

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2016-135  
March 2016

**TALLAHASSEE COMMUNITY COLLEGE**



Sherrill F. Norman, CPA  
Auditor General

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The team leader was Stacy P. Boyd and the audit was supervised by Karen L. Revell, 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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# TALLAHASSEE COMMUNITY COLLEGE

## ***SUMMARY***

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This operational audit of Tallahassee Community College (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2014-039. Our operational audit disclosed the following:

**Finding 1:** The College did not always perform background screenings for individuals in positions of special trust and responsibility.

**Finding 2:** As similarly noted in our report No. 2014-039, 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.

**Finding 3:** The College needs to establish a mechanism for exempt employees to report time worked and procedures requiring supervisors to document the review and approval of such time.

**Finding 4:** The College controls over employment separation payments continue to need enhancement.

**Finding 5:** Certain information technology access controls need improvement.

**Finding 6:** The College did not timely deactivate the network access privileges of some former employees. A similar finding was noted in previous audits, most recently in our report No. 2014-039.

**Finding 7:** The College needs to continue efforts to develop and implement a comprehensive security awareness training program.

## ***BACKGROUND***

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Tallahassee Community 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 seven 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 Tallahassee, Florida. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Gadsden, Leon, and Wakulla Counties. The College reported enrollment of 9,771 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. 2014-039. 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: Background Checks and Fingerprinting**

Although not specific to colleges, State law<sup>1</sup> provides that persons and employees in positions of special trust and responsibility must undergo background screenings. For example, a level 2 background screening<sup>2</sup> 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 personnel indicated that the College does not require employees, other than campus police officers, to undergo level 2 background screenings; however, as part of the pre-employment screening process, the College does require level 1 background screenings<sup>3</sup> of job applicants.

During the 2014-15 fiscal year, in addition to campus police officers, the College employed approximately 500 employees in positions of special trust or responsibility. These employees included information technology personnel with access to sensitive information, personnel with access to cash and inventory, personnel with access to social security numbers, and personnel who provide educational services to persons under age 18. College records indicated that 615 employees obtained level 1 background screenings during the 2014-15 fiscal year.

In response to our inquiry, College personnel indicated that they are researching and developing procedures that would require employee level 2 background screenings. When background screenings that include fingerprinting are not required for individuals who work in positions of special trust and responsibility, there is an increased risk that the individuals may have backgrounds that are not suitable for such employment.

**Recommendation: The College should continue efforts to ensure that background screenings, including fingerprinting, are performed for individuals in positions of special trust and responsibility, including those who have direct contact with persons under age 18.**

### **Finding 2: Adult General Education Classes**

State law<sup>4</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 General Appropriations Act<sup>5</sup> proviso language requires each college to report

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<sup>1</sup> Sections 110.1127, 409.175, and 1012.32(2)(a), Florida Statutes.

<sup>2</sup> A level 2 background screening includes fingerprinting for Statewide criminal history records checks through the Florida Department of Law Enforcement (FDLE), national criminal history records checks through the Federal Bureau of Investigation, and may include local criminal records checks through local law enforcement agencies.

<sup>3</sup> A level 1 background screening includes employment history checks and Statewide criminal correspondence checks through the FDLE, a check of the national sex offender public Web site, and may include local criminal records checks through local law enforcement agencies.

<sup>4</sup> Section 1004.02(3), Florida Statutes.

<sup>5</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.

enrollment for adult general education programs in accordance with Florida Department of Education (FDOE) instructional hours reporting procedures.<sup>6</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 87,392 instructional contact hours for 236 adult general education classes provided to 728 students. As part of our audit, we reviewed College records supporting 1,521 hours reported for 30 students enrolled in 30 adult general education classes for the Fall 2014 and Spring 2015 semesters. We found instructional contact hours were over reported a total of 250 hours for 18 of the 30 students primarily due to programming errors in the computer software used to calculate and report instructional contact hours.

Regarding these errors, College management informed us that the College appropriately adjusted the computer software used to calculate and report instructional contact hours for the Fall 2015 term and would contact the FDOE to determine whether corrected data for the 2014-15 fiscal year needed to be reported. Since future funding is based, in part, on enrollment data reported to the FDOE, it is important that the College report accurate data. A similar finding was noted in our report No. 2014-039.

**Recommendation: The College should continue to strengthen 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 of the over-reported hours.**

### **Finding 3: Payroll Processing – Time Records**

Effective internal controls require supervisory approval of time worked and leave used by employees to ensure that compensation payments are appropriate and leave balances are accurate. The College pays exempt employees (i.e., full-time faculty and administrative and professional employees) on a payroll-by-exception basis whereby employees are paid a fixed authorized gross amount for each payroll cycle unless the amount is altered. A payroll-by-exception methodology assumes, absent any payroll action to the contrary, that an employee worked or used available accumulated leave for the required number of hours in the pay period.

During the 2014-15 fiscal year, the College reported salary costs of \$34.5 million for exempt employees. According to College personnel, supervisory personnel monitor exempt employees' work efforts and review and approve employee leave forms. However, the College did not require exempt employees to prepare time sheets or other records to document their time worked.

<sup>6</sup> FDOE-issued Memorandum No. 06-14, dated May 15, 2006, *Reporting Procedures for Adult General Education Enrollments*.

In response to our inquiry, College personnel indicated that they believed their current procedures were adequate. Notwithstanding this response, without time sheets or other records and supervisory review and approval of the records, there is limited assurance that exempt employee services were provided consistent with Board expectations. In addition, without appropriate records of time worked and supervisory review, there is an increased risk that employees may be incorrectly compensated and employee leave balances may not be accurate.

**Recommendation: The College should establish a mechanism for exempt employees to report time worked and also implement procedures requiring supervisors to document the review and approval of such time.**

#### **Finding 4: Employment Separation Payments**

State law<sup>7</sup> provides that a college board of trustees may establish rules to provide terminal (employment separation) payments for accumulated sick leave to full-time instructional and educational support employees. Board policies<sup>8</sup> limit the basis for separation payments to 480 hours of accumulated sick leave times 50 percent, depending on years of service, at the employee's hourly rate of pay upon employment separation. Additionally, these policies limit the basis for separation payments for accumulated annual leave to 30 days or 240 hours of annual leave for regular employees and 480 hours of annual leave for senior management at the employee's daily rate of pay upon employment separation.

College procedures require one of the Human Resources Specialists to prepare the individual employee separation payment calculations. The Director of Human Resources is responsible for reviewing the accuracy of the calculations and the Vice President for Administrative Services is responsible for approving the employment separation payments. To determine the accuracy of separation payments, we selected, from the population of 114 employees who received separation payments totaling \$260,224 during the 2014-15 fiscal year, payments totaling \$136,156 made to 25 selected employees and examined the College's records supporting the selected payments. We found that, because College personnel used incorrect leave balances to calculate separation payments, the College overpaid two employees a total of \$5,300 and underpaid two other employees a total of \$207. College personnel indicated they will attempt to recover any overpayments and make additional payments to remedy any underpayments.

Verification of the accuracy of employee leave balances and effective independent review and approval of employment separation pay calculations before payments are made would help ensure the accuracy of the payments. A similar finding was noted in our report No. 2014-039.

**Recommendation: The College should enhance procedures to ensure that employment separation payments are accurately made in accordance with Board policies. The College should also take appropriate actions to remedy any over and under payments.**

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<sup>7</sup> Section 1012.865(2)(d), Florida Statutes.

<sup>8</sup> Board Policies 04-25, *Separation Pay*, and 07-06, *Attendance and Leave*.

## **Finding 5: Information Technology – 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 access to IT resources based on a demonstrated need to view, change, or delete data and restrict employees from performing incompatible functions or functions outside of their areas of responsibility. Periodic reviews of assigned IT access privileges are necessary to detect whether unnecessary or inappropriate access privileges exist that need to be removed.

As part of our audit, in January 2016, we reviewed College records and identified approximately 1,700 College employees, including professional service contract employees, other professional services employees, work study students, and adjunct professors, who had inappropriate or unnecessary access privileges associated with the All Procurement Users security group. Users in this security group had the ability to initiate requisitions and purchase orders; as well as, modify and cancel any requisition or purchase order. Given the significant number of employees with such access, the risk of errors and fraud relating to inappropriate or unnecessary privileges was increased.

In response to our inquiry, College personnel indicated that, in April 2015, the College implemented a new enterprise resource planning (ERP) system and the College initially granted All Procurement Users security group access privileges to all employees so they could initiate requisitions as needed. College personnel also indicated that, in January 2016, the College was in the process of reviewing the necessity and appropriateness of all employee access privileges and would remove any inappropriate or unnecessary privileges detected. Although the College had certain controls (e.g. initiation and modification of requisitions and purchase orders require electronic approval by the Departmental Budget Manager and the Purchasing Director) that somewhat mitigated the deficiencies, the existence of inappropriate and unnecessary network access privileges increases the risk of unauthorized or unintentional disclosure, modification, or destruction of College data and IT resources.

**Recommendation: The College should continue efforts to periodically review IT access privileges and remove any unnecessary or inappropriate access privileges detected.**

## **Finding 6: Information Technology – Timely Deactivation of Access Privileges**

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 an 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.

When an employee separates from College employment, the employee's department head or authorized representative (e.g., an employee with manager security group access) is to submit a request to deactivate the employee's access privileges to the College's network, e-mail, intranet, and ERP system. As part of our audit, we reviewed the access privileges of 967 former employees who separated from College employment during the 2014-15 fiscal year. We found that the network access privileges of 33 former employees remained active from 5 to 313 days after employment separation. The network

access privileges for 19 of these 33 former employees remained active more than 30 days after employment separation. These 33 former employees had access privileges provided by the All Procurement Users security group, which provided them certain inappropriate or unnecessary privileges, as discussed in Finding 5.

In response to our inquiry, College personnel indicated that the untimely deactivations likely occurred because managers did not timely initiate the deactivation process. 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. Similar findings were noted in our report Nos. 2012-030 and 2014-039.

**Recommendation: The College should ensure that the access privileges of employees who separate from College employment are promptly deactivated.**

#### **Finding 7: Information Technology – Security Awareness Training Program**

A comprehensive security awareness training program apprises new employees of, and reemphasizes to existing employees, the importance of preserving the confidentiality, integrity, and availability of data and IT resources entrusted to them. Significant nonpublic records (e.g., student record information and other records that contain sensitive and confidential information) are included in the data maintained by the College's IT systems.

The College did not have a comprehensive security awareness training program to facilitate the ongoing education and training of applicable employees on security responsibilities, including password protection and usage, copyright issues, malicious software and virus threats, workstation and personal mobile device controls, and handling of sensitive and confidential information. The absence of a comprehensive security awareness training program increases the risk that the College's employees may not be aware of the importance of the information being handled and their responsibilities for maintaining the confidentiality, integrity, and availability of College data and IT resources. The College procured two security awareness training videos to begin the implementation of a security awareness training program during the 2015-16 fiscal year.

**Recommendation: The College should continue efforts to implement a security awareness training program and ensure that all employees participate in the program and are aware of the importance of information handling and their responsibilities for maintaining data confidentiality, integrity, and availability.**

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

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The College had taken corrective actions for findings included in previous audit reports, except as noted in Findings 2, 4, and 6 and shown in Table 1.

**Table 1**  
**Findings Also Noted in Previous Audit Reports**

<b>Finding</b>	<b>Operational Audit Report No. 2014-039, Finding</b>	<b>Operational Audit Report No. 2012-030, Finding</b>
2	4	Not Applicable
4	6	Not Applicable
6	10	3

## ***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 March 2015 to January 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. 2014-039.
- 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:

- Reviewed the College's written information technology (IT) policies and procedures as of July 24, 2015, 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 granted to College IT resources to determine the appropriateness and necessity of the access based on the employees' job duties and user account functions and whether the access prevented the performance of incompatible duties. We also examined access privileges as of June 12, 2015, for 234 employees who had access to the finance and human resources applications to determine the appropriateness of the access privileges.
- Reviewed procedures to prohibit former employees' access to electronic data files. We tested access privileges as of October 5, 2015, for 967 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 for the 2014-15 fiscal year governing the classification, management, and protection of sensitive and confidential information.
- Evaluated selected operating system, database, network, and application security settings for the 2014-15 fiscal year to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Determined whether a comprehensive, written IT risk assessment had been developed for the 2014-15 fiscal year 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 for the 2014-15 fiscal year.
- 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, meetings readily accessible to the public, and properly maintained meeting minutes).
- Examined College records for the 2014-15 fiscal year 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 for the 2014-15 fiscal year 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 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 2 payments totaling \$7,500 made by the College to one of its direct-support organizations (DSOs) during the 2014-15 fiscal year, evaluated whether the payments were authorized by Section 1004.70(1)(a)2. and (3), Florida Statutes.
- From the population of 2,361 student receivables totaling \$1,019,989 recorded as of June 30, 2015, examined College records supporting 30 selected student receivable accounts with 45 delinquent receivables totaling \$99,124, to determine whether the College's collection efforts were adequate and restrictions on student records and holds on transcripts and diplomas were appropriate and enforced.
- Examined College records to determine whether uncollectible accounts written-off for the 2014-15 fiscal year, totaling \$612,320, were properly approved.
- Examined College records for the 2014-15 fiscal year to determine whether controls were adequate to ensure that students who had not paid fees in an approved manner were not considered in calculating full-time equivalent (FTE) enrollments for State funding purposes pursuant to Sections 1009.22(11) and 1009.23(9), Florida Statutes.
- From the population of student fees totaling \$30.2 million assessed during the 2014-15 fiscal year, examined College records supporting 58 selected students to determine whether the College documented Florida residency and correctly assessed tuition in compliance with Sections 1009.21, Florida Statutes, and State Board of Education Rule 6A-10.044, Florida Administrative Code.
- From the population of 480 distance learning courses with fee revenue totaling \$461,460 during the 2014-15 fiscal year, examined College records supporting 30 selected distance learning courses with fee revenue totaling \$31,770 to determine whether distance learning fees were assessed and collected as provided by Section 1009.23(16)(b), Florida Statutes.
- From the population of 237 industry certifications eligible for performance funding that were attained by students during the 2013-14 and 2014-15 fiscal years, examined College records supporting 27 selected certifications to determine whether the College maintained documentation for student attainment of the industry certifications.

- Examined the College's five auxiliary operations contracts totaling \$740,408 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 for the 2014-15 fiscal year to determine whether the College's policies and procedures regarding textbook affordability were in compliance with Section 1004.085, Florida Statutes.
- Reviewed College records for the 2014-15 fiscal year for supervisory approval of time worked and leave used by noninstructional and administrative employees to evaluate whether compensation payments were appropriate and leave balances were accurate.
- Reviewed the College's policies and procedures for payments of accumulated annual and sick leave (terminal leave pay) for the 2014-15 fiscal year to determine whether the policies and procedures promoted compliance with State law and College policies. From the population of 114 employees paid \$260,224 for leave relating to employment separations, we selected 25 employees and examined College records supporting their employment separation payments totaling \$136,156 for compliance with Sections 110.122 and 1012.865, Florida Statutes, and College policies.
- Reviewed the severance pay provisions in seven employee contracts for the 2014-15 fiscal year to determine whether the provisions complied with Section 215.425(4), Florida Statutes.
- From the population of 12 administrative employees (including the President) who received compensation totaling \$2,186,686 during the 2014-15 fiscal year, examined College records supporting payments to 6 selected employees (including the President) who received compensation totaling \$1,204,156 to determine whether the amounts paid did not exceed limits established by Sections 1012.885 and 1012.886, Florida Statutes.
- Evaluated College policies and procedures for obtaining personnel background screenings during the 2014-15 fiscal year and determined whether individuals in positions of special trust and responsibility, such as positions that have direct contact with persons under age 18, had undergone appropriate background screenings.
- Reviewed College rules, policies, and procedures for the 2014-15 fiscal year to determine whether the College's processes ensured 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, adequately documented, for a valid College purpose, properly authorized and approved, and complied with applicable State law, contract terms, and College policies. We also determined whether applicable vendors were properly selected. From the population of expenditures totaling \$12.8 million for the 2014-15 fiscal year, we selected and examined College records relating to:
  - Expenditures totaling \$1,930,961 associated with 30 agreements for contractual services.
  - 30 purchasing card (P-card) transactions totaling \$80,143.
- Examined the P-card records for the one employee who had been issued a P-card and separated from College employment during the period July 1, 2014, through April 30, 2015, to determine whether the P-card was timely canceled upon the cardholder's separation from College employment.
- From the population of payments totaling \$60,990 made to employees for other than travel and compensation during the period July 1, 2014, through February 28, 2015, examined College

records supporting 26 selected payments totaling \$35,004 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, policies, and procedures for the 2014-15 fiscal year related to identifying potential conflicts of interest. For selected College officials, we reviewed Florida 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.
- Examined records supporting 22 selected payments totaling \$1,124,525 for two major construction projects with contract amounts totaling \$1,209,260, from the four major construction projects in progress during the 2014-15 fiscal year with contract amounts totaling \$7.6 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.
- Reviewed documentation related to three major construction projects during the 2014-15 fiscal year with construction costs totaling \$6.6 million to determine whether the College adequately monitored the selection of architects and engineers, construction managers, and subcontractors.
- From the population of Public Education Capital Outlay (PECO) and other restricted capital outlay payments totaling \$11,269,844 during the 2014-15 fiscal year, examined College records supporting 30 selected payments totaling \$3,770,552 to determine whether these funds were expended in compliance with the restrictions imposed on the use of these resources.
- Determined if PECO funds during the 2014-15 fiscal year were properly encumbered by the required reversion date or returned as required by Section 216.301(2)(a) and (c), Florida Statutes.
- Determined whether the College had established written policies and procedures during the 2014-15 fiscal year for electronic funds transfers in compliance with Section 1010.11, Florida Statutes.
- Examined supporting documentation for adult general education instructional and contact hours reported during the 2014-15 fiscal year by the College to the Florida Department of Education (FDOE) to determine whether the hours were reported in accordance with FDOE requirements.
- Evaluated the effectiveness and suitability of the enterprise resource program (ERP) finance and human resource software applications with total costs of \$2,188,343 during the 2014-15 fiscal year, plus implementation service costs of \$3,741,355, and determined whether the College used a competitive vendor selection process for the ERP procurement. Also, we determined whether the deliverables met the terms and conditions of the contract.
- 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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444 Appleyard Drive  
Tallahassee, Florida 32304-2895  
850.201.6200 | [www.tcc.fl.edu](http://www.tcc.fl.edu)

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March 15, 2016

Sherrill F. Norman, CPA  
Auditor General  
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 Tallahassee Community College for the fiscal year ended June 30, 2015, we submit the following comments, including corrective action taken or to be taken.

#### **Finding 1: Background Checks and Fingerprinting**

**Recommendation:** The College should continue efforts to ensure that background screenings, including fingerprinting, are performed for individuals in positions of special trust and responsibility, including those who have direct contact with persons under age 18.

**Response:** As evident in the our practice of level 1 background checks, in which you confirmed were completed on 615 employees in the 2014-15 fiscal year, the College does recognize the importance of protecting our resources and safeguarding all sensitive information. The College is further developing procedures to ensure that level 2 background screenings, including fingerprinting, are performed for all employees in positions of special trust or responsibility, including those with direct contact with persons under the age of 18 years.

#### **Finding 2: Adult General Education Classes**

**Recommendation:** The College should continue to strengthen 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 of the over-reported hours.

**Response:** The College has strengthened controls to ensure instructional contact hours for adult general education classes are accurately reported to FDOE. The 2015-16 data have been reported correctly. TCC has notified the Florida Board of Education that a 4.5 FTE error was made in the Fall 2014 reporting of Adult Education enrollment data.

**Finding 3: Payroll Processing – Time Records**

**Recommendation:** The College should establish a mechanism for exempt employees to report time worked and also implement procedures requiring supervisors to document the review and approval of such time.

**Response:** The College appreciates the importance of ensuring that all employees are properly compensated for work performed. The College follows standard procedures based on Federal Fair Labor Standards Act (FLSA) for exempt employees. Our exempt employees are required to submit requests for (paid or unpaid) leave and those requests are approved by their supervisors. We have implemented internal controls to ensure proper payment and we require our exempt employees properly document their leave through our ERP system which requires supervisory approval.

While we do agree with the assertion that compensation payments and leave balances should be accurate and that internal controls are important to ensure such, we are confident that our current practices meet all legal requirements and are consistent with best practices in Human Resources.

**Finding 4: Employment Separation Payments**

**Recommendation:** The College should enhance procedures to ensure that employment separation payments are accurately made in accordance with Board policies. The College should also take appropriate actions to remedy any over and under payments.

**Response:** In our efforts to address a similar finding noted in your report No. 2014-039, the College discovered a number of manual processes that contributed to inaccurate calculations and processing delays. In conjunction with the implementation a new Human Capital Management system, we had developed an automated employee termination process using best business practices. Now that we are utilizing the new ERP system, we will be able to make modifications to our processes and eliminate the manual calculations that resulted in the previous over/under payments of leave payouts.

**Finding 5: Information Technology – Access Privileges**

**Recommendation:** The College should continue efforts to periodically review IT access privileges and remove any unnecessary or inappropriate access privileges detected.

**Response:** The All Procurement Users group was amended to only include active employees. Additionally, the All Procurement Users group will be reduced to only those employees authorized by their departments as being designated to have access to create requisitions. The cancel purchase order business process will be modified to restrict access to this function to designated users.

Sherrill F. Norman  
March 15, 2016  
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**Finding 6: Information Technology – Timely Deactivation of Access Privileges**

**Recommendation:** The College should ensure that the access privileges of employees who separate from College employment are promptly deactivated.

**Response:** The College agrees that the deactivation of an individual's IT access privileges upon separation from employment was not being performed in a timely manner. To that end, we are revising our employee termination process to terminate systems access based on the employee's "inactive" status. Until employee supervisors and managers become adept with the new ERP functions and requirements, we will implement a centralized process of employee terminations. This new process will allow us to terminate system access in a more timely manner.

**Finding 7: Information Technology – Security Awareness Training Program**

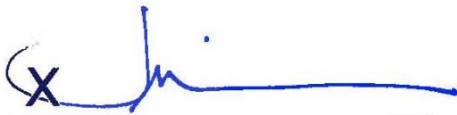
**Recommendation:** The College should continue efforts to implement a security awareness training program and ensure that all employees participate in the program and are aware of the importance of information handling and their responsibilities for maintaining data confidentiality, integrity, and availability.

**Response:** The College has procured and implemented the Securing the Human security awareness training program, which includes 40+ videos on various subjects including data confidentiality, integrity, and availability. All employees are required to complete the program on a yearly basis. The program was rolled out to the employees in January 2016.

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

If I can be of further assistance, please do not hesitate to call me.

Sincerely,



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Jim Murdaugh, Ph. D.  
President