

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2017-046
November 2016

COLLEGE OF CENTRAL FLORIDA



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the period March 2015 through February 2016, Dr. James D. Henningsen served as President of College of Central Florida and the following individuals served as Members of the Board of Trustees:

	<u>County</u>
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William "Bill" H. Edgar from 3-27-15	Marion
Ronald L. Ewers	Marion
Cory Pool to 3-26-15	Marion

^a Board member service ended 9-3-15, and Chair position remained vacant from 9-4-15 through 9-22-15.

The team leader was Courtney J. Carlsen, CPA, and the audit was supervised by Denita K. Tyre, 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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COLLEGE OF CENTRAL FLORIDA

SUMMARY

This operational report of the College of Central Florida (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2015-043. Our operational audit disclosed the following:

Finding 1: Background screenings were not always performed and documented for individuals in positions of special trust or responsibility or for other individuals required by the College to obtain screenings. A similar finding was noted in our report No. 2015-043.

Finding 2: College textbook affordability policies and procedures could be enhanced.

Finding 3: Contrary to Florida Department of Management Services rules and guidance, the College overpaid Florida Retirement System contributions for the 2014-15 and 2015-16 fiscal years by \$10,902 for fringe benefits and incorrectly reported accumulated annual leave payments totaling \$26,538 to the FRS as regular compensation.

Finding 4: College information technology (IT) security controls related to deactivation, logging, and monitoring of user access need improvement to ensure the continued confidentiality, integrity, and availability of College data and IT resources. Additionally, as we similarly noted in prior reports, IT security controls related to monitoring of system activity could be enhanced.

BACKGROUND

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

The College has its main campus, a special-purpose center, and a museum located in Ocala, Florida; a campus located in Lecanto, Florida; and a special-purpose center located in Chiefland, Florida. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Citrus, Levy, and Marion Counties. The College reported enrollment of 5,286 full-time equivalent students for the 2015-16 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. 2015-043. The results of our financial audit of the College for the fiscal year ended June 30, 2016, 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, 2016, will be presented in a separate report.

FINDINGS AND RECOMMENDATIONS

Finding 1: Background Screenings

Although not specific to colleges, State law¹ provides for background screenings for employees in positions of special trust or responsibility. For example, a level 2 background screening² is required for owners, operators, employees, and volunteers working in summer camps providing care for individuals under age 18; 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 procedures³ also require pre-employment background screenings for certain positions. For example, level 1 background screenings⁴ are required for positions in the Appleton Museum and positions in the Conference Services (includes cashiers), Human Resources (HR), Information Technology (IT), and Plant Operations Departments, as well as for positions in Student and Enrollment Services Collegewide (includes employees who work in athletics, admissions, financial aid, and student support services). In addition, College procedures require level 2 background screenings for employees in the Child Care, Criminal Justice, and Business Office Departments. College procedures⁵ further require volunteers who work with individuals under age 18 to undergo a level 2 background screening and volunteers who work in departments with employees subject to background screenings also undergo the same background screenings as the employees. However, College procedures did not require contractors (or their volunteers) in positions of special trust or responsibility to have background screenings.

To test whether background screenings had been obtained for individuals in applicable positions, we selected 40 individuals from the population of 395 employees, contractors, and volunteers who were in positions of special trust or responsibility or were in positions for which College procedures required background screenings. Our examination of College records and inquiries of College personnel disclosed that appropriate background screenings were performed for 12 of the 40 selected individuals; however, we also found that:

- Twenty individuals in positions of special trust or responsibility did not obtain a level 2 background screening. Specifically:
 - College personnel indicated that background screenings were not performed for 13 contractors or the contractors' volunteers. According to College personnel, these individuals organized, directed, and provided care for individuals under age 18 in summer camps; however no College procedure had been established to require background screenings for these individuals.

¹ Sections 110.1127, 409.175, and 1012.32(2)(a), Florida Statutes.

² 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.

³ Administrative Procedure, Implementing Procedure for Policy #6.00, *Hiring*.

⁴ 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.

⁵ Administrative Procedure, Implementing Procedure for Policy #6.27, *Volunteer Program*.

- The other 7 individuals included 5 volunteers and an athletic coach who worked in College sports camps with individuals under age 18 and an HR employee who had access to employee social security numbers. In response to our inquiries, College personnel provided documentation of level 1 background screenings for these 7 individuals performed in accordance with College procedures. Notwithstanding the College-required screening procedures for these individuals and the assurances provided by those procedures, level 1 background screenings are not as extensive as level 2 background screenings as they do not include national criminal history records checks. Level 2 background screenings provide greater assurance as to the suitability of the backgrounds of individuals and are essential given the risks associated with the responsibilities of those 7 individuals.
- Although College personnel indicated that either a level 1 or level 2 background screening was performed for 8 employees filling positions at the Appleton Museum and in the Conference Services, IT, Plant Operations, Child Care, and Criminal Justice Departments and Student and Enrollment Services Collegewide, documentation of the screenings was not available. In response to our requests, College personnel indicated that documentation of the screenings could not be provided since the screenings were either archived or destroyed depending on the records retention policy of the third-party vendor who performed the screenings.

According to College personnel, in October 2015 the College began conducting level 2 background screenings for all College new hires and volunteers. In April 2016, the Board approved a policy⁶ that requires level 2 background screenings for all new employees and those seeking new positions, all volunteers, and non-instructional contractors or vendors who are permitted frequent or recurring access to the College campus when students are present.

When individuals in positions of special trust or responsibility are not required to have level 2 background screenings, there is an increased risk that the individuals may have backgrounds that are not suitable for their respective positions. Also, absent documentation supporting the conduct of background screenings for individuals in positions of special trust or responsibility and in other positions required to be screened by College procedures, the College cannot demonstrate that appropriate consideration was given to the suitability of the backgrounds of those individuals. A similar finding was noted in our report No. 2015-043.

Recommendation: The College should continue efforts to require and ensure that level 2 background screenings, including fingerprinting, are performed and documented for individuals in positions of special trust or responsibility. Such positions include those with direct contact with individuals under age 18, responsibilities for safeguarding cash, or access to nonpublic information, including employee social security numbers. Additionally, the College should maintain documentation to demonstrate the conduct of each background screening.

Finding 2: Textbook Affordability

State law⁷ required 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) rules⁸ require 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,

⁶ Board Policy 6.05, *Criminal Background Screenings*.

⁷ Section 1004.085(3), Florida Statutes (2015).

⁸ State Board of Education Rule 6A-14.092(3), Florida Administrative Code (FAC).

particularly each individual item sold as part of a bundled package. Further, the Textbook Affordability Workgroup (Workgroup)⁹ 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, College personnel indicated that the College had not adopted the Workgroup's recommendation for course-wide textbook adoption. For courses offered during the Summer 2015, Fall 2015, and Spring 2016 semesters, our audit procedures also disclosed that:

- The College had not established monitoring procedures to ensure that textbook information was posted on the Bookstore's 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 2,642 textbooks and identified 127 textbooks, or 4.8 percent, that did not have information timely posted. The untimely postings included information for 95 textbooks posted less than 30 days prior to the first day of classes (5 to 30 days late) and 32 textbooks posted after the first day of classes (31 to 87 days late). In response to our inquiries, College personnel indicated that some textbook information was submitted late to the College Bookstore and other textbook information, although timely submitted to the College Bookstore, included incorrect International Standard Book Numbers, causing the untimely postings.

The timely posting of required textbook information on the College Bookstore Web site is necessary for students to understand course textbook requirements and have sufficient time to consider textbook purchase options and limit their textbook costs. Also, without evidence of the timely posting of textbook information on the College Bookstore Web site, the College cannot demonstrate compliance with State law. Effective July 1, 2016, State law¹⁰ was revised to require each college to post prominently in the course registration system and on its Web site, as early as is feasible, but at least 45 days before the first day of class for each term, a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course sections offered at the college during the upcoming term.

- Our review of textbook and other instructional material prices for 433 courses disclosed that new or used textbook and other instructional material prices varied for the same course by as much as \$291 for new and \$218 for used textbooks and other instructional materials. Table 1 provides the price differences that exceeded \$100 for new and \$78 for used textbooks and other instructional materials utilized in the same course.

⁹ The Workgroup, consisting of membership from the Florida College System, in cooperation with the Florida Department of Education Division of Florida Colleges, issued a report dated December 1, 2009, that contained certain recommendations.

¹⁰ Section 1004.085(6), Florida Statutes (2016).

Table 1
Textbook and Other Instructional Material Prices
Summer 2015, Fall 2015, and Spring 2016 Semesters

Course	Cost of New			Cost of Used		
	High	Low	Difference	High	Low	Difference
EMS2610	\$545	\$254	\$291	\$409	\$191	\$218
HUM1020	303	32	271	227	24	203
ENC1102	323	125	198	242	94	148
MAC1105	315	130	185	236	97	139
REL2300	204	20	184	153	15	138
NUR1022C	977	794	183	733	596	137
OST1100	684	535	149	513	401	112
ENC1101	270	139	131	203	104	99
AMH2020	221	99	122	165	74	91
NUR1142	275	155	120	206	116	90
MUL1010	158	47	111	119	35	84
DEP2004	253	144	109	190	108	82
ENC0015	217	109	108	163	81	82
GEB4891	353	248	105	265	186	79

Source: College records.

According to College personnel, 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. However, when different textbooks are used for the same course, instructional costs paid by students may not be fair and equitable.

Recommendation: The College should enhance procedures to ensure that records are maintained to document that lists of required and recommended textbooks and materials are timely posted in accordance with State law. In addition, the College should ensure that textbooks and other instructional materials are available to students at the lowest and best prices within acceptable quality by enhancing affordability procedures to require course-wide adoption of textbooks and other instructional materials for the same course.

Finding 3: Florida Retirement System Contribution Payments and Reported Compensation

Florida Department of Management Services (DMS) rules¹¹ provide 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. For example, employer payments for health, life and dental insurance; contributions to a tax-sheltered annuity; expense reimbursements; and payments to a medical flexible spending account would not increase an employee's base pay and should not be reported to the FRS. In addition, DMS rules¹² provide for the calculation of retirement benefits for FRS members upon retirement, with the defined benefit calculation based, in part, on the FRS member's average final compensation.

¹¹ DMS Rule 60S-6.001(6), (11) and (16), FAC.

¹² DMS Rules, Chapter 60S-4, FAC.

Average final compensation is defined by DMS rules¹³ to include payments for accumulated annual leave, not to exceed 500 hours, and all payments defined as compensation by DMS rules. Participating employers are to submit monthly retirement reports of payments and contributions for all members and the *FRS Employer Handbook*¹⁴ provides guidance for reporting payment types. For example, regular compensation payments are to be reported under code 12 and payments for accumulated annual leave are to be reported under code 21. Reporting payments for accumulated annual leave under the correct code is necessary to ensure the proper calculation of a member's average final compensation, which is used to determine the member's retirement benefit. However, according to College personnel, College procedures did not include independent verification of compensation and the coding of such compensation prior to reporting payroll information to the FRS and making FRS contributions.

The President's employment contract provides for certain fringe benefits that do not increase the President's base pay. These benefits include health insurance, dental insurance, and contributions to a tax-sheltered annuity. In addition, the employment contract provides for up to 112.5 hours of accumulated annual leave to be paid annually at the election of the President in lieu of using the leave. Our review of the 2014-15 and 2015-16 fiscal year College contributions to the FRS and reported compensation for the President disclosed that:

- The President's fringe benefits and accumulated annual leave payments totaling \$77,771 were incorrectly reported to the FRS as regular compensation under code 12. As a result, the College contributed \$10,902 (\$5,669 for the 2014-15 fiscal year and \$5,233 for the 2015-16 fiscal year) more to the FRS than allowed by the DMS rules.
- The College paid the President \$13,269 for accumulated annual leave in each of the past 2 years in accordance with the terms of the President's employment contract. However, since the College misreported the payments to the FRS as regular compensation under code 12 instead of code 21, the hours of accumulated annual leave were not counted in the maximum of 500 hours of annual leave available for payment and credit to the President's average final compensation. Reporting payments to the FRS for accumulated annual leave as regular compensation increases the risk that retirement payments will be calculated and paid at a higher amount than allowed under DMS rules.

Independent verifications of compensation and the coding of such compensation prior to reporting payroll information to the FRS and making FRS contributions would reduce the risk of misreporting payroll information and overpaying the related FRS contributions. In response to our inquiries, College personnel indicated that they were not aware of the provisions in DMS rules. Subsequent to our inquiries, in July 2016, the College submitted corrected payroll information to the FRS, which reduced FRS contributions by the \$10,902 over-contributed amounts and corrected other misreported amounts.

Recommendation: The College should establish procedures to ensure that payroll information reported and contributions made to the FRS comply with the *FRS Employer Handbook* and DMS rules. Such procedures should include independent verifications of compensation and the coding of such compensation prior to reporting payroll information to the FRS and making FRS contributions.

¹³ DMS, DOR Rule 60S-6.001(6), FAC.

¹⁴ *FRS Employer Handbook*, Chapter 3.

Finding 4: Security Controls - Timely Deactivation, Logging, and Monitoring of User Access and Monitoring of System Activity

Security controls are intended to protect the confidentiality, integrity, and availability of data and information technology (IT) resources. Our audit disclosed that College security controls related to timely deactivation, logging, and monitoring of user access and monitoring of system activity needed improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising College data and IT resources. However, we have notified appropriate College management of the specific issues.

Without adequate security controls related to user access and monitoring of system activity, the risk is increased that the confidentiality, integrity, and availability of College data and IT resources may be compromised. Similar findings were noted in our report Nos. 2013-054 and 2015-043.

Recommendation: The College should improve IT security controls related to timely deactivation, logging, and monitoring of user access and monitoring of system activity to ensure the continued confidentiality, integrity, and availability of College data and IT resources.

PRIOR AUDIT FOLLOW-UP

Except as noted in Findings 1 and 4, the College had taken corrective actions for findings included in our report No. 2015-043. Deficiencies similar to those in Finding 4 were also noted in prior audit report No. 2013-054.

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 March 2016 to July 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. 2015-043.
- 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 transactions, as well as events and conditions, occurring during the audit period of March 2015 through February 2016, and selected College actions taken prior and subsequent thereto. 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 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.
- Evaluated College procedures for maintaining and reviewing employee access to IT resources and examined access privileges over the database, finance, and human resources applications for 20 of the 35 employees with access to these applications to determine the appropriateness and necessity of the access, based on the employees' job duties and user account functions, and the adequacy of the access to prevent the performance of incompatible duties. We also examined administrator account access privileges granted and procedures for oversight of administrator accounts for the network, operating system, database, and application to determine whether these accounts had been appropriately assigned and managed.

- Reviewed College procedures to prohibit former employees' access to electronic data files. From the population of 267 employees who separated from College employment during the audit period, we examined the access privileges for 73 selected former employees to determine whether the access privileges had been timely deactivated.
- Evaluated the College's security policies and procedures governing the classification, management, and protection of sensitive and confidential information.
- Evaluated the appropriateness of the College's comprehensive IT disaster recovery plan to determine whether it was in place and had been recently tested.
- Reviewed operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Evaluated Board, committee, and advisory board minutes to determine whether Board approval was obtained for the policies and procedures in effect during the audit period 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 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 examined College records to determine 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's approved operating budget to determine whether the balance was below 5 percent of the total available fund balances at June 30, 2016. We also performed analytical procedures to determine whether financial transactions in other funds may require resources from other unrestricted funds that would cause a significant reduction in available unrestricted current or auxiliary funds.
- Performed analytical procedures for the population of payments totaling \$557,987 made by the College to its direct-support organizations during the audit period to determine whether the payments were authorized by Section 1004.70(1)(a)2. and (3), Florida Statutes.
- From the population of 706 distance learning courses offerings with fee revenue totaling \$479,830 during the audit period, examined College records for 30 selected distance learning courses offerings with fee revenue totaling \$30,680 to determine whether distance learning fees were assessed and collected as provided by Section 1009.23(16)(b), Florida Statutes.
- From the population of 7 contracts for auxiliary operations, which generated revenue totaling \$736,983 for the audit period, examined 1 selected contract, which generated revenue totaling \$466,349, 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.
- From the population of 1,085 employees compensated a total of \$24,577,131 during the audit period, examined records supporting compensation payments totaling \$442,509 to 30 selected employees to determine the accuracy of the rate of pay, whether supervisory personnel reviewed and approved employee reports of time worked, the validity of employment contracts, whether

the employees met the required qualifications and performance evaluations were completed, and the accuracy of leave records.

- Evaluated the College's 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 Board policies. Specifically, from the population of 52 employees who separated from College employment during the audit period and were paid \$411,076 for terminal leave, we selected 23 employees with terminal payments totaling \$187,480 and examined the supporting records to evaluate the payments for compliance with Sections 110.122 and 1012.865, Florida Statutes, and Board policies.
- Examined severance pay provisions in the President's contract to determine whether the provisions complied with Section 215.425(4), Florida Statutes.
- Examined College records for all 10 administrative employees (including the President) who received compensation totaling \$1,666,609 during the audit period to determine whether the amounts paid did not exceed limits established in Sections 1012.885 and 1012.886, Florida Statutes.
- Examined College's records to determine whether the President's compensation reported to the Florida Retirement System (FRS) and retirement benefit contributions were in compliance with Florida Department of Management Services rules and the *FRS Employer Handbook*.
- Evaluated the College's policies and procedures for obtaining personnel background screenings to determine whether employees in positions of special trust or responsibility, such as positions with direct contact with persons under age 18, had undergone the appropriate background screenings.
- Examined College expenditure documentation to determine whether the expenditures were reasonable, correctly recorded, and adequately documented; for a valid College purpose; properly authorized and approved; and in compliance with applicable laws, contract terms, and Board policies; and applicable vendors were properly selected and carried adequate insurance. Specifically:
 - From the population of contractual service expenditures totaling \$467,760 for the audit period, we examined documentation relating to 10 payments for contractual services totaling \$146,629.
 - From the population of general expenditures totaling \$16,851,774 for the period of July 1, 2015, through April 27, 2016, we examined documentation relating to 30 selected payments for general expenditures totaling \$33,919.
- From the population of 5,964 purchasing card (P-card) transactions totaling \$1,394,441 during the audit period, performed analytical procedures and examined College records supporting 30 selected P-card transactions totaling \$5,406 to determine whether the P-card program was administered in accordance with College policies and procedures and transactions were not of a personal nature.
- For 267 employees who separated from College employment during the audit period, examined P-card records to determine whether any of the employees were issued a P-card and, if so, whether the P-card was timely canceled upon the cardholders' employment separation.
- From the population of 247 payments totaling \$25,177 made during the audit period to employees for other than travel, compensation, and tuition reimbursements, examined 10 selected payments totaling \$12,477 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.

- From the population of four major construction projects in progress during the audit period with contracts totaling \$6.4 million, selected 41 payments totaling \$3,055,384 related to one major construction project with contract amounts totaling \$3.8 million and examined College records to determine whether the payments were made in accordance with contract terms and conditions, College policies and procedures, and provisions of applicable State laws and rules. Additionally, for the one major construction project selected, we examined:
 - Documentation to determine whether the College competitively selected design professionals and construction managers and monitored the selection process of construction manager subcontractors.
 - Documentation to determine whether the Board had adopted a policy establishing minimum insurance coverage requirements for design professionals, such as architects and engineers.
 - Documentation to determine whether architects and engineers provided evidence of required insurance.
 - Documentation to determine whether the payments, including direct purchases, were adequately supported and properly approved.
- From the population of 175 adult general education instructional students reported for 33,754 contact hours during the Spring, Summer, and Fall 2015 semesters, examined College records supporting 8,644 reported contact hours for 54 selected students to determine whether the College reported the instructional contact hours in accordance with Florida Department of Education (FDOE) requirements.
- From the population of 348 industry certifications reported for performance funding that were attained by students during the audit period, examined 30 industry certifications to determine whether the College maintained documentation for student attainment of the industry certifications.
- Reviewed College policies and procedures related to the dual enrollment program. Specifically, we examined the three dual enrollment contracts for the audit period to determine whether contract terms were in accordance with the requirements of Section 1007.271, Florida Statutes.
- Examined the 10 transfers totaling \$623,629 between funds during the audit period to determine the propriety of restricted money transfers between funds.
- 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



College of Central Florida Office of the President

November 10, 2016

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

Dear Ms. Norman:

The following is our response to the findings in the March 1, 2015 – February 29, 2016 operational audit of the College of Central Florida.

Finding No. 1: Background screenings were not always performed and documented for individuals in positions of special trust or responsibility or for other individuals required by the College to obtain screening.

In October 2015, the College began conducting level 2 background screenings for all College new hires, existing employees that were hired into new positions at the College, and volunteers that work with sensitive data and vulnerable populations. The College also requires, per contractual agreements, that our custodial services, security services, and bookstore services vendors whose employees work at the College pass a Level 2 background screening in accordance with Florida Law. Additionally, under terms of the contract for the Fine Arts Building 4 Renovation Project, the College required that all construction company employees and subcontractors working at the Ocala Campus pass a Level 2 background screening in accordance with Florida Law.

The College continues to take the safety and security of the campus community seriously and will be expanding and retaining the Level 2 background screenings to include all existing College employees and all remaining contractors and vendors with a recurring and extended presence on campus and in positions of special trust or responsibility, or of a sensitive nature, including those who have direct contact with children.

Finding No. 2: College textbook affordability policies and procedures could be enhanced.

Under revised state law effective July 1, 2016, the new “safe harbor” to be considered timely posting of instructional materials required within a course is at least 95 percent of all offered courses that are posted at least 45 days before the first day of class for each term. As noted by the auditor, the

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– an equal opportunity college –

College had 95.2 percent of all instructional materials timely posted at least 30 days before the first day of class in accordance with state law in effect during the audit period.

The College will revise and implement procedures to ensure that textbooks and other instructional materials are available to students at the lowest and best prices within acceptable quality as recommended by the Textbook Affordability Workgroup.

Finding No. 3: Contrary to Florida Department of Management Services rules and guidance, the College overpaid Florida Retirement System contributions for the 2014-15 and 2015-16 fiscal years by \$10,902 for fringe benefits and incorrectly reported accumulated annual leave payments totaling \$26,538 to the FRS as regular compensation.

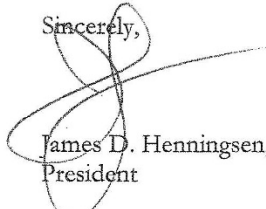
As noted by the auditor, in July 2016 the College submitted corrected payroll information to the FRS, which reduced FRS contributions by the \$10,902 over-contributed amounts and corrected other misreported amounts.

The College will establish procedures to ensure that payroll information reported and contributions made to the FRS comply with the FRS Employer Handbook and DMS rules. These procedures will include independent verification of compensation and the coding of such compensation prior to reporting the payroll information to the FRS and making FRS contributions.

Finding No. 4: College information technology (IT) security controls related to deactivation, logging and monitoring of user access need improvement to ensure the continued confidentiality, integrity, and availability of College data and IT resources. Additionally, as we similarly noted in prior reports, IT security controls related to monitoring of system activity could be enhanced.

The College will take appropriate action that it deems necessary to address the auditor recommendations. We are not disclosing specific details in this response to avoid the possibility of compromising College data and IT resources.

Sincerely,



James D. Henningsen, Ed.D.
President

JDH/fjm