

SANTA FE COLLEGE

Operational Audit



BOARD OF TRUSTEES AND PRESIDENT

Members of the Board of Trustees and President who served during the 2011-12 fiscal year are listed below:

	<u>County</u>
G. Thomas Mallini, Chair	Alachua
Ltc. Richard C. Solze, Jr., Vice Chair (1)	Bradford
Winston J. Bradley to 2-11-12 (1)(2)	Alachua
Glenna F. Brashear to 6-10-12 (1)	Alachua
Robert C. Hudson	Alachua
Dr. Bessie G. Jackson	Alachua
Caridad E. Lee from 6-11-12	Alachua
Col. Arley W. McRae	Bradford
Lisa M. Prevatt from 6-11-12	Bradford
Evelyn T. Womack to 6-10-12	Bradford
Robert L. Woody from 6-11-12	Alachua

Dr. Jackson N. Sasser, President

Notes: (1) Board member served beyond the end of term,
May 31, 2010.

(2) Position remained vacant through June 10, 2012.

The audit team leader was Sheila B. Ginsberg, CPA, and the audit was supervised by Philip B. Ciano, CPA. For the information technology portion of this audit, the audit was conducted by Stephanie J. Hogg, CISA, and supervised by Heidi G. Burns, CPA, CISA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at jimstultz@aud.state.fl.us or by telephone at (850) 922-2263.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9175; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

SANTA FE COLLEGE

SUMMARY

Our operational audit disclosed the following:

ADMINISTRATIVE MANAGEMENT AND BOARD POLICIES

Finding No. 1: The College had not provided training to its employees for implementing an identity theft prevention program, contrary to Section 114 of the Fair and Accurate Credit Transaction Act of 2003.

Finding No. 2: The Board needed to enhance its written policies and procedures relating to electronic funds transfers.

ACCOUNTS RECEIVABLE

Finding No. 3: The College did not always effectively monitor amounts due to the College to ensure timely billing and collecting of amounts due.

CONSTRUCTION ADMINISTRATION

Finding No. 4: The College did not always procure design professional and construction manager services in accordance with Section 287.055, Florida Statutes.

Finding No. 5: The College should enhance its procedures to more frequently solicit services for construction management entities under continuing contracts for minor construction projects.

STUDENT ENROLLMENT

Finding No. 6: The College needed to strengthen its controls to ensure the accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education.

INFORMATION TECHNOLOGY

Finding No. 7: College information technology security controls related to data loss prevention needed improvement.

BACKGROUND

Santa Fe College (College) is under the general direction and control of the Florida Department of Education, Division of Florida Colleges, and is governed by State law and State Board of Education rules. A board of trustees (Board) governs and operates the College. The Board constitutes a corporation and is composed of eight members appointed by the Governor and confirmed by the Senate. The College President serves as the executive officer and the corporate secretary of the Board, and is responsible for the operation and administration of the College.

The College has its campus in Gainesville, Florida, and educational centers in Alachua, Archer, Gainesville, Starke, and Keystone Heights, Florida. Additionally, credit and noncredit classes are offered in various physical locations throughout Alachua and Bradford counties and through the College’s virtual campus via the internet. The College reported enrollment of 12,550 full-time equivalent students for the 2011-12 fiscal year.

The results of our financial audit of the College for the fiscal year ended June 30, 2012, will be presented in a separate report. In addition, the Federal awards administered by the College are included within the scope of our Statewide audit of Federal awards administered by the State of Florida and the results of that audit, for the fiscal year ended June 30, 2012, will be presented in a separate report.

FINDINGS AND RECOMMENDATIONS

Administrative Management and Board Policies

Finding No. 1: Identity Theft Prevention Program

In response to increasingly pervasive risks associated with the custodianship of sensitive information, Section 114 of the Fair and Accurate Credit Transactions Act of 2003 (Act) expanded on the Federal Trade Commission’s (FTC) Fair Credit Reporting Act of 1970 to provide clear guidance to businesses and other organizations that process certain personal information that places them at high risk for identity theft. The Act was implemented by the Red Flags Rule (Rule), which went into effect November 1, 2008, and enforcement of the Rule began on January 1, 2011. The Rule requires financial institutions and creditors that hold consumer accounts designed to permit multiple payments or transactions or any other account for which there is a reasonable foreseeable risk of identity theft to develop and implement an identity theft prevention program (Program) for new and existing covered accounts. The Rule requires the College Board to approve the initial written Program. The Program should be designed to detect, prevent, and mitigate identity theft through the identification of warning signs, or “red flags” in day-to-day operations. Additionally, the Rule requires that the College train staff, as necessary, to effectively implement the Program. The Program must be appropriate for the College’s size and complexity and the nature and scope of its operations and must contain reasonable policies and procedures to: (1) identify relevant patterns, practices, and specific forms of activity, the red flags, that signal possible identity theft for the covered accounts; (2) detect red flags; (3) respond appropriately to any red flags detected to prevent and mitigate identity theft; and (4) ensure the Program is updated periodically to reflect changes in risks for identity theft.

As a result of its student lending activity, the College meets the definition of a creditor as defined by the FTC and, as such, must comply with the Rule. The Board approved a Red Flags Identity Theft Program on April 21, 2009. This established the policy that led to the Santa Fe College Red Flags Identity Theft Prevention Program (ITPP) effective May 1, 2009. Section VII (B) of the ITPP contains requirements of the Rule and provides that College staff responsible for implementing the Program shall receive training for the detection of Red Flags and the responsive steps to be taken when a Red Flag is detected. As of June 30, 2012, the College had not provided the required training to employees who have access to accounts or personally identifiable information. In these circumstances, the College or its students could be at increased risk of identity theft due to the sensitive nature of information that is obtained, held, and processed through the student tuition and fee accounts, emergency loans, and certain business accounts. In addition, noncompliance with the Rule could result in monetary penalties from the FTC.

In July 2012, we were informed that the College will be researching companies over the next several months to perform an assessment and to provide training to College personnel who will be responsible for implementing the Program.

Recommendation: The College should continue its efforts to provide training to employees as required by the Red Flags Rule.

Finding No. 2: Electronic Funds Transfers

Section 1010.11, Florida Statutes, requires each college board of trustees to adopt written policies prescribing the accounting and control procedures under which funds are allowed to be moved by electronic transaction for any

purpose including direct deposit, wire transfer, withdrawal, investment, or payment. This law also requires that electronic transactions comply with the provisions of Chapter 668, Florida Statutes, which discusses the use of electronic signatures in electronic transactions between colleges and other entities.

According to College records, approximately \$310 million in electronic funds transfers were made from its operating and investing accounts during the 2011-12 fiscal year. The Board has adopted Rule 5.4, which authorizes the transfer of funds by electronic, telephonic, or other medium provided adequate control measures are established and maintained, and has designated specific employees to carry out this function. Additionally, Rule 5.4P specifies procedures for handling receipts and disbursements of cash transactions; however, Rule 5.4P does not specifically address payments by electronic funds transfers or the need for, or use of, electronic signatures when conducting electronic transactions with other entities. While the College had established controls over electronic transactions, the lack of specific guidance adopted by the Board increases the risk that electronic transactions will not be executed in accordance with Board directives and the provisions of Chapter 668, Florida Statutes.

Recommendation: The Board should enhance its written policies and procedures to address the use of electronic funds transfers, including the use of electronic signatures.

Accounts Receivables

Finding No. 3: Monitoring of Accounts Receivable

Effective internal controls over accounts receivables include timely monitoring to ensure that amounts recorded as receivables are valid and recorded for the correct amounts, and subsequent collections are properly recorded. The College had two agreements with a Florida university, each of which provide for part of the cost of one full-time student services position. At the time of our review on May 25, 2012, College records included outstanding receivables totaling \$26,354 from this university for which the College did not document the timely monitoring of the amounts due to the College, as follows:

- The College invoiced the university \$3,995 on September 1, 2010, and \$3,995 on November 1, 2010, totaling \$7,990 related to one of the agreements. Correspondence provided by College personnel indicated that additional collection efforts were not made until April 2012, at which time it was determined that the university had not paid the invoices because of a misunderstanding regarding the funded position.
- The College had not billed the university \$18,364, for two installments of \$9,182 each due on October 1, 2011, and February 1, 2012, related to another agreement. Subsequent to our inquiry, the College submitted invoices to the university on May 25, 2012.

Timely monitoring of amounts due to the College enhances its ability to subsequently collect receivables.

Recommendation: The College should enhance its procedures to ensure the timely billing and collection of amounts due to the College.

Construction Administration

The College Facilities Services Planning and Construction Department is responsible for construction administration, which includes selecting and monitoring contractor activities, implementing construction related procedures, and ensuring compliance with applicable State laws. Section 1013.45(1)(c), Florida Statutes, authorizes the College to select a construction management entity (CME) pursuant to Section 255.103, Florida Statutes, or the process provided

by Section 287.055, Florida Statutes, as an alternative to the competitive bidding process. Section 287.055(3), Florida Statutes, requires that the College publicly announce, in a uniform and consistent manner, each occasion when professional services must be purchased for a project in which the basic construction cost is estimated by the agency to exceed \$325,000, or for a planning or study activity, when the fee for professional services exceeds \$35,000. Sections 287.055(4) and (5), Florida Statutes, require the College to select in order of preference no fewer than three firms deemed to be the most highly qualified to perform the required services for each proposed project and then negotiate a contract with the most qualified CME. Should the College be unable to negotiate a satisfactory contract with the firm considered to be the most qualified, the College must then undertake negotiations with the remaining selected CMEs, in the order they were ranked, until a satisfactory contract is negotiated. The statute does allow for exceptions in cases of valid public emergencies certified by the agency head.

Finding No. 4: Competitive Selection

The Legislature has recognized in Section 287.001, Florida Statutes, that fair and open competition is a basic tenant of public procurement and that such competition reduces the appearance and opportunity for favoritism and inspires public confidence that contracts are awarded equitably and economically. In September 2011, the Board approved a guaranteed maximum price (GMP) contract of \$2,019,954 for the Perry Center Wing Expansion (Project), to be split funded with Federal matching Economic Development Administration grant funds and funds provided by the Santa Fe College Foundation, Inc. College personnel informed us that they did not competitively select the architect/engineer’s services, contracted in October 2010 at a cost of \$121,840, due to a poor response (from two firms) to the solicited advertisements, or the construction management (CM) services due to a poor response (from three firms) to the solicited advertisements. The College provided evidence of the Federal grantor’s approval to proceed with the architect/engineer and the CM that were competitively selected for the original building; however, College records did not evidence why the College did not utilize the competitive selection process since two design professionals and three CMEs responded to the solicited advertisements. Although the project architect and the CME were approved by the Board, the circumstances by which the firms were selected were not disclosed in the Board minutes and made a matter of public record, and the College did not designate this project as a public emergency that would exempt the College from the requirements of the above-cited law.

The effective utilization of the competitive selection process would provide additional assurance to the public that the College selection process was fair, equitable, and provided for the economical procurement of services.

Recommendation: The College should ensure that design professionals and CMEs are competitively selected using the process prescribed by Florida Statutes.

Finding No. 5: Continuing Contracts

Pursuant to Section 255.103(4), Florida Statutes, the Board may enter into a continuing contract with a CME, selected pursuant to the competitive selection process in Section 287.055, Florida Statutes, for construction projects for work during a defined period on construction projects described by type, which may or may not be identified at the time of entering into the contract.

In April 2002, the College advertised the need for CME services for minor projects, competitively negotiated with selected firms, and in June 2002, entered into continuing contracts with two firms. Each contract was for one year, then month to month until terminated by either party. In February 2008, 5 years, 8 months since entering into continuing contracts with the two CMEs, the College solicited CME services for minor construction projects, selected

two additional firms and entered into continuing contracts, each for one year, then month to month until terminated by either party. As of the end of July 2012, 4 years, 5 months since the previous solicitation for CME services, the College had not issued a solicitation to determine if any firms are willing to provide services on minor construction projects (defined by the College as projects under \$2 million.)

The College did not have a written policy or procedure establishing a minimum timeframe for soliciting CME services. Without periodic solicitation for CME services, the College cannot be assured that it is obtaining the lowest and best price consistent with desired quality.

Recommendation: The College should establish a policy or procedure specifying the frequency for soliciting CME services for minor projects.

Student Enrollment

Finding No. 6: Adult General Education

Section 1004.02(3), Florida Statutes defines adult general education, in part, as comprehensive instructional programs designed to improve the employability of the State’s workforce. The College received State funding for adult general education, and proviso language in Chapter 2011-69, Laws of Florida, Specific Appropriation 99, required that each college report enrollment for adult general education programs identified in Section 1004.02, Florida Statutes, in accordance with Florida Department of Education (FDOE) instructional hours reporting procedures.

Procedures provided by FDOE stated that fundable instructional contact hours are those scheduled hours that occur between the date of enrollment in a class and the withdrawal date or end-of-class date, whichever is sooner. The FDOE procedures also provided that colleges develop a procedure for withdrawing students for nonattendance and that the standard for setting the withdrawal date be six consecutive absences from a class schedule, with the withdrawal date reported as the day after the last date of attendance.

The College reported 123,169 instructional hours for adult general education classes provided to students during the 2011-12 fiscal year. Our review of 927 hours reported for ten students enrolled in 25 adult general education classes during the fall 2012 semester disclosed incorrect hours in attendance were reported for each student as a result of errors in a computer program used to calculate and report instructional class attendance hours, as follows:

- Students who withdrew from class were reported as having attended through the end of the semester since the program did not recognize a date of withdrawal. As a result, for three of the ten students in our tests who stopped attending 9 classes, instructional contact hours were over reported a total of 142 hours of the 365 hours reported for these students. We were informed that contact hours were over reported for all students who stopped attending prior to the end of the Fall 2011 and Spring 2012 semesters because of the program error.
- Fall 2011 semester courses were held from August 22, 2011, through December 9, 2011. However, the program based hours of attendance on a projected class end date of December 3, 2011; consequently, for students attending through the end of the semester, the instructional contact hours for the final week of classes were not recognized and reported to the FDOE. There were seven students in our test who attended through the end of the semester for which 562 hours were reported. Instructional contact hours were under reported a total of 59 hours in 16 classes for the seven students.

Since future funding may be based, in part, on enrollment data submitted to FDOE, it is important that the College report accurate data.

Recommendation: The College should enhance its controls to ensure accurate reporting of instructional contact hours for adult general education classes to FDOE. The College should contact the FDOE to determine what corrective actions are necessary regarding the over- and under- reported hours.

Information Technology

Finding No. 7: Security Controls – Data Loss Prevention

Security controls are intended to protect the confidentiality, integrity, and availability of data and information technology (IT) resources. Our audit disclosed certain College security controls related to data loss prevention that needed improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising College data and IT resources. However, we have notified appropriate College management of the specific issues. Without adequate security controls related to data loss prevention, the risk is increased that the confidentiality, integrity, and availability of data and IT resources may be compromised.

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

PRIOR AUDIT FOLLOW-UP

The College had taken corrective actions for findings included in our report No. 2011-010.

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 February 2012 to June 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to: (1) obtain an understanding and make overall judgments as to whether College internal controls promoted and encouraged compliance with applicable laws, rules, regulations, contracts, and grant agreements; the economic and efficient operation of the College; the reliability of records and reports; and the safeguarding of assets; (2) evaluate management’s performance in these areas; and (3) determine whether the College had taken corrective actions for findings included in our report No. 2011-010. Also, pursuant to Section 11.45(7)(h), Florida Statutes, our audit may identify statutory and fiscal changes to be recommended to the Legislature.

The scope of this operational audit is described in Exhibit A. Our audit included examinations of various records and transactions (as well as events and conditions) occurring during the 2011-12 fiscal year.

Our audit methodology included obtaining an understanding of the internal controls by interviewing College personnel and, as appropriate, performing a walk-through of relevant internal controls through observation and

examination of supporting documentation and records. Additional audit procedures applied to determine that internal controls were working as designed, and to determine the College’s compliance with the above-noted audit objectives, are described in Exhibit A. Specific information describing the work conducted to address the audit objectives is also included in the individual findings.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



David W. Martin, CPA
Auditor General

MANAGEMENT’S RESPONSE

Management’s response is included as Exhibit B.

EXHIBIT A
AUDIT SCOPE AND METHODOLOGY

Scope (Topic)	Methodology
Information technology (IT) logical access controls and user authorization.	Reviewed selected network and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
IT access privileges and separation of duties.	Reviewed procedures for maintaining and reviewing access to IT resources. Tested selected access privileges over the network to determine the appropriateness based on the employees' job functions and responsibilities and adequacy with regard to preventing the performance of incompatible duties.
IT data loss prevention.	Reviewed written policies, procedures, and programs in effect governing the classification, management, and protection of sensitive and confidential information.
IT security incident response.	Reviewed written policies and procedures, plans, and forms related to security incident response and reporting.
IT policies and procedures.	Reviewed selected written policies and procedures to determine whether they addressed certain important IT control functions.
IT menu access controls.	Reviewed access controls assigned to individuals in the business office for proper separation of duties.
Board and committee meetings.	Reviewed minutes for proper disclose of Board action and compliance with Sunshine law requirements (i.e., notice of meetings, access by public, proper maintenance of minutes).
Fraud policy and related procedures.	Examined written policies, procedures, and supporting documentation related to the College's fraud policy and related procedures.
Identity theft prevention program (Red Flags Rule).	Reviewed the College's policies and procedures related to its identity theft prevention program for compliance with the Federal Trade Commission's Red Flags Rule.
Electronic payments.	Reviewed College policies and procedures relating to electronic payments and tested supporting documentation to determine whether selected electronic payments were properly authorized and supported.
Receivables.	Reviewed billing and collection efforts for outstanding receivables.
Student loans.	Determined whether the College had established procedures, for students who transferred from other institutions of higher education, to verify that the students were not in default on loans or past due on any accounts with the other institutions.
Donation, acquisition, or construction of capital assets involving outside entities.	Reviewed documentation for donation, acquisition, or construction of capital assets involving outside entities and determined if such transactions were appropriate.
Insurance coverage rental of College facilities.	Reviewed procedures and performed tests to determine that the College verified the types and amounts of insurance coverage were obtained by entities using College facilities.
Land Acquisitions.	Verified acquisition of property was at a fair price, as evidenced by appraisals, and that a determination was made that the property was free of environmental contaminants.

**EXHIBIT A (CONTINUED)
AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Distance learning fees.	Determined whether distance learning fees assessed to students were for actual costs to the College pursuant to Section 1009.23(16)(b), Florida Statutes.
Textbook affordability.	Examined supporting documentation to determine whether the College’s policies and procedures regarding textbook affordability were in accordance with Section 1004.085, Florida Statutes.
Florida College System Program Fund.	Verified that Florida College System Program Fund moneys were not expended for the education of State or Federal inmates.
Administrative employees’ compensation.	Reviewed administrative employees compensation to determine whether compensation did not exceed limits provided in Florida law.
Compensation for Presidents.	Determined whether the President’s compensation was in accordance with Florida law, rules, and Board policies.
Termination pay.	Tested payments to former employees to determine if termination pay was in accordance with Board Policy. Reviewed contracts between the Board and employees to determine compliance with severance pay provisions of Section 215.425, Florida Statutes.
Salary payments.	Determined whether employee salary payments were made in accordance with Board approved salary schedule.
Overtime payments.	Reviewed College policies, procedures, and supporting documentation evidencing the approval of, and necessity for, overtime payments. Performed analytical procedures to determine the reasonableness of overtime payments.
Direct-support organizations – conflicts of interest.	Determined whether the College had established policies and procedures to avoid potential conflicts of interest with vendors who were doing business with the College and made donations to the College’s direct–support organization.
Purchasing card transactions.	Tested transactions to determine whether purchasing cards were administered in accordance with College policies and procedures. Also, performed tests to determine whether purchasing cards for employees who terminated employment were timely cancelled.
Travel expenses.	Tested executive foreign and out-of-state travel expenses to determine whether the travel was reasonable, adequately supported, and for College purposes.
Contractual agreements.	Determined whether contractual services were supported by Board-approved contracts and that there was sufficient documentation to evidence services were rendered prior to payment.

EXHIBIT A (CONTINUED)
AUDIT SCOPE AND METHODOLOGY

Scope (Topic)	Methodology
Construction administration.	For selected construction projects, tested payments and supporting documentation to determine compliance with College policies and procedures and provisions of laws and rules. Also, determined whether the College followed appropriate competitive procurement processes for design professionals and construction management entities for minor and major construction projects.
Earmarked capital project resources.	Determined, on a test basis, whether Public Education Capital Outlay and other restricted capital outlay expenditures, were expended in compliance with the restrictions imposed on the use of these resources.
Insuring architects and engineers.	Determined whether the Board had adopted a policy establishing minimum insurance coverage requirements for design professionals, such as architects and engineers. Examined recent construction projects to determine whether architects and engineers provided evidence of the required insurance.
Negotiated construction costs for general conditions and requirements costs.	Determined whether the College has established policies and procedures to address negotiated construction costs for general conditions and requirements costs.
Adult general education program enrollment reporting.	Examined supporting documentation on a test basis to determine whether the College reported instructional and contact hours in accordance with Florida Department of Education requirements.

EXHIBIT B
MANAGEMENT'S RESPONSE



September 24, 2012

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

Dear Mr. Martin:

In response to the preliminary and tentative audit findings in and recommendations from your audit of the District Board of Trustees of Santa Fe College for the Fiscal Year Ended June 30, 2012, we submit the following comment's including corrective action taken or to be taken.

Finding No. 1 Identity Theft Preventative Program

Recommendation: The College should continue its efforts to provide training to employees as required by the Red Flags Rule.

Response: With funds allocated for this specific purpose during the 2012-13 budget process, the College is in the process of identifying companies that can perform an assessment and provide training to employees as required by the Red Flags Rule.

Finding No. 2 Electronic Funds Transfers

Recommendation: The Board should enhance its policies and procedures to address the use of electronic funds transfers, including the use of electronic signatures.

Response: College management, in consultation with legal counsel, will review the Florida Statutes noted in this finding and make a recommendation to the Board regarding any proposed changes to its Rules regarding electronic funds transfers and the use of electronic signatures.

Finding No. 3 Monitoring of Accounts Receivable

Recommendation: The College should enhance its procedures to ensure the timely billing and collection of amounts due to the College.

Response: College staff monitors hundreds of grants and contracts and believes its procedures for the timely billing and collections of amounts due to the College are effective. The two agreements identified in this finding were associated with a new innovative collaboration that spanned multiple College departments and numerous personnel and departments within both institutions. This new collaboration required several clarifications along the way that delayed the invoicing and/or payments from both parties. Currently, the agreements and misunderstandings between them have been worked through and invoicing and payments are timely.

EXHIBIT B (CONTINUED)
MANAGEMENT'S RESPONSE

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Mr. David Martin
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Finding No. 4 Competitive Selection

Recommendation: The College should ensure that design professionals and CME's are competitively selected using the process prescribed by Florida Statutes.

Response: The College understands and endorses fully the importance of the competitive selection procurement process, and processes are in place to ensure that we follow rules provided not only by Florida Statutes but the terms and conditions agreed upon with various funding agencies. For the project identified in this finding, the College used its best efforts to balance the state requirements with the federal funding agency's extensive requirements, including modifications to current processes, additional paperwork, documentation and approvals to meet the terms of the grant agreement. The funding agency's acceptance of the competitive selection process that was recently completed for the exact same lab wing that was going to be constructed with these funds appeared to fulfill the requirements for competitive solicitation and was efficient and effective under the circumstances. The College will be more diligent in documenting all details of verbal discussion with a funding agency for future similar projects to ensure that our records provide more detailed evidence of decisions.

Finding No. 5 Continuing Contracts

Recommendation: The College should establish a policy or procedure specifying the frequency for soliciting CME services for minor projects.

Response: The College has been consistently satisfied with the price and quality of the work provided by the four vendors selected for CME services. The College will review its contracts with these vendors to determine whether a fixed end date for those contracts should be established and a new solicitation for CME services conducted.

Finding No. 6 Adult General Education

Recommendation: The College should enhance its controls to ensure accurate reporting of instructional contact hours for adult general education classes to FDOE. The College should contact FDOE to determine what corrective actions are necessary regarding the over- and under reported hours.

Response: The College has reviewed and corrected the programming errors associated with this reporting discrepancy. The College will determine what, if any, corrective actions are required for reporting purposes.

**EXHIBIT B (CONTINUED)
MANAGEMENT'S RESPONSE**

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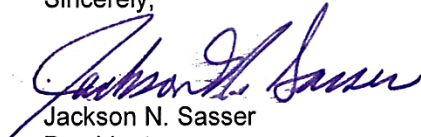
Finding No. 7 Information Technology

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

Response: The College agrees with the recommendation and will continue to improve its security controls related to data loss prevention. The College is committed to continual improvement of security controls.

Should you have any questions regarding the College's responses, please contact, Ms. Ginger Gibson, Vice President for Administrative Affairs/CFO at (352)395-5208 or ginger.gibson@sfcollge.edu.

Sincerely,



Jackson N. Sasser
President

c: G. Gibson
L. Armour
E. Bonahue