



AUDITOR GENERAL

DAVID W. MARTIN, CPA



FLORIDA COMMUNITY COLLEGE AT JACKSONVILLE

Operational Audit

SUMMARY

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

Finding No. 1: The College needed to enhance its procedures for ensuring that temporary instructional personnel receive annual performance evaluations.

Finding No. 2: Contrary to law, the joint resolution adopted by the College Board of Trustees in connection with the construction of a joint-use career center did not include comprehensive plans for the operation and management of the facility.

Finding No. 3: The College's procedures related to use of College facilities by outside organizations were not consistently followed. Additionally, our tests disclosed several instances in which rental fees were not properly assessed, resulting in the College failing to collect \$12,491.

Finding No. 4: Vehicle usage logs were not always complete, and often did not include evidence of supervisory review.

Finding No. 5: The College's information technology business continuity plan had not been fully tested.

Finding No. 6: The College's access controls needed improvement to protect against unauthorized modification, use, or loss of College data or information technology resources.

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.

Florida Community College at Jacksonville has campuses located in Jacksonville, Florida, and centers located in Yulee, Florida, and other locations in Duval County. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Duval and Nassau counties. The College reported enrollment of 20,717 full-time equivalent students for the 2006-07 fiscal year. The President of the College is Dr. Steven R. Wallace.

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, are presented in a separate report.

FINDINGS AND RECOMMENDATIONS

Finding No. 1: Performance Evaluations

Pursuant to Board of Trustee's Rule 6Hx7-3.20, all College personnel, including temporary instructional personnel, must receive a performance evaluation at least annually. The purpose of the evaluation is to assess an employee's performance in carrying out their assigned duties, communicate to the employee the results of the evaluation, and improve the employee's performance.

Our review of performance evaluations for 10 adjunct faculty members (temporary instructional personnel) disclosed two instances where current evaluations were not on file prior to audit inquiry in May 2007. One employee's last evaluation was completed in March 2005. For the other employee, there was no evidence on file that an evaluation had been completed since the employee was hired in June 2005.

These instances may have occurred because the College did not have a process in place to track adjunct faculty performance evaluations to ensure that all required evaluations had been timely completed and filed.

Recommendation: The College should enhance its procedures to ensure that required annual performance evaluations are timely completed.

Finding No. 2: Joint Use Facility Agreement

In October 2002, the Board of Trustees of the Florida Community College at Jacksonville and the Nassau County School Board adopted a joint resolution to construct the Nassau Technical Career Center, a joint-use educational facility. The facility was subsequently constructed and began serving students during the 2005-2006 fiscal year. Contrary to Section

1013.52(1)(e), Florida Statutes, the joint resolution did not include comprehensive plans for the operation and management of the facility upon completion, and did not identify institutional responsibilities for specific functions, including clearly defined operational funding arrangements.

At the time of our review, the College had prepared a draft operating agreement; however, the agreement had not been finalized to provide comprehensive plans for the operation and management of the facility or to define the operational funding arrangements.

Recommendation: The College should continue its efforts to finalize a Board-approved operating agreement for the joint-use facility establishing the specific rights, responsibilities, and other conditions relating to the operation, maintenance, and use of the facility.

Finding No. 3: Use of Facilities

Board of Trustee's Rule 6Hx7-6.3 established the fees, forms, and procedures associated with the use of College facilities by outside organizations (clients).

During the 2006-07 fiscal year, the College entered into numerous rental agreements with various clients for rental of College facilities, and revenues from rental charges totaled approximately \$144,000. Our review of 10 such rental agreements disclosed that the College's established procedures related to the use of College facilities by outside organizations were not consistently followed, as described below:

- College Administrative Procedure 08-0108 (procedure) provides that each Campus President and the Executive Vice President of Instruction and Student Services are authorized to execute Facility Use Agreements (agreements) on behalf of the College. The procedure provides that the Campus Presidents may delegate signature authority in writing using a Delegation of Authority letter to be completed and on file

with the College's Risk Management Office. Our review disclosed that the required standard agreement forms were not always properly or timely executed prior to the clients' usage of the College facilities. These included:

- Five agreements were executed by College personnel other than the Campus President and the Executive Vice President without the required Delegation of Authority letters on file.
 - One agreement was not properly executed by the College and was never signed by the appropriate College personnel. We were advised that this was due to a clerical error, and the client was undercharged (see further discussion below) and the required insurance documentation was not obtained.
 - One agreement was executed eight days after the client used the facility. Also, the agreement lacked the client's initials on the attached usage policy, contrary to the established procedure, which requires that clients sign the usage policy prior to the agreement being executed by the College.
 - One agreement was signed by College personnel three days prior to the client's completion of the agreement, contrary to the established procedure.
- College Administrative Procedure 08-0108 provides that all clients using College facilities must provide the College with insurance certificates showing proof of liability insurance in the amount of \$1 million or more, and specifying the coverage period and that the College and its Board are "additional insured." Our review disclosed that the College did not always obtain documentation

of adequate insurance coverage prior to the execution of agreements or accepted insurance certificates that did not contain all of the required information specified in the College's procedures. Specifically, we noted that:

- For two agreements, the College did not, of record, obtain documentation evidencing that the clients had obtained the required insurance coverage.
 - Five insurance certificates were accepted by the College even though neither the College nor the College Board of Trustees were specifically mentioned within the document as a certificate holder or additional insured.
 - Four insurance certificates did not specify the date(s) of use.
- College Administrative Procedure 08-0108 provides that the full rental rate for use of the facilities shall be paid prior to the client being permitted to use the space, unless an exception to the payment procedure has been approved by the Bursar or the Bursar's designee. Our review disclosed that the College did not always assess the correct amount of fees for its facility rentals or timely collect the required fees in accordance with its procedures. Specifically, we noted that:
- In four instances, fees were over- or under-assessed, resulting in the College failing to collect a net \$12,491.
 - In four instances, the rental fees were collected from 6 to 123 days after the facilities were used.

Recommendation: The College should enhance its procedures to ensure compliance with College Administrative Procedure 08-0108 and to ensure that rental fees are properly assessed and collected in a timely manner.

Finding No. 4: Vehicle Usage

As of June 30, 2007, the College maintained 57 motor vehicles for use by employees for off-campus or inter-campus travel while conducting official College business. The College's policy required, in part, that a mileage log be kept in each vehicle with a record made of odometer readings at departure and return whenever the vehicle leaves the College.

Our review of vehicle usage logs for three months for five vehicles disclosed that for four of the five vehicles, logs contained numerous gaps in the recorded mileage between the ending mileage on one trip and the beginning mileage on the next trip. Also, for all five vehicles, most of the logs reviewed contained no supervisor's signature to evidence supervisory review.

Absent adequately completed vehicle usage logs, including documented supervisory review and subsequent follow-up on any log discrepancies, there is an increased risk that College-owned vehicles may be used for unauthorized purposes.

Recommendation: College personnel should properly and completely maintain vehicle usage logs, and such logs should include evidence of supervisory review.

Finding No. 5: Information Technology - Business Continuity Plan

A business continuity plan for the information technology (IT) function is necessary to ensure continuous IT service in the event of a major hardware or software failure. Plan elements should be tested periodically and plan deficiencies identified and

corrected to ensure the plan will function properly in an actual emergency.

The College developed an IT business continuity plan and had a reciprocal agreement with another entity for processing its data in an emergency. However, although the College had partially tested the plan, the plan had not been tested beyond the reload of backup data or in an emergency simulation (a similar finding was noted in our report No. 2006-132).

Without full testing of the business continuity 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 fully test its IT business continuity plan in a simulated exercise to ensure it includes all the necessary components.

Finding No. 6: Information Technology - Security Access Controls

Proper access controls help provide reasonable assurance that information resources are protected against unauthorized modification, disclosure, or loss. The objectives of limiting access are to ensure that users have only the access needed to perform their duties, that access to sensitive resources is limited to only a few individuals, and that employees are restricted from performing incompatible functions.

During our review of access controls at the College, we noted that password controls needed improvement. Specific details of these password control deficiencies are not disclosed in this report to avoid the possibility of compromising the College's IT security controls. However, appropriate College personnel have been notified of the deficiencies. By not maintaining adequate password controls, the risk is increased that security and access violations may occur and not be detected in a timely manner.

Recommendation: The College should modify its password controls as necessary to enhance the security of College data and IT resources.

OTHER MATTERS

The College uses purchasing cards (PCards) and employee expense reimbursement procedures to pay for certain expenses, including travel costs. At June 30, 2007, approximately 200 employees were assigned PCards, and PCard charges totaled approximately \$2.5 million for the 2006-07 fiscal year. Employee expense reimbursements totaled approximately \$940,000 for the 2006-07 fiscal year.

In January 2008, the College completed an investigation into alleged purchasing improprieties involving a College employee. The investigation began on November 8, 2007, after College personnel detected a PCard transaction containing apparent non-College purchases. The investigation disclosed questionable transactions totaling approximately \$100,000 over a five-year period involving usage of a College issued PCard and employee expense reimbursement requests. The College referred the matter to the appropriate law enforcement authorities.

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 board organization and control environment; cash collections and revenues; capital assets, including tangible personal property; human resources and employee compensation; capital outlay and construction projects; communication charges; travel compliance and motor vehicle utilization, and selected

information technology controls 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. 2006-132, except as noted in finding No. 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 Lenia Blades, and supervised by John P. Duffy, 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
FLORIDA COMMUNITY COLLEGE AT JACKSONVILLE'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>
N. Wyman Winbush, II, Vice-Chair to 7-31-06, Chair from 8-01-06	Duval
Thomas R. McGehee, Jr., Vice-Chair from 8-01-06	Duval
David F. Miller, Jr., Vice-Chair	Nassau
Emily Balz Smith, Chair to 7-31-06	Duval
Dr. Linda H. Asay	Nassau
Dr. M. F. Mass	Duval
Dr. Rhonda M. Medows to 5-15-07 (1)	Duval
Suanne Z. Thamm	Nassau
Michael B. Weinstein	Duval

Note: (1) Position was vacant from May 16, 2007, through June 30, 2007.

The Vice-Chairs serve with equal rank and status on the Board. The purpose of the dual office is to assume leadership representation from each of the two counties served by the College.

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**APPENDIX B
MANAGEMENT RESPONSE**



Dr. Steven R. Wallace
College President

March 27, 2008

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

RE: Preliminary and Tentative Findings of Audit of Florida Community College at Jacksonville for the Fiscal Year Ended June 30, 2007

Dear Mr. Martin,

Florida Community College has reviewed the findings of the subject audit and submits the following explanations and statements of actual or proposed corrective actions for each finding:

Finding No. 1: The College needed to enhance its procedures for ensuring that temporary instructional personnel receive annual performance evaluations.

The College will review its current procedures and enhance as appropriate to ensure that required annual performance evaluations for temporary instructional personnel are timely completed.

Finding No. 2: Contrary to law, the joint resolution adopted by the College Board of Trustees in connection with the construction of a joint-use career center did not include comprehensive plans for the operation and management of the facility.

The College is in the process of finalizing the Joint Use Facility Agreement with the Nassau County School Board as required by Section 1013.52(1)(e), Florida Statute for the Nassau Technical Career Center.

Finding No. 3: The College's procedures related to use of College facilities by outside organizations were not consistently followed. Additionally, our tests disclosed several instances in which rental fees were not properly assessed, resulting in the College failing to collect \$12,491.

The College accepts the finding and has reminded staff of the need to adhere to Administrative Procedures when entering into facilities rental agreements by obtaining appropriate signatures and ensuring that the full rental rate is collected prior to usage.

Finding No. 4: Vehicle usage logs were not always complete, and often did not include evidence of supervisory review.

The College accepts the finding and is revising its procedures and developing a standard mileage log to be used at all locations that will require a review by appropriate staff.

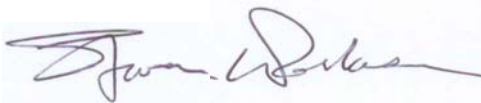
Finding No. 5: The College's information technology business continuity plan had not been fully tested.

The College has entered into an agreement with North West Regional Data Center (NWRDC) and has relocated its backup equipment from Kent Campus to NWRDC. Connectivity is to be completed by the end of April, at which time a complete test will be conducted.

Finding No. 6: The College's access controls needed improvement to protect against unauthorized modification, use, or loss of College data or information technology resources.

The College is reviewing its password control procedures to ensure that College information is not compromised.

Sincerely,



Steven R. Wallace
College President

CC: John Duffy
Steve Bowers
Yvonne Horner

