

LAKE CITY COMMUNITY COLLEGE

Operational Audit

For the Fiscal Year Ended
June 30, 2009



BOARD MEMBERS AND PRESIDENT

Members of the Board of Trustees and President who served during the 2008-09 fiscal year are listed below:

	<u>County</u>
Suzanne M. Norris, Chair	Columbia
Robert C. Brannan, III, Vice Chair	Baker
Donald R. Kennedy	Columbia
Kathryn L. McInnis	Dixie
Dr. Athena R. Randolph	Columbia
Julia M. Richardson	Baker
Thomas M. Riherd, II	Union
Dr. James Surrency	Gilchrist
Harriet Wall	Dixie

Dr. Charles W. Hall, President

The audit team leader was Robert E. Taylor, CPA, and the audit was supervised by Cathy L. Bandy, CPA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at jmstultz@aud.state.fl.us or by telephone at (850) 922-2263.

This report and other 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.

LAKE CITY COMMUNITY COLLEGE

SUMMARY

Our operational audit for the fiscal year ended June 30, 2009, disclosed the following:

Finding No. 1: The College did not accurately report enrollment for adult general education programs in accordance with instructions from the Florida Department of Education.

BACKGROUND

Lake City Community College (College) is under the general direction and control of the Florida Department of Education, Division of Florida Colleges, and is governed by State law and State Board of Education rules. A board of trustees (Board) 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 College has its main campus in Lake City, Florida, and a center in Baker County. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Baker, Columbia, Dixie, Gilchrist, and Union Counties. The College reported enrollment of 2,112 full-time equivalent students for the 2008-09 fiscal year.

The results of our financial audit of the College for the fiscal year ended June 30, 2009, 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, 2009, will be presented in a separate report.

FINDING AND RECOMMENDATION

Finding No. 1: Adult General Education

Section 1004.02(3), Florida Statutes, defines adult general education, in part, as comprehensive instructional programs designed to improve the employability of the State’s workforce. Chapter 2008-152, Laws of Florida, requires that each college report enrollment for adult general education programs in accordance with Florida Department of Education (FDOE) instructional hours reporting procedures. Procedures provided by the FDOE stated that instructional contact hours are those scheduled hours that occur between the date of enrollment in a class and the withdrawal date or end-of-class date, whichever is sooner. Additionally, there is a minimum enrollment threshold of 12 hours of attendance that must be met before a student can be counted for funding purposes.

Our review disclosed that 25 students were enrolled in the College’s adult general education programs for the Fall 2008 term. During our review of enrollment information for these students, we noted the following:

- The College reported enrollment information to the FDOE for 12 of these students; however, no instructional or contact hours were reported for these students. The College should have reported hours for 10 of these students. The other two students should not have been reported as enrolled because they did not qualify based on the minimum enrollment threshold requirement.
➤ For the 13 remaining students who were enrolled but not reported, enrollment information and hours should have been reported for two of the students because they had completed the 12 hour minimum enrollment requirement.

As a result of these errors, the College had under reported adult general education hours for 12 students by approximately 280 hours to the FDOE. Since future funding may be based, in part, on enrollment data submitted to the FDOE, it is important that the College submit accurate data.

Recommendation: The College should enhance its controls to ensure the accuracy of reporting instructional contact hours for students enrolled in adult general education classes in accordance with instructions from the Florida Department of Education (FDOE). The College should also contact the FDOE to determine the corrective actions needed to report class hours for the 12 students noted above.

PRIOR AUDIT FOLLOW-UP

The College had taken corrective actions for findings included in our report No. 2008-062.

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. 2008-062. 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 2008-09 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 related to the College's information technology (IT) security awareness and training program.
Procedures to timely prohibit former employees' access to electronic data files.	Tested employees who terminated employment during the audit period and examined supporting documentation evidencing when the College terminated access privileges.
Fraud policy and related procedures.	Examined written policies, procedures, and supporting documentation related 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.
Student activity and service fees assessed.	Compared the activity and service fee to verify that this fee did not exceed 10 percent of the total tuition fee.
Procedures for calculating user and laboratory fees.	Requested copy of College procedures to determine if the policy was approved by the Board of Trustees. Tested user and laboratory fees and examined supporting documentation to determine whether the College properly calculated these fees.
Adult general education program enrollment reporting.	Tested all students enrolled in the adult education programs during the Fall 2008 term 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 their social security numbers.
Travel to a terrorist state.	Examined College's general ledger for travel expenditures and made inquiry of key personnel to determine if funds were used for travel to a terrorist state.
Annual safety inspection report.	Examined the annual safety inspection report to determine whether the College complied with building, life safety, fire safety, and sanitation standards prescribed by Section 1013.12, Florida Statutes.
Purchasing card procurement policies and procedures.	Tested transactions to determine whether the purchasing card program was administered in accordance with College policies and procedures.
Procedures for insuring architects and engineers.	Tested major construction projects in progress during the audit period to determine whether architects and engineers engaged during the audit period, had evidence of required insurance.
Textbook affordability.	Examined College policies and procedures for implementing Section 1004.085, Florida Statutes, and reviewed College website for list of textbooks required for the upcoming term.

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

Scope (Topic)	Methodology
Energy performance contracts.	Examined College construction contracts and interviewed key personnel to determine whether the College entered into any new energy savings contracts.
Capital improvement fee	Examined Board approved capital outlay budget to determine whether the budget identified specific projects to be funded with the fee.
Controls over grade changes and issuance of diplomas.	Tested students issued a diploma and examined supporting documentation to determine whether the recipients of diplomas met the grade point average and credit hours required for graduation, and had a transcript on file indicating the receipt of a diploma.
Sales tax exemption for direct purchase.	Reviewed two significant construction projects to determine whether the College made use of its sales tax exemption by making direct purchases of materials.

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EXHIBIT B
MANAGEMENT'S RESPONSE



From the Office of the President

September 23, 2009

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

Dear Mr. Martin:

Transmitted herewith is a written statement of explanation concerning the preliminary and tentative findings of the operational audit of the Lake City Community College, for the fiscal year ended June 30, 2009.

Corrective action has been implemented.

Should you have any questions about the response, please feel free to contact our office.

Sincerely,

Charles W. Hall, Ed.D.
President

/bc

Enclosure

**District Board of Trustees
Lake City Community College
Operational Audit
For the Fiscal Year Ended June 30, 2009**

**Responses to Preliminary and
Tentative Audit Findings
September 24, 2009**

Finding No. 1. Adult General Education

The College did not accurately report enrollment for adult general education programs in accordance with instructions from the Florida Department of Education.

Response:

The College has implemented procedures to track student hours and provide a methodology for a check and balance of its submission. This information will be subsequently reported in the College's student database.

