

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2016-053
December 2015

SANTA FE COLLEGE



Sherrill F. Norman, CPA
Auditor General

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Note: ^a Confidential pursuant to Section 119.071(4), Florida Statutes.

The audit team leader was Denita K. Tyre, CPA, and the audit was supervised by Philip B. Ciano, CPA. Please address inquiries regarding this report to Jaime N. Hoelscher, CPA, Audit Supervisor, by e-mail at jaimehoelscher@aud.state.fl.us or by telephone at (850) 412-2868.

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SANTA FE COLLEGE

SUMMARY

This operational audit of the Santa Fe College (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2013-016. Our operational audit disclosed the following:

Administrative Management and Board Policies

Finding 1: The College could enhance policies and procedures for communicating and reporting known or suspected fraud.

Finding 2: Textbook affordability policies and procedures could be improved.

Finding 3: The College did not always perform background screenings for applicable individuals in positions of special trust and responsibility.

Student Enrollment

Finding 4: As similarly noted in our report No. 2013-016, the College needed to strengthen controls to ensure the accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education.

Expenses and Disbursements

Finding 5: College records did not always evidence that Capital Outlay and Debt Service proceeds were used for authorized purposes, resulting in questioned costs totaling \$150,000.

Information Technology

Finding 6: The College did not timely deactivate the network access privileges of some former employees.

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 a campus in Gainesville, Florida, and educational centers in Alachua, Archer, Gainesville, Keystone Heights, and Starke, Florida. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Alachua and Bradford Counties. The College reported enrollment of 11,191 full-time equivalent students for the 2014-15 fiscal year.

This operational audit focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2013-016. The results of our financial audit of the College

for the fiscal year ended June 30, 2015, 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, 2015, will be presented in a separate report.

FINDINGS AND RECOMMENDATIONS

ADMINISTRATIVE MANAGEMENT AND BOARD POLICIES

Finding 1: Anti-Fraud Policy

Effective anti-fraud policies and procedures are necessary to educate employees about proper conduct, create an environment that deters dishonesty, and maintain internal controls that provide reasonable assurance of achieving management objectives and detecting dishonest acts. In addition, such policies and procedures serve to establish the responsibilities for investigating potential incidents of fraud and taking appropriate action, reporting evidence of such action to the appropriate authorities, and protecting the reputation of persons suspected but not guilty of fraud.

College rule¹ provides policies and procedures for individuals to communicate and report known or suspected fraud directly to the Vice President for Finance, or designee, who will determine if an investigation is warranted. The rule also defines and provides examples of actions constituting fraud, designates the responsibility for investigating potential fraudulent matters, and indicates that, where appropriate, matters relating to the investigation shall remain confidential. However, the College rule did not include incident-reporting procedures that allow individuals to anonymously report known or suspected fraud or provide an appropriate process for communicating and reporting known or suspected fraud related to the actions of College management.

Anti-fraud policies and procedures that allow for anonymity encourage persons to report rule violations and known or suspected fraud. In addition, an established process for communicating and reporting directly to the Board and College legal counsel any instances of known or suspected fraud related to the actions of College management promotes timely and appropriate actions to investigate the reported instances.

Recommendation: The College should enhance policies and procedures for reporting known or suspected fraud to allow employees or others to anonymously report rule violations and known or suspected fraud. The College should also establish a process requiring any instances of known or suspected fraud related to the actions of College management be communicated and reported to the Board and College legal counsel.

¹ Santa Fe College Rule 2.12, *Prohibition Against Fraudulent or Other Dishonest Acts*.

Finding 2: Textbook Affordability

State law² requires colleges to post on their Web sites, as early as is feasible but not less than 30 days prior to the first day of classes, a list of each textbook required for each course offered at the institution during the upcoming term. Additionally, State Board of Education (SBE) rule³ requires colleges to collect and maintain, before each textbook adoption is finalized, written or electronically transmitted certifications from course instructors attesting that all textbooks and other instructional materials ordered will be used, particularly each individual item sold as part of a bundled package. College procedures require the adoption of textbooks and instructional materials for each course by use of a department-prepared textbook affordability checklist signed by the department head or director. Further, the Textbook Affordability Workgroup (Workgroup)⁴ recommended that each college reduce textbook costs by developing and monitoring policies and guidelines for textbook adoption, such as a course-wide adoption of textbooks for the same course.

Although College procedures provide for posting a list of textbooks on the College Bookstore Web site, our review of textbook information for courses offered during the Fall 2014, Spring 2015, and Summer 2015 semesters disclosed:

- The College had not established monitoring procedures to ensure that textbook information was posted on the College's Bookstore Web site at least 30 days prior to the first day of classes. The College contracted with a vendor to manage and operate the College Bookstore, as well as to compile and post lists of adopted textbooks on the College Bookstore Web site. As part of our audit, we reviewed the dates the vendor posted textbook information to the College Bookstore Web site for 5,886 textbooks and identified 1,080 textbooks, or 18 percent, for which the information had not been timely posted. The untimely postings included information for 677 textbooks posted from 5 to 30 days late and 170 textbooks posted from 1 to 87 days after the start of the semester. Without timely posted textbook information, students may misunderstand course textbook requirements and not have sufficient time to consider textbook purchase options and limit their textbook costs.
- College procedures allowed faculty members to independently select course textbook and other instructional materials, resulting in different textbook and instructional materials being used for the same course. Our review of textbook and other instructional materials' costs for 20 courses disclosed that new or used materials' costs varied for the same course by as much as \$161 for new and \$120 for used materials. Table 1 provides examples of price differences that exceeded \$90 for textbooks and other instructional materials that were used in the same course.

² Section 1004.085(3), Florida Statutes.

³ State Board of Education Rule 6A-14.092(3), Florida Administrative Code.

⁴ The Textbook Affordability Workgroup, consisting of membership from the Florida College System, in cooperation with the Division of Florida Colleges issued a report dated December 1, 2009, that contained certain recommendations.

Table 1
Cost of Textbooks and Other Instructional Materials
For the 2014-15 Fiscal Year

Course	Cost of New			Cost of Used		
	High	Low	Difference	High	Low	Difference
PSY2012	\$ 239	\$ 78	\$ 161	\$ 179	\$ 59	\$ 120
ECO2023	362	201	161	271	151	120
AMH2010	204	49	155	153	37	116
SYG2430	255	119	136	191	89	102
POS2041	208	76	132	156	57	99
ENC1101	181	49	132	135	37	98
MAT0028	135	13	122	101	10	91
PHI2600	158	37	121	119	28	91
BSC2085	400	300	100	300	186	114

Source: College records.

In response to our inquiry, College personnel indicated that they wanted instructors to have flexibility in selecting textbooks and instructional materials. However, if such flexibility causes inconsistent prices for course textbook and other instructional materials, instructional costs paid by students may not be fair and equitable.

- Department-prepared textbook affordability checklists typically vary depending on course and instructor; however, contrary to State Board rule, College procedures did not require instructors to certify that they would use all department-adopted textbooks and other instructional materials. Without instructor certifications, the risk increases that instructors may use course materials not adopted by the department and students may unnecessarily purchase materials that are not needed for their courses.

Recommendation: The College should develop and implement textbook affordability policies and procedures to ensure textbooks and other required instructional materials are available to students at the lowest and best prices within acceptable quality. The College should also ensure that textbook information is timely posted to the Bookstore Web site and certifications related to use are obtained from instructors.

Finding 3: Background Screenings

Although not specific to colleges, State law⁵ provides for background screenings for employees in positions of special trust and responsibility. For example, a level 2 background screening⁶ is required for owners, operators, employees, and volunteers working in summer camps providing care for children; personnel hired to fill positions requiring direct contact with students in any district school system or university lab school; and certain State employment positions. College rule⁷ requires background screenings for employees, volunteers, and interns hired on or after August 1, 2003, as well as certain

⁵ Sections 409.175, 110.1127, and 1012.32(2)(a), Florida Statutes.

⁶ A level 2 background screening includes fingerprinting for Statewide criminal history records checks through the Florida Department of Law Enforcement and national criminal history records checks through the Federal Bureau of Investigation.

⁷ Santa Fe College Rule 3.22, *Criminal Background Checks*.

employees in positions of special trust and responsibility (e.g., employees who serve persons under 18 years of age, Presidential staff employees, and cashiers).

We selected and examined records for 53 individuals from a population of 673 employees, volunteers, and interns, to determine whether the individuals had undergone background screenings. We found that, due to oversight, 2 zoo curators, who served persons under 18 years of age, and 2 Presidential staff employees had not undergone the required level 2 background screenings. Subsequent to our inquiry, background screenings were obtained for these 4 individuals.

We also examined College procedures and noted that the procedures did not require background screenings for individuals who contract with the College to serve persons under 18 years of age, such as summer athletic camp assistants. During the 2014-15 fiscal year, the College contracted with only one individual as a summer athletic camp assistant and that individual did not obtain a level 2 background screening. When individuals who work in positions of special trust and responsibility are not required to have background screenings, there is an increased risk that the individuals may have backgrounds that are not suitable for such employment.

Recommendation: The College should enhance procedures to ensure that background screenings, including fingerprinting, are performed for individuals in positions of special trust or responsibility, including those that have direct contact with persons under 18 years of age.

STUDENT ENROLLMENT

Finding 4: Adult General Education

State law⁸ 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 the Laws of Florida⁹ proviso language requires each college to report enrollment for adult general education programs in accordance with Florida Department of Education (FDOE) instructional hours reporting procedures.¹⁰

The FDOE procedures state 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 procedures also require colleges to develop a procedure for withdrawing students for nonattendance and provide 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. There is also a minimum enrollment threshold of 12 hours of attendance for each program that must be met before a student can be counted for funding purposes.

The College reported 39,076 instructional contact hours for the Fall 2013 semester for 1,680 adult general education classes provided to 497 students. As part of our audit, we reviewed 3,023 hours reported for 27 students enrolled in 53 adult general education classes. We found instructional contact hours were

⁸ Section 1004.02(3), Florida Statutes.

⁹ Chapter 2013-40, Specific Appropriation 120 for the 2013-14 fiscal year and Chapter 2014-51, Specific Appropriation 126 for the 2014-15 fiscal year.

¹⁰ The Florida Department of Education issued Memorandum No. 06-14, dated May 15, 2006, Reporting Procedures for Adult General Education Enrollments.

over reported a total of 373 hours for 15 students due to procedural errors in withdrawing students for nonattendance and programming errors in the computer software used to calculate and report instructional contact hours.

Regarding these errors, College management informed us that the computer software used to calculate and report instructional contact hours for the Spring 2015 term was appropriately adjusted in April 2015 and that the College would submit corrected data to the FDOE for the Summer 2014 and Fall 2014 semesters. From the population of 42,548 hours reported for the Spring 2015 semester, we tested 882 hours reported for 10 students and did not find similar reporting errors. Since future funding may be based, in part, on enrollment data submitted to the FDOE, it is important that the College report accurate data. A similar finding was noted in our report No. 2013-016 (finding No. 6).

Recommendation: The College should continue to strengthen its controls to ensure instructional contact hours for adult general education classes are accurately reported to the FDOE. The College should also determine to what extent the adult general education hours were misreported for the 2014-15 fiscal year and contact the FDOE for proper resolution.

EXPENSES AND DISBURSEMENTS

Finding 5: Capital Outlay Expenses

The State Constitution¹¹ provides for the allocation of Capital Outlay and Debt Service (CO&DS) funds, derived from motor vehicle license revenue, to State colleges and other educational entities. The FDOE requirements¹² for use of CO&DS funds provide that proceeds of CO&DS funds be expended only for the costs of projects designated in a project priority list (PPL) approved by the college board of trustees and subsequently approved by the SBE. If a college must add new projects to the PPL, it may amend the list of projects; however, the SBE must approve the amended PPL before a college may use CO&DS funds on the new projects. In addition, at least every 5 years, colleges are responsible for obtaining an educational plant survey to assess existing educational and ancillary plants and determine future housing needs.

At the time of our audit field work in April 2015, the College's most current PPL was dated April 2007 and based on an educational plant survey revised in December 2006. The College completed another educational plant survey, dated June 2012, which included roadway and parking lot improvements and exterior signage; however, the College did not amend the PPL to include these items. During the 2013-14 and 2014-15 fiscal years, the College used CO&DS funds totaling \$150,000 for roadway and parking lot improvements and exterior signage and, since the use of the CO&DS funds was not included on the PPL, the \$150,000 represents questioned costs. Use of CO&DS funds on projects not listed on the PPL reduces funding for, and potentially delays completion of, higher priority projects.

¹¹ Article XII, Section 9(d) of the State Constitution.

¹² FDOE, Office of Educational Facilities, publication (2014) *State Requirements for Educational Facilities (SREF)*, Section 2.1(5)(c).

Recommendation: The College should enhance controls to ensure that CO&DS expenditures are only for purposes approved by the SBE. Additionally, we recommend that the College demonstrate to the FDOE the allowability of the questioned costs totaling \$150,000 or restore this amount to the CO&DS funds.

INFORMATION TECHNOLOGY

Finding 6: Timely Deactivation of Access Privileges

Access controls are intended to protect data and information technology (IT) resources from unauthorized disclosure, modification, or destruction. Effective management of access controls includes the timely deactivation of an individual's IT access privileges when the individual separates from employment. As certain critical application systems and confidential or sensitive information stored within individual user's documents are accessible through the College's network, prompt action is necessary to ensure that a former employee's IT access privileges are not misused by the former employee or others to compromise data or IT resources.

The College's Human Resources (HR) Department procedures require that the IT Department be notified to remove employee network access when an employee separates from employment. As part of our audit, we reviewed the access privileges of 75 former employees who separated from College employment during the 2014-15 fiscal year. We found that the network access privileges of 55 former employees remained active from 2 to 287 days after employment separation, including 10 former employees whose access remained active more than 33 days after employment separation. College records indicated that the untimely deactivations occurred because of miscommunications between the HR and IT Departments. Although our tests did not disclose any errors or fraud as a result of the untimely deactivations, when access privileges of former employees are not timely deactivated, there is an increased risk that access privileges may be misused by the former employees or others.

Recommendation: The College should enhance procedures to ensure that access privileges are timely deactivated upon a user's separation from College employment.

PRIOR AUDIT FOLLOW-UP

Except as noted in Finding 4, the College had taken corrective actions for findings included in our report No. 2013-016.

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 2015 to September 2015 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:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2013-016.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, weaknesses in management's internal controls; instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk, and in selecting the particular transactions, legal compliance matters, records, and controls to be considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of records and transactions. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit we:

- Reviewed the College's written information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, systems development and maintenance, and disaster recovery.
- Reviewed College procedures for maintaining and reviewing employees' access to IT resources to determine the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties. We also examined access privileges for 3 of the 79 employees who had access to the finance resources application to determine the appropriateness the access privileges.
- Reviewed procedures to prohibit former employees' access to electronic data files. We tested access privileges for 75 former employees to determine whether access privileges had been timely deactivated upon separation from College employment.
- Evaluated the College's written security policies and procedures governing the classification, management, and protection of sensitive and confidential information.
- Evaluated selected operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Determined whether a written, comprehensive IT risk assessment had been developed to document the College's risk assessment and management processes and security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.
- Determined whether a comprehensive IT security awareness and training program was in place.
- Examined Board and committee minutes to determine whether Board approval was obtained for rules in effect during the 2014-15 fiscal year and for evidence of compliance with Sunshine law requirements (i.e., proper notice of meetings, ready access to the public, and maintenance of minutes).
- Examined College records to determine whether the College informed students and employees at orientation and on its Web site of the existence of the Florida Department of Law Enforcement sexual predator and sexual offender registry Web site and the toll-free telephone number that gives access to sexual predator and sexual offender public information, as required by Section 1006.695, Florida Statutes.
- Examined College records to determine whether the College had developed an anti-fraud rule and procedures to provide guidance to employees for communicating known or suspected fraud to appropriate individuals. Also, we determined whether the College had implemented appropriate and sufficient procedures to comply with its anti-fraud rule.
- Analyzed the unencumbered balance in the unrestricted current fund of the College Board of Trustees' approved operating budget to determine whether the balance was below 5 percent of the total available fund balances at June 30, 2015. We also performed analytical procedures to determine whether financial transactions in other funds may require resources from unrestricted funds that would cause a significant reduction in available unrestricted current or auxiliary funds.
- Evaluated the College's policies and procedures related to its identity theft prevention program for compliance with the Federal Trade Commission's Red Flags Rule.
- From the population of 35 payments and transfers totaling \$75,911 made by the College to its direct-support organization (DSO) during the period July 1, 2012, through March 31, 2015, evaluated whether the payments and transfers were authorized by Section 1004.70(1)(a)2 and (3), Florida Statutes.

- Determined whether an audit of the College's DSO was filed timely with the Auditor General, was done in accordance with generally accepted government auditing standards, and otherwise complied with Rules of the Auditor General Chapter 10.730.
- Examined College records to determine whether collection efforts were adequate and restrictions on student records and holds on transcripts and diplomas were appropriate and enforced for students with delinquent receivable accounts.
- Examined College records to determine whether uncollectible accounts written-off, totaling \$540,915, were properly approved.
- From the population of student fees totaling \$41.5 million assessed during the 2014-15 fiscal year, selected and examined College records for 62 students to determine whether the College documented Florida residency and correctly assessed tuition in compliance with Sections 1009.21, 1009.22, and 1009.23, Florida Statutes, and State Board of Education Rules 6A-10.044 and 6A-14.054 Florida Administrative Code.
- From the population of 1,047 distance learning courses with fee revenue totaling \$720,670 during the 2014-15 fiscal year, we selected and examined 30 distance learning courses with fee revenue totaling \$19,220 to determine whether distance learning fees were assessed and collected as provided by Section 1009.23(16(b), Florida Statutes.
- Reviewed College policies and procedures related to the dual enrollment program. We selected and examined 10 dual enrollment contracts with revenues totaling \$2,756,880 during the 2013-14 and 2014-15 fiscal years to determine whether revenues collected for dual enrolled students were consistent with the applicable dual enrollment agreements and Section 1007.271, Florida Statutes.
- From a population of 440 industry certifications eligible for performance funding that were attained by students during the 2013-14 and 2014-15 fiscal years, examined 33 certifications to determine whether the College maintained documentation for student attainment of the industry certifications.
- Examined the College's four auxiliary operations vendor contracts totaling \$868,051 for the 2014-15 fiscal year to determine whether the College properly monitored compliance with the contract terms for fees, insurance, and other provisions. Also, we performed analytical procedures to determine whether the College's auxiliary services were self-supporting.
- Examined documentation to determine whether the College's policies and procedures regarding textbook affordability were in accordance with Section 1004.085, Florida Statutes.
- Reviewed College records for supervisory approval of time worked and leave used by noninstructional and administrative employees to evaluate whether compensation payments were appropriate and leave balances are accurate.
- Examined and selected the records for 7 employees from the population of 70 administrative personnel, including the President, vice presidents, associate vice presidents, and others to determine whether the College appropriately completed the employees' annual performance evaluations.
- Reviewed College policies and procedures for payments of accumulated annual and sick leave (terminal leave pay) to determine whether the policies and procedures promoted compliance with State law and College rules. From the population of 217 former employees paid \$1,536,756 for terminal leave during the 2012-13, 2013-14, and 2014-15 fiscal years, we selected and examined terminal leave payments totaling \$292,883 made to 5 former employees and evaluated the payments for compliance with Sections 110.122 and 1012.865, Florida Statutes, and College rule.
- Reviewed the severance pay provisions in the President's contract to determine whether the provisions complied with Section 215.425(4), Florida Statutes.

- From the population of 70 administrative employees (including the President) who received compensation totaling \$5,946,654 during the 2014-15 fiscal year, we selected and examined records for 4 employees (including the President) who received compensation totaling \$1,279,503 to determine whether the amounts paid did not exceed limits established by Sections 1012.885 and 1012.886, Florida Statutes.
- Evaluated College rules, policies, and procedures for obtaining personnel background screenings and determined whether individuals in positions of special trust and responsibility, such as positions that have direct contact with persons under the age of 18, had undergone appropriate background screenings.
- Reviewed College rules, policies, and procedures to determine whether health and life insurance was provided only to eligible employees, retirees, and dependents. Also, we determined whether the College had appropriate procedures for reconciling health insurance costs to employee, retiree, and Board-approved contributions.
- Examined College expenditure documentation to determine whether expenditures were reasonable, correctly recorded, and adequately documented; for a valid College purpose; properly authorized and approved; and in compliance with applicable laws, rules, contract terms, and College rules. We also determined whether the applicable vendors had been properly selected. From the population of expenditures totaling \$4,474,751 for the period July 1, 2014, through March 31, 2015, we examined:
 - Documentation relating to 97 purchasing card (P-Card) transactions totaling \$11,508.
 - Documentation relating to 7 agreements for contractual services and related expenditures totaling \$1,269,312.
- Selected and examined records supporting 97 of the 930 P-Card transactions for the period July 1, 2014, through March 31, 2015, to determine whether the P-Card program was administered in accordance with College rules, policies, and procedures and to verify that the transactions tested were not of a personal nature.
- Examined the P-Card records for 8 employees who had been issued a P-Card and separated from College employment during the period July 1, 2014, through March 31, 2015, to determine whether the P-Cards were timely canceled upon the cardholder's separation from College employment.
- From a population of payments totaling \$24,525 made to employees for other than travel and compensation during the period from July 1, 2014, through May 5, 2015, we selected and examined documentation for 22 payments totaling \$1,937 to determine whether such payments were reasonable, adequately supported, and for valid College purposes, and whether such payments related to employees doing business with the College, contrary to Section 112.313, Florida Statutes.
- Evaluated College rules, policies, and procedures related to identifying potential conflicts of interest. For selected College officials, we reviewed Department of State, Division of Corporation records; statements of financial interest; and College records to identify any potential relationships that represent a conflict of interest with vendors used by the College.
- Selected and examined records supporting 33 payments totaling \$1,470,290 related to three major construction projects with contract amounts totaling \$2.3 million to determine whether the payments were made in accordance with contract terms and conditions; College rules, policies, and procedures; and provisions of applicable State laws and rules. The College had eight major construction projects in progress during the 2014-15 fiscal year with contracts totaling \$11.3 million,

- Reviewed documentation related to four major construction projects with construction costs totaling \$10.4 million to determine whether the College adequately monitored the selection of architects and engineers, construction managers, and subcontractors.
- Evaluated College policy for minimum insurance requirements for design professionals. Additionally, we reviewed four construction projects with construction costs totaling \$10.4 million to determine whether architects and engineers provided evidence of required insurance.
- From the population of Public Education Capital Outlay (PECO) and other restricted capital outlay payments totaling \$5,536,135, we selected and examined 14 payments totaling \$1,247,461 to determine whether the funds were expended in compliance with the restrictions imposed on the use of these resources.
- Determined if PECO funds were properly encumbered by the required reversion date or returned as required by Section 216.301(2)(a) and (c), Florida Statutes.
- From the population of 45 total electronic funds transfers and payments totaling \$31.7 million in February 2015, we selected and examined 13 transfers and payments totaling \$12.2 million to evaluate whether the transfers and payments were adequately supported and properly authorized.
- Examined supporting documentation for adult general education instructional and contact hours reported by the College to the Florida Department of Education (FDOE) to determine whether the hours were reported in accordance with FDOE requirements.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- 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 the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each College on a periodic basis. 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.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



December 2, 2015

Ms. Sherrill F. Norman, CPA
Auditor General of the State of Florida
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Ms. Norman,

In response to the preliminary and tentative audit findings and recommendations from your operational audit of Santa Fe College, we submit the following comments including corrective action taken or to be taken.

Administrative Management and Board Policies

Finding 1: Anti-Fraud Policy

Recommendation: The College should enhance policies and procedures for reporting known or suspected fraud to allow employees or others to anonymously report rule violations and known or suspected fraud. The College should also establish a process requiring any instances of known or suspected fraud related to the actions of College management be communicated and reported to the Board and College legal counsel.

Response: College management will review best practice information from the American Institute of Certified Public Accountants, Association of Certified Fraud Examiners and other authoritative entities and make a recommendation to the Board regarding any proposed changes to Santa Fe College Rule 2.12: *Prohibition Against Fraudulent or Other Dishonest Acts*.

Finding 2: Textbook Affordability

Recommendation: The College should develop and implement textbook affordability policies and procedures to ensure textbooks and other required instructional materials are available to students at the lowest and best prices within acceptable quality. The College should also ensure that textbook information is timely posted to the Bookstore website and certifications related to use are obtained from instructors.

Response: The College understands and fully endorses the affordability of textbooks and other required instructional materials for its students. Academic Affairs management, in coordination with Academic Chairs/Directors and faculty, are reviewing its policies, procedures and processes, related to textbook and material course adoptions, to ensure compliance with applicable Florida Statutes and State Board of Education Rules.

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Finding 3: Background Screenings

Recommendation: The College should enhance procedures to ensure that background screenings, including fingerprinting, are performed for individuals in positions of special trust or responsibility, including those that have direct contact with persons under 18 years of age.

Response: College management, in consultation with legal counsel, will review the Florida Statutes noted in this finding and make a recommendation to the Board and/or Cabinet regarding any proposed changes to its Rules and/or procedures regarding background checks. The College agrees to enhance procedures to ensure that background screenings, including fingerprinting, are performed for individuals who joined the college prior to August 1, 2003, and who move into positions of special trust or responsibility.

Student Enrollment

Finding 4: Adult General Education

Recommendation: The College should continue to strengthen its controls to ensure instructional contact hours for adult general education classes are accurately reported to the FDOE. The College should also determine to what extent the adult general education hours were misreported for the 2014-15 fiscal year and contact FDOE for proper resolution.

Response: The College has reviewed and corrected the procedural errors in withdrawing students for nonattendance and programming errors in the computer software used to calculate and report instructional contact hours. The adult general education hours for Summer 2014 and Fall 2014 were resubmitted on June 17, 2015 and accepted by CCTCMIS correcting the Colleges SDB-1 & 2E and IDB-1 & 2E reporting.

Expenses and Disbursements

Finding 5: Capital Outlay Expenses

Recommendation: The College should enhance controls to ensure that CO&DS expenditures are only for purposes approved by the SBE. Additionally, we recommend that the College demonstrate to the FDOE the allowability of the questioned costs totaling \$150,000 or restore this amount to the CO&DS funds.

Response: The College acknowledges this finding and will amend its most current PPL dated April 2007 to reflect its most recent educational plant survey dated June 2012, which included roadway and parking lot improvements and exterior signage. The College will consult with FDOE to determine the allowability of the use of the CO&DS funds on the project.

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Ms. Norman
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Information Technology

Finding 6: Timely Deactivation of Access Privileges

Recommendation: The College should enhance procedures to ensure that access privileges are timely deactivated upon a user's separation from College employment.

Response: The College agrees with the recommendation and will continue to improve procedures related to access controls. The College is committed to continued 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

cc: Ginger Gibson
Lisa Armour
Ed Bonahue
Patti Locascio