

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2016-114  
March 2016

**FLORIDA STATE COLLEGE AT  
JACKSONVILLE**



Sherrill F. Norman, CPA  
Auditor General

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During the 2014-15 fiscal year, Dr. Cynthia A. Bioteau served as President and the following individuals served as Members of the Board of Trustees:

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- Notes: <sup>a</sup> Board member served beyond the end of term, May 31, 2014, and was reappointed January 28, 2015.  
<sup>b</sup> Board member served beyond the end of term, May 31, 2015.  
<sup>c</sup> Board member served beyond the end of term, May 31, 2014, and was reappointed February 24, 2015.  
<sup>d</sup> Board member served to the end of term, May 31, 2015, and position remained vacant through June 30, 2015.

The Vice Chairs serve with equal rank and status on the Board. The purpose of the dual office is to assure leadership representation from each of the two counties served by the College.

The team leader was Dennis W. Gay, CPA, and the audit was supervised by Randy R. Arend, CPA.

Please address inquiries regarding this report to Jaime N. Hoelscher, CPA, Audit Supervisor, by e-mail at [jaimehoelscher@aud.state.fl.us](mailto:jaimehoelscher@aud.state.fl.us) or by telephone at (850) 412-2868.

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# FLORIDA STATE COLLEGE AT JACKSONVILLE

## **SUMMARY**

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This operational audit of the Florida State College at Jacksonville (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2014-085. Our operational audit disclosed the following:

**Finding 1:** The College did not always timely complete bank account reconciliations.

**Finding 2:** College procedures could be enhanced to ensure that, before special assignment work is performed, College personnel document preapproval of the work and the related compensation amount on the specified stipend forms.

**Finding 3:** Contrary to Department of Management Services rule and the College's operating procedures, the College overpaid Florida Retirement System contributions by \$12,287 for benefit day payments, totaling \$90,994, made to three employees upon their separation from College employment.

**Finding 4:** College records did not always evidence that employees met the education requirements for their positions.

**Finding 5:** The College needs to strengthen controls to ensure the accurate reporting of instructional contact hours for adult general education classes to the Florida Department of Education. Similar findings were noted in our report Nos. 2012-073 and 2014-085.

**Finding 6:** Some unnecessary or inappropriate information technology access privileges exist.

## **BACKGROUND**

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Florida State College at Jacksonville (College) is under the general direction and control of the Florida Department of Education, Division of Florida Colleges, and is governed by State law and State Board of Education rules. A board of trustees (Board) governs and operates the College. The Board constitutes a corporation and is composed of nine members appointed by the Governor and confirmed by the Senate. The College 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 campuses in Jacksonville, Florida, and centers in Jacksonville and Yulee, Florida. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Duval and Nassau Counties. The College reported enrollment of 20,218 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. 2014-085. 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***

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### **Finding 1: Bank Account Reconciliations**

Effective internal controls require that reconciliations of bank account balances to general ledger control accounts be performed on a timely, routine basis and reviewed by supervisory personnel. Such reconciliations are necessary to provide reasonable assurance that cash assets agree with recorded amounts, promptly detect and correct unrecorded and improperly recorded cash transactions or bank errors, and provide for the efficient and economic management of cash resources.

At June 30, 2015, the College's general ledger cash balance totaled \$2.3 million. During the 2014-15 fiscal year, the College maintained one bank account and Business Office personnel were responsible for preparing the monthly bank account reconciliation, which supervisory personnel were to review and approve.

While bank account reconciliations were timely prepared and approved for the period July 2014 through April 2015, College personnel did not prepare and approve the May 2015 and June 2015 bank account reconciliations until November 6, 2015, or 159 and 129 days, respectively, after month end. In addition, the July 2015 bank account reconciliation was not prepared until January 18, 2016, and the August 2015 through October 2015 bank account reconciliations had not been prepared as of February 12, 2016. College personnel indicated that the bank account reconciliations and related approvals were delayed as a result of employee turnover and the reassignment of experienced personnel from the reconciliation process to work on the implementation of the College's new enterprise resource planning system.

Although the June 2015 bank account reconciliation disclosed that the general ledger cash amount was materially correct and properly classified for financial reporting purposes, untimely bank account reconciliations increase the risk that any cash transaction errors or misappropriations that may occur will not be timely detected.

**Recommendation: College management should ensure that bank account reconciliations are timely completed, reviewed, and approved.**

### **Finding 2: Special Assignment Work**

The College's collective bargaining agreement with faculty members provides that stipends for special assignment work may be awarded at the discretion of the administration and as approved by the Vice President of the College. College Administrative Procedure<sup>1</sup> requires that all recommendations and approval signatures be obtained on the specified stipend form before the special assignment work can begin. The instructions for the College's Special Assignment Stipend Form for full-time faculty provide, in part, that special assignment work should not begin until the Vice President of the College signs the form, which establishes an understanding of the employee and College responsibilities, including the additional work to be performed and the compensation amount to be paid.

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<sup>1</sup> College Administrative Procedure 03-0912, *Approving and Payment of Stipends*.

The College reported stipend expenses of \$685,550 for the 2014-15 fiscal year, which was a substantial increase over the stipend expenses of \$468,028 reported for 2013-14 fiscal year. As part of our procedures, we reviewed College records, including the related approvals, supporting additional work stipend payments to 10 employees. We found that, contrary to the Administrative Procedure and Special Assignment Stipend Form instructions, two employees received lump sum payments of \$7,380 and \$5,535, respectively, although the forms supporting the stipend payments indicated that the employees performed the additional work over several years prior to the dates of the Vice President's approvals on the forms. The approved stipend forms indicated that one employee performed the work during the period August 2010 to July 2014 and that the other employee performed the work during the period August 2011 to July 2014. However, in both cases, the College's Vice President did not approve the special assignment work until August 2014, which was after the work had been performed.

In response to our inquiries, College personnel indicated that, although the payments were for special assignment work already performed, the payments were to appropriately compensate the employees for the additional assignments previously performed as indicated on the signed approval forms. The lack of documented preapproval of special assignment work before the work begins increases the risk that misunderstandings or disputes could occur between the employee and the College regarding the additional work to be performed and the compensation amount to be paid.

**Recommendation: The College should ensure that, before special assignment work is performed, the College's Vice President documents preapproval of the work and the related compensation amount on the applicable stipend forms.**

### **Finding 3: Florida Retirement System Contribution Payments**

Department of Management Services (DMS) rule<sup>2</sup> provides that a payment made in addition to an employee's regular salary that does not increase the employee's base rate of pay is not considered compensation and shall not be reported to the Florida Retirement System (FRS) as salary for retirement purposes. Board rule<sup>3</sup> provides for senior management class employees to earn benefit days based on the number of months of employment in the senior management class. Benefit days generally represent a type of deferred compensation that is paid only when an employee separates from College employment. While the College's operating procedures for reporting senior management benefit day compensation provide for the exclusion of benefit days so that FRS contributions are only made based on each employee's regular semi-monthly pay amount, College procedures do not provide for independent verifications of employment separation leave pay calculations, including benefit day payroll calculations, prior to making FRS contributions.

The College reported disbursements for employment separation payments, including annual leave, sick leave, and senior management benefit days totaling approximately \$2 million for the 2014-15 fiscal year. As part of our procedures, we reviewed College records supporting employment separation payments totaling \$689,577 made to 18 former employees. We found that, contrary to DMS rule and the College's operating procedures, the College overpaid FRS contributions by \$12,287 for benefit day payments

<sup>2</sup> DMS, Division of Retirement Rule 60S-6.001(11), Florida Administrative Code.

<sup>3</sup> Board Rule 6Hx7-3.63, *Benefit Day*.

totaling \$90,994 made to 3 employees upon their separation from College employment. College personnel indicated that the FRS overpayments occurred because of employee turnover and the reassignment of experienced personnel from the FRS contribution payment process to the task of implementing the College's new enterprise resource planning system. Subsequent to our inquiries, to remedy the FRS overpayments, the College submitted corrected payroll information to the FRS.

Independent verifications of employment separation leave pay calculations, including benefit day payroll calculations, prior to making FRS contributions, would reduce the risk of misreporting payroll information to the FRS for retirement purposes and overpaying the related FRS contributions.

**Recommendation:** The College should continue efforts to ensure that FRS contributions do not include amounts for paid benefit days. Such efforts should include independent verifications of employment separation leave pay calculations, including benefit day payroll calculations, prior to making FRS contributions.

#### **Finding 4: Employment Practices – Education Verifications**

Effective employment practices include verifying, before employees are transferred to new positions or new hires are selected to fill vacancies, that the individuals meet the positions' education requirements and maintaining documentation of the education verifications. The College's Administrative Procedure<sup>4</sup> specifies the various documents that are to be retained in an employee's official personnel file including official transcripts, as required. Additionally, the College has developed job descriptions for employee positions that identify the education requirements for the positions.

From the population of 46 employees who, effective July 1, 2015, either transferred to new positions as a result of a reorganization of the College's Student Services Department or were newly employed to fill vacancies in the Student Services Department, we reviewed personnel records for 20 selected employees. We found that the personnel records for 10 employees did not contain official transcripts to evidence that the employees met the education requirements specified in their position descriptions. Nine of these 10 employees had transferred to new positions and 1 employee was a new hire. Of the positions held by the 10 employees, eight positions required bachelor's degrees, one position required a master's degree, and one position required a high school diploma. In response to our inquiry, College personnel indicated that, because of oversights, the College had not obtained official transcripts for employees transferring to positions requiring a higher education degree and that procedures would be revised to ensure official transcripts are timely obtained. Subsequent to our inquiries, the College obtained official college transcripts for 8 of the employees that demonstrated that the employees met the education requirements for their positions. College personnel indicated that education verifications were not performed for the other 2 employees because 1 was no longer employed by the College and the other employee's position only required a high school diploma.

Documented verifications of individuals' education credentials, including verifications of college transcripts or evidence of high school graduation, as applicable, would provide critical information for making personnel decisions and assurances that individuals have met the education requirements for their positions.

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<sup>4</sup> College Administrative Procedure 03-0401, *Personnel Records*.

**Recommendation:** College personnel should continue efforts to verify, before employees are transferred to new positions or new hires are selected to fill vacancies, that the individuals meet the positions' education requirements and should also maintain documentation of the education verifications performed.

### **Finding 5: Adult General Education**

State law<sup>5</sup> 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 General Appropriations Act<sup>6</sup> 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.<sup>7</sup>

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.

For the 2014-15 fiscal year, the College reported 642,369 instructional contact hours for 1,062 adult general education classes provided to 4,100 students. As part of our audit, we reviewed College records for 2,167 hours reported for 30 students enrolled in 27 adult education classes during the Fall 2014 and Spring 2015 terms. Our review disclosed that, due to programming errors, the College over reported a net total of 365 instructional contact hours. Specifically, we noted that:

- For 8 students enrolled in 2 classes, the College over reported a total of 415 instructional hours. Although attendance records indicated that the College withdrew the 8 students before the end of the term because each had six consecutive absences, the instructional contact hours for these students were reported to the FDOE as if the student had completed the class.
- For 4 students who withdrew before the end of the term, the College over reported a total of 10 instructional hours because the College erroneously used a prior year calendar to establish scheduled class days.
- For 6 students, the College under reported 60 instructional contact hours because the College only reported the direct classroom contact hours and did not report the online portion of the classes completed through the dates of the students' withdrawals.

In response to our inquiries, College personnel indicated that the College corrected the programming errors for the 2015-16 fiscal year.

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<sup>5</sup> Section 1004.02(3), Florida Statutes.

<sup>6</sup> Chapter 2013-40, Laws of Florida, Specific Appropriation 120 for the 2013-14 fiscal year and Chapter 2014-51, Laws of Florida, Specific Appropriation 126 for the 2014-15 fiscal year.

<sup>7</sup> FDOE-issued Memorandum No. 06-14, dated May 15, 2006, *Reporting Procedures for Adult General Education Enrollments*.

Since future funding is based, in part, on enrollment data submitted to FDOE, it is important that the College report accurate data. Similar findings were noted in our report Nos. 2012-073 (finding No. 2) and 2014-085 (finding No. 7).

**Recommendation: The College should 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.**

#### **Finding 6: Access Privileges**

Access controls are intended to protect data and information technology (IT) resources from unauthorized disclosure, modification, or destruction. Effective access controls provide employees and contractors access to IT resources based on a demonstrated need to view, change, or delete data and restrict employees and contractors from performing incompatible functions or functions inconsistent with their assigned responsibilities. Periodic reviews of assigned IT access privileges are necessary to ensure that employees and contractors can only access those IT resources that are necessary to perform their assigned job responsibilities and that assigned access privileges enforce an appropriate separation of incompatible duties. According to College personnel and review of College records, College personnel periodically reviewed access assigned to application security groups and group members.

Our test of selected access privileges to the College's finance, human resources (HR), and student records applications disclosed that some individuals had access privileges that permitted them to perform unnecessary or incompatible functions. Specifically, we found that:

- Three employees (Controller, Assistant Controller, and an Accountant) had update privileges to critical functions within the finance application, including the ability to add and update vendor records and addresses, add and change purchase orders, and process payments. These access privileges permitted the employees to perform incompatible functions.
- Two employees (Director of HR Information and the contracted former Director of HR Information) had the capability to add an employee within the HR application and had update privileges to one or more other critical functions within the HR application, including the ability to adjust salary records, create and run manual payroll checks, and update direct deposit information. The access privileges did not enforce an appropriate separation of end-user duties.
- Four College employees could make grade changes in the student academic history records although making grade changes was not part of their job responsibilities. Two of the employees previously worked in the Office of Student Services but were reassigned to work on the College's enterprise resource planning system implementation, and the other two employees worked in a different area in the Office of Student Services but were provided with the same access as employees who were responsible for making grade changes. Subsequent to our inquiries in October 2015, the College removed these employees' ability to make grade changes.

College records indicated that the College had certain controls (e.g., supervisory monitoring of finance and HR transactions and supervisory review and approval of transactions such as journal entries and electronic funds transfers) that somewhat compensated for the deficiencies and our review did not disclose any misuse as a result of the unnecessary or inappropriate access privileges. However, the existence of inappropriate or unnecessary access privileges increases the risk of unauthorized

disclosure, modification, or destruction of College data or IT resources and indicate a need for an improved review of IT access privileges.

**Recommendation:** The College should restrict application access, including system access, to ensure that assigned access privileges enforce an appropriate separation of incompatible duties and restrict employees to only those functions necessary for their assigned job responsibilities.

## ***PRIOR AUDIT FOLLOW-UP***

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The College had taken corrective actions for the findings included in our report No. 2014-085, except as noted in Finding 5.

## ***OBJECTIVES, SCOPE, AND METHODOLOGY***

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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 July 2015 to February 2016 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. 2014-085.
- 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 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:

- For 122 employees, examined the employees' assigned access privileges to the finance and human resources IT applications to determine the appropriateness and necessity of the access based on employee's job duties and user account functions and whether the access prevented the performance of incompatible duties.
- Examined Board and committee meeting minutes to determine whether Board approval was obtained for policies and procedures in effect during the 2014-15 fiscal year and for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting 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 supporting documentation to determine whether the College had provided individuals with a written statement of the purpose for collecting their social security numbers.
- Examined College records to determine whether the College had developed an anti-fraud policy 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 policy.
- Analyzed the unencumbered balance in the unrestricted current fund of the Board-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.
- For the population of 326 courses with 6,117 instructor-assigned textbooks, examined College records to determine whether the College's rules and procedures regarding textbook affordability complied with Section 1004.85, Florida Statutes.

- Determined whether an audit of the College's direct support organization was filed timely with the Auditor General, was performed in accordance with generally accepted government auditing standards, and otherwise complied with Rules of the Auditor General, Chapter 10.730.
- Evaluated whether bank account reconciliations were timely prepared.
- From the population of 3,782 electronic funds payments totaling \$4,378,089 for the 2014-15 fiscal year, examined College records supporting 7 selected payments totaling \$1,652,906 to determine whether the payments were adequately supported and properly authorized.
- Determined whether student accounts receivable were properly authorized, adequately documented, properly recorded, and in compliance with Section 1010.03, Florida Statutes, Board Rule 6Hx7-4.22, *Delinquent Accounts Receivable*, and Administrative Procedure 04-1204, *Accounts Receivable Types*. From the population of 6,885 student accounts receivable totaling \$3,345,842 at June 30, 2015, we examined documentation supporting 30 selected student accounts totaling \$18,144 to determine whether College collection efforts were adequate and restrictions on student records and holds on transcripts and diplomas were appropriate and enforced for students with delinquent accounts.
- From the population of 1,056 accounts written-off totaling \$518,514 during the 2014-15 fiscal year, examined supporting documentation for 30 selected accounts written-off totaling \$34,943 to determine whether the accounts written-off were properly approved.
- Evaluated controls over student fees to determine whether students who had not paid fees in an approved manner were not considered in calculating full-time equivalent enrollments for State funding purposes pursuant to Sections 1009.22(11) and 1009.23(9), Florida Statutes.
- From the population of 28,293 full-time equivalent students enrolled for the Fall 2014 term, examined College student enrollment records supporting 30 selected students who were enrolled as Florida residents to determine whether the College documented Florida residency and correctly assessed tuition in compliance with Section 1009.21, Florida Statutes, and State Board of Education Rule 6A-10.044, Florida Administrative Code (FAC).
- Examined the College's two auxiliary operations vendor contracts totaling \$1,612,618 for the 2014-15 fiscal year to determine whether the College properly monitored compliance with the contract terms for fees, insurance, and other provisions.
- From the population of 296 distance learning fee courses with fee revenue totaling \$944,295 for the Fall 2014 term, examined 15 selected courses with fees totaling \$191,580 to determine whether distance learning fees were assessed and collected as provided by Section 1009.23(16)(b), Florida Statutes. We also determined whether the 15 courses were posted on the distance learning Internet-based catalog as required by Section 1009.23(16)(a), Florida Statutes.
- From the population of 3,993 employees compensated a total of \$93,508,641 during the 2014-15 fiscal year, selected 30 employee paychecks, with total compensation of \$30,881, and examined related College records to determine the accuracy of the rate of pay, validity of employment contracts, adequacy of qualifications, completion of performance evaluations, accuracy of leave records, and certifications by supervisory personnel of employee time reports.
- Reviewed the College records for supervisory approval of time worked and leave used by exempt employees to evaluate whether compensation payments were appropriate and leave balances were accurate.
- Examined College personnel records for employees who transferred to new positions or were newly hired during the 2014-15 fiscal year to determine whether the records evidenced that the employees had the necessary qualifications, degrees, and experience for their positions based on the written position descriptions.

- Reviewed the College's policies and procedures for payments of accumulated annual, sick, and senior management benefit day leave (terminal leave pay) to determine whether the policies and procedures promoted compliance with State law and College rules. From the population of 200 employees who separated from College employment and received \$2,063,000 in annual leave, sick leave, or benefit day payments, we examined College records supporting 18 selected employees who received payments totaling \$689,577 to evaluate whether the payments, including the related retirement benefit contributions, were made in compliance with Sections 110.122 and 1012.865, Florida Statutes, and Division of Retirement Rule 60S-6.001(11), FAC.
- Reviewed the severance pay provisions in the President's contract to determine whether the severance pay provisions complied with Section 215.425(4), Florida Statutes.
- Examined the College President's compensation contract for the 2014-15 fiscal year to determine whether the \$490,507 amount paid, including benefits, was in accordance with the President's contract and within the limits established by Section 1012.885, Florida Statutes.
- Examined College records for stipends paid to employees to determine whether the stipends were paid in accordance with Board rule.
- From the population of 2,108 full-time employees and 28 temporary employees as of July 20, 2015, selected 30 full-time employees and 5 temporary employees and reviewed applicable College records to determine whether personnel background screenings were obtained for employees in positions of special trust or responsibility, such as positions with direct contact with persons under age 18, and in compliance with College rules and procedures.
- Reviewed College rules and procedures to determine whether health and life insurance was provided only to eligible employees, retirees, and dependents. From the population of 425 employees with dependents as of July 22, 2015, we examined College records for 30 selected employees to determine whether the employees and their dependents' eligibility for insurance coverage was documented. Also, we determined whether the College had procedures for reconciling health insurance costs to employee, retiree, and Board-approved contributions.
- Reviewed College procedures to determine whether insurance benefits were appropriately continued or timely canceled upon an employee's separation from employment. Specifically, from the population of 200 employees with insurance benefits who separated from College employment during the 2014-15 fiscal year, we examined College records for 27 selected employees to determine whether the insurance benefits were appropriately continued or timely canceled.
- From the population of contractual service payments totaling \$11,492,462 for other than construction during the 2014-15 fiscal year, examined College records supporting 11 payments totaling \$491,966 to determine whether the payments were made in accordance with contract terms and the applicable contracts were properly approved, awarded, and executed.
- Evaluated whether purchasing card (P-card) expenditures were reasonable, correctly recorded, adequately documented, for a valid College purpose, properly authorized and approved, and in compliance with applicable laws, rules, and College guidelines. From the population of 8,731 P-card transactions totaling \$1,733,279 during the 2014-15 fiscal year, we examined College records supporting 30 transactions totaling \$35,613 to determine whether the P-card program was administered in accordance with College guidelines.
- From the population of 65 P-cards canceled during the 2014-15 fiscal year, examined College documentation for 22 P-cards to determine whether the P-cards were timely canceled.
- Reviewed credit limits for the 154 P-cardholders as of June 30, 2015, to determine whether the limits were reasonable based upon the cardholders' job responsibilities.

- From the population of 838 payments totaling \$458,763 made to employees for other than travel and compensation during the 2014-15 fiscal year, examined documentation for 10 selected payments totaling \$58,521 to determine whether such payments were reasonable, adequately supported, and for valid College purposes, and whether such payments were related to employees doing business with the College, contrary to Section 112.313, Florida Statutes.
- Evaluated College rules 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 interests; and College records to identify any potential relationships that represent a conflict of interest with vendors used by the College.
- From the population of capital outlay expenditures totaling \$24,830,739 during the 2014-15 fiscal year, examined documentation for 14 selected expenditures totaling \$1,630,525 to determine whether the payments were made in accordance with contract terms and conditions; College rules and procedures; and provisions of applicable State laws and rules.
- Determined whether the College evaluated the effectiveness and suitability of the enterprise resource program (ERP) system acquired during the 2014-15 fiscal year, with estimated capital costs of \$24.5 million prior to purchase, and determined whether the College used a competitive vendor selection process. For the capital outlay expenditures, totaling \$9,774,725, incurred for the ERP system during the 2014-15 fiscal year, we reviewed College procedures for monitoring the receipt of deliverables prior to payment and evaluated whether payments were made in accordance with contract terms and conditions.
- Reviewed documentation for two construction projects with construction costs totaling \$1,147,639 to determine whether the College adequately monitored the process for selecting engineers, construction managers, and subcontractors. We also evaluated whether the design professionals for these two projects provided the evidence of insurance required by College rule.
- From the population of Public Education Capital Outlay (PECO) and other restricted capital outlay payments totaling \$2,964,854, examined records supporting 7 selected payments totaling \$591,035 to determine whether the funds were expended in compliance with the restrictions imposed on the use of these resources.
- Determined whether 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 expenses, other than compensation and student financial aid, totaling \$74,998,818 during the 2014-15 fiscal year, examined College records supporting 30 selected transactions totaling \$116,295 to determine whether the expenses were recorded in the correct amounts; adequately documented, made in accordance with applicable laws, rules, and applicable contract terms; and properly authorized and approved.
- Evaluated the effectiveness of College procedures for College-owned motor vehicle assignment, usage, and maintenance monitoring, and compliance with College rules.
- Evaluated College procedures and records for acquiring commercial insurance coverage to determine whether the method selected was the most advantageous to the College.
- 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.
- From the population of 137 industry certifications reported for performance funding that were attained by students during the 2013-14 and 2014-15 fiscal years, examined 26 industry certifications to determine whether the College maintained documentation for student attainment of the industry certifications.

- Examined selected student grade changes to determine whether documentation identified the College employees who requested and approved the grade changes.
- Reviewed the College's annual cost analysis reports and supporting documentation to determine whether the reports were timely filed, properly prepared, and agreed to College records.
- 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***

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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**

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## **2015 Operational and Compliance Audit Responses Florida State College at Jacksonville**

### Finding #1 – Bank Account Reconciliations

The College fully agrees in the importance of timely reconciliations. Finance staff are working diligently to overcome challenges of the initial implementation of a new computer system, and reconciliations are progressing. The reconciliations are now complete through September 2015, and full compliance is expected in the next few weeks. Once reconciliations are up-to-date, the College does not anticipate any issues maintaining a current reconciliation process.

### Finding #2 – Special Assignment Work

The College concurs that stipend documents should be completed timely, and appropriate staff have been reminded that procedures require an approved form to be submitted before work is begun.

### Finding #3 – Florida Retirement System Contribution Payments

The College recognizes the necessity of accurately reporting earnings to the Division of Retirement. Appropriate personnel have been retrained to properly calculate and report retirement earnings and related contributions.

### Finding #4 – Employment Practices – Education Verifications

The College concurs that documentation must be collected to verify minimum education requirements for every position filled, regardless of whether the individual filling that role is a current employee. Current staff have been trained to verify the documentation of minimum education requirements is on file, and to ensure receipt of such documentation from the employee if it has not yet been submitted.

### Finding #5 – Adult General Education

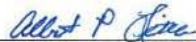
The College addressed the circumstances which caused a misreporting of Adult General Education hours in the prior audit; however, the current audit identified new issues that need to be corrected. Accurately collecting and reporting Adult Education attendance data is very important, and the College is intent to correct all new issues to allow proper

reporting in the future. In response to the finding, the College has taken corrective actions to institute new programming that recognizes all forms of class withdrawals, including those resulting from a student's having six consecutive absences. Additionally, the new programming accurately calculates instructional contact hours for online/hybrid classes. Further, the College has instituted a model for building and validating the academic calendar for Adult Education. The aforementioned actions should provide for full compliance with future reporting for Adult Education attendance.

Finding #6 – Access Privileges

The College concurs that proper access controls are important to information security. As the new systems are implemented, security tables are being built to eliminate inappropriate continued access. As noted in the finding, the College has compensating controls that mitigate the issue, and those controls will remain for the brief periods when increased access is necessary to solve a problem in the system.

Submitted by:



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Albert P. Little  
Vice President for Business Services