

PENSACOLA JUNIOR COLLEGE

Operational Audit

For the Fiscal Year Ended
June 30, 2009



BOARD OF TRUSTEES AND PRESIDENT

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

	<u>County</u>
John L. O'Connor, Vice Chair to 2-16-09, Chair from 2-17-09	Santa Rosa
Edward Moore, Jr., Vice Chair from 2-17-09	Escambia
Vincent R. Andry to 1-16-09 (2)	Santa Rosa
Carol H. Carlan	Escambia
Monsignor Luke Hunt	Santa Rosa
Margie T. Moore	Escambia
Celeste Norris to 7-01-08 (1)	Santa Rosa
Paul R. Snider from 8-15-08 (1)	Santa Rosa
Dona W. Usry	Escambia
Deidre L. Young	Escambia

Dr. Charles E. Meadows, President

Notes: (1) Position vacant from July 2, 2008, to August 14, 2008.

(2) Position vacant from January 17, 2009.

The audit team leader was Joan E. Valle, CPA, and the audit was supervised by James W. Kiedinger, 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 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.

PENSACOLA JUNIOR COLLEGE

SUMMARY

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

Finding No. 1: The College did not always provide the required written notification to individuals when their social security numbers were requested, contrary to Section 119.071(5)(a), Florida Statutes.

Finding No. 2: The College’s security controls needed improvement in the area of user authentication.

BACKGROUND

Pensacola Junior College (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 (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 campuses in Pensacola, Milton, and Warrington, Florida. Additionally, credit and noncredit classes are offered in public schools and other locations throughout Escambia and Santa Rosa Counties. The College reported enrollment of 7,934 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.

FINDINGS AND RECOMMENDATIONS

Finding No. 1: Social Security Numbers

The Legislature has acknowledged in Section 119.071(5)(a), Florida Statutes, the necessity of collecting social security numbers (SSNs) for certain purposes because of their acceptance over time as a unique numeric identifier for identity verification and other legitimate purposes. The Legislature has also recognized that SSNs can be used to acquire sensitive personal information, the release of which could result in fraud against individuals or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining such information to ensure its confidential status.

Section 119.071(5)(a), Florida Statutes, provides that an agency may not collect an individual’s SSN unless the agency has stated in writing the purpose for its collection and unless it is specifically authorized by law to do so or imperative for the performance of the agency’s duties and responsibilities as prescribed by law. Additionally this Section requires that an agency collecting an individual’s SSN provide that individual with a copy of the written statement indicating the purpose for collecting the number. Further, this Section provides that SSNs collected by an agency are not to be used for any purpose other than the purpose provided in the written statement. This Section also requires that each agency review whether its collection of SSNs is in compliance with the above requirements and immediately discontinue the collection of SSNs for purposes that are not in compliance.

The College has developed procedures to provide written notification to employees, students, and vendors at the time their SSNs are collected. However, our test disclosed that the College did not always provide the required written notification to those individuals. For example, for certain online forms that required students, employees, and certain vendors to provide their SSNs, the College did not provide the required written statement indicating the purpose for collecting the number, contrary to the above-cited law. Subsequent to our initial inquiry, the College listed general information regarding the collection of SSNs on its website for students, employees, and vendors to read. However, not all of these online forms were electronically linked to the required written statement and, as a result; the College could not be assured that the individuals were provided the required written notification.

Recommendation: The College should continue its efforts to provide timely notification to employees, students, and vendors when SSNs are collected.

Finding No. 2: Information Technology – Security Program

Security controls are intended to protect the confidentiality, integrity, and availability of data and information technology (IT) resources. Our audit disclosed certain College security controls related to user authentication that needed improvement. We are not disclosing the specific details of the issues in this report to avoid the possibility of compromising the College's data and IT resources. However, we have notified appropriate College management of the specific issues. Without adequate security controls, the confidentiality, integrity, and availability of data and IT resources may be compromised, increasing the risk that College data and IT resources may be subject to improper disclosure, modification, or destruction.

Recommendation: The College should improve security controls to help ensure the continued confidentiality, integrity, and availability of College data and IT resources.

PRIOR AUDIT FOLLOW-UP

The College had taken corrective actions for findings included in our report No. 2008-061.

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. 2008-061. 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.

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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 information technology (IT) security awareness and training program.
Procedures to timely prohibit terminated 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.
Information Technology (IT) policies and procedures.	Inspected the College's written IT policies and procedures to determine whether they addressed certain important IT control functions.
Fraud policy and related procedures.	Examined written policies, procedures, and supporting documentation relating to the College's fraud policy and related procedures.
Business practices, conflict of interest and code of ethics policies, and related procedures.	Examined written policies, procedures, and supporting documentation relating to the College's policies for business practices, conflict of interest, code of ethics, 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.
Location of Board meetings.	Examined Board meeting minutes to determine if Board meetings or retreats were held at a location other than a College campus and, if so, to determine (1) if there was a reasonable basis for doing so, and (2) if the meeting or retreat location involved travel to a terrorist state.
Policies and procedures to assess risk in the absence of an internal auditor and formal audit committee.	Examined supporting documentation to determine whether policies and procedures used to assess risk are adequate given that the College does not have a formal audit committee or employ an internal auditor.
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.
Student accounts receivable.	Reviewed procedures for aging uncollected student accounts to determine the reasonableness of student receivable write-offs.
Cash collection procedures at 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.

EXHIBIT A (Continued)
AUDIT SCOPE AND METHODOLOGY

Scope (Topic)	Methodology
Background checks for personnel in a position of special trust or had direct contact with children.	Tested College personnel who had direct contact with children or worked in an area requiring special trust to determine whether the College had obtained background checks.
Faculty Office Hours.	Tested faculty members to determine if faculty were available during assigned office hours.
Purchases from employees.	Performed various analyses of expenses to determine if the College purchased goods and services from businesses owned by College employees.
Purchasing card transactions.	Tested transactions to determine whether the purchasing card program was administered in accordance with College policies and procedures.
Use of college vehicles.	Tested vehicle logs to determine if the use of College vehicles by employees is adequately recorded and monitored.
Student activity and service fees budget.	Examined the budget and related procedures for student activity and service fees to determine if procedures for student participation in the development and amendment of the budget were adequate and if the budget was properly approved by the President.
Procedures for insuring architects.	Examined major construction projects in progress during the audit period to determine whether architects engaged during the audit period had evidence of insurance.
Annual safety inspection reports.	Examined annual safety inspection reports to determine whether the College complied with the building life safety, fire safety, and sanitation standards prescribed by Section 1013.12, Florida Statutes.
Energy performance-based project.	Examined supporting documentation to determine (1) if certain provisions of the contract for the energy performance-based project were in compliance with Section 1013.23, Florida Statutes, and (2) if the College was adequately monitoring the energy cost savings.
Textbook affordability.	Inspected College's policies and procedures relating to textbook affordability to determine compliance with Section 1004.85, Florida Statutes. Examined College's website to determine if the College posted a listing of textbooks for each course offered at the institution during the upcoming term.
Adult general education program enrollment reporting.	Tested adult general education students and examined supporting documentation to determine whether the College reported instructional and contact hours in accordance with FDOE requirements.

EXHIBIT A (Continued)
AUDIT SCOPE AND METHODOLOGY

Scope (Topic)	Methodology
Student grade changes.	Examined the College's procedures relating to student grade changes to determine whether the changes were supported by instructor records, were reviewed for accuracy, and had appropriate levels of approval.
College controls over blank transcript and diploma paper.	Examined the College's procedures relating to safeguarding blank transcript and diploma paper to determine whether the procedures were adequate to prevent unauthorized use. Performed analytical procedures to determine that diplomas were issued to eligible students.

**EXHIBIT B
MANAGEMENT'S RESPONSE**



PENSACOLA JUNIOR COLLEGE

Office of the President • Pensacola Campus
850-484-1700 • Suncom: 681-1700 • Fax: 850-484-1840

September 29, 2009

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

Dear Mr. Martin:

In response to your letter of September 3, 2009 containing the "Preliminary and Tentative Audit Findings," I offer the following:

Finding #1. Social Security Numbers

The College fully understands and respects the sensitive nature of personal identification. We will continue to refine the procedures adopted by the College to ensure that written notification as to the purpose for collecting the SSN is provided to employees, students, and vendors at the time their SSNs are collected.

Finding #2. Information Technology – Security Program

The College has improved its security controls as noted in the finding.

Please accept my sincere appreciation for another positive audit process.

Sincerely,

A handwritten signature in black ink, appearing to read 'Edward Meadows'.

Edward Meadows
President

psc