

BROWARD COLLEGE

Operational Audit

For the Fiscal Year Ended
June 30, 2009



BOARD MEMBERS AND PRESIDENT

Members of the Board of Trustees and President who served during the 2008-09 fiscal year are listed below:

Paul C. Tanner, Chair from 7-23-08,
Vice Chair to 7-22-08
Sean C. Guerin, Vice Chair from 7-23-08
Lourdes L. Garrido, Chair to 7-22-08 (1)
Georgette Sosa Douglass
Levi G. Williams, Jr.

J. David Armstrong, Jr., President

Note: (1) Board member served beyond
the end of term, May 31, 2009.

The audit team leader was Enrique A. Alonso, CPA, and the audit was supervised by Ida Marie Westbrook, CPA. Please address inquiries regarding this report to James R Stultz, CPA, Audit Manager, by e-mail at jimstultz@aud.state.fl.us or by telephone at (850) 922-2263.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

BROWARD COLLEGE

SUMMARY

Our operational audit for the fiscal year ended June 30, 2009, disclosed the following:

Finding No. 1: The Board of Trustees needs to adopt a written fraud policy to provide guidance to employees in communicating and reporting known or suspected fraud.

Finding No. 2: The Board of Trustees needs to adopt a written policy for assessing laboratory or special course fees to ensure that the fees assessed are appropriate.

Finding No. 3: The College’s procedures for cancelling procurement card accounts for former employees needed improvement.

Finding No. 4: The College needs to improve procedures to ensure the timely removal of access privileges to information technology resources for former employees.

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 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.

Pursuant to Section 1001.60(2)(b), Florida Statutes, the College’s Board of Trustees approved the name change from Broward Community College to Broward College on June 25, 2008, effective July 1, 2008.

The College has campuses in Coconut Creek, Davie, and Pembroke Pines, and centers located in Dania Beach, Fort Lauderdale, Miramar, Pembroke Pines, and Weston, Florida. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Broward County. The College reported enrollment of 24,818 full-time equivalent students for the 2008-09 fiscal year.

The results of our financial audit of the College for the fiscal year ended June 30, 2009, will be presented in a separate report. In addition, the Federal awards administered by the College are included within the scope of our Statewide audit of Federal awards administered by the State of Florida and the results of that audit, for the fiscal year ended June 30, 2009, will be presented in a separate report.

FINDINGS AND RECOMMENDATIONS

Finding No. 1: Policies for Reporting Fraud

The College had not developed policies for communicating and reporting known or suspected fraud. Such policies should clearly identify actions constituting fraud, incident reporting procedures, responsibility for fraud investigation, and consequences for fraudulent behavior. In response to our inquiries, the College indicated its Board Policy No. 6HX2-1.15, *Code of Ethics for Public Officers and Employees of Agencies*, provided standards of conduct and specifies offenses that will result in termination of employment. However, this policy does not clearly identify actions constituting fraud, incident reporting procedures, responsibility for fraud investigation, and consequences for fraudulent behavior.

Fraud policies are necessary to educate employees about proper conduct, create an environment that deters dishonesty, and maintain internal controls that provide reasonable assurance of achieving management objectives and detecting dishonest acts. In addition, such policies serve to establish the responsibilities for investigating potential incidents of fraud, taking appropriate action, reporting evidence of such action to the appropriate authorities, and avoiding damage to the reputations of persons suspected of fraud but subsequently exonerated. Further, in the absence of adequate written policies, the risk increases that a known or suspected fraud may be identified but not reported to the appropriate authority. In response to our inquiries, the College indicated that the current policy is being revised to address the issues noted above.

Recommendation: The College should continue its efforts to revise its policy to include detection, prevention, and reporting of known or suspected fraud. Additionally, the revised policy should be submitted to the Board for approval.

Finding No. 2: Student User Fees

Section 1009.23(12), Florida Statutes, authorizes each community college board of trustees to establish user fees, including laboratory fees, and states that such user fees cannot exceed the cost of the services provided. The Florida Community College Council of Business Affairs and the Florida Department of Education, Division of Florida Colleges, have issued guidelines for assessing additional laboratory, special course, and other user fees. The guidelines provide that each local board of trustees establish policies for the implementation and justification of additional user fees, defining which costs are in excess of base instructional costs, describing the documentation required to support the fees, the time period for review of such fees, and the manner of presenting such fees to the board of trustees for approval.

Laboratory and other student user fee collections totaled approximately \$4 million for the 2008-09 fiscal year. The College's Curriculum Committee procedures required that a Course Special Fee Form (Form) be completed documenting the request, approval, rationale, and justification for laboratory and course special fees. The rationale and justification was to include a detailed list of the special or unusual costs involved. However, contrary to the above-noted guidelines, these procedures had not been adopted as College policy by the Board of Trustees. A similar finding was noted in our report No. 2008-049. College personnel stated that they were in the process of reviewing all special course fees (approximately 3,000 fees), developing a policy to be approved by the Board of Trustees, and formalizing procedures to be used in future reviews of the fees.

As similarly noted in our report No. 2008-049, our test of 20 courses for which laboratory or special course fees were assessed during the 2008-09 fiscal year disclosed the following:

- For the 20 courses tested, the Board of Trustees had not approved the laboratory or special course fees, contrary to Section 1009.23(12), Florida Statutes.
- Although requested, for 4 of the 20 courses, the required Form or other documentation evidencing the assessment of the laboratory or special course fee was not provided. In these instances, the College had not demonstrated that the laboratory or special course fees assessed did not exceed the costs of the services provided.
- For 9 of the 20 courses, College personnel indicated that the unusual costs that formed the basis for the fees had been reevaluated; however, College records did not evidence the reevaluation date. As such, in these instances the College had not demonstrated that a reevaluation of current costs had been made. In the

absence of a documented date of reevaluation of unusual costs associated with each course, the College cannot be assured that the fees were appropriate based on current costs.

Recommendation: The College should continue its efforts to review the special course fees, develop a policy to be approved by the Board of Trustees, and formalize procedures to be used in future reviews of the fees. The College should also retain documentation evidencing the calculation and reevaluation of these fees.

Finding No. 3: Procurement Cards

The College administers a procurement card program, by which it authorizes the issuance of credit cards to employees to procure certain work-related goods and services. The primary objective of the program is to expedite the ordering, receiving, and payment processes without the use of the standard requisition and purchase order system by delegating limited purchasing authority to the cardholders. The College issued procurement cards to 345 employees as of June 30, 2009, and incurred charges totaling approximately \$2 million during the 2008-09 fiscal year.

The College's Procurement Card Program Procedures manual designates each department head as being responsible for canceling procurement cards of terminating employees by notifying the bank and forwarding the procurement card to the Program Administrator. As similarly noted in several previous reports, most recently in our report No. 2008-049 our review disclosed untimely closing of procurement card accounts of former employees. During our review, we noted three employees that terminated employment during the seven-month period ending January 31, 2009, who were assigned procurement cards. However, the procurement card accounts for these former employers were not closed until our audit inquiry in March 2009, or 75, 94, and 234 days, respectively, after their termination dates. Although two of these employees were subsequently rehired into part-time positions, they were not reissued procurement cards. Our test disclosed that no charges were made with the procurement cards after the employees terminated employment. However, the untimely closing of procurement card accounts of former employees increases the risk of unauthorized procurement card usage.

Recommendation: The College should strengthen procedures to ensure the timely closure of procurement card accounts of former employees.

Finding No. 4: Information Technology – Access Controls

Access controls provide safeguards to assist in the prevention or detection of deliberate and accidental errors. Errors may be caused by the improper use or manipulation of data files, unauthorized or incorrect use of computer programs, and improper use of computer resources. Access controls should limit access to computer data files, programs, and hardware to authorized persons who require them in the performance of their duties.

Our test of 55 former employees disclosed that 23 did not have their access privileges to the College's computer systems removed in a timely manner, 19 of which had access to data systems. The access privileges of the 23 former employees were not removed until 8 to 324 days after the employees' termination date. In response to audit inquiry, College personnel stated that the manual process they followed caused delays in receiving information on former employees from the various departments; however, they were in the process of implementing an automated system to resolve the delays.

Although the computer data file and system access privileges had been removed for all former employees included in our test, failure to timely remove such access increases the risk of unauthorized use of computer resources.

Recommendation: The College should continue its efforts to implement a process to ensure that access to computer resources is timely removed for former employees.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the College had taken corrective actions for findings included in our report No. 2008-049.

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

The objectives of this operational audit were to: (1) obtain an understanding and make overall judgments as to whether College internal controls promoted and encouraged compliance with applicable laws, rules, regulations, contracts, and grant agreements; the economic and efficient operation of the College; the reliability of records and reports; and the safeguarding of assets; (2) evaluate management's performance in these areas; and (3) determine whether the College had taken corrective actions for findings included in our report No. 2008-049. Also, pursuant to Section 11.45(7)(h), Florida Statutes, our audit may identify statutory and fiscal changes to be recommended to the Legislature.

The scope of this operational audit is described in Exhibit A. Our audit included examinations of various records and transactions (as well as events and conditions) occurring during the 2008-09 fiscal year.

Our audit methodology included obtaining an understanding of the internal controls by interviewing College personnel and, as appropriate, performing a walk-through of relevant internal controls through observation and examination of supporting documentation and records. Additional audit procedures applied, to determine that internal controls were working as designed, and to determine the College's compliance with the above-noted audit objectives, are described in Exhibit A. Specific information describing the work conducted to address the audit objectives is also included in the individual findings.

AUTHORITY

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.



David W. Martin, CPA
Auditor General

MANAGEMENT'S RESPONSE

Management's response is included as Exhibit B.

EXHIBIT A
AUDIT SCOPE AND METHODOLOGY

Scope (Topic)	Methodology
Security awareness and training program regarding the confidentiality of information.	Examined supporting documentation related to the College's information technology (IT) security awareness and training program.
Procedures to timely prohibit former employees' access to electronic data files.	Tested employees who terminated during the audit period and examined supporting documentation evidencing when the College terminated IT access privileges.
Board meetings.	Reviewed Board meeting minutes to determine compliance with Sunshine Laws regarding public notification.
Statement of Financial Interest requirements of Section 112.3145(2), Florida Statutes.	Obtained names and filing dates for College Board Members, the College President, and the Procurement Director to determine whether filed timely.
Fraud policy and related procedures.	Examined written policies, procedures, and supporting documentation related to the College's fraud policy and related procedures.
Social security number requirements of Section 119.071(5)(a), Florida Statutes.	Examined supporting documentation to determine whether the College had provided individuals with a written statement as to the purpose of collecting their social security numbers.
Tuition rates.	Compared tuition fees assessed to amounts authorized by law and administrative rules, including fees for baccalaureate courses.
Student activity and service fees assessed.	Verified that activity and service fees did not exceed 10 percent of the total tuition fee.
Procedures for calculating user and laboratory fees.	Requested a copy of College procedures to determine if the policy was approved by the Board of Trustees. Tested courses that charged user and laboratory fees and examined supporting documentation to determine whether the fee was properly assessed and did not exceed the cost per student to provide the services.
Student fee deferments and collection efforts.	Tested student accounts receivable with fee deferments to determine whether deferments were properly authorized and within established limits, and verified that established collection procedures were being followed.
Student loans.	Tested students who received non-Federal loans and verified College procedures were followed from initiation to collection.
Student fee accounts written-off.	Tested student fee accounts written off to verify collection procedures had been followed and the amounts written off were approved by authorized personnel.
Procedures for student grade changes.	Reviewed controls through inquiries with Registrar Office personnel and observation of the process and reports generated.
Procedures for issuance of student transcripts.	Tested transcripts issued and examined documentation to determine whether the issuance was authorized and the contents of the transcript were adequately supported.

EXHIBIT A (CONTINUED)
AUDIT SCOPE AND METHODOLOGY

Scope (Topic)	Methodology
Procedures for issuance of diplomas.	Tested students issued a diploma and examined supporting documentation to determine whether the recipients of diplomas met the grade point average and credit hours required for graduation, and had a transcript on file indicating the receipt of a diploma.
Procedures for textbook affordability.	Examined supporting documentation to determine whether the College's procedures regarding textbook affordability were in accordance with Section 1004.085, Florida Statutes.
College-owned tangible personal property.	Examined tangible personal property records to determine whether they contained information necessary to account for and identify College-owned property. Tested property by physical observation to determine whether the College's property records accurately described information related to the asset.
Annual physical inventory procedures.	Reviewed written policies and procedures, and examined supporting documentation related to the College's annual physical inventory of College-owned property.
Property deletions and disposals.	Tested deleted property items to determine the authority and timeliness of the deletions.
New employees hired.	Tested new hires to determine that personnel records contained evidence that the employee had the necessary qualifications and that fingerprinting and background checks were performed on employees filling positions of trust or of a sensitive nature.
Terminal pay policies and procedures.	Reviewed the College's policies and procedures for terminal pay to ensure policies and procedures were consistent with Florida law. Tested payments for terminal pay to former employees to determine whether the College properly calculated terminal pay in accordance with College policies and procedures.
Travel expenses.	Examined travel policies and procedures. Tested travel authorization forms to verify that travel was properly authorized and travel costs reimbursed were in accordance with Florida law and College policies.
Purchasing card procurement policies and procedures.	Tested issuance of procurement cards to determine whether required forms and approvals were on file and that purchasing limits for each card had been analyzed. Also, tested to determine the timely cancellation of procurement card accounts for former employees.
Annual safety inspections.	Determined that the College had established procedures to perform annual safety inspections as required by Section 1013.12, Florida Statutes. Tested annual facility inspection reports to determine that the inspections were performed by qualified personnel and that deficiencies noted were timely corrected.
Guaranteed energy savings contract.	Verified College's compliance with Section 1013.23, Florida Statutes.

EXHIBIT A (CONTINUED)
AUDIT SCOPE AND METHODOLOGY

Scope (Topic)	Methodology
Procedures for insuring architects and engineers.	Reviewed Board policies and procedures to determine whether architects and engineers were required to provide professional liability insurance.
Use of State sales tax exemption for direct material purchases of construction materials.	Examined a recent construction project to determine whether the College made use of its sales tax exemption to make direct purchases of construction materials or documented its justification for not doing so.
Payment of taxes or fees for cellular telephone services.	Inquired with College personnel and examined related records to determine if the College is paying taxes or fees for cellular telephone services for which it is exempt.
Capital project ledgers.	Examined documentation to determine whether the College's capital project ledgers properly accounted for capital project expenditures made during the audit period.

EXHIBIT B
MANAGEMENT'S RESPONSE

Office of the President
Willis Holcombe Center
Phone 954-201-7401
Fax 954-201-7357



WILLIS HOLCOMBE CENTER
111 East Las Olas Blvd.
Fort Lauderdale, FL 33301

INSTITUTE FOR
ECONOMIC DEVELOPMENT
111 East Las Olas Blvd.
Fort Lauderdale, FL 33301

February 22, 2010

A. HUGH ADAMS
CENTRAL CAMPUS
3501 S.W. Davie Road
Davie, FL 33314

David W. Martin, CPA
Auditor General
State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

NORTH CAMPUS
1000 Coconut Creek Blvd.
Coconut Creek, FL 33066

JUDSON A. SAMUELS
SOUTH CAMPUS
7200 Hollywood/Pines Blvd.
Pembroke Pines, FL 33024

Dear Mr. Martin:

PINES CENTER
16957 Sheridan St.
Pembroke Pines, FL 33331

Please find Broward College's responses to the preliminary and tentative findings from the Operational Audit for the fiscal year ended June 30, 2009.

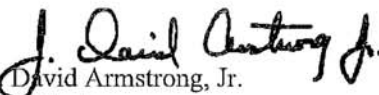
WESTON CENTER
4205 Bonaventure Blvd.
Weston, FL 33332

Thank you for the opportunity provided by your office to continue to improve the College's operations.

MIRAMAR AUTOMOTIVE/
MARINE CENTER
7451 Riviera Blvd.
Miramar, FL 33023

Sincerely,

MIRAMAR TOWN CENTER
2050 Civic Center Place
Miramar, FL 33025


J. David Armstrong, Jr.
President

TIGERTAIL LAKE CENTER
580 Gulfstream Way
Dania Beach, FL 33004

Cc: Sean Guerin, Chairperson
Broward College District Board of Trustees

Enclosure

**BROWARD COLLEGE
OPERATIONAL AUDIT FOR THE FISCAL YEAR ENDED 6/30/09
RESPONSES TO FINDINGS AND RECOMMENDATIONS**

Response to Finding No. 1: Written Fraud Policy

Finding and Recommendation: Acknowledged. The College has revised Policy and Procedure 6Hx2-1.15 Standard of Ethics and Professionalism for Public Officers and Employees of Agencies and same was submitted and approved by the Board on December 1st, 2009. Several sections were added to address identification of actions constituting fraud, responsibility for investigation of fraud and consequences for violation of policy. We believe the aforementioned policy and procedure enhancements should satisfy this audit finding.

Response to Finding No. 2: Student User Fees

Finding and Recommendation: Acknowledged. The College acknowledges the Findings and Recommendations from the Auditor General with regards to the lack of a Board-approved policy, formalized procedures to be used in future reviews and the need to retain documentation evidencing the calculation and review, on a periodic basis, of the Student User Fees.

Beginning in calendar year 2009, the College embarked on a comprehensive college-wide project to address the findings and recommendations from the Auditor General first noted in their report No. 2008-049. The following details what has been accomplished with a timeline for completion.

- A Steering Committee was formed of college-wide administrators to determine the scope and objectives of the project, how to best accomplish those objectives, what key College employees should be involved and a timeline for the completion of the project.
- A Pilot Group was formed consisting of Aviation, Biological and Physical Sciences and Math Labs to develop a new course fee form, to develop the framework for a college-wide model to calculate a course fee per student, review and revamp the existing policy and procedures related to student user fees to ensure all fees are calculated uniformly, are reviewed on a periodic basis and all documentation related to that review is maintained by the College.
- Once all the work of the Pilot Group is completed the policy will be presented to the Board of Trustees for approval and the policy and procedures along with the model for the calculation of the student user fees will be rolled out to the

remainder of the College in order to review all of the fees. This will be accomplished in three phases each consisting of 1/3 of the total of all the College's fees.

Timeline for Completion

- April 2010 – Work on Pilot Group completed with a formalized policy and procedure and a model for calculating the student user fees.
- May 2010 – Formal policy presented to the Board of Trustees for approval.
- August 2010 – Phase One (review and evaluation of first 1/3 of student fees) completed.
- October 2010 - Phase Two (review and evaluation of second 1/3 of student fees) completed.
- December 2010 – Phase Three (review and evaluation of final 1/3 of student fees) completed.
- February/March 2011 – All fees approved by Board of Trustees and inputted into College's registration system.

Response to Finding No. 3: Procurement Cards

Finding and Recommendation: Acknowledged. The College believes the following enhancements to policy and procedure will address the noted deficiency.

The College recently completed a review of its procurement card program in an effort to reduce risk and improve controls. As part of this review, approximately 100 cards were terminated, a new user manual and training was implemented, and all cardholders were required to execute a new cardholder agreement acknowledging their understanding of user guidelines and restrictions. With respect to cancellation of procurement cards held by employees separating from the College, it is a requirement of College Policy 6Hx2-3.13 that supervisors assure that all property, including procurement cards, are returned by employees before separating from the College. However, in order to strengthen this existing requirement the College will immediately undertake the following steps:

1. Revise policy and procedure 3.13 to include a) consequences for violation of policy for both employees and supervisors, b) emphasis on timely notification by supervisors

of terminating employees, and c) specific references to procurement card return in the policy.

2. Provide increased training to supervisors and department heads regarding exit procedures, including management development training program.

Finding No. 4: I.T. – Access Controls

Finding and Recommendation: Acknowledged. The College believes the following process which has been implemented has satisfied the deficiency.

In March, 2009 the College implemented an automated process to grant CID computer access to employees based on payroll assignments to eliminate the need to have individual departments submit security access paperwork. When the assignment record is created for new hires, access is now granted systematically according to their primary job role. If a separation occurs and an end-date is added to the payroll assignment in CID, employee access is automatically deactivated and a helpdesk ticket is entered for additional follow-up. An audit control report is generated daily and kept in production support for a retention period of at least one fiscal year. Employees no longer have CID computer access the first business day after their separation date.