

Report No. 2018-092  
January 2018

**STATE OF FLORIDA AUDITOR GENERAL**

Operational Audit

**FLORIDA GATEWAY COLLEGE**



Sherrill F. Norman, CPA  
Auditor General

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The team leader was Gina M. Bailey, CPA, CFE, and the supervisor was Glenda K. Hart, CPA.

Please address inquiries regarding this report to Jaime N. Hoelscher, CPA, Audit Manager, 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 GATEWAY COLLEGE

## **SUMMARY**

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This operational report of Florida Gateway College (College) focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2015-038. Our operational audit disclosed the following:

**Finding 1:** Some unnecessary information technology (IT) user access privileges existed that increased the risk that unauthorized disclosure of student social security numbers (SSNs) may occur. In addition, the College did not document that periodic reviews of student SSN access privileges were conducted to determine whether such privileges were necessary or that any inappropriate or unnecessary access privileges detected were timely removed.

**Finding 2:** The College needs to complete a comprehensive, written IT disaster recovery plan and establish an off-site backup and alternate processing facility. Once the plan is completed, the College should test the plan annually.

**Finding 3:** Policies and records supporting College property, facilities and personal services used by the College direct-support organization (DSO) could be improved. Additionally, the College transferred \$5,000 to its DSO without specific legal authority.

**Finding 4:** The College could enhance policies and procedures for the mitigation, detection, and reporting of fraud.

## **BACKGROUND**

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Florida Gateway 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 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 Lake City and centers in Baker, Dixie, and Gilchrist Counties. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Baker, Columbia, Dixie, Gilchrist, and Union Counties.

This operational audit focused on selected College processes and administrative activities and included a follow-up on findings noted in our report No. 2015-038. The results of our financial audit of the College for the fiscal year ended June 30, 2017, 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, 2017, will be presented in a separate report.

## ***FINDINGS AND RECOMMENDATIONS***

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### **Finding 1: Information Technology User Access Privileges**

The Legislature has recognized in State law<sup>1</sup> that social security numbers (SSNs) can be used to acquire sensitive personal information, the release of which could result in fraud against individuals, or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining the confidential status of such information. Effective controls restrict employees from accessing information unnecessary for their assigned job responsibilities and provide for documented, periodic reviews of information technology (IT) user access privileges to help prevent personnel from accessing sensitive personal information inconsistent with their responsibilities.

The College collects and uses student SSNs pursuant to State law for various purposes, such as providing SSNs to the Internal Revenue Service (IRS) for student personnel, enrollment verification, and reporting Veterans Administration beneficiaries. According to College personnel and records, the College established a unique identifier, other than the SSN, to identify students and also maintained SSNs in the College IT system. As of November 2017, College personnel indicated that the IT system contained SSNs for a total of 100,014 students, including 3,508 current students, 88,372 former students, and 8,134 prospective students and 23 College employees had access privileges to the student SSNs.

To help protect student information from unauthorized disclosure, modification, or destruction, applicable supervisors are responsible for approving employee access to sensitive data. In addition, College personnel participate in annual security awareness training and are required to sign at the time of employment an IT resources use agreement that requires individuals who use College information resources or have access to information to agree not to disclose information improperly, use information improperly or unethically for personal or professional gain, or to discredit or harass someone.

Our examination of IT user access privileges for the 23 College employees with access privileges to student SSNs disclosed that 6 employees, including certain Finance Department and Human Resource Department personnel, had continuous access to current, former, and prospective student's SSNs but did not need access to former and prospective student SSNs. According to College personnel, the unnecessary access occurred because the IT system did not have a mechanism to differentiate employee access to current student SSNs from access to former or prospective student SSNs. In addition, the College had not established procedures to require periodic reviews of IT user access privileges to student SSNs to determine whether individuals had a demonstrated need for such access. Further, although we requested, College records were not provided to demonstrate the public purpose served by indefinitely maintaining the SSNs for individuals who applied but had not enrolled in the College.

In response to our inquiries, College personnel indicated that prospective student SSNs are maintained in case the individuals subsequently enroll. Notwithstanding this response, the existence of unnecessary access privileges increases the risk of unauthorized disclosure of SSNs and the possibility that sensitive personal information may be used to commit a fraud against College students and others.

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<sup>1</sup> Section 119.071(5)(a), Florida Statutes.

**Recommendation:** To ensure access to sensitive student information is properly safeguarded, the College should:

- Document the public purpose served by maintaining SSNs for individuals who apply but do not subsequently enroll in the College. Absent such, the College should discontinue the practice of indefinitely maintaining prospective student SSNs.
- Upgrade the College IT system to include a mechanism to differentiate IT user access privileges to current student information from access privileges to former or prospective student information.
- Document periodic reviews of access privileges to student SSNs to determine whether such privileges are necessary and ensure the timely removal of any inappropriate or unnecessary access privileges detected. If an employee only requires occasional access to student SSNs, the access should be granted only for the time needed.

## **Finding 2: Information Technology – Disaster Recovery Plan**

An important element of an effective internal control system over IT operations is a disaster recovery plan to help minimize data and asset loss in the event of a major hardware or software failure. A disaster recovery plan should identify key recovery personnel and critical applications, provide for backups of critical data sets, and include step-by-step procedures for recovery. In addition, plan elements should be tested annually to disclose any areas not addressed and to facilitate proper conduct in an actual disruption of IT operations. Further, effective disaster recovery planning also requires an alternate processing site for critical operations should a disaster occur.

As of June 2017, the College had not established a comprehensive, written disaster recovery plan that assigned responsibilities for recovery activities to key employees and backup personnel, prioritized critical operations and data, and detailed the specific processes and procedures to be followed at the College to affect the recovery and restoration of financial, payroll, student records, and other critical applications. In addition, although the College designated an off-site backup and alternate processing facility that was intended to replace the critical functions of the College Central Computer Room if it were rendered inoperable, as of June 2017, the designated facility, was not yet fully functional.

In response to our inquiries, College personnel indicated that a comprehensive, written disaster recovery plan was under development. In addition, College personnel plan to have the off-site backup and alternate processing facility operational during the 2017-18 fiscal year. Without a comprehensive, written disaster recovery plan, access to an operational off-site back-up and alternate processing facility, and annual testing of the plan, there is an increased risk that the College may be unable to continue critical IT operations, or maintain availability of information systems data and resources, in the event of a disruption of IT operations.

**Recommendation:** The College should continue efforts to complete a comprehensive, written disaster recovery plan and establish an off-site backup and alternate processing facility. In addition, once the plan is completed and off-site backup and alternate processing facility is established, the College should test the plan annually.

### Finding 3: Direct-Support Organization

To promote accountability over College property, facility, and personal services use, it is important that public records prescribe the conditions for such use, document appropriate approval before the use occurs, and demonstrate appropriate use. Such records help document authorization for the use, demonstrate the reasonableness of the value associated with that use, and enhance government transparency.

State law<sup>2</sup> provides that a direct-support organization (DSO) is organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to, or for the benefit of, a Florida College System institution such as the College. Additionally, State law<sup>3</sup> authorizes the College Board of Trustees (Board) to permit the use of College property, facilities, and personal services by a DSO, and to prescribe by rule any condition with which a DSO must comply for such use. The Board approved the Foundation for Florida Gateway College, Inc. (Foundation) as a DSO and the Foundation routinely receives and uses charitable contributions for the benefit of the College.

Board policies and procedures<sup>4</sup> address Foundation use of College property, facilities, and personal services, and provide, for example, that the Foundation Executive Director shall report to the College President; the College President will authorize Foundation use of College facilities, personnel, and property on a case by case basis; and the Foundation will regularly report to the Board. In addition, the Foundation's annual financial audit report and annual IRS Return of Organization Exempt from Income Tax Form 990 (IRS Form 990), which discloses the value of in-kind College resources used by the Foundation; copies of Foundation Board meeting minutes; and certain written or verbal reports by the President about Foundation direct support information must be provided to the Board.

Our examination of College records evidencing the activity between the College and the Foundation disclosed that:

- During the Foundation fiscal year ended March 31, 2016, the College provided the Foundation personal services relating to two full-time and one part-time College employees. Based on the employees' job descriptions, the employees manage Foundation activities and resources, administer Foundation scholarship awards to College students, and provide program support to various College operations. The part-time employee's time and effort for Foundation activities for the fiscal year ended March 31, 2016, was supported by supervisor-approved monthly personnel activity reports. According to College payroll records, the College costs associated with providing personal services to the Foundation totaled \$165,834 for the Foundation fiscal year ended March 31, 2016.

The Director of the Foundation and the College President approved the time sheets for the three employees to certify that Foundation use of College personnel was in accordance with Board policies and College management's intent to provide support to the Foundation. The College also provided facilities and other services valued at \$7,677 as disclosed on the IRS Form 990 and in the Foundation's audited financial statements. These costs were based on actual facilities grounds keeping, custodial, and office expenses.

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<sup>2</sup> Section 1004.70(1)(a), Florida Statutes.

<sup>3</sup> Section 1004.70(3), Florida Statutes.

<sup>4</sup> Board Policy and Procedure 6Hx12.2-05, *Direct Support Organizations and Gift Acceptance*.

- The Foundation presented the Board with periodic financial and activities reports at Board meetings during the 2016 calendar year, and provided the Foundation's 2015-16 fiscal year audited financial statements and IRS Form 990. However, College records supporting College resources used by the Foundation could be improved. Specifically:
  - The Board had not prescribed by rule any conditions with which the Foundation must comply in order to use College resources. Such conditions could restrict Foundation use of College resources to Board-approved public purposes consistent with the mission, vision, and values of the College and require Foundation management to certify that College resources will only be used for Board-approved purposes and to affirm, after use, that the resources were only used for such purposes.
  - The Board did not document consideration and approval of the estimated value of College resources before Foundation use occurred. In response to our inquiries, College personnel indicated that, although the costs related to Foundation support were not specifically approved in the Board meeting minutes, the costs related to Foundation support were included in the annual budget approved by the Board. In addition, the in-kind contribution amount provided by the College is disclosed each year in the Foundation audited financial statements and IRS Form 990 presented to and approved by the Board.

Notwithstanding this response, absent Board-documented consideration and approval of the estimated value of College resources available to the Foundation before the use occurs, accountability for the use of College resources is diminished, the risk that the use may not be consistent with Board intent is increased, and the value of College resources provided for Foundation is less transparent.

- The College received a monetary incentive of \$15,000 on December 2, 2016, from the College employee health insurance provider because College employees had participated in an onsite screening and personal health assessment event. On December 6, 2016, the College transferred \$5,000 of these funds to the Foundation. Although State law authorizes the College to permit a DSO to use College property, facilities, and personal services, we are unaware of any specific statutory authority permitting the College to transfer these funds to the Foundation.

In response to our inquiries, College personnel indicated that the transfer was to help offset costs incurred by the Foundation for program support previously provided to the College and the Foundation could award those funds as scholarships to College students. Notwithstanding this response, College records did not identify any specific statutory authority permitting the College to make this transfer.

**Recommendation: We recommend that:**

- **The Board prescribe by rule any conditions with which the Foundation must comply in order to use College property, facilities, and personal services and the College monitor and document Foundation compliance with such conditions.**
- **The College document Board consideration and approval of the Foundation's anticipated use of College resources, at least annually, before the use occurs. To enhance transparency, Board approval documentation should identify the estimated value of the College resources provided.**
- **In the absence of specific statutory authority, discontinue the practice of transferring funds to the Foundation and seek to recover the \$5,000 from the Foundation.**

#### **Finding 4: Anti-fraud Policies and Procedures**

Appropriate policies and procedures for communicating and reporting known or suspected fraud are essential to aid in the mitigation, detection, and prevention of fraud. In addition, such policies and procedures serve to establish the responsibilities for investigating potential incidents of fraud and taking appropriate action, reporting evidence of such action to the appropriate authorities, and protecting the reputation of persons suspected but not guilty of fraud.

College policies<sup>5</sup> require individuals to communicate and report known or suspected fraud directly to their immediate supervisor, the Vice President of Business Services, or to the President, who will determine if an investigation is warranted. The policies also define and provide examples of actions constituting fraud, designate the responsibility for investigating potential fraudulent matters, and indicate that, where appropriate, matters relating to the investigation shall remain confidential. While the College policies have many positive features, the policies did not include incident reporting procedures that allow individuals to anonymously report known or suspected fraud or provide an appropriate process for communicating and reporting known or suspected fraud related to the actions of College management.

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

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

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

The College had taken corrective actions for findings included in our report No. 2015-038.

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

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from February 2017 through June 2017 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

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<sup>5</sup> Florida Gateway College Policy 6Hx12:2-03, *Duties, Powers, and Responsibilities of the President; Procedure: Fraud Reporting.*

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. 2015-038.
- 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 January 2016 through December 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 College information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, systems development and maintenance, and disaster recovery.
- Reviewed College procedures for maintaining and reviewing employee access to IT resources. Specifically, we examined College records supporting the access privileges for 30 selected employees from the population of 145 employees with access privileges over the database and finance and human resources applications during the audit period, to evaluate the appropriateness and necessity of the access privileges based on the employees' job duties and user account functions and determine whether the access adequately prevented the performance of incompatible duties. We examined the 7 administrator user accounts' access privileges granted and procedures for oversight of administrator accounts for the network, operating system, database, and applications to determine whether these accounts had been appropriately assigned and managed.
- Evaluated College procedures for protecting student social security numbers (SSNs). Specifically, we examined College records supporting the access privileges of the 23 employees who had access to student SSNs during the audit period to evaluate the appropriateness and necessity of the access privileges based on the employees' assigned responsibilities.
- Reviewed College procedures to prohibit former employees' access to electronic data files. From the population of 114 employees who separated from College employment during the audit period, we examined the access privileges for 45 selected former employees to determine whether their access privileges had been timely deactivated.
- Evaluated the College's written security policies and procedures during the audit period, 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.
- Determined whether a written, comprehensive IT risk assessment had been developed to document the College's risk management and assessment 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 audit period.
- Evaluated Board of Trustees, committee, and advisory board meeting 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, as of February 28, 2017, 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 anti-fraud policies and procedures for the audit period 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.
- Examined College records supporting all 8 payments totaling \$8,258 made by the College to its direct-support organization during the audit period to determine whether the payments were authorized by Section 1004.70(1)(a)2. and (3), Florida Statutes.
- Examined College records to determine whether:
  - The Board had prescribed by rule the conditions with which the Foundation must comply in order to use College property, facilities, and personal services.
  - The Board documented consideration and approval of the Foundation's anticipated use of College resources.
  - The College required and maintained College records to document when the Foundation used College property and facilities, the purpose of such use, and the value of that use.
  - The College maintained records to document the College employee actual time and effort provided for the Foundation, the purpose for such services, and the value of those services.
- Examined College records to determine whether student receivables were properly authorized, adequately documented, properly recorded, and complied with Section 1010.03, Florida Statutes, and Board policies. Specifically, from the population of 434 student receivables totaling \$287,713 reported as of June 30, 2016, we examined documentation relating to 30 selected student receivables totaling \$21,266.
- Examined College records to determine whether uncollectible accounts written off during the audit period, totaling \$40,905, were properly approved.
- From the population of 4,982 students classified as Florida residents during the 2016 calendar year, we examined 30 student registrations 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.
- From the population of 498 distance learning courses with fee revenue totaling \$250,970 during the audit period, examined College records for 30 selected distance learning courses with fee revenue totaling \$14,470 to determine whether distance learning fees were assessed and collected as provided by Section 1009.23(16)(b), Florida Statutes.
- From the population of 910 textbooks added for the Spring, Summer, and Fall 2016 courses, examined supporting documentation to determine whether College policies and procedures regarding textbook affordability were in accordance with Section 1004.085, Florida Statutes.
- Performed analytical procedures to determine whether the College's auxiliary services, which generated revenue totaling \$1.8 million for the 2015-16 fiscal year, were self-supporting.
- From the compensation payments totaling \$32,760,849 to 585 employees during the audit period, selected 30 payroll transactions totaling \$50,260 and examined the related payroll and personnel records to determine the accuracy of the rate of pay, the validity of employment contracts, whether supervisory personnel reviewed and approved employee reports of time worked, whether the employees met the required qualifications and performance evaluations were completed, and the accuracy of leave records.
- Evaluated the College policies and procedures for payments of accumulated annual and sick leave (terminal leave pay) to determine whether the policies and procedures promoted compliance with State law and Board policies. From the population of 23 employees who

separated from College employment during the audit period and were paid \$206,150 for terminal leave, we selected 14 employees with terminal payments totaling \$195,196 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 supporting the five administrative employees (including the President) who received compensation totaling \$680,945 during the audit period to determine whether the amounts paid did not exceed limits established in Sections 1012.885 and 1012.886, Florida Statutes, and that the President and administrators were evaluated pursuant to Section 1012.86(3), Florida Statutes.
- Evaluated College policies and procedures for obtaining personnel background screenings to determine whether individuals in positions of special trust and responsibility, such as positions with direct contact with persons under age 18, had undergone the appropriate background screenings. Specifically, we examined College records to determine if appropriate background screenings were performed for 30 of the 585 College employees and 26 of the 203 volunteers.
- 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; in compliance with applicable laws, contract terms, and Board policies; and applicable vendors were properly selected and carried adequate insurance. From the population of expenditures totaling \$5.9 million for the audit period, we examined:
  - 30 selected payments for general expenditures totaling \$30,055.
  - 16 selected payments totaling \$200,017 related to 7 agreements for contractual services.
- From the population of 30 purchasing card (P-card) transactions totaling \$16,149 during the audit period, examined College records supporting 22 selected P-card transactions totaling \$11,699 to determine whether the P-card program was administered in accordance with College policies and procedures and transactions were not of a personal nature.
- Examined P-card records for the one cardholder who separated from College employment during the audit period, to determine whether the P-card was timely canceled upon the cardholders' employment separation.
- From the population of \$233,606 in total travel expenses during the audit period, examined 30 selected travel reimbursements totaling \$5,449 to determine whether the travel expenses were reasonable, adequately supported, for valid College purposes, and limited to amounts allowed by Section 112.061, Florida Statutes.
- Examined the 12 payments totaling \$1,368 during the audit period to employees for other than travel and compensation to determine whether such payments were reasonable, adequately supported, for valid College purposes and whether such payments were related to employees doing business with the College, contrary to Section 112.313, Florida Statutes.
- Reviewed College policies and procedures related to identifying potential conflicts of interest. We also reviewed Florida Department of State, Division of Corporation, records; statements of financial interests; and College records for 10 selected College officials to identify any potential relationships that represented a conflict of interest with vendors used by the College.
- From the population of 96 electronic funds transfers (EFTs) and payments totaling \$3.3 million during the audit period, examined 24 selected EFTs and payments totaling \$2.4 million to determine whether the EFTs and payments were adequately supported and properly authorized.
- Examined College records related to a \$8.6 million energy performance contract to determine whether the contract was in compliance with Section 1013.23, Florida Statutes.

- 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



*From the Office of the President*

January 19, 2018

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 the response to the preliminary and tentative finding of your operational audit of Florida Gateway College.

**Finding No. 1 Information Technology User Access Privileges**

**Recommendation:** To ensure access to sensitive student information is properly safeguarded, the College should:

- Document the public purpose served by maintaining SSNs for individuals who apply but do not subsequently enroll in the College. Absent, such, the College should discontinue the practice of indefinitely maintaining prospective student SSNs.
- Upgrade the College IT system to include a mechanism to differentiate IT user access privileges to current student information from access privileges to former or prospective student information.
- Document periodic reviews of access privileges to student SSNs to determine whether such privileges are necessary and ensure the timely removal of any inappropriate or unnecessary access privileges detected. If an employee only requires occasional access to student SSNs, the access should be granted only for the time needed.

**Response:** The College agrees with the recommendation. The Executive Director of Technology has implemented a procedure for periodic review of user security. Along with this procedure, the Executive Director of Technology has created reports to assist with the periodic review of network user security. In addition, reports will be created to review those users with access to SSNs. Research will be conducted on the safest way to remove applicant SSNs.

**Finding No. 2 Information Technology – Disaster Recovery Plan**

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Ms. Sherrill F. Norman, CPA  
January 19, 2018  
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**Recommendation:** The College should continue efforts to complete a comprehensive, written disaster recovery plan and establish an off-site backup and alternate processing facility. In addition, once the plan is completed and off-site backup and alternate processing facility is established, the College should test the plan annually.

**Response:** The College agrees with the recommendation and is currently working on a written disaster recovery plan. The College has established an off-site backup and alternate processing facility and will conduct annual testing.

**Finding No. 3 Direct-Support Organization**

**Recommendation:**

- The Board prescribe by rule any conditions with which the Foundation must comply in order to sue College property, facilities, and personal services and the College monitor and document Foundation compliance with such conditions.
- The College document Board consideration and approval of the Foundation's anticipated use of College resources, at least annually, before the use occurs. To enhance transparency, Board approval documentation should identify the estimated value of the College resources provided.
- In the absence of specific statutory authority, discontinue the practice of transferring funds to the Foundation and seek to recover the \$5,000 from the Foundation.

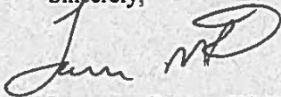
**Response:** The College agrees with the recommendation. The College will separately list the budget for the DSO for Board approval annually. Additionally, the College will enhance procedures to ensure that transfers do not take place from the College to the DSO as well as seek to recover the past transfer of \$5,000 from the DSO.

**Finding No. 4 Anti-fraud Policies and Procedures**

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

**Response:** The College agrees with the recommendation. The College has implemented an anonymous way for employees to report known or suspected fraud via the College's intranet. The College will report any reports of known or suspected fraud to the Board of Trustees and legal counsel as the reports are submitted.

Sincerely,



Lawrence Barrett, Ed. D.  
President