

FLORIDA BRIGHT FUTURES SCHOLARSHIP PROGRAM

Operational Audit



The audit was supervised by James W. Kiedinger, Jr., 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) 487-9175; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

FLORIDA BRIGHT FUTURES SCHOLARSHIP PROGRAM

SUMMARY

Our audit to determine the extent to which Florida's public universities and colleges (institutions) administered the Florida Bright Futures Scholarship Program (Program) funds in accordance with applicable laws, rules, and program guidelines for the fiscal year ended June 30, 2010, disclosed the following:

RETURN OF PROGRAM FUNDS

Finding No. 1: Institutions generally returned Program funds related to student drops and withdrawals to the Florida Department of Education (DOE) in a timely manner. However, we noted that 10 institutions did not have effective procedures in place to ensure that such refunds were always timely returned to DOE.

Finding No. 2: Institutions generally returned undisbursed Program funds to DOE in a timely manner. However, we noted that four institutions did not have effective procedures in place to ensure that undisbursed Program funds were always timely returned to DOE.

BACKGROUND

The Florida Legislature established the Florida Bright Futures Scholarship Program (Program) to provide lottery-funded scholarships to any Florida high school graduate who merits recognition of high academic achievement, and who enrolls in a degree, certificate, or applied technology program at an eligible Florida public or private postsecondary educational institution within three years of high school graduation. The Program is the umbrella program for State-funded scholarships based on academic achievement of high school students. The Program consists of three types of awards, the Florida Academic Scholarship, the Florida Medallion Scholarship, and the Florida Gold Seal Vocational Scholarship.

During the 2009-10 fiscal year, Program disbursements to students enrolled in Florida's public universities and colleges were \$314,534,774 and \$72,717,392, respectively, for a total of \$387,252,166. Exhibit A provides a summary of advances and disbursements by university and college (institution).

The Florida Department of Education (DOE) determines student eligibility for awards. Students must meet general criteria to qualify for any of the types of scholarship awards from the Program. In addition to the general criteria, each of the three scholarships within the Program has specific criteria that students must meet. After students initially qualify for an award, they must continue to meet eligibility criteria for renewal awards. Eligibility criteria that students must meet include achieving and maintaining specified grade point averages and completing at least 24 semester credit hours in the last academic year in which the student earned a scholarship.

DOE is responsible for administering the Program disbursement and reconciliation process. Each term, DOE provides a list of eligible students to the institutions and advances scholarship moneys to the institutions for disbursement to the students who enroll at that institution. The institutions are required to verify that the student has enrolled in the required number of hours to receive the scholarship, calculate the amount of the disbursement based on the type of scholarship for which the student was eligible, and disburse the money to the student. Any moneys not disbursed to eligible students must be returned to DOE within 60 days after the end of the regular registration period. Also, unless DOE grants a student an exception, institutions must return Program funds resulting from student drops

or withdrawals to DOE within 30 days after the end of a semester. The institutions are also required to report disbursements, enrolled hours, earned hours, and grade point averages to DOE.

FINDINGS AND RECOMMENDATIONS

Return of Program Funds

Section 1009.53(5), Florida Statutes, provides that DOE issue awards from the Program annually, and transmit payment for awards to each institution before the registration period each semester. Section 1009.53(5), Florida Statutes, also provides conditions in which Program funds must be returned to DOE.

Finding No. 1: Return of Funds for Student Drops and Withdrawals

Section 1009.53(5)(a), Florida Statutes, provides that an institution must make a refund to DOE within 30 days after the end of a semester of any funds received for courses dropped by a student or courses from which the student has withdrawn after the end of the drop and add period, unless DOE has granted the student an exception.

Our review disclosed that most institutions timely returned funds to DOE for students that had dropped or withdrawn from courses during the semester; however, we noted 10 institutions that did not have effective procedures to ensure that these Program funds would be refunded to DOE within 30 days after the end of the respective semester. The 10 institutions had not timely returned Program funds to DOE in the amounts shown below:

Untimely Return of Refunds Resulting From Student Drops and Withdrawals				
Institution	Fall 2009		Spring 2010	
	Amount	Number of Days Late	Amount	Number of Days Late
Florida Agricultural and Mechanical University	\$ 9,690	19 - 155	\$ 2,470	15
Florida State University	830,915	24	52,525	24
Gulf Coast Community College	50,690	12	28,231	5
Hillsborough Community College	10,134	61		
Miami Dade College			30,908	31 - 256
Northwest Florida State College	4,017	81		
Pasco-Hernando Community College	28,236	23		
St. Petersburg College	68,794	25		
State College of Florida, Manatee-Sarasota	46,947	413	68,119	273
University of Florida	323,338	22		

Section 1009.53(5)(a), Florida Statutes, was newly effective for the 2009-10 fiscal year. In response to our inquiries, we were informed by institution personnel that some institutions experienced delays due to implementing computer software changes needed to track student drops and withdrawals, and some institutions experienced procedural difficulties that resulted in institution financial aid personnel responsible for returning Program refunds not being timely informed of drops and withdrawals.

Recommendation: The above-noted institutions should enhance or implement procedures to ensure that refunds due as a result of student drops and withdrawals are returned to DOE within the time frames provided by law.

Finding No. 2: Return of Undisbursed Advances

Section 1009.53(5)(b), Florida Statutes, provides that an institution receiving funds from the Program return any undisbursed advances to DOE within 60 days after the end of regular registration for the respective semester. Additionally, DOE’s State Program Refund Policy requires that refunds to the Program be made within 60 days of the date of discovery of an overpayment or determination of ineligibility.

Our review disclosed that most institutions timely returned undisbursed Program funds to DOE for the Fall 2009 and Spring 2010 terms; however, we noted four institutions that did not have effective procedures to ensure that undisbursed Program funds were returned timely. The four institutions had not timely returned significant amounts of undisbursed Program funds to DOE as shown below:

Untimely Return of Undisbursed Program Advances to DOE				
Institution	Fall 2009		Spring 2010	
	Amount	Number of Days Late	Amount	Number of Days Late
Brevard Community College	\$		\$ 58,592	65
Gulf Coast Community College	71,783	131		
Indian River State College	48,010	7		
Northwest Florida State College	56,412	10		

In response to our inquiries, the institutions indicated that they were delayed in returning undisbursed Program advances due to the time and efforts necessary to implement the new drop and withdrawal requirements in Section 1009.53(5)(a), Florida Statutes.

Recommendation: The above-noted institutions should enhance or implement procedures to ensure that undisbursed Program funds are returned to DOE within the time frames provided by law.

PRIOR AUDIT FOLLOW-UP

Corrective actions had been taken for findings included in our report No. 2011-003.

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 November 2010 to March 2011 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 administration of the Program by the State’s 11 universities and 28 colleges for the fiscal year ended June 30, 2010. The objectives of this audit were to: (1) determine the extent to which the institutions administered Program moneys in accordance with applicable laws, rules, and other guidelines relating to

the Program; properly accounted for moneys received and distributed through the Program; maintained and prepared reliable financial records and reports; and safeguarded Program assets; and (2) determine whether the institutions, as applicable, had taken corrective actions for findings included in our report No. 2011-003. Also, pursuant to Section 11.45(7)(h), Florida Statutes, our audit may identify statutory and fiscal changes to be recommended to the Legislature.

Our audit included examinations of various records and transactions (as well as events and conditions) relating to the Program that occurred during the 2009-10 fiscal year. Our audit methodology included obtaining an understanding of the internal controls by interviewing the institutions' personnel and testing relevant internal controls through an examination of supporting documentation and records. We applied additional audit procedures to determine the extent to which the institutions complied with significant Program requirements, as follows:

- For a sample of 25 students selected for each institution, we examined supporting documentation:
 - To determine whether the students were properly classified as to residency; earned high school diplomas; and were enrolled in a minimum of 6 credit hours and no more than 45 credit hours.
 - To determine whether the students were awarded the proper amount based on the award earned.
 - To verify the accuracy of credit hours earned, and cumulative grade point average shown on the grade and hour reports submitted to DOE, and determine whether each institution timely filed its grade and hour reports with DOE.
- We examined supporting documentation to determine whether each institution filed its Disbursement Eligibility Report with DOE within 30 days of the last day of the drop and add period.
- We examined supporting documentation to determine whether the institutions refunded to DOE, within 30 days after the end of the semester, funds received for courses from which a student had dropped or withdrawn.
- We examined supporting documentation to determine whether each institution returned unused Program funds to DOE within 60 days of the last day of the drop and add period.

AUTHORITY

Pursuant to Section 1009.53(5)(c), Florida Statutes, the Auditor General conducts an annual audit of each public university and college with respect to the Florida Bright Futures Scholarship Program. 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 RESPONSES

The institutions' management responses are included as Exhibit B.

EXHIBIT A
FLORIDA BRIGHT FUTURES SCHOLARSHIP PROGRAM
STATE UNIVERSITIES AND COLLEGES
SUMMARY OF ADVANCES AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Institution	Advances (1)	Disbursements (1)			Disbursements (Over) Under Advances
	From Department	Scholarship Awards to Students	Refunds to Department	Total Disbursements	
Florida Agricultural and Mechanical University	\$ 3,865,722	\$ 3,848,963	\$ 17,044	\$ 3,866,007	\$ (285) (2)
Florida Atlantic University	15,127,806	14,939,285	188,521	15,127,806	
Florida Gulf Coast University	10,641,264	10,164,880	476,384	10,641,264	
Florida International University	22,632,706	21,481,849	1,150,857	22,632,706	
Florida State University	54,597,854	53,713,712	883,440	54,597,152	702 (3)
New College of Florida	2,428,506	2,279,998	148,508	2,428,506	
University of Central Florida	61,644,737	60,888,110	756,627	61,644,737	
University of Florida	79,977,719	77,505,957	2,458,835	79,964,792	12,927 (4)
University of North Florida	14,616,074	14,212,989	403,085	14,616,074	
University of South Florida	40,929,435	40,428,387	500,484	40,928,871	564 (3)
University of West Florida	8,085,909	7,904,987	181,872	8,086,859	(950) (2)
Total Public State Universities	314,547,732	307,369,117	7,165,657	314,534,774	12,958
Brevard Community College	3,496,876	3,402,651	94,225	3,496,876	
Broward College	4,024,477	3,949,007	75,470	4,024,477	
Chipola College	894,509	852,301	42,208	894,509	
College of Central Florida	1,893,629	1,875,186	18,443	1,893,629	
Daytona State College	2,926,035	2,652,696	273,339	2,926,035	
Edison State College	2,236,297	2,139,902	96,395	2,236,297	
Florida Gateway College (Formerly Lake City Community College)	718,015	651,897	66,118	718,015	
Florida Keys Community College	139,618	125,237	14,381	139,618	
Florida State College at Jacksonville	3,430,529	3,221,840	208,689	3,430,529	
Gulf Coast Community College	1,504,206	1,334,561	169,645	1,504,206	
Hillsborough Community College	4,153,173	4,144,209	10,134	4,154,343	(1,170) (2)
Indian River State College	2,476,913	2,407,396	69,517	2,476,913	
Lake-Sumter Community College	1,262,573	1,160,060	102,513	1,262,573	
Miami Dade College	5,754,144	5,732,203	21,941	5,754,144	
North Florida Community College	284,747	275,150	9,597	284,747	
Northwest Florida State College	1,704,095	1,628,629	75,466	1,704,095	
Palm Beach State College	3,069,201	3,065,599	1,170	3,066,769	2,432 (3)
Pasco-Hernando Community College	1,857,833	1,811,309	46,524	1,857,833	
Pensacola State College (Formerly Pensacola Junior College)	2,483,617	2,244,596	239,021	2,483,617	
Polk State College	1,779,690	1,701,622	78,068	1,779,690	
St. Johns River State College (Formerly St. Johns River Community College)	1,179,928	1,139,131	40,797	1,179,928	
St. Petersburg College	4,128,650	4,059,622	70,666	4,130,288	(1,638) (2)
Santa Fe College	5,432,415	4,690,364	742,051	5,432,415	
Seminole State College of Florida	2,781,708	2,665,380	116,328	2,781,708	
South Florida Community College	535,329	520,853	14,476	535,329	
State College of Florida, Manatee-Sarasota	2,493,890	2,372,715	119,225	2,491,940	1,950 (3)
Tallahassee Community College	3,157,182	2,907,368	247,588	3,154,956	2,226 (3)
Valencia Community College	6,921,913	6,848,370	73,543	6,921,913	
Total Public State Colleges	72,721,192	69,579,854	3,137,538	72,717,392	3,800
Total	\$ 387,268,924	\$ 376,948,971	\$ 10,303,195	\$ 387,252,166	\$ 16,758

Notes: (1) Amounts reported by the institution as of December 31, 2010.

(2) Represents amounts DOE owes to the institutions at December 31, 2010. This generally occurs when students re-enroll after withdrawing or dropping courses and successfully appeal the return of Program funds.

(3) The institution subsequently returned these amounts to DOE based on final resolution of student appeals.

(4) Amount represents approved petitions to withdraw after end of term. The 30-day deadline stipulated in Section 1009.53(5)(a), Florida Statutes, does not apply to these withdrawals.

EXHIBIT B
MANAGEMENT RESPONSES



President

James A. Drake, Ph.D.

Board of Trustees

Stephen G. Charpentier, Chair
Dixie N. Sansom, Vice Chair
Dewey L. Harris
Alan H. Landman
Dedra S. Sibley

District Administration

1519 Clearlake Road
Cocoa, Florida 32922
321/632-1111
Fax: 321/433-7065

Cocoa Campus

1519 Clearlake Road
Cocoa, Florida 32922
321/433-7060
Fax: 321/433-7064

Melbourne Campus

3865 N. Wickham Road
Melbourne, Florida 32935
321/433-5502
Fax: 321/433-5618

Palm Bay Campus

250 Community College Pkwy.
Palm Bay, Florida 32909
321/433-5150
Fax: 321/433-5305

Titusville Campus

1311 North U.S. 1
Titusville, Florida 32796
321/433-5078
Fax: 321/433-5113

Website

www.brevardcc.edu



Office of the President • 1519 Clearlake Road • Cocoa, Florida 32922 • 321/433-7000 • Fax: 321/433-7005

April 11, 2011

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

Dear Mr. Martin:

The following is our response to the preliminary and tentative findings of your Bright Futures Scholarship Program audit of Brevard Community College for the fiscal year ended June 30, 2010.

Finding No. 2: Return of Undisbursed Advances

To ensure compliance with Section 1009.53, Florida Statutes, the college has established procedures that require a reconciliation of program awards to advanced funds at least one week prior to 60 days after the end of regular registration for the respective semester. Any undisbursed advances will therefore be remitted to the department within 60 days after the end of regular registration

Additionally, the college has revised procedures for withdraws to ensure the department is refunded within 30 days after the end of the semester for courses dropped by a student or courses from which a student has withdrawn after the end of the drop and add period.

Cordially,

James A. Drake, Ph.D.
President

JAD/mhr

**EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES**



April 13, 2011

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

Dear Mr. Martin,

Thank you for the opportunity to respond to the audit findings listed in your correspondence dated March 31, 2011.

The following are Gulf Coast Community College's responses to the findings associated with the Florida Bright Futures Scholarship Program audit for fiscal year ended June 30, 2010.

Finding No. 1: Return of Funds for Student Drops and Withdrawals

The institution actually returned some funds due to withdrawals earlier than required in the fall and spring semesters. However, after the end of the terms, it did take longer to process overpayments and reconcile than it should have resulting in the late return. We have tightened up our procedures and processes to ensure timely return from now on.

Finding No. 2: Return of Undisbursed Advances

With the 2009-2010 academic year being the first year requiring returns due to withdrawals, there was some initial confusion regarding timeframes. Since the institution could wait until after the end of the semester to return funds for withdrawals, it was thought that applied to undisbursed advances as well. The error was found and corrected in the spring semester.

If you have any questions, please contact me at (850) 872-3807 or Chris Westlake, Director of Financial Aid at (850) 872-3846.

Sincerely,

A handwritten signature in black ink, appearing to read "John D. Mercer".

John D. Mercer
Vice-President of Administration & Finance

EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES



Hillsborough Community College

www.hccfl.edu

Brandon Campus
10414 E. Columbus Dr.
Tampa, FL 33619
253.7802 (TDD) 253.7858

Dale Mabry Campus
4001 W. Tampa Bay Blvd.
Tampa, FL 33614
253.7202 (TDD) 253.7035

Dr. Gwendolyn W. Stephenson
District Administration Center
39 Columbia Drive
Tampa, FL 33606
253.7000 (TDD) 253.7174

MacDill Center
8102 Condor Street
MacDill AFB, FL 33621
840.0015/840.0660

Plant City Campus
1206 North Park Road
Plant City, FL 33563
757-2102 (TDD) 757-2166

SouthShore Campus
551 24th Street NE
Ruskin, FL 33570
259.6100

Ybor City Campus
2112 N. 15th Street
Tampa, FL 33605
253.7602 (TDD) 253.7788

April 12, 2011

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

Dear Mr. Martin:

I am writing in response to the preliminary and tentative findings for Hillsborough Community College (HCC), relative to the Bright Futures Scholarship Program.

As Section 1009.53 (5) (a), Florida Statutes was newly effective for the 2009-10 fiscal year, Hillsborough Community College did not initially foresee the significant administrative and procedural difficulties resulting from tracking student drops and withdrawals or the calculation of the required refunds to the Florida Department of Education. Based upon the required financial aid personnel administrative effort, HCC has hired a full-time financial aid manager effective January 3, 2011, with primary responsibility for the Florida Bright Futures Scholarship Program. This new position will be able to meet the constraints of processing and the timeliness of refunds.

Sincerely,

Barbara A. Larson
Vice President for Administration/CFO

cc: President Ken Atwater
HCC Board of Trustees

EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES



INDIAN RIVER STATE COLLEGE

Office of the President

April 15, 2011

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

Dear Mr. Martin:

The following is our response to the one (1) preliminary and tentative finding on the Florida Bright Futures Scholarship Program Audit for the fiscal year ended June 30, 2010.

Finding for Return of Undisbursed Funds: The above noted institutions should enhance or implement procedures to ensure that undisbursed Program funds are returned to DOE within the time frames provided by law.

As noted by the Auditor, we were delayed in returning undisbursed Program advances by 7 days due to the time and efforts necessary to fully implement software programming changes for the new drop and withdrawal requirements in the very short timeframe allowed by Section 1009.53(5) (a), Florida Statutes.

The College has fully and effectively implemented all software programming changes as evidenced by zero (0) instances of non-compliance for the Spring 2010 semester.

Sincerely,

A handwritten signature in black ink that reads "Edwin R. Massey".

Edwin R. Massey, Ph.D.
President

**EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES**

Office of the College President
300 N.E. Second Avenue
Miami, Florida 33132-2297



Eduardo J. Padrón
College President
(305) 237-3404 / FAX: (305) 237-3109
Email: epadron@mdc.edu

April 14, 2011

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

Dear Mr. Martin:

Pursuant to Section 11.45(4)(d), Florida Statutes, Miami Dade College is responding to the Preliminary and Tentative Audit Findings for the Florida Bright Futures Scholarship Program.

Finding No. 1: Return of Funds for Student Drops and Withdrawals

Institutions generally timely returned funds to DOE for students that had dropped or withdrawn from courses; however, some institutions did not have effective procedures to ensure refunds to DOE within 30 days after the end of the respective semester in accordance with Section 1009.53(5), Florida Statutes.

Recommendation: Institutions should enhance or implement procedures to ensure that refunds due as a result of student drops or withdrawals are returned to DOE with the time frames provided by law.

MDC Response and Corrective Action: Effective Spring Term, 2011, Miami Dade College has enhanced our procedures and modified our software as necessary to ensure timely completed (monthly) reconciliations and the return of refunds to DOE within 30 days after the end of the respective semester for students that drop or withdraw from courses. We believe we are now fully in compliance with the newly implemented Section 1009.53(5)(a), Florida Statutes and guidelines developed by the Office of Student Financial Assistance and the Department of Education.

Should you have any questions regarding this response, please do not hesitate to contact Mr. Greg Knott, AVP – Student and Accounting Services at 305.237.0399.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. Padrón', written over a horizontal line.

Eduardo J. Padrón

EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES



NORTHWEST FLORIDA
STATE COLLEGE

100 College Boulevard • Niceville, FL 32578-1295 • (850) 678-5111 • www.nwfstatecollege.edu

April 19, 2011

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

Dear Mr. Martin:

Attached is the Northwest Florida State College response to preliminary and tentative findings to be included in a report to be prepared on the Bright Futures Scholarship Program audit for the Fiscal Year Ended June 30, 2010.

Sincerely,

A handwritten signature in black ink, appearing to read "Ty Handy".

Ty Handy
President
TH/du

EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES

NORTHWEST FLORIDA STATE COLLEGE
Response to Preliminary and Tentative Audit Findings
Bright Futures Scholarship Program Audit
Fiscal Year 2009-2010

Finding No. 1: Return of Funds for Student Drops and Withdrawals

Finding:

Florida Bright Futures Scholarship Program funds in the amount of \$4,017 were not returned in a timely manner to comply with newly implemented Section 1009.53(5), Florida Statutes which provides that an institution must make a refund to DOE within 30 days after the end of a semester of any funds received for courses dropped by a student or courses from which the student has withdrawn after the end of the drop and add period, unless DOE has granted the student an exception.

Recommendation:

The institution should enhance or implement procedures to ensure the refunds due as a result of student drops and withdrawals are returned to DOE within the time frames provided by law.

Response:

Section 1009.53(5) was implemented in the 2009 fall term. The financial aid director will work with the College business office to ensure the return request are approved and returned timely.

Finding No. 2: Return of Undisbursed Florida Bright Futures

Finding:

Effective procedures were not in place to ensure that undisbursed Program funds were returned timely.

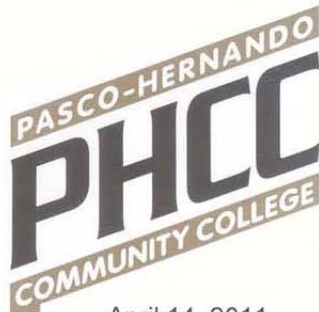
Recommendation:

The institution should enhance or implement procedures to ensure that undisbursed Program funds are returned to DOE within the time frames provided by law.

Response:

Northwest Florida State College financial aid procedures and computer programming used to identify students with Bright Futures Scholarships who chose not to attend (NWFSC) have been enhanced. The financial aid director will work closely with the business office manager and the finance office to ensure funds are not held and return request are expedited through the disbursement process.

**EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES**



Office of the President

April 14, 2011

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 findings associated with the Bright Futures Scholarship Program audit for the fiscal year ended June 30, 2010.

Finding No. 1 Return of Funds for Student Drops and Withdrawals

The College concurs with finding. Fiscal year 2009-10 was the first year for implementing the return of Bright Futures funds. During this same time period, the College experienced a 17% increase in enrollment and misjudged the time required to review student records and calculate the refunds. Corrective measures have been taken to address this finding.

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.

Cordially,

Katherine M. Johnson, Ed.D.
President

- c: K. Burdzinski
- T. Beard
- D. Burdzinski
- B. Horn
- R. Shanafelt

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

An Equal Access/Equal Opportunity Institution

EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES



April 15, 2011

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

Dear Mr. Martin:

Enclosed is our response to the Preliminary and Tentative Findings and Recommendations on our Bright Futures Scholarship Program audit for State College of Florida, Manatee-Sarasota for the Fiscal Year Ended June 30, 2010.

PRELIMINARY AND TENTATIVE FINDINGS
AND RECOMMENDATIONS
Return of Program Funds

Finding No. 1: Return of Funds for Student Drops and Withdrawals

Recommendation: The above-noted institutions should enhance or implement procedures to ensure that refunds due as a result of student drops and withdrawals are returned to DOE within the time frames provided by law.

Response: State College of Florida, Manatee-Sarasota will institute a process that periodically identifies student drops/withdrawals and refunds accordingly to the DOE throughout each semester.

Sincerely,

Carol F. Probstfeld, Vice President
Business and Administrative Services

EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES



Office of the President
727-341-3241

April 8, 2011

Board of Trustees

Kenneth P. Burke
Chairman

Terrence E. Brett
Vice Chairman

Evelyn M. Bilirakis
Trustee

Deveron M. Gibbons
Trustee

W. Richard Johnston
Trustee

William D. Law, Jr.
President

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

RE: Bright Futures Scholarship Audit

Dear Mr. Martin:

In response to the preliminary and tentative findings related to the audit of the Florida Bright Futures Scholarship Program for the Fiscal Year Ended June 30, 2010, we submit the following response to your recommendation.

Your report states in Return of Program Funds Finding No. 1: Institutions generally returned Program funds related to student drops and withdrawals to the Florida Department of Education (DOE) in a timely manner. However, we noted that 10 institutions did not have effective procedures in place to ensure that such refunds were always timely returned to DOE.

Recommendation: The above-noted institutions should enhance or implement procedures to ensure that refunds due as a result of student drops and withdrawals are returned to DOE within the time frames provided by law.

College Response: The requirement that institutions must make the refund within 30 days after the end of the semester of any funds received for courses dropped by a student or for courses from which the student withdrew after the end of the drop and add period was newly effective for the fall 2009 term. At St. Petersburg College, we experienced delays in implementing new program criteria to an existing computer software program in a compressed time frame. The College has since implemented a comprehensive Department of Education (DOE) fiscal deadline tool that tracks the DOE deadlines and the actual dates of the actual submission of refunds to the DOE. This tool, along with processing the return of aid weekly to the State is the effective procedure to ensure that refunds are returned timely.

We wish to express our appreciation to your staff for the professional and helpful manner in which they conducted the audit.

Sincerely,

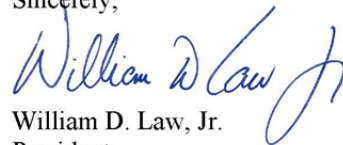

William D. Law, Jr.
President

EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES



Florida Agricultural and Mechanical University

TALLAHASSEE, FLORIDA 32307-3100

JAMES H. AMMONS, Ph.D., PRESIDENT

OFFICE OF THE PRESIDENT

April 19, 2011

TELEPHONE: (850) 599-3225
FAX: (850) 561-2152
TDD: (850) 561-2784

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

Dear Mr. Martin:

This letter is in response to your correspondence dated March 31, 2011, concerning the audit of the Florida Bright Futures Scholarship Program for the fiscal year ended June 30, 2010. Pursuant to your request, the corrective action plan for addressing the audit finding is presented below.

Finding: Section 1009.53(5)(a), Florida Statutes, Return of Funds for Student Drops and Withdrawals

The institution did not have effective procedures in place to ensure that undisbursed program funds were always returned to DOE in a timely manner.

Recommendation: FAMU should enhance or implement procedures to ensure that refunds due as a result of student drops and withdrawals are returned to DOE within the time frames provided by law.

Response: The University concurs with the finding. The Office of Financial Aid has made the necessary adjustments to the procedures to ensure that all refunds due as a result of student drops and withdrawals are remitted to the Florida Office of Student Financial Assistance in a timely manner. More specifically, the Office of Student Financial Aid will process payment from the institution within 30 days after the end of the each semester for student drops and withdrawals. The Director of Financial Aid will serve as the administrative officer responsible for directing this activity.

If you have any questions, please contact me at (850) 599-3225.

Sincerely,

James H. Ammons
President

EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES



THE
FLORIDA STATE
UNIVERSITY

Office of Audit Services
Suite 407 Westcott Building
222 South Copeland Street
P. O. Box 3061390
Tallahassee, Florida 32306-1390

April 18, 2011

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

Dear Mr. Martin:

The Florida State University's response to your preliminary and tentative findings and recommendations for the audit of the Florida Bright Futures Scholarship Program, for the fiscal year ended June 30, 2010, is attached.

If you have any questions about the response, please do not hesitate to contact me. Thank you.

Cordially yours,

David P. Coury
Chief Audit Officer

Attachment

cc: Ralph Alvarez
Anne Blankenship
Michael Williams

EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES

Florida State University
Response to Audit of Florida Bright Futures Scholarship Program
Fiscal Year Ended June 30, 2010

Recommendation:

The above-noted institutions should enhance or implement procedures to ensure that refunds due as a result of student drops and withdrawals are returned to DOE within the time frames provided by law.

Response:

The return of funds for students drops and withdrawals 30 days after the end of the semester went into effect starting with the 2009 Fall semester. As the university was adjusting its procedures to accommodate this new requirement, DOE underfunded the University's 2010 Spring semester Bright Futures obligations by \$1,944,356. The University requested guidance from DOE on how we should handle the return of funds in light of the underfunding situation. Once instructions were received by DOE that they did not want us to net the two amounts, we immediately processed the 2009 Fall refund for \$830,914.86. At the end of 2010 Spring Semester the University's Bright Future obligations were still underfunded. Again we requested guidance from DOE, who this time informed us to net the refund amount with the underfunded amount. We immediately processed the 2010 Spring semester net refund for \$52,525.14. The University has adjusted its processes to ensure that funds for student drops and withdrawals are returned to DOE within 30 days after the end of the semester.

EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES



Office of the Vice President
and Chief Financial Officer

1 Tigert Hall
P O Box 113240
Gainesville, FL 32611-3240
352-392-2402 Telephone
352-846-3546 Fax

April 12, 2011

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

Dear Mr. Martin:

Attached is the response to the University of Florida's preliminary and tentative audit finding on the Bright Futures Scholarship Program for the fiscal year ended June 30, 2010.

Your staff's assistance is greatly appreciated and their evaluation will serve to strengthen UF's operations.

Sincerely,

Matt Fajaack
Vice President and Chief Financial Officer

Enclosure

Mr. Michael V. McKee, Asst. Vice President and University Controller
Mr. Brian Mikell, Chief Audit Executive

University of Florida
Response to Preliminary & Tentative Audit Finding
Bright Futures Scholarship Program
For the Fiscal Year Ended June 30, 2010

Return of Funds for Student Drops and Withdrawals

Recommendation 1: The University should enhance or implement procedures to ensure that refunds due as a result of student drops and withdrawals are returned to DOE within the time frames provided by law.

University's Response: The auditor's understanding is correct. The refund cited was 22 days late. It should be noted that an initial refund for the Fall 2009 Term was submitted on January 15, 2010 in the amount of \$894,124 and was within the 30-day refund requirement.

Because the initial Bright Futures allocation UF received for the Spring 2010 Term was less than the amount needed to pay Spring Term Bright Futures awards, UF used a portion of the funds identified as refunds to fund the Spring Term awards. As a result, there was not a sufficient amount to refund the \$323,337.50 cited until after a subsequent allocation for Spring Term Bright Futures funds was received. A refund transmittal was submitted on February 8, 2010 for that amount.

Student Financial Affairs indicated to the auditor, during the audit fieldwork, that new procedures had already been implemented prohibiting the use of funds identified for refund.

Responsible Auditee: Karen Fooks, Director, Student Financial Affairs