



AUDITOR GENERAL

DAVID W. MARTIN, CPA



CHIPOLA COLLEGE Operational Audit

SUMMARY

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

Finding No. 1: The College needed to improve its procedures relating to the acquisition of certain contractual services.

Finding No. 2: The College had not developed and tested a formal disaster recovery plan for its information technology operations.

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 nine 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.

Chipola College has a campus in Marianna, Florida. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Jackson County. The College reported enrollment of 1,541 full-time equivalent students for the 2006-07 fiscal year.

The President of the College during the audit period was Dr. Gene Prough.

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: Contractual Services

The College entered into numerous contracts during the fiscal year for the procurement of goods and services. As similarly noted in our report No. 2006-011, our review of 15 contractual arrangements disclosed that the College needed to improve its procedures related to the acquisition of certain contractual services, as disclosed below.

The College contracted with the Jackson County Sheriff's Office, to provide a full-time deputy to patrol the campus, enforce traffic ordinances, prepare daily incident reports, provide assistance in emergency situations, and conduct investigations into thefts and vehicular accidents. The agreement with the Sheriff's Office provided that these regular security services would be provided to the College at days and times as

mutually agreed upon for a fixed annual fee (\$50,864 for the contract period October 1, 2006, through September 30, 2007). The agreement further indicated that Sheriff's Office auxiliary officers could provide additional services for special events (i.e., plays, dances, athletic competitions, etc.), and would be compensated at a rate of \$20 per hour. The College paid approximately \$48,400 and \$9,000 to several deputies and to the full-time deputy, respectively, for additional security services during the 2006-07 fiscal year.

Our review of the College's administration of this agreement disclosed the following:

- The Sheriff's Office deputy assigned full-time to the College to provide regular security services prepared a daily officer's report listing the hours worked and was also compensated for additional services. However, College records provided for our review did not evidence that the time periods for the regular and additional security services had been established before the services were performed and payment for the services was made. For example, we noted the deputy provided services on one day for time periods from 7:00 a.m. to 1:00 p.m., from 4:00 p.m. to 6:00 p.m., and from 6:00 p.m. to 10:00 p.m. The deputy was compensated for the services provided from 4:00 p.m. to 6:00 p.m. at the \$20 per hour rate established for additional services, while the services provided during the other hours were considered to be regular services. However, because the College had not clearly established in the written contractual agreement time periods for regular services, it was not evident whether he was properly compensated for services provided on that day.

Without a written understanding of requested services that clearly delineates time periods for regular services, there is an increased risk that the duties for regular and additional security services may not be received consistent with the Board's

intent or may overlap, resulting in potential overpayments for the same services.

- We reviewed a sample of the full-time deputy's March 2007 time records, which disclosed no instances in which the time periods for full-time services overlapped the time periods for additional services; however, College personnel had not, of record, performed such review procedures. In the absence of procedures to compare the time periods supporting payments made for regular and additional security services, there is an increased risk that overpayments for such services could be made and not detected in a timely manner.
- Although requested, we were not provided documentation, for the period July 2006 through April 2007, evidencing that College personnel with direct knowledge of the services verified that the contracted services were rendered as required. Effective May 2007, the College implemented procedures to document acceptance of the required services.

Also, for two consulting agreements entered into during the 2006-07 fiscal year, our review disclosed that the agreements specified individual tasks to be performed; however, the agreements did not adequately describe how and when deliverables would be documented and presented, and legal remedies in the event of nonperformance by the contractors. Additionally, while College personnel indicated that they approved and made payments to the contractors based on personal observation and review of programs, agendas, and other correspondence, neither these monitoring activities nor the College's evaluation of the adequacy of the contractors' performance were documented.

The absence of agreement provisions clearly describing deliverables necessary to evidence the consultants performance of specified tasks limits the College's ability to document the satisfactory completion of those tasks.

Recommendation: The College should ensure that written agreements for contractual services clearly describe the basis of compensation and the nature and timing of deliverables necessary to document contractor performance. In addition, the College should implement and document procedures evidencing its determination that contractors provided required services in a satisfactory manner before payments for such services are made.

Finding No. 2: Disaster Recovery Plan

Disaster recovery planning is an important element of information technology controls established to manage the availability of valuable data and information technology resources in the event of a processing disruption. Its main objective is to provide the organization a plan for continuing critical information technology operations in the event of a disaster in which the organization's information technology processing facilities become disabled. The success and effectiveness of a disaster recovery plan requires the establishment of specific procedures for utilization of alternate facilities, including written agreements as to the rights and responsibilities between the College and the entity that will be providing the alternate facilities, and periodic testing of the disaster recovery plan.

College personnel indicated they were aware that a catastrophic event could adversely affect the College's information technology operations and that certain measures had been taken to safeguard mission-critical data if such an event were to occur. However, the College had not completed a formal written disaster recovery plan for its information technology operations detailing the measures to be taken in response to a disaster and had not entered into a formal agreement with another entity to serve as an alternate-processing site. A similar finding was noted in our report No. 2006-011. According to College personnel, completion of a formal disaster recovery plan was delayed due to the uncertainty of the

particular information technology resources to be addressed in the plan.

Without a written disaster recovery plan, and testing thereof, there is an increased risk that, in the event of a disaster, prompt and effective continuation of College information technology operations may not occur.

Recommendation: The College should continue its efforts to prepare a formal written disaster recovery plan, and should periodically test the feasibility of the plan when it is complete. The College should also enter into a formal agreement with another appropriate entity to serve as an alternate-processing site for critical applications.

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 student activity and services fees and other selected revenues, purchasing processes, selected expenditures and contractual arrangements, human resources and employee compensation, and information technology resources 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. 2006-011, except as noted in the findings 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 Melissa F. Hall, CPA, and supervised by Gregory L. Centers, 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
CHIPOLA 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>
John W. Padgett, Chair	Jackson
Virginia C. Stuart, Vice-Chair	Jackson
Gary F. Clark	Washington
Jeff Crawford, Jr.	Jackson
Jennie B. Goodman	Holmes
Abigail Hinson	Washington
Mark S. Plummer	Liberty
Daniel E. Ryals, III	Calhoun
Brenda G. Taylor	Holmes

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APPENDIX B
MANAGEMENT RESPONSE



CHIPOLA COLLEGE

A Higher Degree of Success

Office of the President

3094 Indian Circle Marianna, Florida 32446-2053 850-718-2375
www.chipola.edu

January 28, 2008

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

Dear Mr. Martin:

In response to your letter of January 22, 2008, and in accordance with the provisions of Section 11.45(4)(d), Florida Statutes, I submit the following statement of explanation concerning your list of preliminary and tentative audit findings and recommendations. Included below is the actual or proposed corrective action, which may be included in your operational audit report of Chipola College.

Contractual Services

The college acknowledges the position of the Auditor General concerning contractual services and will make the recommended changes where feasible.

Disaster Recovery Plan

As mentioned in your finding, college personnel are aware that a catastrophic event could adversely affect information technology operations at the college and measures have been taken to safeguard mission-critical data if such an event were to occur. We will continue our efforts to finalize a formal written disaster recovery plan and test the feasibility of the plan when it is complete. We will also seek to enter into a formal agreement with another entity to serve as an alternate-processing site for critical applications.

Should you have any questions regarding this response or need additional information please contact me.

Sincerely,

Gene Prough, Ed.D.
President

Dr. Gene Prough

Digitally signed by Dr. Gene Prough
DN: cn=Dr. Gene Prough, o=US, ou=Chipola College, ou=President, email=proughg@chipola.edu
Reason: I am approving this document.
Date: 2008.01.28 11:44:09 -0900

