

DEPARTMENT OF EDUCATION

COMMISSION FOR INDEPENDENT EDUCATION

AND DEPARTMENT PROCUREMENT AND

EXPENDITURE PROCESSES

Operational Audit



COMMISSIONER OF THE DEPARTMENT OF EDUCATION

Pursuant to Article IX, Section 2 of the State Constitution and Section 20.15, Florida Statutes, the State Board of Education supervises the system of free public education and is the head of the Department of Education (Department). The State Board of Education appoints the Commissioner of Education who serves as the Executive Director of the Department. Dr. Eric J. Smith served as the Commissioner during the period of our audit.

COMMISSION FOR INDEPENDENT EDUCATION

The Commission for Independent Education (Commission) is established pursuant to Section 1005.21, Florida Statutes, and is composed of seven members appointed by the Governor and confirmed by the Senate. The seven members include two members who represent independent colleges or universities licensed by the Commission; two members who represent independent nondegree-granting schools licensed by the Commission; one member from a public school district or community college who is an administrator of career education; one member who is a representative of a college that meets the criteria of Section 1005.06(1)(f), Florida Statutes; and one lay member who is not affiliated with an independent postsecondary educational institution. Commission members serve 3-year terms and those who served during the period of our audit are shown below:

Commission Members	Entity Represented	Term of Office
Samuel Ferguson, Executive Director	Commission	11/13/1986 – 03/31/2010 From 05/03/2010
John Welch, Acting Executive Director	Commission	04/01/2010 – 04/30/2010
Nancy M. Bradley	Independent Colleges and Universities	07/17/2009 – 06/30/2012
David Knobel	Independent Colleges and Universities	05/23/2007 – 06/30/2009
Lynn T. Mulherin	Independent Colleges and Universities	07/17/2009 – 06/30/2012
Peter F. Crocitto	Independent Nondegree-Granting Schools	10/16/2007 – 06/30/2010
Ernesto A. Perez	Independent Nondegree-Granting Schools	07/17/2009 – 06/30/2011
Samuel Lauff, Jr.	Public School District	10/16/2007 – 06/30/2010
Dr. Marvin W. Royse	College in accordance with Section 1005.06(1)(f), Florida Statutes	07/17/2009 – 06/30/2012
Judith K. Rodgers	Lay Member	07/17/2009 – 06/30/2011

Source: Department of Education records and Governor's Office Boards and Appointment Listings.

The audit team leaders were Debra K. Clark, CPA, and Lynley B. Trent, CPA, and the audit was supervised by Aileen Peterson, CPA. Please address inquiries regarding this report to Christi Alexander, CPA, Audit Manager, by e-mail at christialexander@aud.state.fl.us or by telephone at (850) 487-9069.

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DEPARTMENT OF EDUCATION

Commission for Independent Education and Department Procurement and Expenditure Processes

SUMMARY

This operational audit of the Department of Education (Department) focused on the activities of the Commission for Independent Education, including the administration of the Student Protection Fund, and Department procurement and expenditure processes. Our audit disclosed the following:

COMMISSION FOR INDEPENDENT EDUCATION (COMMISSION)

Commission Oversight:

Finding No. 1: Commission appointments did not always satisfy requirements of law.

Finding No. 2: The Commission had not established written policies and procedures to promote compliance with governing laws, rules, and guidelines.

Finding No. 3: The Department and Commission had not established specific performance measures for key Commission activities.

Finding No. 4: The Commission did not always timely investigate complaints involving institutions under its authority.

Student Protection Fund (SP Fund):

Finding No. 5: The Commission did not always take appropriate action upon notification of a school closing.

Finding No. 6: The Commission's administration of the SP Fund did not, in some instances, conform to the requirements of law.

Finding No. 7: The Commission had not provided sufficient guidance to schools defining the term gross tuition revenue, nor did Commission staff adequately review and detect inconsistencies in the calculation of SP Fund fee payments submitted by institutions.

Information Technology (IT) Controls:

Finding No. 8: The Department had not implemented a comprehensive, entitywide security program for the management, use, planning, development, maintenance, and operation of the Commission Information Management System.

Finding No. 9: The Commission had not obtained security background investigations for personnel with access to sensitive locations or resources.

Finding No. 10: Commission Information Management System program change management controls needed improvement.

Finding No. 11: The Commission did not ensure, in some instances, that confidential data was collected in accordance with State law.

Finding No. 12: IT security controls for systems used by the Commission needed enhancement.

BACKGROUND

The Department of Education (Department) is responsible for assisting in the provision of professional leadership and guidance and in carrying out the education policies, procedures, and duties authorized by law or by the State Board of Education or found necessary by the Department to attain the purposes and objectives of the Florida K-20

Education Code.¹ The chief education officer of the State is the Commissioner of Education. The Commissioner's office is to operate all the Statewide functions necessary to support the State Board of Education, including strategic planning and budget development, general administration, assessment, and accountability.

FINDINGS AND RECOMMENDATIONS

Commission for Independent Education

According to State law,² the Legislature encourages privately supported higher education and intends to: aid in protecting the health, education, and welfare of persons who receive educational services from independent postsecondary educational institutions in this State; aid in protecting employers and others who depend upon people whose educational credentials are from independent postsecondary educational institutions in this State; and aid in protecting independent postsecondary educational institutions that currently operate or intend to begin operating in this State.

Commission Oversight

The Commission for Independent Education (Commission) was established within the Department to authorize the granting of diplomas and degrees by any independent postsecondary educational institution under the Commission's jurisdiction.³ While the Commission exercises independently all powers, duties, and functions prescribed by law, the Department serves as the administrative agent of the Commission by providing such services as payroll, procurement, and legal counsel.

The Commission's mission is to serve as a consumer protection agency, protect the integrity of institutions by assuring that certain standards are met, and encourage independent institutions to offer programs that meet the needs of Florida citizens. The Commission is authorized to expend funds as necessary to assist in the application and enforcement of its powers and duties.⁴ Pursuant to this authority, in addition to the State full-time equivalent positions assigned to it, the Commission employed other staff and positions through grant agreements with the Tallahassee Community College (TCC) to carry out its required duties. For the 2008-09 and 2009-10 State fiscal years, the Commission granted funding totaling \$1,156,427 and \$1,188,178, respectively, for the employment of 18 positions from TCC. Effective July 1, 2010, the positions formerly provided through TCC were established within the Department.

Finding No. 1: Commission Appointments

The Commission is composed of seven members appointed by the Governor and confirmed by the Senate to serve 3-year terms. Pursuant to State law,⁵ the membership of the Commission shall consist of:

- Two representatives of independent colleges or universities licensed by the Commission.
- Two representatives of independent, nondegree-granting schools licensed by the Commission.
- One member from a public school district or community college who is an administrator of career education.
- One representative of a religious college that meets the criteria of Section 1005.06(1)(f), Florida Statutes.

¹ Chapters 1000 through 1013, Florida Statutes.

² Section 1005.01, Florida Statutes.

³ Section 1005.21(1), Florida Statutes.

⁴ Section 1005.22(1)(e)4., Florida Statutes.

⁵ Section 1005.21, Florida Statutes.

- One lay member who is not affiliated with an independent postsecondary educational institution.

As part of our audit, we examined the composition of the Commission and noted that the two members appointed to exclusively represent nondegree-granting schools were from schools that offered both degree and nondegree programs.

Absent the appointment of members who exclusively represent nondegree-granting schools, nondegree-granting schools may not receive the level of representation intended by the Legislature. As shown in Table 1, during the 2009-10 fiscal year, the number of nondegree-granting institutions made up approximately 60 percent of the institutions under Commission jurisdiction.

**Table 1
Institutions Under Commission Jurisdiction by Type**

Institution Type	Number of Institutions Under the Commission's Jurisdiction	Percent of Institutions Under the Commission's Jurisdiction	Total Number of Reported Enrollment	Percent of Total Number of Reported Enrollment	Reported Number of Graduates	Percent of Reported Number of Graduates
Degree-Granting ^a	369	40%	302,517	80%	56,608	54%
Nondegree-Granting	552	60%	77,235	20%	47,817	46%
Totals	921	100%	379,752	100%	104,425	100%

^a Some of these institutions offer both degree and nondegree programs.

Source: *Commission for Independent Education 2009-2010 Annual Report*.

Recommendation: We recommend that Commission members be appointed in accordance with State law to ensure appropriate representation.

Finding No. 2: Policies and Procedures

To reasonably ensure compliance with governing statutes and Commission policy, written policies and procedures should be established and communicated to applicable staff. Our audit disclosed that the Commission had not established written policies and procedures governing its operations. While the Commission is organizationally placed within the Department, its operational activities, duties and functions are unique from those of the Department, requiring a separate set of policies and procedures be established to address the Commission's various functions and activities, including but not limited to, the licensing and regulation of independent postsecondary educational institutions, complaint resolution, on-site institution visits, and the handling of confidential information.

The absence of written policies and procedures increases the risk that noncompliance with law or policy will not be prevented or timely detected.

Recommendation: We recommend that the Commission establish written procedures to address its major functions and activities.

Finding No. 3: Performance Measures and Standards

Performance measures and standards provide a basis for evaluating the efficiency and effectiveness of key business activities within a program or activity. Also referred to in State law as accountability measures, performance measures consisting of quantitative or qualitative indicators used to assess State agency performance, and standards representing

the level of performance relative to an outcome or output, serve not only as budgeting tools but also as policymaking and accountability tools.⁶ State law⁷ requires agencies to maintain a comprehensive performance accountability system containing, at a minimum, a list of performance measures and standards that are adopted by the Legislature and subsequently amended pursuant to law. State agencies must provide to the Legislature performance measures applicable to agency programs and activities, and are required to report the approved standards in the agency's Long-Range Program Plan (LRPP) and Legislative Budget Request (LBR).⁸

Our audit disclosed that, contrary to State law, the Department's LRPP and LBR did not contain specific performance measures or standards relative to the Commission. In response to our audit inquiry, Commission management acknowledged that the Department did not include specific measures and standards directly focused on the Commission. These measures and standards might address such matters as, for example, the number and percent of consumer complaints closed, the number of days to resolve consumer complaints, the number and percent of cease and desist orders processed, and the number and percent of cease and desist orders referred to other State agencies for further investigation and prosecution.

While the Commission noted that the Department had included in the measures for several other programs (e.g., private colleges and universities, student financial aid, and career and adult education) aggregate data from students and nonpublic institutions for which the Commission had responsibility, the establishment of performance measures and related benchmarks specifically designated for the Commission would better allow management to measure the performance of the Commission.

Recommendation: We recommend that the Department, in conjunction with the Commission, ensure that specific performance measures are established for key Commission activities.

Finding No. 4: Complaint Resolution Timeliness

Department rules provide for the consumer protection of students at privately supported institutions of higher learning under the Commission's authority.⁹ As part of the Commission's responsibilities, the Commission is to investigate complaints involving institutions under its authority. Such complaints may be received through various means (e.g., telephone, e-mail, facsimile, mail, etc.). Once received, Commission staff are to enter each complaint into the Commission Information Management System (CIMS) and assign to the complaint a sequential case number. An official letter and copy of the complaint are then to be forwarded to the institution as notification of the filed complaint. A written response is requested from the institution within 20 days of the official letter receipt. Once a response is received from the institution, Commission staff are to review the complaint, along with the institution's response, to determine whether a violation of laws or rules occurred. The Commission is then to issue a written letter containing the Commission's finding and, if a violation occurred, the proposed resolution. Upon completion of the case, the Commission is to close the complaint case in CIMS.

During the period July 1, 2008, through February 28, 2010, the Commission received 552 complaints and closed 501 cases,¹⁰ according to CIMS data. Our examination of 40 complaint cases and related procedures disclosed the following:

⁶ Sections 216.011(1)(ii) and 216.023(4)(b), Florida Statutes.

⁷ Section 216.1827(1), Florida Statutes.

⁸ Sections 216.013 and 216.023(4)(b), Florida Statutes.

⁹ Department Rules, Chapters 6E-1 through 6E-5, Florida Administrative Code.

¹⁰ The 501 closed cases consisted of complaints received prior to and during the period July 2008 through February 2010.

- The Commission had not established a time frame to benchmark the timeliness of case closures. For 13 complaints, the resolutions did not appear timely as the number of days required to resolve them ranged from 135 to 447.
- For 14 complaint cases, there was no documentation on file to convey the status of the complaint (e.g., findings, proposed resolutions, and corrective actions).

We noted that a lack of Commission staff oversight and inconsistent utilization of CIMS reports for tracking and monitoring contributed to the delays in complaint processing, as did the absence of written policies and procedures governing complaint resolution.

Absent effective monitoring of complaint processing, issues may not be timely and fairly addressed and resolved. Subsequent to our audit inquiry, Commission management indicated that new procedures would be implemented to require Commission staff to utilize CIMS reports to monitor and ensure the timely resolution of complaints.

Recommendation: We recommend that the Commission develop written policies and procedures governing complaint resolution and strengthen its monitoring controls to ensure the timely resolution of complaints.

Student Protection Fund

Pursuant to State law, the Commission is required to establish and administer a Statewide, fee-supported financial program through which funds will be available to complete the training of a student who enrolls in a nonpublic school that terminates a program or ceases operation before the student has completed his or her program of study. The financial program is referred to as the Student Protection Fund (SP Fund).¹¹ Resources in the SP Fund may be used to facilitate the retrieval or safekeeping of records from an institution that has closed, make payments to students or to lending institutions, and cover administrative expenses.¹²

Since, pursuant to State law, other public funds cannot be used to cover the costs of the SP Fund under any circumstance, the Commission is to assess fees to all licensed nonpublic nondegree-granting schools to finance SP Fund activities, including administrative activities. Specifically:¹³

- An annual fee payment equal to .0005 of the school's annual gross tuition revenue generated in Florida.
- A fee of \$500 before an initial provisional license can be issued to a school. After the second year of operation, the \$500 may be used to offset future payments to the SP Fund.
- A fee to complete the training of a student who enrolls at a nonpublic school that terminates a program or ceases operations before the student has completed his or her program of study. The amount of this fee is not to exceed the cost to the SP Fund.

The SP Fund is identified as a separate account within the Institutional Assessment Trust Fund (IATF).¹⁴ SP Fund revenues, expenditures, and account balances for the fiscal years ended June 30, 2009, and 2010 are shown in Table 2.

¹¹ Section 1005.37(1), Florida Statutes.

¹² Sections 1005.36(3) and 1005.37(5), Florida Statutes.

¹³ Department Rules 6E-4.005(2) through 4.005(4) and 4.005(6)(b), Florida Administrative Code.

¹⁴ Section 1010.83, Florida Statutes.

Table 2
SP Fund Activity

	Fiscal Year Ended June 30	
	2009	2010
Beginning Balance	\$518,290	\$741,940
Revenue:		
Fees	208,401	210,753
Interest	<u>15,973</u>	<u>19,305</u>
Total Revenue	<u>224,375</u>	<u>230,058</u>
Expenditures:		
Amortization and Fiscal Charges	<u>725</u>	<u>927</u>
Total Expenditures	<u>725</u>	<u>927</u>
Net Increase/(Decrease)	<u>223,649</u>	<u>229,131</u>
Ending Balance	<u>\$741,940</u>	<u>\$971,071</u>

Source: Florida Accounting Information Resource Subsystem (FLAIR), Trial Balance by Contracts and Grants Reports

Finding No. 5: Program Terminations and School Closings

It is the Legislature’s intent to protect students and the independent sector of postsecondary education from detriment caused by licensed institutions that cease operation without providing for the proper completion of student training or for the appropriate refund of student fees.¹⁵ Upon learning of the closing of a licensed school or the termination of a program that could expose the SP Fund to liability, Commission staff are to immediately inform the Commission.¹⁶

Department rules¹⁷ provide that school owners who terminate a program before all students have completed their course of study must be assessed a fee in an amount not to exceed the cost to the SP Fund of implementing the train-out (the completion of the student’s training). Failure to pay the fee is considered grounds for disciplinary or civil action against the school and its owners.

Additionally, before closing a licensed institution, the owner must, among other things, notify the Commission in writing at least 30 days prior to the closing,¹⁸ and establish and submit for Commission approval a written plan for orderly closure that at least provides for the completion of training of its students. The institution’s plan must also include the method by which all student academic records will be provided to the Commission or Commission designee, a timeline showing the steps to be taken for orderly closure, a list of current mailing addresses and telephone numbers for all active students, copies of student notices that provide for student train-out or refunds, and evidence of refunds made to students not receiving trainout, repaying all outstanding student loans, or pro-rata refunds to students not having loans. Also, upon notification of a school’s closure, Department rule requires that the Commission send a representative to visit the school.¹⁹

If the Commission is not notified of a school’s closure, or if the institution has not provided for an orderly closing, the Commission is to organize a committee to oversee an orderly train-out, notify all appropriate agencies to seek

¹⁵ Section 1005.36(1), Florida Statutes.
¹⁶ Section 1005.37(6), Florida Statutes.
¹⁷ Department Rule, 6E-4.005(6), Florida Administrative Code.
¹⁸ Section 1005.36(2), Florida Statutes.
¹⁹ Department Rule 6E-4.005(6)(c)4.a., Florida Administrative Code.

assistance in the closure, and refer the matter to the Department of Legal Affairs or the State Attorney for further investigation and prosecution.

During the period July 1, 2008, through February 28, 2010, 87 programs were terminated and 67 schools closed that were participants in the SP Fund. As part of our audit, we reviewed 10 program termination files and 9 school closure files to evaluate the Commission's compliance with governing laws and rules and noted that:

- The Commission had not obtained train-out plans from the closing institutions, contrary to Department rule.²⁰
- While Commission members were notified of school closings, Commission members were not notified of program terminations. Subsequent to our audit inquiry, Commission management began to provide Commissioners with a list of terminated programs beginning with the July 2010 Commission meeting.
- For 3 school closings, contrary to the requirements of Department rule, the Commission did not send a representative to visit the schools upon notification of the closings.
- For 2 other school closings, the schools failed to notify the Commission of the closings or provide the required student academic records for proper handling. For these 2 school closures, there was no evidence that the Commission had referred these instances of noncompliance to the Department of Legal Affairs or the State Attorney for further investigation and prosecution.
- The Commission had not been immediately informed by Commission staff of a school closing which could have possibly exposed the SP Fund to liability. In a memorandum dated August 25, 2008, Commission field staff notified management of the school closing; however, the school's status remained open in CIMS and the school was not put on the Commission's meeting agenda until March 2009, approximately 7 months later.
- The closure file could not be located by the Commission for one school closing.

The Commission's failure to take appropriate action upon notification of a program termination or school closing limits its ability to ensure that schools comply with law and rules and the students affected have been treated fairly.

Recommendation: We recommend that the Commission ensure compliance with applicable laws, rules, and guidelines related to program terminations and school closings.

Finding No. 6: SP Fund Viability

State law²¹ requires the Commission to maintain the SP Fund in an actuarially sound condition. Accordingly, the Commission is required to review the SP Fund and determine whether SP Fund assets are actuarially sufficient to meet SP Fund expenses as they become due. In addition, at each Commission meeting, the Commission is required to consider the need for and make required assessments, review the collection status of unpaid assessments and take all necessary steps to collect them, and review all moneys in the SP Fund and expenses incurred since the last reporting period.²² This review is to include administrative expenses, moneys received, and payments made to students or to lending institutions.

We reviewed Commission records related to the SP Fund, including accounting records, fee schedules, and minutes of Commission meetings to evaluate Commission actions taken to maintain the viability of the Fund. Our audit disclosed:

²⁰ Department Rule 6E-4.005(6)(c)4.b, Florida Administrative Code.

²¹ Section 1005.37(7), Florida Statutes.

²² Section 1005.37(5), Florida Statutes.

- Department rule²³ provides that when the Commission is notified that an institution is closing or has closed, the Commission is to review the train-out plan submitted by the closing institution to determine compliance with rule, and assist in identifying and securing train-out at other institutions, as necessary. Any institution that offers to train out an affected student(s) may apply for an award by letter. As part of this process, the train-out institution must provide to the Commission an accurate itemization of actual costs to be incurred during the training, and an accounting of other funds that will be provided for the student. The Commission is to base awards on the availability of funds, the actual costs incurred, and the amount of other funds received. We found that:
 - The Commission negotiated at no cost to the SP Fund, commitments from institutions to complete the training of students. However, there was no procedure established to govern the selection of the institutions, and there was no documentation showing how the Commission had selected the train-out institutions. Absent a documented process, questions may arise relative to whether the process is fair and equitable to the students and institutions.
 - Because the train-out institutions had not received awards, the institutions were not providing to the Commission information relative to the costs of train-out, and estimates thereof had not been developed by the Commission. Information concerning past train-out costs or estimates thereof may be useful to the Commission's maintenance of the actuarial soundness of the SP Fund.
- The financial condition of the SP Fund had not been reviewed at each Commission meeting as required by State law. Commission staff indicated that they were under the impression that a review of the overall condition of the SP Fund was not required at each meeting. Subsequent to our audit inquiry, Commission staff developed a new policy that called for the Executive Director of the Commission to present a financial statement that included SP Fund information (e.g., beginning balance, ending balance, total revenue, administrative expenses, payments to students, and payments to lending institutions) at each Commission meeting.

Recommendation: **We recommend that the Commission:**

- **Monitor the actuarial soundness of the SP Fund.**
 - **Take appropriate actions for maintaining the viability of the Fund that include ensuring the adequacy of fee assessments and routine Commission review of the SP Fund's financial condition.**
 - **Establish policies and procedures that ensure fairness in its selection of qualified schools and in its negotiation of train-out commitments.**
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Finding No. 7: Fee Calculation

As a condition of licensure, Department rules²⁴ require that each licensed nonpublic nondegree-granting school pay annually to the SP Fund a fee equal to .0005 of the annual gross tuition revenue generated in Florida. To facilitate the payment of the fee, schools are to self-report via CIE Form 206, *SP Fund Fee Transmittal Form* (Form 206), gross tuition revenue generated in Florida based on financial statements compiled, reviewed, or audited by independent certified public accountants. Documentation of the fee calculation is to accompany the Form 206.

As part of our audit of 17 license applications, we noted that the lack of an effective Commission staff verification of annual fee payments contributed to 13 fee calculation discrepancies that resulted in payment errors ranging from an overpayment of \$79 to an underpayment of \$109 and instances in which we were unable to determine the amounts due to the Commission because of the lack of supporting documentation. Specifically:

²³ Department Rule 6E-4.005(5) and 4.005(6), Florida Administrative Code.

²⁴ Department Rule 6E-4.005(3), Florida Administrative Code.

- Revenues reported in the financial statements for eight schools did not always correlate with the gross Florida tuition revenue reported on the schools' Form 206.
- One school included both nontuition revenue (e.g., registration fees, as well as clinic, retail, books, and supply costs) and tuition revenue in its calculation of the fee amount.
- Two schools failed to include gross revenue amounts on Form 206.
- One school based its fee calculation on reported net income instead of gross tuition revenue.
- The financial statements for one school were not available in Commission files. Therefore, the accuracy of the reported revenue could not be determined.

In addition to the lack of Commission staff review of the required documentation, we noted that Commission staff provided schools with little guidance as to what constituted gross tuition revenue. Absent sufficient review and guidance, the Commission's assurance is limited that it is receiving all the fees that are legally due to the SP Fund.

Recommendation: We recommend that the Commission adequately define gross tuition revenue and take the necessary steps to verify the accuracy of fee payments to ensure that all fees legally due to the SP Fund are received.

Information Technology (IT) Controls

IT controls are specific activities performed by individuals or systems and are designed to ensure that business objectives are met. IT controls consist of both general and application controls. General controls are the policies and procedures that apply to all or a large segment of an entity's information systems and help ensure proper operation. Application controls are directly related to individual computerized applications and help ensure that data is complete, accurate, valid, confidential, and available. Our audit included a review of selected general and application controls relative to CIMS.

During the audit period, Commission staff utilized CIMS to process licensure applications and renewals; track mail, employee time, and complaints; view on-site visitation documents that had been loaded into the system; and send correspondence. Data in CIMS include both confidential and public information concerning institutions' administration and programs, student costs, graduate placement for both nondegree- and degree-granting institutions, student demographics, licensure and renewals, and contact information.

Finding No. 8: Security Program

An entitywide program for security planning and management is the foundation of an entity's security control structure. Responsibilities of the security program include coordinating the development and distribution of security policies and procedures, routinely monitoring compliance with those policies, and promoting security awareness among users.

To determine whether the Department had established an effective security program that included Commission IT resources, we performed inquiries of both Department and Commission management and made observations of selected general and application controls related to CIMS. We noted that the Department had elements of a security program in place; however, there did not appear to be a coordinated effort between the Department and the Commission in the management, use, planning, development, maintenance, or operation of CIMS. Specifically, we noted:

- *Chief Information Officer (CIO).* State law provides that each agency head should appoint or contract for a CIO whose duties should include, but not be limited to, coordinating and facilitating the planning and management of agency IT services; implementing agency IT planning and management procedures,

guidelines, and standards that are consistent with the procedures and standards adopted by the Agency for Enterprise Information Technology; advising agency senior management as to agency IT resource planning and needs; and assisting in the development and prioritization of IT resource needs for the agency's budget request.²⁵ The Department's CIO position description reiterated the responsibilities noted above and specified that this individual was responsible for the overall coordination for all units within the Department. However, our audit disclosed that CIMS and related IT resources were primarily controlled by personnel under the authority of the Executive Director of the Commission rather than the Department CIO. Also, the CIO was not familiar with CIMS and did not effectively monitor the Commission's IT activities for compliance with Department IT policies. The lack of appropriate CIO oversight and coordination for all IT operations within the Department increases the risk that Department policies and procedures, including security controls, may not be followed in a manner consistent with management expectations.

- *Policies and Procedures.* The Commission had not adopted written policies and procedures related to CIMS that addressed items such as access controls, separation of duties, systems development and maintenance, disaster recovery planning and applicable annual testing, firewall security, monitoring, and network security. In response to our audit inquiry, Commission management indicated that they would work with the Department's Office of Information Technology and Information Services to assess policies and procedures in place for other systems and modify them to meet the specific needs of the Commission.
- *Information System Development Methodology (ISDM).* The Department did not have a current Information System Development Methodology (ISDM) to guide the development, maintenance, and acquisition of IT systems. A formalized and documented ISDM can provide consistent guidance to staff with varying levels of skill and experience. An ISDM typically details the procedures that are to be followed when applications are being acquired, designed, developed, and implemented, as well as when the applications are subsequently modified. The Department's ISDM included standards with effective dates ranging from August 1986 through September 8, 1995, and standards for program modifications dated June 1990. Additionally, we noted that the ISDM had not been applied to CIMS and that the Department CIO had not made Commission management aware that an ISDM existed within the Department for staff utilization. Subsequent to our audit inquiry, the CIO delivered a revised ISDM draft to Commission management on July 29, 2010.
- *Risk Analysis.* A risk analysis of CIMS had not been performed. Such an analysis identifies the most probable threats to an entity, analyzes the vulnerabilities of the entity related to these threats, and develops effective security practices that may include, among other things, periodic reviews of user access rights; misuse; unauthorized alteration; and reviews of changes that may occur concerning an entity's operations, organization, hardware, environment, procedures, or software. The absence of a comprehensive risk analysis could result in inadequate or improperly implemented controls, thereby, increasing the possibility that sensitive and critical IT resources will not be sufficiently protected. Subsequent to our audit inquiry, Commission management provided that personnel would work with the Department Inspector General's Office and Information Security Manager to define and conduct a risk analysis.
- *Schematic Design.* The Commission had not developed as part of its security program, a schematic design that outlined physical and logical (software) controls established to protect data files, application programs, and hardware. In a networked environment, it is imperative that all points of entry and paths to sensitive files be identified and protected. Accordingly, a schematic diagram helps an entity to understand where all of the connectivity points are and how the system can be properly secured. Subsequent to our audit inquiry, Commission management provided that a schematic diagram would be produced with the assistance of the Department's Education Data Center (EDC).
- *Security Awareness Training.* Although the Department made security awareness training and materials available to all employees, employee participation and review of the materials was voluntary. Additionally, staff training rosters demonstrated no participation by Commission staff and contracted employees. A comprehensive security awareness training program is critical to an entity's information security strategy and supporting security operations. Such a program is intended to educate new employees and reemphasize to current employees what is considered appropriate security-conscious behavior and what security best

²⁵ Sections 282.0041(2) and 282.3055, Florida Statutes.

practices are expected of employees in their daily operations, in addition to, the importance of preserving the confidentiality, integrity, and availability of data and IT resources entrusted to them.

Without a well-designed, coordinated security program, security controls may be inadequate; responsibilities may be unclear, misunderstood, or improperly implemented; protection of sensitive or critical resources may be insufficient; and controls may be compromised.

Recommendation: We recommend that the Department, in coordination with the Commission, implement a comprehensive, entitywide security program in the management, use, planning, development, maintenance, and operation of CIMS to ensure sufficient protection of sensitive and critical resources.

Finding No. 9: Security Background Investigations

As a condition of employment and continued employment, State law²⁶ provides that each employing agency shall designate those employee positions that, because of the special trust or responsibility or sensitive location of those positions, should be subject to a security background investigation. The security background investigations, referred to as level 2 screenings, are to include fingerprinting, a Statewide criminal and juvenile records check through the Florida Department of Law Enforcement, and a Federal criminal records check through the Federal Bureau of Investigations.²⁷ Agency for Enterprise Information Technology (AEIT) rules²⁸ and good business practice also require that contractor employees serving in similar capacities should also be made subject to security background investigations.

Department procedures required security background investigations for all employees, regardless of the sensitivity of the position. However, these procedures were not in place for contracted employees. Our audit included an evaluation of the terms and conditions of the grant award agreements between the Commission and TCC and the purchase order between TCC and its subcontractor and disclosed that:

- During the period July 2008 through February 2010, grant award agreements entered into by the Commission with TCC for additional staff positions failed to include language that addressed the need to obtain security background investigations. Thus, 17 of the 18 contracted employees had not been subjected to security background investigations.
- Additionally, during the 2008-09 and 2009-10 fiscal years, the Commission procured IT consulting and support services through the TCC grant award to meet the need for additional human resources. These procurements were for the development and refinement of CIMS and Web-based components and totaled \$18,000 and \$14,940, respectively. The Commission indicated that the subcontractor had the ability to establish access security, as well as make and test programming changes. Similar to the TCC grant award documents, the IT consulting and support services purchase order terms failed to include any reference to the need to obtain security background investigations.

Designating positions of special trust and performing appropriate security background investigations helps mitigate the risk that a person with an inappropriate background could be employed or allowed access to sensitive locations or resources. In response to our audit inquiry, Department management stated that they were in the process of bringing the TCC employees onto the Department's payroll (by the end of the 2009-10 fiscal year) and that the Department was in the process of developing procedures to conduct background investigations for all contracted staff.

²⁶ Section 110.1127(1), Florida Statutes.

²⁷ Section 435.04, Florida Statutes.

²⁸ AEIT Rule 71A-1.005, Florida Administrative Code, *Agency Contracts, Providers, and Partners*, effective November 15, 2010.

Recommendation: The Commission should ensure that security background investigations are performed for all personnel who have or will be granted access to sensitive locations and resources.

Finding No. 10: Program Change Management

Effective controls over application program changes include documentation, review, and approval requirements that are intended to ensure that only authorized and properly functioning program changes are implemented. In addition, effective program change management controls include provisions for an appropriate separation of duties by ensuring that a group or persons independent of the application programmers approve program changes and control the movement of programs into production.

The Commission's program change management controls were inadequate, in that, the Commission's Management Information Systems Administrator administered all facets of CIMS, which included, but were not limited to:

- Directing the planning, scheduling, development, and implementation in a multi-user environment using Microsoft Access, Visual Basic for Applications, and SQL Server.
- Assuring the completeness and accuracy of the design, programming, and implementation.
- Conferring with users to identify problem areas and specific information requirements.
- Making programming changes.
- Testing the changes.
- Moving the changed codes into the production environment.
- Directing the design development and maintenance of the Web-based delivery.

These program change management practices provide the opportunity for unauthorized program changes to be moved into the production environment without being timely detected by management.

Recommendation: The Commission should seek guidance from the Department's CIO in reviewing the program change management practices and ensure that, to the extent possible, conflicting duties are not assigned to an employee.

Finding No. 11: Confidential Data

The Legislature acknowledges that the social security number (SSN) was never intended to be used for business purposes but is aware that over time the SSN has been used extensively for identity verification purposes and other legitimate consensual purposes.²⁹ The Legislature recognizes that the SSN can be used as a tool to perpetrate fraud against an individual and to acquire sensitive personal, financial, medical, and familial information, the release of which could cause great financial or personal harm to an individual.³⁰ Accordingly, the Legislature intends to monitor the use of SSNs held by agencies in order to maintain a balanced public policy.³¹ Hence, State law provides that an agency may not collect an individual's SSN unless the agency has stated in writing the purpose for its collection and unless the agency is specifically authorized by law to do so or it is imperative for the performance of that agency's duties and responsibilities as prescribed by law.³²

²⁹ Section 119.071(5)(a)1.a., Florida Statutes.

³⁰ Section 119.071(5)(a)1.b., Florida Statutes.

³¹ Section 119.071(5)(a)1.c., Florida Statutes.

³² Section 119.071(5)(a)2.a., Florida Statutes.

Our audit disclosed that the Commission continued to collect SSNs for the purpose of completing criminal justice information investigations on school staff and processing student transcript requests without adequately documenting in writing the purpose for the SSN collection. Subsequent to our audit inquiry, Commission management informed us that this practice has been discontinued and various forms on the Commission's Web site have been updated to completely remove requests for SSNs, or in some instances, minimize the request to the last four digits of the SSN to ensure a match on a student transcript file. Additionally, Commission management stated that, effective June 2, 2010, all SSN data had been removed from CIMS.

Recommendation: We recommend that the Commission ensure continued compliance with applicable laws related to confidential data to limit the risk of improper disclosure.

Finding No. 12: CIMS Security Controls

Commission IT security controls need enhancement. Specific details of the enhancements needed are not disclosed in this report to avoid the possibility of compromising Commission and Department data and IT resources. However, appropriate Commission and Department personnel have been notified of these items.

Recommendation: We recommend that the Commission and Department strengthen certain security controls to reduce the risk of unauthorized access to, modification to, or destruction of information within CIMS.

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 January 2010 to 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.

This operational audit focused on the activities of the Commission for Independent Education and Department procurement and expenditure processes. The overall objectives of the audit were:

- To evaluate the effectiveness of established internal controls in achieving management's control objectives in the categories of compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the relevance and reliability of records and reports; and the safeguarding of assets.
- To evaluate management's performance in achieving compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the relevance and reliability of records and reports; and the safeguarding of assets.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

In conducting our audit we:

- Interviewed selected Commission personnel.
- Obtained an understanding of internal controls and observed, documented, and evaluated the effectiveness of key processes and procedures related to the licensure, regulation, and consumer protection functions of the Commission.
- Obtained an understanding of IT controls, assessed the risks of those controls, evaluated whether selected general and application IT controls were in place, and tested the effectiveness of the controls.
- Tested 40 licenses issued by the Commission during the period July 2008 through February 2010 to determine whether the Commission:
 - Followed applicable laws, rules, and guidelines in processing these transactions for licensure.
 - Collected the appropriate amount of fee payments (i.e., license fees, applications fees, base fees, program fees, and SP Fund fees).
 - Timely deposited and accurately recorded the fees collected in FLAIR.
 - Accurately recorded fee payments in CIMS.
- Performed inquiries, inspections, and observation of the Commission complaint handling process. Specifically, we tested 40 complaints received during the period July 2008 through February 2010 to determine whether the Commission:
 - Followed office procedures for handling complaints received.
 - Resolved complaints in a timely manner.
- Performed inquiries, observations, and inspections of Commission records pertaining to the SP Fund. Specifically:
 - Determined whether the Commission had established written procedures that pertained to the SP Fund.
 - Reviewed trial balance data for the past five fiscal years to determine whether revenue and expenditure trends appeared reasonable and whether there were any unexpected differences that could not be adequately supported.
 - Determined whether licensed institutions were assessed fees in accordance with Section 1005.37(2), Florida Statutes.
 - Reviewed SP Fund funding sources to ensure compliance with Section 1005.37(4), Florida Statutes.
 - Reviewed Commission meeting minutes to determine if the Commission considered the need for and made required assessments, reviewed the collection status of unpaid assessments, took the necessary steps to collect assessments, and reviewed the moneys in the Fund and expenses incurred in accordance with Section 1005.37(5), Florida Statutes.
 - Determined whether there were any closings of licensed institutions or the termination of programs that exposed the SP Fund to liability, and what actions were taken by the Commission in handling such exposure, including immediately informing the Commission of the matter, the financial aspects of fee assessments, and the handling of confidential student records, pursuant to Sections 1005.37(3) and 1005.37(6), Florida Statutes.
- Reviewed nine school closure files and documentation for ten program terminations to evaluate the actions taken by the Commission upon notification of school closure or program termination.
- Performed various analytical procedures for Commission expenditures to determine whether such expenditures were reasonable in nature and the amounts represented costs incurred to fulfill the statutory responsibility of the Commission. These procedures were performed to help establish our understanding of

the Commission's operations and to evaluate whether any risk factors requiring additional testing would be identified through the results of the analytics.

- Performed analytical procedures of travel costs which consisted of reviewing the amount of travel costs incurred by the Commission during the period July 2008 through February 2010 and identifying the five Commission employees who incurred the greatest amount of travel costs. For each of these five employees, tested documentation related to one travel expenditure to determine whether the expenditure was made in compliance with applicable laws, rules, and Department procedures and that the expenditure appeared reasonable and necessary. The five transactions tested totaled \$3,072.
- Reviewed the terms and conditions of the grant award agreements between the Commission and TCC to determine, among other things, whether the objective of the grant agreement was consistent with the authority granted by the Legislature through statute, the grant agreement required the submission of any reports or deliverables documenting the progress toward the specified purpose or objective of the grant, and the Commission maintained appropriate documentation for payments made to TCC. Additionally, we reviewed the purchase orders between TCC and its subcontractors to determine whether the purchases appeared necessary and reasonable.
- Performed inquiries and observations of select general and application controls related to CIMS to determine whether adequate controls were in place and confidential information was being protected.
- Reviewed the Department's LRPP and LBR and performed inquiries of Commission management to determine whether the Commission had established appropriate performance measures.
- Tested 200 expenditure transactions (62 for contractual services, 18 for supplies and commodities, 31 for travel, 10 for acquisitions of tangible personal property, and 79 for general and administrative operating costs) totaling approximately \$1 million and 40 procurement transactions (15 for contractual services, 15 related to supplies and commodities, 5 tangible personal property acquisitions, and 5 for fixed capital outlay) totaling approximately \$261 million to determine whether the Department:
 - Procured and paid for goods and services in accordance with governing laws, rules, and Department policy.
 - Ensured that goods and services served an authorized purpose of the State and were procured at a reasonable and necessary cost.
 - Ensured that expenditure transactions recorded in FLAIR were accurate, authorized, timely recorded, correctly coded (i.e., appropriate funding source, fiscal period, object code, etc.), and supported by adequate documentation.
- Performed various analytical procedures on procurement and expenditures to identify anomalies in account balances and transactions and significant deviations in anticipated trends.
- 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 those matters requiring corrective actions.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a biennial basis. Further, Section 1005.37(7), Florida Statutes, requires that the Auditor General periodically audit the Student Protection Fund in connection with our audit of the Department of Education. 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

In a response letter dated April 12, 2011, the Commissioner of the Department of Education concurred with our audit findings and recommendations. The Commissioner's response is included as EXHIBIT A.

EXHIBIT A
MANAGEMENT'S RESPONSE

FLORIDA DEPARTMENT OF EDUCATION



Dr. Eric J. Smith
Commissioner of Education

STATE BOARD OF EDUCATION

Members

- DR. AKSHAY DESAI
- MARK KAPLAN
- ROBERTO MARTÍNEZ
- JOHN R. PADGET
- KATHLEEN SHANAHAN



April 12, 2011

David W. Martin, CPA
Auditor General
111 West Madison Street G74
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

Please find attached the Department's response to the audit of *Commission for Independent Education and Department Procurement and Expenditure Process* for the period July 1, 2008, through February 28, 2010.

If you have any questions, please contact Ed W. Jordan, Inspector General at (850) 245-0403.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric J. Smith".

Dr. Eric J. Smith

EJS/ej/dm

Attachment

c: Linda Champion

**EXHIBIT A
MANAGEMENT’S RESPONSE (CONTINUED)**

**Florida Department of Education
Commission for Independent Education and Department Procurement and
Expenditure Process Response**

Commission Oversight	
Finding Number:	1
Finding:	Commission appointments did not always satisfy requirements of the law.
Recommendation:	We recommend that Commission members be appointed in accordance with State law to ensure appropriate representation.
Agency Response and Corrective Action Plan:	Section 1005.21 (2), Florida Statutes, provides the authority for the appointment of the members of the Commission for Independent Education (Commission) to the Governor with confirmation of those appointments by the Florida Senate. The Commission has no role in the selection or confirmation of Commission members.
Estimated Corrective Action Date:	N/A
Agency Contact: Name: Phone Number:	Martha K. Asbury 850-245-0420

**EXHIBIT A
MANAGEMENT’S RESPONSE (CONTINUED)**

**Florida Department of Education
Commission for Independent Education and Department Procurement and
Expenditure Process Response**

Commission Oversight	
Finding Number:	2
Finding:	The Commission had not established written policies and procedures to promote compliance with governing laws, rules, and guidelines.
Recommendation:	We recommend that the Commission establish procedures to address its major functions and activities.
Agency Response and Corrective Action Plan:	<p>The Commission holds a unique status within the Department. Section 1005.21 (1), Florida Statutes, places the Commission within the Department and provides that the "... department shall serve as the administrative agent of the commission by providing services, including payroll, procurement, and legal counsel. The commission shall exercise independently all powers, duties, and functions prescribed by law." With regard to administrative functions identified by statute, the Commission follows standard Department policies and procedures.</p> <p>In conjunction with appropriate offices and/or sections within the Department, the Commission is in the process of developing written policies and procedures, related to its unique major functions. These major functions include, but are not limited to, licensure of institutions, oversight of institution closures, conducting on-site visits, and monitoring complaint resolution.</p>
Estimated Corrective Action Date:	September 30, 2011
Agency Contact: Name: Phone Number:	Martha K. Asbury 850-245-0420

**EXHIBIT A
MANAGEMENT’S RESPONSE (CONTINUED)**

**Florida Department of Education
Commission for Independent Education and Department Procurement and
Expenditure Process Response**

Commission Oversight	
Finding Number:	3
Finding:	The Department and Commission had not established specific performance measures for key Commission activities.
Recommendation:	We recommend that the Department, in conjunction with the Commission, ensure that specific performance measures are established for key Commission activities.
Agency Response and Corrective Action Plan:	Due to its unique placement within the Department and the nature of its governance, Commission staff is working with appropriate Department staff to develop specific performance measures for key Commission activities that are aligned with the Department’s overall mission. Historically, the Legislature established the performance measures included in the Long Range Program Plan (LRPP) and has not seen fit to revise the Department’s measures. Despite a number of recommendations, the Department’s LRPP has never been amended.
Estimated Corrective Action Date:	N/A
Agency Contact: Name: Phone Number:	Martha K. Asbury 850-245-0420

**EXHIBIT A
MANAGEMENT’S RESPONSE (CONTINUED)**

**Florida Department of Education
Commission for Independent Education and Department Procurement and
Expenditure Process Response**

Commission Oversight	
Finding Number:	4
Finding:	The Commission did not always timely investigate complaints involving institutions under its authority.
Recommendation:	We recommend that the Commission develop written policies and procedures governing complaint resolution and strengthen its monitoring controls to ensure the timely resolution of complaints.
Agency Response and Corrective Action Plan:	The Commission will develop written policies and procedures to implement a new process that will include establishing a timeframe for case closures, maintaining documentation and monitoring for the timely resolution of complaints. This process will include staff training to ensure accurate oversight of the complaint process.
Estimated Corrective Action Date:	September 30, 2011
Agency Contact: Name: Phone Number:	Martha K. Asbury 850-245-0420

**EXHIBIT A
MANAGEMENT’S RESPONSE (CONTINUED)**

**Florida Department of Education
Commission for Independent Education and Department Procurement and
Expenditure Process Response**

Student Protection Fund (SP Fund)	
Finding Number:	5
Finding:	The Commission did not always take appropriate action upon notification of a school closing.
Recommendation:	We recommend that the Commission ensure compliance with applicable laws, rules, and guidelines related to program terminations and school closings.
Agency Response and Corrective Action Plan:	The Commission will develop written policies and procedures to implement a new process to monitor program terminations and school closures that ensures applicable laws, rules and guidelines are followed. Use of this system, in conjunction with staff training, will allow the ability to monitor the progress of each program termination or school closure and assure that actions are implemented in a timely fashion.
Estimated Corrective Action Date:	September 30, 2011
Agency Contact: Name: Phone Number:	Martha K. Asbury 850-245-0420

**EXHIBIT A
MANAGEMENT’S RESPONSE (CONTINUED)**

**Florida Department of Education
Commission for Independent Education and Department Procurement and
Expenditure Process Response**

Student Protection Fund (SP Fund)	
Finding Number:	6
Finding:	The Commission’s administration of the SP Fund did not, in some instances, conform to the requirements of Law.
Recommendation:	<p>We recommend that the Commission:</p> <ul style="list-style-type: none"> • Monitor the actuarial soundness of the SP Fund. • Take appropriate actions for maintaining the viability of the Fund that include ensuring the adequacy of fee assessments and routine Commission review of the SP Fund’s financial condition. • Establish policies and procedures that ensure fairness in its selection of qualified schools and in its negotiation of train-out commitments.
Agency Response and Corrective Action Plan:	The Commission, under the direction of the Executive Director, is working to develop a methodology for determining the actuarial soundness of the Student Protection Fund (SPF). As a part of that process, the Commission policies and procedures that ensure fairness in its selection of qualified schools and in its negotiations of train-out commitments will be developed. Additionally, the Commission will continue to report the status of SPF at each Commission meeting (which began in July 2010) and take steps to review fee assessments when deemed necessary by the Commission.
Estimated Corrective Action Date:	September 30, 2011, and ongoing
Agency Contact Name:	Martha K. Asbury
Agency Contact Phone Number:	850-245-0420

**EXHIBIT A
MANAGEMENT’S RESPONSE (CONTINUED)**

**Florida Department of Education
Commission for Independent Education and Department Procurement and
Expenditure Process Response**

Student Protection Fund (SP Fund)	
Finding Number:	7
Finding:	The Commission had not provided sufficient guidance to schools defining the term gross tuition revenue, nor did Commission staff adequately review and detect inconsistencies in the calculation of SP Fund fee payments submitted by institutions.
Recommendation:	We recommend that the Commission adequately define gross tuition revenue and take the necessary steps to verify the accuracy of fee payments to ensure that all fees legally due to the SP Fund are received.
Agency Response and Corrective Action Plan:	<p>The Commission’s licensure team will verify the accuracy of data submitted from licensed institutions on the Student Protection Fund Fee Transmittal form (Form 206). Staff will also verify the actual fee calculation.</p> <p>The Commission currently relies upon each licensed institution’s Certified Public Accountant for the determination of an institution’s gross tuition revenue as a part of the institution’s financial statement. The Commission will have its Rules Committee develop a rule to define gross tuition revenue to be submitted for State Board of Education for approval and adoption.</p>
Estimated Corrective Action Date:	September 30, 2011
Agency Contact:	Martha K. Asbury
Name:	
Phone Number:	850-245-0420

**EXHIBIT A
MANAGEMENT’S RESPONSE (CONTINUED)**

**Florida Department of Education
Commission for Independent Education and Department Procurement and
Expenditure Process Response**

Information Technology (IT) Controls:	
Finding Number:	8
Finding:	The Department had not implemented a comprehensive, entitywide security program for the management, use, planning, development, maintenance, and operation of the Commission Information Management System.
Recommendation:	We recommend that the Department, in coordination with the Commission, implement a comprehensive, entitywide security program in the management, use, planning, development, maintenance, and operation of CIMS to ensure sufficient protection of sensitive and critical resources.
Agency Response and Corrective Action Plan:	<p>The Department has a comprehensive Information Security Program. The program includes policies and procedures, information security awareness, department wide risk assessments, computer security incident response teams, Information Systems Development Methodology (ISDM), disaster recovery, and an Information Security Strategic Plan and Work Plan. The Commission will focus efforts to address the recommendations stated in this finding by implementing the department-wide Information Security Program.</p> <p>Consistent with the Department’s existing comprehensive Information Security Program, the Commission is currently working with appropriate Department staff to implement a comprehensive security program to address the unique characteristics of the Commission Information Management System (CIMS). The program will include a risk assessment, development of a Disaster Recovery plan, and security awareness training. A schematic diagram has been developed in conjunction with the Department’s Education Data Center.</p>
Estimated Corrective Action Date:	December 30, 2011
Agency Contact: Name: Phone Number:	Martha K. Asbury 850-245-0420

**EXHIBIT A
MANAGEMENT’S RESPONSE (CONTINUED)**

**Florida Department of Education
Commission for Independent Education and Department Procurement and
Expenditure Process Response**

Information Technology (IT) Controls:	
Finding Number:	9
Finding:	The Commission had not obtained security background investigations for personnel with access to sensitive locations and resources.
Recommendation:	The Commission should ensure that security background investigations are performed for all personnel who have or will be granted access to sensitive locations and resources.
Agency Response and Corrective Action Plan:	<p>Effective June 30, 2010, the Commission ceased funding the Independent Schools Project at Tallahassee Community College (TCC). With the end of this contract, the employment of the Commission’s staff at TCC also ended.</p> <p>On July 1, 2010, all Commission employees became employees of the Department. As a result of becoming Department employees, all employees have completed “Level II” background screening through the Florida Department of Law Enforcement.</p>
Estimated Corrective Action Date:	July 1, 2010
Agency Contact:	
Name:	Martha K. Asbury
Phone Number:	850-245-0420

**EXHIBIT A
MANAGEMENT’S RESPONSE (CONTINUED)**

**Florida Department of Education
Commission for Independent Education and Department Procurement and
Expenditure Process Response**

Information Technology (IT) Controls:	
Finding Number:	10
Finding:	Commission Information Management System program change management controls needed improvement.
Recommendation:	The Commission should seek guidance from the Department’s CIO in reviewing the program change management practices and ensure that, to the extent possible, conflicting duties are not assigned to an employee.
Agency Response and Corrective Action Plan:	The Commission is working with the Department’s CIO, to develop processes and procedures that are consistent with existing Department change management procedures. Additionally, the Commission, under the direction of the Department’s CIO, has implemented a procedure to address the separation of duties for CIMS application development. This procedure includes the testing and approval of code changes by employees other than the developer.
Estimated Corrective Action Date:	September 30, 2011
Agency Contact: Name: Phone Number:	Martha K. Asbury 850-245-0420

**EXHIBIT A
MANAGEMENT’S RESPONSE (CONTINUED)**

**Florida Department of Education
Commission for Independent Education and Department Procurement and
Expenditure Process Response**

Information Technology (IT) Controls:	
Finding Number:	11
Finding:	The Commission did not ensure, in some instances, that confidential data was collected in accordance with State Law.
Recommendation:	We recommend that the Commission ensure continued compliance with applicable laws related to confidential data to limit the improper disclosure.
Agency Response and Corrective Action Plan:	<p>The Commission has taken the necessary steps to discontinue the collection of Social Security Numbers (SSNs) for the purposes of completing criminal justice information investigations on school staff and processing student transcript requests. The Commission currently collects only the last four digits of the SSN to ensure a match on a student transcript file. The last four digits of the SSN are not entered into a data table but are used for a visual comparison.</p> <p>Effective June 2, 2010, the Commission removed all Social Security Numbers from the data tables contained in the CIMS system.</p>
Estimated Corrective Action Date:	June 2, 2010
Agency Contact Name: Phone Number:	Martha K. Asbury 850-245-0420

**EXHIBIT A
MANAGEMENT’S RESPONSE (CONTINUED)**

**Florida Department of Education
Commission for Independent Education and Department Procurement and
Expenditure Process Response**

Information Technology (IT) Controls:	
Finding Number:	12
Finding:	IT security controls for systems used by the Commission needed enhancement.
Recommendation:	We recommend that the Commission and Department strengthen certain security controls to reduce the risk of unauthorized access to, modification to, or destruction of information within CIMS.
Agency Response and Corrective Action Plan:	The Commission, working in conjunction with the Department’s Information Security Manager, is developing procedures to address this finding to ensure that adequate safeguards are in place to ensure system security. Additionally, the Commission will bring the CIMS security controls into compliance with existing Department standards. Details have been purposely withheld to avoid the possibility of compromising Commission and Department data and IT resources.
Estimated Corrective Action Date:	September 30, 2011
Agency Contact Name: Phone Number:	Martha K. Asbury 850-245-0420