ensure that access to former, prospective and current student personal information is for the time needed only and based on employee job duties.

Finding 2: The College could enhance efforts for collecting student accounts receivable.

Response: Acknowledged. The College has reviewed policy and procedure and is actively making appropriate adjustments to ensure timely referral of receivables to our collection agency.

Sincerely,

A handwritten signature in black ink that reads "Caleb Cornelius".

Caleb Cornelius,
Vice President, Finance

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