

CENTRAL FLORIDA COMMUNITY COLLEGE

Operational Audit

For the Fiscal Year Ended
June 30, 2008



BOARD OF TRUSTEES AND PRESIDENT

Members of the Board of Trustees and President who served during the 2007-08 fiscal year are listed below:

	<u>County</u>
Frank E. Stafford, Jr., Chair	Marion
Bernard L. Little, Jr., Vice-Chair	Marion
Mari-Elain Ebitz	Citrus
Robert O. Hastings	Levy
Cory Pool	Marion
Betty Strifler	Citrus
Carol R. Sullivan	Levy

Dr. Charles R. Dassance, President

The audit team leader was Sheila Ginsberg, CPA, and the audit was supervised by Philip B. Ciano, CPA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at jimstultz@aud.state.fl.us or by telephone at (850) 922-2263.

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.

CENTRAL FLORIDA COMMUNITY COLLEGE

SUMMARY

Our operational audit for the fiscal year ended June 30, 2008, disclosed the following:

Finding No. 1: Improvements were needed in monitoring commission revenues received from auxiliary bookstore operations.

Finding No. 2: The College engaged an architectural firm without using a public announcement and a formal competitive selection and negotiation process, contrary to the requirements of Section 287.055, Florida Statutes.

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 board of trustees governs and operates the College. The Board constitutes a corporation and is composed of seven members appointed by the Governor and confirmed by the Senate.

Central Florida Community College has its main campus and a special-purpose center located in Ocala, Florida; a campus 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 Marion, Citrus, and Levy Counties. The College reported enrollment of 4,886 full-time equivalent students for the 2007-08 fiscal year.

The results of our financial audit of the College for the fiscal year ended June 30, 2008, 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, 2008, will be presented in a separate report.

FINDINGS AND RECOMMENDATIONS

Finding No. 1: Bookstore Commission Revenues

The College entered into a written agreement with a vendor for bookstore operations for five years commencing July 1, 2006. Commission revenues to the College totaled \$390,060 for bookstore sales during the 2007-08 fiscal year. The agreement provided that the College would receive monthly commission payments based on certain percentages of annualized gross sales. Additionally, the vendor was required to submit commission revenues to the College monthly and report gross sales monthly for each campus and for internet sales.

Our test of bookstore commission revenues disclosed the following:

- Our review in February 2008, disclosed commission revenues received, for gross sales from July 2006 through December 2007, were based on terms of a previous agreement with this vendor, for which the agreement provided for a lower commission rate. Subsequent to our inquiries, the College requested and received \$29,139 from this vendor which represented underpayments of commission revenues through December 31, 2007.

- Although the agreement provided for the payment of commission revenues monthly, the vendor submitted commission revenues to the College on a quarterly basis.
- Gross sales information supporting the calculation of commission revenues was provided to the College in total, but not by campus as required by the agreement with the vendor.

In the absence of adequately monitoring auxiliary bookstore agreement terms and conditions, the College may not receive all the commission revenues to which it is entitled.

Recommendation: The College should enhance its monitoring procedures for the auxiliary bookstore agreement to ensure it is receiving the commission revenues to which it is entitled and that the contractor is complying with all terms and conditions of the agreement.

Finding No. 2: Construction Administration – Architectural Services

The Legislature has recognized in Section 287.001, Florida Statutes, that fair and open competition is a basic tenet of public procurement and that such competition reduces the appearance and opportunity for favoritism and inspires public confidence that contracts are awarded equitably and economically. Section 287.055, Florida Statutes, requires that the College publicly announce and enter into a formal competitive selection and negotiation process for architectural services on each occasion when basic construction costs exceed \$250,000; or for a planning or study activity when the fee for professional services exceeds \$25,000, except in cases of valid public emergencies certified by the agency head.

In May 2007, the College engaged an architectural firm, at a cost not to exceed \$303,710, without using a public announcement and a formal competitive selection and negotiation process, for services relating to the Founders Hall remodeling construction project. According to the College, no certification of a valid public emergency was made that would exempt the College from the requirements of the above-cited law.

Absent utilization of the required competitive selection process, the College's assurances related to the fair, equitable, and economical procurement of the architectural services are limited.

Recommendation: The College should enhance its procedures to ensure that public announcements and formal competitive selection and negotiation processes are used for architectural services, or prepare certifications that a valid public emergency exist, as required by Section 287.055, Florida Statutes.

PRIOR AUDIT FOLLOW-UP

The College had taken corrective actions for findings included in our report No. 2007-064.

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 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: (1) 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 records and reports; and the safeguarding of assets; (2) evaluate management’s performance in these areas; and (3) determine whether the College had taken corrective actions for findings included in our report No. 2007-064. Also, pursuant to Section 11.45(7)(h), Florida Statutes, our audit may identify statutory and fiscal changes to be recommended to the Legislature.

The scope of this operational audit is described in Exhibit A. Our audit included examinations of various records and transactions (as well as events and conditions) occurring during the 2007-08 fiscal year.

Our audit methodology included obtaining an understanding of the internal controls by interviewing College personnel and, as appropriate, performing a walk-through of relevant internal controls through observation and examination of supporting documentation and records. Additional audit procedures applied to determine that internal controls were working as designed, and to determine the College’s compliance with the above-noted audit objectives, are described in Exhibit A. Specific information describing the work conducted to address the audit objectives is also included in the individual findings.

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’S RESPONSE

Management’s response is included as Exhibit B.

EXHIBIT A
AUDIT SCOPE AND METHODOLOGY

Scope (Topic)	Methodology
Security awareness and training program regarding the confidentiality of information.	Examined supporting documentation relating to the College's IT security awareness and training program.
Procedures to timely prohibit terminated employees' access to electronic data files.	Sampled employees who terminated during the audit period and examined documentation to determine whether the College timely terminated access privileges.
Fraud policy and related procedures.	Examined written policies and procedures, and examined supporting documentation relating to the College's fraud policy and related procedures.
Sunshine Law requirements for Board meetings (i.e., proper notice of meetings, ready access to public, maintain minutes).	Read Board minutes and, for selected Board meetings, examined supporting documentation evidencing compliance with Sunshine Law requirements.
Auxiliary operations contract compliance.	Examined contracts with food and bookstore vendors to determine whether the College was properly monitoring compliance with contract provisions.
Student activity and service fees assessed.	Verified that the activity and service fee did not exceed 10 percent of the total tuition fee.
Procedures for calculating user and laboratory fees.	Selected a sample of user and laboratory fees and examined supporting documentation to determine whether the College properly calculated these fees.
Adult general education program enrollment reporting.	Selected a sample of adult education students and examined supporting documentation to determine whether the College reported instructional and contact hours in accordance with FDOE requirements.
Social security number requirements of Section 119.071(5)(a), Florida Statutes.	Examined supporting documentation to determine whether the College had provided individuals with a written statement as to the purpose of collecting social security numbers, certified compliance pursuant to Section 119.071(5)(a)4.b., Florida Statutes, and filed the required report specified by Section 119.071(5)(a)9.a., Florida Statutes, no later than January 31, 2008.
Cash collection procedures of decentralized collection points.	Reviewed collection procedures at a selected location and tested daily cash collections to determine the effectiveness of the College's collection procedures.
Construction management policies and procedures.	Selected a sample of construction contracts to determine adequacy of documentation of expenses claimed, labor burden rate assessed, subcontractor licensure, and liquidated damages.

EXHIBIT A (Continued)
AUDIT SCOPE AND METHODOLOGY

Scope (Topic)	Methodology
Travel to terrorist states.	Reviewed the College's policies and procedures regarding travel and sampled travel reimbursements to determine compliance with those policies.
Procedures for monitoring cellular telephone usage and compliance with related IRS reporting requirements.	Determined whether the College either provided for compliance with IRS substantiation requirements for cellular telephone usage or, for the most recent calendar year, reported the value of cellular telephone services provided to employees as income for those employees.

EXHIBIT B
MANAGEMENT'S RESPONSE



Serving Marion, Citrus and Levy Counties

December 12, 2008

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

Dear Mr. Martin:

Please accept the attached response from Central Florida Community College for the Preliminary and Tentative Findings for the fiscal year ended June 30, 2008.

Finding No. 1: Improvements were needed in monitoring commission revenues received from auxiliary bookstore operations:

Recommendation: The College should enhance its monitoring procedures for the auxiliary bookstore agreement to ensure it is receiving the commission revenues to which it is entitled and that the contractor is complying with all terms and conditions of the agreement.

Response: The College has enhanced its monitoring procedures to ensure accuracy in regards to the entitled commissions and compliance with the terms and conditions of the agreement.

Finding No. 2: The College engaged an architectural firm without using a public announcement and a formal competitive selection and negotiation process, contrary to the requirements of Section 287.055, Florida Statutes.

Recommendation: The College should enhance its procedures to ensure that public announcements and formal competitive selection and negotiation processes are used for architectural services or prepare certifications that a valid public emergency exists, as required by Section 287.055, Florida Statutes.

Response: The College will follow all procedures to ensure public announcements and formal competitive selection and negotiation processes or we will prepare certifications that a valid public emergency exists, as required by Section 287.055 Florida Statutes.

Sincerely,

James D. Harvey, Ed.D.
Senior Vice President
Administration and Finance

JDH/ke

c: Dr. Charles Dassance
Steve Ash
Phil Ciano

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3001 S.W. College Road
Ocala, FL 34474
352-873-5800

Citrus Campus
3800 S. Lecanto Hwy.
Lecanto, FL 34461
352-746-6721

Levy Center
114 Rodgers Blvd.
Chiefland, FL 32626
352-493-9533

Hampton Center
1501 W. Silver Springs Blvd.
Ocala, FL 34475
352-873-5881

Appleton Museum of Art
4333 E. Silver Springs Blvd.
Ocala, FL 34470
352-291-4455

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