

**PASCO-HERNANDO COMMUNITY
COLLEGE**

Operational Audit



BOARD OF TRUSTEES AND PRESIDENT

Members of the Board of Trustees and President who served during the 2009-10 fiscal year are listed below:

	<u>County</u>
Deborah G. Kilgore, Chair from 7-21-09	Hernando
Judy R. Parker, Vice Chair from 7-21-09 (1) (2)	Pasco
Thomas E. Weightman, Chair to 7-20-09	Pasco
John L. DiRienzo from 7-15-09 (3)	Hernando
Jeanne M. Gavish (2)	Hernando
Irvin Homer	Hernando
Dr. S.K. Rao Musunuru	Pasco
Wilton E. Simpson	Pasco
Gary L. Worthley (2)	Pasco

Dr. Katherine M. Johnson, President

- Notes: (1) There was no Vice Chair from July 1, 2009, to July 20, 2009.
- (2) Board member served beyond the end of their term, May 31, 2010.
- (3) Position was vacant from July 1, 2009, to July 14, 2009.

The audit team leader was Anna A. McCormick, CPA, and the audit was supervised by Janice Priolo, CPA. For the information technology portion of this audit, the audit team leader was Danielle M. Alvarez, CISA, and the supervisor was Nancy Reeder, CPA, CISA. 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.

PASCO-HERNANDO COMMUNITY COLLEGE

SUMMARY

Our operational audit disclosed the following:

Finding No. 1: Certain security controls related to user authentication needed improvement.

BACKGROUND

Pasco-Hernando 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 nine members appointed by the Governor and confirmed by the Senate.

The College has campuses in Dade City (East Campus), Brooksville (North Campus), and New Port Richey (West Campus), Florida, and a center in Spring Hill, Florida. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Pasco and Hernando Counties. The College reported enrollment of 7,231 full-time equivalent students for the 2009-10 fiscal year.

The results of our financial audit of the College for the fiscal year ended June 30, 2010, 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, 2010, will be presented in a separate report.

FINDING AND RECOMMENDATION

Finding No. 1: Information Technology (IT) – User Authentication

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit disclosed certain College security controls related to user authentication that needed improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising College data and IT resources. However, we have notified appropriate College management of the specific issues. Without adequate security controls, the confidentiality, integrity, and availability of data and IT resources may be compromised, increasing the risk that College data and IT resources may be subject to improper disclosure, modification, or destruction. A similar finding was noted in our report No. 2009-022.

Recommendation: The College should improve its security controls related to user authentication to ensure the continued confidentiality, integrity, and availability of College data and IT resources.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the College had taken corrective actions for findings included in our report No. 2009-022.

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 March 2010 through July 2010 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. 2009-022. 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 2009-10 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.	Determined whether the College had developed a comprehensive information technology security awareness and training program.
Information technology (IT) policies and procedures.	Reviewed the College's written policies and procedures to determine whether they addressed certain important IT control functions.
IT logical access controls.	Examined supporting documentation to determine whether authentication controls were configured and enforced in accordance with IT best practices.
IT access authorizations.	Reviewed selected access authorization forms to determine whether access privileges were properly authorized.
IT application access.	Reviewed selected access privileges to determine whether access privileges were appropriately granted.
Board meetings.	Reviewed Board minutes and, for selected Board meetings, examined supporting documentation evidencing compliance with Sunshine Law requirements (i.e., proper notice of meetings, ready access to public, maintain minutes).
Statement of financial interest requirements of Section 112.3145(2), Florida Statutes.	Determined whether the College President, Board members, and purchasing agents filed statements of financial interests in accordance with law.
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 of the purpose for collecting their social security numbers.
Procedures for assessing, calculating, collecting, cancelling, recording, and supporting student fees and Florida residency determination and in-state tuition.	Tested students to determine if the College documented Florida residency and correctly assessed tuition and fees in compliance with Section 1009.21, Florida Statutes, and State Board of Education Rule 6A-10.044.
Procedures for calculating the technology fee and the capital improvement fee.	Verified that the sum of the tuition fee and technology fee per credit hour did not exceed the amount authorized by law. Determined whether the capital improvement fee did not exceed 10 percent of the tuition fee per credit hour and was limited to an increase of \$2 per credit hour over the prior year.
Procedures for calculating laboratory fees.	Reviewed the College's policies and procedures regarding the assessment of laboratory fees and determined whether such policies and procedures were approved by the Board of Trustees. Tested laboratory fees and examined supporting documentation to determine whether the College properly calculated these fees.

EXHIBIT A (Continued)
AUDIT SCOPE AND METHODOLOGY

Scope (Topic)	Methodology
Contracts paid from State funds requirements of Section 1012.83(2), Florida Statutes.	Examined the College President's and Vice Presidents' contracts with the Board of Trustees and verified that the contracts limit any settlements, to be paid from State appropriations, to the amount of their annual salary.
Purchasing card transactions.	Tested purchasing card transactions for propriety and compliance with related laws, rules, and College procedures.
Mandatory and nonmandatory transfers.	Tested transfers made between funds during the 2009-10 fiscal year to determine propriety of transfers of restricted moneys between funds.
Direct-support organization.	Reviewed transfers between the College and its direct-support organization to determine the purpose and legal authority of such transfers.
Procedures for selecting, paying, and insuring architects and engineers.	Tested a major construction project in progress during the audit period to determine whether architects and engineers engaged were properly selected, paid in accordance with the contract, and, where applicable, had evidence of required insurance.
Procedures for maintaining construction project ledgers.	Tested a major construction project in progress during the audit period to verify that the College maintained project ledgers or other records that accounted for project expenses.
Procedures for selecting construction managers and monitoring the selection of subcontractors.	Tested a major construction project in progress during the audit period to determine if the construction manager was properly selected. Reviewed construction project records to determine if the College monitored the selection process of subcontractors by the construction manager.
Procedures for monitoring payments made in accordance with construction manager contracts.	Examined College procedures and supporting documentation for a major construction project to determine whether the College ensured that payment requests from the construction manager were supported by adequate documentation, change orders were properly approved, and retainage was properly withheld.
Use of state sales tax exemption for direct purchase of construction materials.	Tested a major 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.
Annual safety inspections.	Obtained copies of the most recent annual life safety, fire safety, and sanitation inspection reports and determined whether the deficiencies noted were timely corrected.
Payment of taxes or fees for wireless communication device services.	Inquired of College personnel and examined related records to determine if the College paid taxes or fees for wireless communication device services for which it is exempt.
Procedures for limiting wireless communication devices.	Reviewed policies and procedures to determine whether the College limits the use of, and documents the level of service provided for, wireless communication devices.

EXHIBIT A (Continued)
AUDIT SCOPE AND METHODOLOGY

Scope (Topic)	Methodology
Adult general education program enrollment reporting.	Tested adult general education students and examined supporting documentation to determine whether the College reported instructional and contact hours in accordance with Florida Department of Education requirements.
Textbook affordability.	Examined supporting documentation to determine whether the College's policies and procedures regarding textbook affordability were in accordance with Section 1004.085, Florida Statutes.

EXHIBIT B
MANAGEMENT'S RESPONSE



Office of the President

August 24, 2010

Mr. David W. Martin
Auditor General
G74 Claude Pepper Bldg.
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mr. Martin:

The following is Pasco-Hernando Community College's response to the preliminary and tentative finding associated with the operational audit for the fiscal year ended June 30, 2010.

Finding No. 1 Information Technology – User Authentication

The College concurs with the finding and will, to the extent possible, implement the suggested improvements.

Should you have any questions regarding the College's responses, please contact, Mr. Ken Burdzinski, Vice President of Administration and Finance at (727)816-3412 or burdzink@phcc.edu.

Sincerely,

Katherine M. Johnson, Ed.D.
President

- c: K. Burdzinski
- P. Wright
- B. Horn

East Campus
36727 Blanton Road
Dade City, FL 33523-7599
(352) 567-6701

North Campus
11415 Ponce de Leon Blvd.
Brooksville, FL 34601-8698
(352) 796-6726

West Campus/District Office
10230 Ridge Road
New Port Richey, FL 34654-5199
(727) 847-2727

Spring Hill Campus
450 Beverly Court
Spring Hill, FL 34606
(352) 688-8798