



AUDITOR GENERAL

DAVID W. MARTIN, CPA



SOUTH FLORIDA COMMUNITY COLLEGE

Operational Audit

SUMMARY

Our operational audit for the fiscal year ended June 30, 2007, disclosed the following:

Finding No. 1: The College did not require fingerprinting checks for employees in positions of special trust or of a sensitive nature.

Finding No. 2: The College's monitoring procedures for construction projects did not include verification that subcontractors were properly licensed.

Finding No. 3: The College did not have written policies and procedures prescribing minimum liability insurance coverage requirements for design professionals and requiring verification of compliance with those requirements.

Finding No. 4: The College was paying monthly telecommunication charges for two off-premise lines that were no longer being used.

Finding No. 5: The College had not tested its information technology disaster recovery plan since the July 1, 2001, implementation of its SCT Banner system.

Finding No. 6: The College needed to enhance its procedures to ensure that terminated employees' access to data files and information technology resources is timely removed.

BACKGROUND

The College is under the general direction and control of the Florida Department of Education, Division of Community Colleges, and is governed by State law

and State Board of Education rules. A district board of trustees 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 Board members who served during the audit period are listed in Appendix A of this report.

South Florida Community College has campuses in Avon Park, Lake Placid, Wauchula, and Arcadia, Florida. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Highlands, Hardee, and DeSoto Counties. The College reported enrollment of 2,331 full-time equivalent students for the 2006-07 fiscal year.

The President of the College during the audit period was Dr. Norman L. Stephens, Jr.

The results of our financial audit of the College for the fiscal year ended June 30, 2007, will be presented in a separate report.

An examination of expenditures of Federal awards administered by the College under contract and grant agreements to finance specific programs and projects is included in our Statewide audit of Federal awards administered by the State of Florida. The results of that audit, for the fiscal year ended June 30, 2007, will be presented in a separate report.

FINDINGS AND RECOMMENDATIONS

Finding No. 1: Fingerprinting Checks

The College performed background checks on most employees; however, fingerprinting checks were not required or performed for College employees in positions of special trust or of a sensitive nature, such as employees in the areas of finance, information technology, security, and dual enrollment. A similar finding was noted in our report No. 2006-019.

Although not specific to community colleges, Florida Statutes provide for criminal history checks, including fingerprinting, for employees filling positions of special trust or responsibility, or of a sensitive nature. For example, Section 110.1127(1), Florida Statutes, requires that persons occupying certain State employment positions, because of special trust or responsibility or the sensitive locations of those positions, be subject to a security background check, including fingerprinting, as a condition of employment. Similarly, Section 1012.32(2)(a), Florida Statutes, requires personnel hired to fill positions requiring direct contact with students in any district school system or laboratory school to undergo background screening, including fingerprinting, upon employment and every five years thereafter.

Subsequent to our inquiry, the College, in May 2007, established procedures to provide for fingerprinting checks of all new employees and has fingerprinted all but two current employees in positions of special trust or of a sensitive nature, as defined by the College.

Recommendation: The College should continue its efforts to provide for fingerprinting checks of all employees in positions of special trust or of a sensitive nature.

Finding No. 2: Subcontractor Licenses

Pursuant to Section 1013.45(1)(c), Florida Statutes, the College, in December 2005, entered into an

agreement with a construction management entity (CME) to build a new Health and Science Education Center. College staff advised us that they had not established procedures to verify that project subcontractors were properly licensed in accordance with Chapter 489, Florida Statutes, which establishes licensing requirements for specialty contractors such as electrical, air conditioning, plumbing, and roofing contractors. Rather, the College relied on the CME to ensure that only licensed subcontractors were used on the project.

Monitoring the verification of subcontractor licenses would provide the College additional assurance that subcontractors met the qualifications to perform the work for which they were engaged.

Recommendation: The College should establish monitoring procedures for construction projects that include verification that subcontractors are properly licensed.

Finding No. 3: Architect Liability Insurance

Section 4.1(2)(f) of the Florida Department of Education publication, *State Requirements for Educational Facilities – 1999*, indicates that the Florida Board of Architecture and Interior Design, and Florida Board of Landscape Architecture, do not require the design professional to carry insurance against error and omissions or liability and, consequently, states that boards of trustees should either develop a policy to provide this insurance for the design professional who does not carry these insurances or require the design professional to carry insurance.

The College, in November 2006, entered into an agreement with an architectural firm to design the Health and Science Education Center, with an approximate construction cost of \$9.2 million. The architect's insurance coverage in effect for the project was \$1 million per claim and \$1 million in aggregate. It is unclear as to whether the level of coverage for the project was consistent with the College's insurance

philosophy as there were no written policies and procedures prescribing minimum liability insurance requirements for design professionals and requiring verification of compliance with those requirements. Adopting such policies and procedures would help protect the College in the event that deficiencies exist in the work performed by these professionals.

Recommendation: The College should establish written policies and procedures prescribing minimum liability insurance coverage requirements for design professionals and requiring verification of compliance with those requirements.

Finding No. 4: Telecommunication Charges

The College's telecommunication system provides for the local and long-distance transmission of both voice and data for all College facilities as an integral part of the College's operations. The system includes equipment and services provided by several companies. For the 2006-07 fiscal year, telecommunication charges totaled approximately \$86,000, and included numerous equipment and data transmission line charges. These recurring charges ranged from several hundred to several thousand dollars monthly.

Our review disclosed that monthly invoices in the amount of \$789.40 were approved and paid for each of two "off-premise" lines that were no longer used by the College. In response to our inquiry, College personnel advised us that these lines had become obsolete when a new campus building was constructed in 2003, and may have become unnecessary as early as 1999, when a new phone system was installed. Subsequent to our inquiry, the College requested and received a credit from the vendor in the amount of \$9,400, representing an approximate amount paid for one year's billings on the two lines. In addition, College personnel are seeking credit for prior years' billings.

Recommendation: The College should implement procedures to periodically review its telecommunication needs and ensure that it is billed only for active telephone lines.

Finding No. 5: Information Technology – Disaster Recovery Plan

Physical security controls are designed to improve custody over assets and prevent intentional or accidental destruction of data. These controls should provide for preventive measures and for both the replacement of records that may be destroyed and the continuity of operations following a major hardware or software failure. A disaster recovery plan should identify the critical applications, provide for backups of critical data sets, and provide a step-by-step plan for recovery. The plan should include a written agreement for an alternative processing facility that can be utilized for continuity of operations, including the specific responsibilities of both parties relative to availability of and the use of the facility. In addition, plan elements should be tested periodically to disclose any areas not addressed and to facilitate proper conduct in an actual emergency.

The College has an information technology disaster recovery plan (Plan); however, the Plan had not been tested since the July 1, 2001, implementation of the SCT Banner system. A similar finding was noted in our report No. 2006-019. Without testing the effectiveness of the Plan, there is an increased risk that the College may be unable to continue critical operations by timely managing the availability of information systems data and resources in the event of a processing disruption.

Recommendation: The College should test its disaster recovery plan in a simulated exercise to ensure it includes all necessary components.

Finding No. 6: Information Technology – Access Controls

Access controls provide safeguards to assist in the prevention or detection of deliberate and accidental errors. Errors may be caused by the improper use or manipulation of data files, unauthorized or incorrect use of computer programs, or improper use of information technology (IT) resources. Controls should limit access to computer data files, programs, and hardware to only authorized persons who require them in the performance of their duties.

Our review of access records for 12 employees who terminated during the 2006-07 fiscal year disclosed that, for 5 of these employees, access to data files and IT resources was not removed in a timely manner. For these employees, access was not removed until 59 to 187 days after termination. The failure to timely remove such access increases the risk of unauthorized use of data files and IT resources.

Recommendation: The College should ensure that access to data files and IT resources is timely removed for terminated employees.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this operational audit were to obtain an understanding and make overall judgments as to whether College internal controls promoted and encouraged compliance with applicable laws, rules, regulations, contracts, and grant agreements; the economic and efficient operation of the College; the reliability of financial records and reports; and the safeguarding of assets. Specifically, we reviewed internal controls and administration of accounting records, budgetary controls, cash and investments, construction projects, capital assets, student activity and services fees and other selected revenues, purchasing processes, selected expenditures and contractual arrangements, information technology, and student enrollment and analytical reporting for the fiscal year ended June 30, 2007.

This audit was conducted in accordance with applicable Generally Accepted Government Auditing Standards.

PRIOR AUDIT FINDINGS

As part of our current audit, we determined that the College had taken corrective actions for findings included in our report No. 2006-019, except as noted in finding Nos. 1 and 5 of this report.

AUTHORITY

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.



David W. Martin, CPA
Auditor General

MANAGEMENT RESPONSE

The College's response is included as Appendix B of this report.

This audit was coordinated by Gregory J. Lemieux, CPA, and supervised by David A. Blanton, CPA. Please address inquiries regarding this report to Ted J. Sauerbeck, CPA, Audit Manager, via e-mail at tedsauerbeck@aud.state.fl.us or by telephone at (850) 487-4468.

This report and other audit reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

APPENDIX A
SOUTH FLORIDA COMMUNITY COLLEGE'S BOARD OF TRUSTEES

Members of the College's Board of Trustees who served during the 2006-07 fiscal year are listed below:

<u>Board Member</u>	<u>County</u>
Kimble D. McKay, Vice-Chair to 7-25-06, Chair from 7-26-06	Highlands
Jan B. Brewer, Vice-Chair from 7-26-06	DeSoto
Tamela Cullens	Highlands
Gary Delatorre	Hardee
Joan H. Hartt	Highlands
Dr. Louis H. Kirschner	DeSoto
Richard L. Maenpaa	Hardee
Anne D. Reynolds, Chair to 7-25-06	Highlands

**APPENDIX B
MANAGEMENT RESPONSE**



October 31, 2007

Mr. David Martin, CPA
Auditor General
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mr. Martin,

Let me express our sincere appreciation for the professional manner in which your staff conducted the audit. Following is the college's response to the preliminary and tentative findings to be included in the operational audit report for the fiscal year ended June 30, 2007 for the following findings:

Finding No. 1

Recommendation: The College should continue its efforts to provide for fingerprinting checks of all employees in positions of special trust or of a sensitive nature.

Response: The College will continue to provide for fingerprinting of positions of special trust or sensitive nature as defined by the College.

Finding No. 2

Recommendation: The College should establish monitoring procedures for construction projects that include verification that subcontractors are licensed.

Response: The College will enhance its monitoring procedures for construction projects to include verification of subcontractor licenses when subcontractors are hired by its construction manager.

Finding No. 3

Recommendation: The College should establish written policies and procedures prescribing minimum liability insurance coverage requirements for design professionals and requiring verification of compliance with those requirements.

Response: The College will establish written policies and procedures prescribing minimum liability insurance coverage requirements for design professionals and implement a system to ensure compliance with the same.

Finding No. 4

Recommendation: The College should implement procedures to periodically review its telecommunication needs and ensure that it is billed only for active telephone lines.

Response: The College will study and enhance its procedures to review its telecommunication billings.

Finding No. 5

Recommendation: The College should test its disaster recovery plan in a simulated exercise to ensure it includes all necessary components.

Response: The College began testing its disaster recovery plan in June 2007 and will continue its efforts to test its plan in an off-site location annually.

Finding No. 6

Recommendation: The College should ensure that access to data files and IT resources is timely removed for terminated employees.

Response: The College will review and enhance procedures to timely remove terminated employees' access to IT resources.

Sincerely,



Norman L. Stephens, Jr.
President

NLS/lh

cc: David Blanton, Audit Supervisor