

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2022-017
September 2021

CHIPOLA COLLEGE



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the period January through December 2020, Dr. Sarah Clemmons served as President of Chipola College and the following individuals served as Members of the Board of Trustees:

	<u>County</u>
Daniel E. Ryals III, Chair	Calhoun
Thomas S. Lassmann, Vice Chair	Jackson
Hannah S. Causseaux through 3-17-20 ^a	Liberty
James R. Dean	Jackson
John W. Padgett through 3-27-20 ^b	Jackson
Joel F. Paul, Jr.	Holmes
Darrin Wall	Washington
Brandon J. Young, Esquire	Holmes

^a Trustee resigned 3-17-20, and Trustee position vacant through 12-31-20.

^b Trustee position vacant 3-28-20, through 12-31-20.

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

The team leader was Gloria Whitten, and the audit was supervised by Shelly G. Curti, 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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CHIPOLA COLLEGE

SUMMARY

This operational audit of Chipola College (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2019-058. Our operational audit disclosed the following:

Finding 1: The College did not always demonstrate compliance with State law by documenting the basis for determining the amount of graduation and parking fees and limiting the fees to only those students who received services. For the 2020 calendar year, the College collected graduation and parking fees totaling \$27,440.

BACKGROUND

Chipola 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 nine 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 a campus in Marianna, Florida. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Calhoun, Holmes, Jackson, Liberty, and Washington Counties.

FINDING AND RECOMMENDATION

Finding 1: Graduation and Parking Fees

State law¹ authorizes the College to establish certain specified user fees, such as graduation and parking fees, that are not to exceed the cost of the services provided and are only to 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 user fees that define the basis for determining the amount of the fee and the manner of presenting such fees to the Board for approval.

For 2020 calendar year, the Board approved a fee schedule, including seven user fees that generated revenue totaling \$241,000. As part of our audit, we examined College records supporting five of the fees generating revenue totaling \$68,600. We found that each student, other than those enrolled in continuing education classes to comply with licensing and certification requirements, was charged a \$5 graduation and \$3 parking fee per semester, generating revenue totaling \$17,150 and \$10,290, respectively.

¹ Section 1009.23(12), Florida Statutes.

In response to our inquiry, College personnel indicated that the graduation and parking fee amounts were established several years ago, approved by the Board each year, and based on expenses for those services. For graduation fees, College efforts begin with initial advising and enrollment, and continue through monitoring students each semester until graduation. According to College personnel, the vast majority of students use vehicles on campus and must register vehicles with, and obtain parking decals from, the Business Office. In addition, College personnel indicated that, for the few students who do not park on campus, they still use campus roadways and parking lots to travel to and from class. However, although we requested, College records were not provided to define the basis for determining the \$5 graduation and \$3 parking fees for each student or how each student who was charged for graduation and parking directly benefited from the fees charged. Consequently, College records did not demonstrate that the assessed fees correlated to the students who graduated or parked on campus.

In response to our request, College personnel provided records to support graduation ceremony costs, including costs for caps, gowns, cords, and other ceremony service costs, along with documentation for parking decal and security costs to regulate roadways and parking. According to the provided records, the costs exceeded the respective fee collections from the graduation and parking fees. However, since some students, such as those enrolled in online study courses, may not use parking facilities and other students may never receive services related to graduation, the College cannot demonstrate compliance with State law and there is an increased risk that the fees may exceed the cost of services provided and be charged to students who did not receive the services.

Recommendation: The Board should establish policies for the implementation of user fees. The policies should define the basis for determining the amount of the fee and the students who should be charged the fee. In addition, to demonstrate compliance with the user fee requirements, the College should maintain appropriate documentation to support the amount of graduation and parking fees and ensure parking and graduation fees are charged only to students receiving those services.

PRIOR AUDIT FOLLOW-UP

The College had taken corrective actions for findings included in our report No. 2019-058.

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 2021 through July 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, 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. 2019-058.
- 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 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 January 2020 through December 2020. 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 data center physical security, authentication, and disaster recovery.
- Examined access privileges to the finance, payroll, and financial aid applications during the audit period for 17 of the 63 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 applications to determine whether these accounts had been appropriately assigned and managed.
- Evaluated College procedures that prohibit former employees' access to College IT data and resources. For the 27 employees who separated from College employment during the audit period, determined whether their access privileges had been timely deactivated.
- 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 an anti-fraud policy.
- Examined College records for the payments totaling \$3,434 made during the audit period from the College to its direct-support organization (DSO) 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.
- From the population of student fee revenue totaling \$744,130 for the audit period, examined College records supporting student fee revenue totaling \$680,803 to determine whether the College properly assessed and separately accounted for the revenue as required by Section 1009.23(6) through (11), Florida Statutes.
- From the population of seven user fees generating revenue totaling \$241,000 during the 2020 calendar year, examined College records supporting five selected user fees generating revenue totaling \$68,600 to determine whether the fees did not exceed the cost of services in accordance with Section 1009.23(12)(a), Florida Statutes.
- From the population of 1,153 course sections offered during the audit period, 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 \$9,503,331 made to 443 employees during the audit period, selected payments totaling \$114,839 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 qualifications, whether performance evaluations were completed, the accuracy of leave records, and whether supervisory personnel reviewed and approved employee reports of time worked.
- 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 \$18,421,404 for the audit period, we examined College records supporting:

- 32 selected payments for general expenses totaling \$2,026,295.
- 10 selected payments for unexpended plant expenses totaling \$1,070,022.
- 2 selected payments for contractual services totaling \$115,123.
- From the population of 755 purchasing card (P-card) transactions totaling \$132,147 during the audit period, examined College records supporting 30 selected P-card transactions totaling \$14,803 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.
- 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 eight College officials to identify any relationships that represented a potential conflict of interest with vendors used by the College.
- From the population of 206 industry certifications reported for performance funding that were attained by students during the 2020 calendar year, examined 30 industry certifications to determine whether the College maintained documentation for student attainment of the industry certifications.
- Examined College accounting records to determine 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.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



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September 13, 2021

Sherrill F. Norman, CPA
Auditor General
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111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman:

Following is the response to the preliminary and tentative finding received in connection with your recent operational audit of Chipola College.

Finding 1: Graduation and Parking Fees

Recommendation: The Board should establish policies for the implementation of user fees. The policies should define the basis for determining the amount of the fee and the students who should be charged the fee. In addition, to demonstrate compliance with the user fee requirements, the College should maintain appropriate documentation to support the amount of graduation and parking fees and ensure parking and graduation fees are charged only to students receiving those services.

Response: As stated in the preliminary and tentative audit findings, the College provided records evidencing that the costs of providing parking and graduation services exceeded the total fees collected for these services. However, the College will alter its procedures for charging parking and graduation fees to ensure that only students who use these services are charged said fees.

Sincerely,

A handwritten signature in cursive script that reads "Sarah Clemmons".

Sarah Clemmons, Ph.D.
President