

percent increase in price, totaling \$21,314. Although the original contract allowed for renewals under the same terms and conditions as the original bid, our review of the bid documentation and original contract disclosed that these documents did not provide for price increases on contract renewal.

When contract renewals are not based on the terms and conditions of the original bid and are not supported by analysis or comparison of prices and services, the College cannot be assured that it is obtaining goods and services at the best price consistent with acceptable quality.

Recommendation: The College should ensure that contract renewals follow the terms and conditions of the original bid or contract and, whenever practicable, there should be documentation supporting the College's decision for such renewals, e.g., price and service comparisons with other vendors offering similar goods and services.

Finding No. 3: Contractual Agreements

As a matter of good business practice, significant procurement for services should be evidenced by written agreements or detailed purchase orders embodying all provisions, conditions, and deliverables of the procured services. We noted that some purchases were made without the benefit of these documents as a basis for payments, as discussed below:

- The College Board of Trustees authorized the College to enter into an agreement not to exceed approximately \$1.7 million with a local vendor for printing and distribution services. The College issued a blanket purchase order for the vendor to provide Community Education Booklets and Schedule of Classes for the Fall, Spring, and Summer terms. Our review disclosed that the vendor received payments totaling approximately \$1.4 million during the 2007-08 fiscal year without the benefit of a written agreement or detailed purchase orders.
- The College Board of Trustees approved advertising expenditures for up to \$1.5 million to promote several initiatives that support academic programs and events in a variety of media through June 30, 2008. Pursuant to this authorization, advertising related payments to a vendor, totaling \$26,186, were made during the 2007-08 fiscal year. Although the vendor provided the College with invoices which documented the services provided, the rate, and time of these services, these payments were made without the benefit of a written agreement or detailed purchase orders.
- As similarly noted in our report No. 2007-151, our review disclosed that four law firms received payments totaling \$172,052 for the 2007-08 fiscal year without evidence that a written contractual agreement had been executed between the parties.

College personnel indicated that entering into a written agreement for these types of services is not a common practice within the industries. However, given the dollar amount disbursed and the importance of these services, it would be in the best interest of the College to enter into written agreements or to execute detailed purchase orders with these vendors.

Absent written agreements or detailed purchase orders clearly specifying the terms and nature of the services to be performed and the amount of compensation provided, the College has limited assurance that the payments were in compliance with the intent of the Board, that the College is receiving services to which it is entitled at agreed upon prices, and may limit the College in resolving disputes with the vendor related to the nature of the services and goods received.

Recommendation: The College should enhance procedures to ensure that written agreements or detailed purchase orders clearly describe the basis of compensation and the nature and timing of deliverables.

Finding No. 4: Pre-School Lab Collections

The College operates Pre-School Labs at the North Campus and Wolfson Campus that provide childcare facilities for the community, including College employees and students. Collections at the Pre-School Labs consisted of checks and money orders that were subsequently remitted to the Bursar's Office for deposit in the bank. Collections for the 2007-08 fiscal year at the North Campus and Wolfson Campus totaled \$478,292.

As similarly noted in our report No. 2007-151, our audit disclosed that College controls over Pre-School Lab collections could be improved, as follows:

- Transfer documents were not used to evidence the transfer of collections between employees. Transfer documentation fixes responsibility should a loss occur.
- Periodic reconciliation of deposits to the accounting records were not made for collections at the North Campus. Subsequent to our review in February 2008, procedures were implemented to retroactively reconcile collections received during the 2007-08 fiscal year to amounts deposited. When collections deposited at the Campus Bursar's office are not timely reconciled to the accounting records, College personnel cannot be assured that all collections have been properly recorded in the College's accounts.

Recommendation: The College should ensure that transfer documents are used and periodic reconciliations of deposits to accounting records are conducted.

Finding No. 5: Policies for Reporting Fraud

The College had not developed a comprehensive fraud policy approved by the Board for communicating and reporting known or suspected fraud. College Procedures Nos. 1013, 2410, and 3820 were established to communicate and report fraud. While these procedures provide that College employees shall be held to a high moral and ethical standard, they do not clearly identify actions constituting fraud, incident reporting procedures, responsibility for fraud investigation, and consequences for fraudulent behavior. Effective fraud policies are necessary to educate employees about proper conduct, create an environment that deters dishonesty, and maintain internal controls that provide reasonable assurance of achieving management objectives and detecting dishonest acts. In addition, such policies serve to establish the responsibilities for investigating potential incidents of fraud, taking appropriate action, reporting evidence of such action to the appropriate authorities, and to avoid damaging the reputations of persons suspected of fraud but subsequently found innocent. Furthermore, in the absence of a comprehensive fraud policy, the risk increases that a known or suspected fraud may be identified but not reported to the appropriate authority.

Recommendation: The College should develop comprehensive fraud policies for the detection, prevention, and reporting of fraud. These policies should be submitted to the Board for their approval.

Finding No. 6: Information Technology – Planning

Senior management is responsible for developing and implementing long- and short-range plans that fulfill an entity's mission and goals. The planning approach generally includes mechanisms to solicit input from relevant internal and external stakeholders impacted by information technology (IT) strategic plans. IT stakeholders at the College would include key users of the College's major applications, such as representatives from Business Affairs, Human Resources, and Academic and Student Affairs.

In our report No. 2007-151, we noted that the College did not have a current Strategic Technology Plan. The College has now created the first phase of a 2008-2013 Strategic Technology Plan that was intended to provide an update to the 2000-2005 Strategic Technology Plan. The new Plan recognized that a second phase was needed to incorporate the feedback of the broader College community and that the Plan should ensure that technology is applied in alignment with the College's goals and objectives. The new Plan also recognized that a continuous and ongoing planning process would be of more value than the Plan document itself, which had not been approved by the President of the College. The involvement of a sufficiently broad group of IT stakeholders in the development of the Strategic Technology Plan and approval of the Plan by the College President would increase the likelihood that the Plan will support its stated goals of aligning the application of technology to College mission, vision, and strategic goals and objectives and defining a framework for all technology initiatives undertaken by the College for the next five years.

Recommendation: The College should continue its efforts to complete the Strategic Technology Plan for the future, ensuring the involvement of IT stakeholders in the further development of the Plan. The Plan should also be formally approved by the President.

Finding No. 7: Information Technology – Change Management Procedures

Each IT function needs complete, well-documented procedures to describe the scope of the function and its activities. Sound procedures provide benchmarks against which compliance can be measured and contribute to an effective control environment.

As similarly noted in our report No. 2007-151, although College Procedure 7951, *Request for Computer Application Services*, referenced a quality assurance group and a documentation manager as being involved in the process of changing application jobs and programs, the function of the quality assurance group was not defined in the Procedure, and College management stated that it no longer has a documentation manager. In response to audit inquiry, College management was unable to provide other IT procedures describing the responsibilities of the quality assurance group regarding change management. College management indicated that various employees in IT performed the document management function but did not provide details such as the names of the employees or the nature of the document management responsibilities.

The failure to update College change management procedures increases the risk that College employees may not carry out their responsibilities in a manner pursuant to management's expectations.

Recommendation: The College should take steps to ensure that its change management procedures are current.

Finding No. 8: Information Technology – Instant Messaging

A comprehensive strategy to combat malicious code encompasses protection from, and response to, a variety of attacks, avenues of attack, and attackers. Malicious code has multiple ways to enter an entity's network, including through instant messenger services. An entity's first step in the battle against malicious code is the development and implementation of a security policy addressing the threat to information systems and resources and describing proactive measures the entity has taken to prevent infection.

As similarly noted in our report No. 2007-151, the College allowed the use of instant messaging software on its computers for educational purposes without establishing a specific policy or procedure governing its secure use. If the College is not adequately protected from the risks associated with instant messaging, viruses could enter the College's network.

The College has drafted a proposed procedure on instant messaging. Proposed College Procedure 7906, *Procedures for the Use of Instant Message (IM) Software at Miami Dade College*, describes inherent dangers in the use of instant messaging but states that Miami Dade College is supportive of the use of instant messaging in order to promote expeditious communications among all users. Users are expected to bear the responsibility of staying current with the latest release of instant messaging software to maintain security, configuring the software appropriately, and refraining from sending files via instant messaging.

Recommendation: The College should finalize and implement a procedure governing the use of instant messaging to reduce the College's vulnerability to viruses that may enter the College's network through the software.

Finding No. 9: Information Technology – Revocation of Access Privileges

College Procedure 7942, *Revoking RACF-ID and Administrative Application Access and Information Resources*, establishes responsibilities for the prompt revocation of access privileges of former employees. We tested access relating to 147 of the 294 former full-time employees who terminated between July 1, 2007, and June 30, 2008. Of the 147 former employees whose access was tested, 116 had been issued a Resource Access Control Facility (RACF) user identification (ID). Eight of the 116 former employees who had been issued a RACF user ID were still in an active access status for periods ranging from 10 to 104 days after the employees' termination dates. In response to audit inquiry, College management stated that the access privileges of the 8 user IDs have now been removed. Although none of the 8 RACF user IDs were used subsequent to the dates of termination, the risk is increased that the access privileges could be misused by the former employees or others.

Recommendation: The College should remove access of former employees promptly, as required by its procedure.

Finding No. 10: Information Technology – Job Scheduling

A proper division of roles and responsibilities excludes the possibility that a single employee can subvert a critical process. In the IT environment, a separation of duties is typically maintained between computer operations and systems development and maintenance.

As similarly noted in our report No. 2007-151, the College did not adequately separate duties with regard to student financial aid system job scheduling. For the SAFE financial aid system, employees in the Financial Aid Services

programming group were responsible for scheduling jobs and providing the parameters that determine the exact function and output of those jobs. Although the Financial Aid Office provided a description of the desired outcome of the requested jobs, the Group Manager and a Systems Analyst in the Financial Aid Services programming group specified job parameters and decided which jobs to run each night based on knowledge of past runtime experience and user priorities. A completed work order was sent to the Financial Aid Office and was considered approved unless the Group Manager or the Systems Analyst was notified otherwise. The Group Manager or the Systems Analyst then sent the scheduling packages for the jobs in the work order to the operations schedulers. The schedulers selected the specified jobs from the production libraries where the programmers had placed them, entered the parameters provided by the Group Manager or the Systems Analyst, and placed the jobs in the nightly processing queue.

Although end users and operations employees submitted Odyssey jobs without programmer assistance, the SAFE financial aid system was developed with job parameters in a format and location different from that required by the College's automated scheduler. College employees began creating parameter translation programs for the SAFE jobs to accomplish the goal of being able to submit the jobs through the automated scheduler. However, the College now plans to address this issue by replacing SAFE and is in the early stage of implementing Sigma Systems ProSAM as a replacement for SAFE.

When programmers who modify program code also schedule the jobs that run the programs and provide the parameters that determine the exact function and output of the jobs, the risk of unauthorized processing without detection is increased.

Recommendation: The College should take the steps necessary to separate financial aid job scheduling duties from the programming function. This may involve placing the jobs in the automated scheduler and providing end users with the estimated run time for each job so that the end users can make the decision as to which jobs should run on a given night and enter the parameters.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the College had taken corrective actions for findings included in our report No. 2007-151.

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. 2007-151. 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 |
|---|--|
| Information Technology (IT) policies and procedures. | Reviewed the written policies and procedures to determine whether they addressed certain important IT control functions. |
| Security Awareness and Training Program regarding the confidentiality of information. | Examined supporting documentation relating to the IT security awareness and training program. |
| IT security staffing. | Reviewed organizational chart and verified IT security staffing. |
| Background checks – IT security personnel. | Inquiry related to background checks performed for IT security personnel. |
| Procedures to timely prohibit former employees’ access to electronic data files. | Selected a sample of employees who terminated during the audit period and examined supporting documentation evidencing when the College terminated computer access privileges. |
| Access authorization controls. | Selected a sample of employees and determined whether proper IT authorization forms were on file. |
| Strategic Technology Plan. | Reviewed the existing (2000-2005) plan and its draft (2008-2013) plan. Determined whether the 2008-2013 plan had been officially adopted by the College and evaluated the comprehensiveness of the 2008-2013 plan. |
| Financial aid job scheduling. | Reviewed the financial aid job scheduling practices to determine whether an appropriate separation of duties existed. |
| Change management controls. | Reviewed the procedures applied to a sample of programming requests for changes to production systems. |
| Fraud policy and related procedures. | 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. |
| Procedures for filing statements of financial interest. | Examined supporting documentation to determine whether the President and Board members filed statements of financial interest in accordance with Section 112.3145(2), Florida Statutes. |
| Procedures for adopting and amending the budget. | Examined supporting documentation to determine whether budgets and amendments to budgets were prepared and adopted in accordance with applicable Florida Statutes and State Board of Education Rules. |

EXHIBIT A (Continued)
AUDIT SCOPE AND METHODOLOGY

| Scope (Topic) | Methodology |
|---|--|
| 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. |
| Procedures for administering public deposits. | Verified that the College complied with the requirements of Section 280.17, Florida Statutes, regarding public deposits, including filing of an annual public depositor report with the Chief Financial Officer (Department of Financial Services). |
| Procedures for stale dated checks. | Selected a sample of outstanding checks to determine if stale dated checks were transferred timely to the abandoned property account pursuant to Section 717.117, Florida Statutes. |
| Procedures for student receivables and fee deferments. | Selected a sample of student receivables to determine the effectiveness of collection procedures. Selected a sample of student deferments to determine that the deferment of student fees was properly authorized, documented, and within established limits. |
| Tangible personal property records. | Determined that the College's property records were adequate; that an annual inventory of tangible personal property was made and reconciled to the property records; and that reconciling items were valid, promptly investigated, resolved, and reviewed by supervisory personnel in a timely manner. |
| Deletions and disposals of tangible personal property. | Determined that property deletions were accomplished in the manner prescribed by law, SBE rules, and Board policies. |
| Land acquisitions. | Determined that appraisals were obtained in accordance with Section 1013.14, Florida Statutes, for land acquisitions made during the 2007-08 fiscal year. |
| Tuition and fees. | Compared the amounts assessed for tuition and fees during the 2007-08 fiscal year to amounts authorized by law and administrative rules. Selected a sample of both credit and non-credit fees to verify the calculation of fees based on original registration data; that a proper receipt was issued for cash collections; that residency affidavits were on file for all students paying Florida resident tuition rates; and that documentation was on file supporting the student's status as dependent or independent. |
| Procedures for decentralized collections. | Reviewed collection procedures at selected locations and sampled daily cash collection reports to determine the effectiveness of the College's collection procedures. |

**EXHIBIT A (Continued)
AUDIT SCOPE AND METHODOLOGY**

| Scope (Topic) | Methodology |
|---|---|
| Auxiliary Fund operations. | Reviewed selected contracts to determine vendor compliance with, and monitoring of, contractual terms regarding commissions, capital improvements, and insurance. |
| Procedures for fee waivers. | Selected a sample of fee waivers and examined supporting documentation to determine whether the fee waivers were properly authorized, recorded, documented, and within limits established by rules. |
| Procedures for salary payments. | Selected a sample of current employees and examined supporting documentation to determine that payments were properly authorized, recorded, and documented in accordance with College policies and procedures. |
| Procedures for new hires. | Selected a sample of new hires and determined that the employee had the necessary qualifications, degrees, and experience for the position. Verified that fingerprinting and background checks were performed on employees filling positions of special trust or sensitive nature. |
| Procedures for terminal pay of employees. | Selected a sample of former employees and determined whether the College properly calculated terminal pay in accordance with College policies and procedures. |
| Procedures for overtime payments. | Selected a sample of overtime payments and determined that payments were properly authorized, recorded, and documented in accordance with College policies and procedures. |
| Procedures for purchases, expenses, disbursements, and transfers. | Selected a sample of purchases to determine that the expense was properly approved and recorded. Verified that the expense was paid in accordance with laws and administrative rules applicable to the source of funds and that it served an authorized and necessary purpose of the College. |
| Procedures for competitive procurement compliance. | Selected a sample of significant dollar purchases and examined supporting documentation evidencing compliance with bid requirements and determined whether purchases were split to bypass bid requirements. |
| Procedures for purchasing card/credit card program. | Selected a sample of purchasing cards/credit cards assigned to current employees and determined that the cards were properly issued. Selected a sample of former employees and determined that lost or stolen cards were properly handled. |
| Procedures for vehicle usage records. | Selected a sample of passenger-type vehicles owned by the College and determined if vehicle logs were properly maintained and reviewed. |

EXHIBIT A (Continued)
AUDIT SCOPE AND METHODOLOGY

| Scope (Topic) | Methodology |
|---|---|
| Procedures for monitoring vehicle fuel usage. | Selected a sample of vehicles and related fuel management reports to determine if the reports were accurate, reviewed by supervisory personnel, and if the vehicle's miles per gallon reported appeared reasonable. |
| Procedures for driver's license verification. | Selected a sample of employees whose job descriptions required them to operate a College vehicle and determined that the College had procedures in place to verify that drivers possessed valid driver's licenses. |
| Procedures for contractual agreements. | Selected a sample of payments of contractual services and examined supporting documentation to determine that the payments were properly documented, classified, and made in accordance with contractual terms. |
| Procedures for administering minor capital construction projects. | Selected a sample of projects and verified that the work was supported by approved contracts and the payments were supported by invoices that agreed to the contract terms. Verified that purchase orders were dated prior to the invoice date and that adequate support was on file to evidence completion of services prior to payment. |
| Student Activity and Service Fees assessed. | Verified that activity and service fees did not exceed 10 percent of the total tuition fee. Selected a sample of expenditures to determine that the fees were subsequently expended timely, for lawful purposes, and for expenditures that benefited the student body in general. |
| Procedures for administering financial aid fees. | Determined that the financial aid fees collected were awarded in accordance with Section 1009.23(8)(c), Florida Statutes. Verified the timeliness of financial aid fee collections and subsequent disbursements; that the unexpended amount of carry-forward funds was not greater than 40 percent of the fees collected; and that undistributed financial aid fees were properly invested and safeguarded against use for unauthorized purposes. |
| Procedures for administering capital improvement fees. | Verified that capital improvement fees were paid into a separate account and expended for construction, maintenance, and improvement or enhancement of the educational facilities of the College. |
| Procedures for non-Federal grants and appropriations. | Selected a sample of expenditures and examined supporting documentation to determine compliance with grant/contract requirements and that expenditures were properly recorded and coded in the accounting system. |
| Annual safety inspections. | Determined that the College complied with the building, life safety, fire safety, and sanitation standards prescribed by Section 1013.12, Florida Statutes. Reviewed inspection reports to determine the accuracy of the deficiencies noted and whether they had been timely corrected. |

**EXHIBIT A (Continued)
AUDIT SCOPE AND METHODOLOGY**

| Scope (Topic) | Methodology |
|---|--|
| Procedures for earmarked capital project resources. | Selected a sample of payments made from the Unexpended Plant Funds and examined supporting documentation to determine compliance with restrictions imposed on the use of the resources provided for capital outlay. |
| Procedures for administering capital outlay compliance. | Determined that the College provided for an educational plant survey within the past five years in accordance with Section 1013.31(1), Florida Statutes, and that amounts reported to the Florida Department of Education (Form OEF 442) for various PECO allocations agreed with the College's accounting records. Also, verified that the President certified Form OEF 352 regarding PECO funds compliance with applicable laws. |
| Procedures for insuring Architects and Engineers. | Verified that the Board adopted a policy establishing minimum insurance requirements for design professionals, such as architects or engineers, and requiring that such contractors provide for required insurance. Selected a sample of significant or representative major construction projects to determine whether architects and engineers engaged during the audit period were properly selected and, where applicable, had evidence of required insurance. |
| Direct purchase of construction materials. | Selected major construction projects that were in progress or completed during the audit period to determine whether the College took advantage of any tax savings available through the direct purchase of construction materials. |
| Procedures for monitoring cellular telephone usage and compliance with related Internal Revenue Service reporting requirements. | Determined that the College either provided for compliance with Internal Revenue Service 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. |
| Adult general education enrollment program 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 Florida Department of Education requirements. |

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**EXHIBIT B
MANAGEMENT'S RESPONSE**



Eduardo J. Padrón
College President
(305) 237-3404 : FAX: (305) 237-3109
email: eduardo.padron@mdc.edu

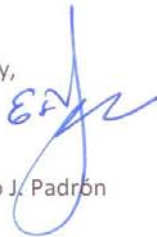
February 20, 2009

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

Dear Mr. Martin:

Please find the attached College response to the Preliminary and Tentative Findings for the Miami Dade College Operational Audit for the Fiscal Year Ended June 30, 2008. Should you have any questions please contact Mr. E.H. Levering at (305) 237-2389.

Sincerely,



Eduardo J. Padrón

Miami Dade College
RESPONSE TO PRELIMINARY AND TENTATIVE FINDINGS
2007-08 Operational and Information Technology Audit

Finding #1 – Annual Safety Inspection

College did not timely correct deficiencies considered critical to life safety as cited in annual inspection reports. Additionally, the annual inspection reports, from which corrective actions are based, were not accurate.

AG Recommendation

The College should continue its efforts to provide for and document the timely correction of critical deficiencies disclosed by annual safety inspections and enhance procedures to ensure that inspection reports are accurate.

College Response

This issue was addressed in the College's response to similar findings in reports No. 2005-034 and 2007-151, as follows: "Despite over \$100 million of documented un-funded deferred maintenance College-wide, the College exerts its best efforts to prioritize safety related deficiencies and will review the auditors' findings for potential changes in prioritization of available funds application".

The College is the only College or University in the State that performs its own State Requirements for Educational Facilities ("SREF") reporting, and does a far more thorough review than most private contractors as a result. These reports detail well over 1,000 pages of safety and other maintenance related issues. The items outlined in the SREF report are now estimated to contain over \$200 million in deferred maintenance and the College does its best to prioritize the repair/replacement of the most significant of these items annually. Given that state funding for these efforts has never comprised more than \$3 million annually, there will always be areas of need that cannot be met, but the College exerts its best efforts to prioritize the most serious areas of need.

The College also wishes to clarify that the 11 deficiencies noted in the report and subsequently corrected prior to the auditor's review will indeed be removed from succeeding reports and appreciates the auditor's recognition of the progress that is being made.

Finding #2 – Purchasing Practices

Improvements could be made in the competitive procurement process.

AG Recommendation

The College should ensure that contract renewals follow the terms and conditions of the original bid or contract and, whenever practical, there should be documentation supporting the College's decision for such renewals, e.g. price and service comparisons with other vendors offering similar goods and services.

College Response

The College's decision whether to renew or re-bid the contract for landscape and ground maintenance services was based on price and service comparisons detailed in the original bid documentation and consideration of the costs associated with issuing a new bid. The College is confident that the decision to renew the contract was financially sound and in the best interest of the College.

Finding #3 – Contractual Agreements

Payments to vendors were not always pursuant to written contractual agreements.

AG Recommendation

The College should enhance procedures to ensure that written agreements or detailed purchase orders clearly describe the basis of compensation and the nature and timing of deliverables.

College Response

Responses to each subset of this finding follow:

1. Printing and distribution services - The purchase order provided for printed inserts of information and class schedules in the local newspaper for distribution at various times during the academic year. Pursuant to this open account, the vendor provided standards rates and publication dates, which were used by the requesting department to verify the accuracy of detailed invoices provided for payment. While the College disagrees with the assertion that limited assurance is afforded by the typical practices of this industry, it will investigate the availability of written agreements that might address the issues raised in the finding.
2. Television advertising services – As similarly stated above, promotional opportunities in this medium were addressed by the College based on standard rates and available time periods provided by the vendor, and were used by the requesting department to verify the accuracy of detailed invoices provided for payment. While the College disagrees with the assertion that limited assurance is afforded by the typical practices of this industry, it will investigate the availability of written agreements that might address the issues raised in the finding.
3. Legal services - The College agrees with the recommendation and will take the actions required to address the issues raised in the finding.

Finding #4 – Pre-School Labs Collections

Controls over the collections at the College's Pre-School Labs needed improvement.

AG Recommendation

The College should ensure that transfer documents are used and periodic reconciliations of deposits to accounting records are conducted.

College Response

The College agrees with the recommendation and will take the actions required to address the issues raised in the finding.

Finding #5 – Policies for Reporting Fraud

The College does not have written comprehensive fraud policies approved by the Board.

AG Recommendation:

The College should develop comprehensive fraud policies for the detection, prevention, and reporting of fraud. These policies should be submitted to the Board for their approval.

College Response:

Fraud is addressed in numerous College procedures, which are not subject to Board approval, but while the College concurs that it does not have a policy dedicated to fraud, though there is no requirement in statute or rule requiring a dedicated fraud policy.

The College will continue to emphasize education and a strong control environment as the primary deterrent to fraud and/or theft, will evaluate the benefits and risks associated with the implementation of a policy and/or procedure specifically dedicated to fraud and will take actions necessary to address any shortcomings in the existing procedures that are identified from this evaluation.

Finding #6 – Information Technology - Planning

The College completed the first phase of developing a Strategic Technology Plan, but the Plan still needed further exposure to College IT stakeholders and formal approval by the College President.

AG Recommendation:

The College should continue its efforts to complete the Strategic Technology Plan for the future, ensuring the involvement of IT stakeholders in the further development of the Plan. The Plan should also be formally approved by the President.

College Response:

The 2008-13 Strategic Technology Plan was developed by senior staff in the College, inclusive of both IT and non-IT stakeholders and the College President. As a living document, the existing Strategic Technology Plan specifically states that it will continue to grow and be shared with broader group of stakeholders in the future, as is noted in the finding. While we understand the recommendation for formal approval by the College President, that is inconsistent with present College policy and procedure for similar documents, so some form of tacit or informal approval will be documented in the future.

Finding #7 – Information Technology – Change Management Process

The College's information technology change management procedures were not current.

AG Recommendation:

The College should take steps to ensure that its change management procedures are current.

College Response:

The College has discussed and forwarded proposed, non-substantive changes to College procedure 7951 to the Auditor General's office and will have the changes formally approved and posted as soon as is practical.

Finding #8 – Information Technology – Instant Messaging

The College had not finalized its procedure for the use of instant messaging.

AG Recommendation:

The College should finalize and implement a procedure governing the use of instant messaging to reduce the College's vulnerability to viruses that may enter the College's network through the software.

College Response:

While the College does not have a procedure specific to the installation and use of Instant Messaging, the College's current procedure 7900 addresses user installed software. Pursuant with the recommendation and response to Finding #21 of Audit report No. 2007-151, the College has reviewed the language of procedure 7900 and believes that procedure sufficiently addresses risks such as instant messaging. Further, the College believes implementation of a unique procedure specifically addressing each and every form of user installed software would be contrary to industry best-practices and would serve to provide users with exceptions to the procedures, thus increasing vulnerability in the process.

Finding #9 – Information Technology – Revocation of Access Privileges

For several former employees, the College did not remove computer access privileges promptly, contrary to its procedures.

AG Recommendation:

The College should remove access of former employees promptly, as required by its procedure.

College Response:

The College agrees with the recommendation and has implemented additional compensating controls to ensure compliance with College policy and procedure.

Finding #10 – Information Technology – Job Scheduling

College programmers were responsible for modifying program code and scheduling financial aid jobs, resulting in an inadequate separation of duties.

AG Recommendation:

The College should take the steps necessary to separate financial aid job scheduling duties from the programming function. This may involve placing the jobs in the automated scheduler and providing end users with the estimated run time for each job so that the end users can make the decision as to which jobs should run on a given night and enter the parameters.

College Response:

The College is currently in the process of replacing the Financial Aid system and the substantial modifications required to address this finding in the legacy system would be prohibitively expensive and delay the implementation of the new system. The College has addressed the existing risk in the legacy system with compensating controls and will ensure sufficient separation of duties in the job scheduling processes of the new system.

