Florida Gulf Coast University Board of Trustees  
June 17, 2014

SUBJECT: State of Florida Compliance and Internal Control over Financial Reporting and Federal Awards Audit

PROPOSED BOARD ACTION

Information Only

BACKGROUND INFORMATION

As a condition of receiving Federal funds, the U.S. Office of Management and Budget (OMB) requires, as described in OMB Circular A-133, an audit of the State of Florida’s financial statements and major Federal Awards programs. Pursuant to Section 11.45, Florida Statutes, the Auditor General conducted the audit of the basic financial statements of the State of Florida including compliance with governing requirements for the Federal awards program for the fiscal year ended June 30, 2013.

Compliance requirements for Federal Awards programs established in the OMB Circular A-133 compliance requirements include: activities allowed or unallowed, cash management, allowable cost/cost principles, eligibility, matching, level of effort, earmarking, period of availability of federal funds, procurement and suspension and debarment, reporting, and recipient monitoring.


Prepared by: Vice President for Administrative Services and Finance Steve Magiera

Legal Review by: N/A

Submitted by: Vice President for Administrative Services and Finance Steve Magiera
Certain access controls protecting the institution’s information technology (IT) resources needed improvement.

Effective access controls over IT resources provide safeguards to assist in the prevention or detection of errors or misappropriations. Effective access controls provide employees access to IT resources based on an employee’s demonstrated need to view, change, or delete data and restrict employees from performing incompatible functions or functions outside of their area of responsibility. Periodic reviews of IT access privileges are necessary to ensure that employees can only access IT resources that are necessary to perform their assigned job responsibilities and that the assigned access privileges enforce an appropriate separation of incompatible responsibilities.

Our audit testing of selected access privileges to the financial aid system disclosed certain institution employees had access privileges that were inappropriate and unnecessary, and that permitted the employees to perform incompatible functions.

The institution may not have properly separated access responsibilities and, as a result, inappropriate or unnecessary user access may have been granted.

While our tests did not disclose any instances of errors or fraud, inappropriate or unnecessary access privileges increase the risk of unauthorized disclosure, modification, or destruction of institution data and IT resources.

The institution should ensure that assigned access privileges significant to determining eligibility for awarding and disbursing student financial aid enforce an appropriate separation of incompatible duties and restrict employees to only those functions necessary for their assigned job responsibilities.

Corrective actions were taken immediately to remove access for those employees noted, and to further separate duties and limit access controls for the processing and awarding of Federal financial aid. A complete review of employee access is currently in process. Appropriate enhancements are being implemented to strengthen the periodic reviews of access controls and the procedures involved, as well as incorporate the recommendations cited during the audit.
<table>
<thead>
<tr>
<th><strong>University of West Florida (UWF)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Estimated Corrective Action Date</strong></td>
</tr>
<tr>
<td>Corrective actions are being taken in the Banner system and will be implemented with the go-live of Banner Financial Aid for Fall Term 2014. Thus, final completion of these processes will occur by September 2014.</td>
</tr>
<tr>
<td><strong>UWF Contact and Telephone Number</strong></td>
</tr>
<tr>
<td>Michael Dieckmann, CIO</td>
</tr>
<tr>
<td>(850) 474-2558</td>
</tr>
<tr>
<td><strong>Brevard Community College (BCC)</strong></td>
</tr>
<tr>
<td><strong>Estimated Corrective Action Date</strong></td>
</tr>
<tr>
<td>December 31, 2013</td>
</tr>
<tr>
<td><strong>BCC Contact and Telephone Number</strong></td>
</tr>
<tr>
<td>Indira Dzadovsky, Director, Collegewide Financial Aid/Veterans Affairs</td>
</tr>
<tr>
<td>(321) 433-5687</td>
</tr>
<tr>
<td><strong>Gulf Coast State College (GCSC)</strong></td>
</tr>
<tr>
<td><strong>Estimated Corrective Action Date</strong></td>
</tr>
<tr>
<td>June 30, 2013</td>
</tr>
<tr>
<td><strong>GCSC Contact and Telephone Number</strong></td>
</tr>
<tr>
<td>Rhonda Barker, Chief Information Officer</td>
</tr>
<tr>
<td>(850) 872-3857</td>
</tr>
<tr>
<td><strong>Indian River State College (IRSC)</strong></td>
</tr>
<tr>
<td><strong>IRSC Response and Corrective Action Plan</strong></td>
</tr>
<tr>
<td>More restrictive access controls protecting the Institution's information technology (IT) resources were implemented immediately upon notification of this recommendation. Specifically, this access control was enhanced in September 2013. In addition, procedures were implemented to strengthen appropriate separation of responsibilities, and to ensure periodic review of IT access privileges by an Administrator with read-only access. The College is not disclosing specific details of the corrective action taken which is consistent with the Auditor General's approach so as to avoid the possibility of compromising the Institution's information. It should be noted that while these access control changes are beneficial in enhancing security, there was no finding of misappropriated or misallocated funds.</td>
</tr>
<tr>
<td>Estimated Corrective Action Date</td>
</tr>
<tr>
<td>---------------------------------</td>
</tr>
<tr>
<td>September 25, 2013</td>
</tr>
</tbody>
</table>
The College is reviewing all security assignments and eliminating the use of Banner default (BAN_*) security roles. The College will implement a new security request/review system which will include specific security assignments for major security areas. All security assignments will be reviewed by Vice Presidents and area supervisors.

The College will continue to review and implement separation of duties and/or compensating controls to assist in the prevention and detection of errors or misappropriations.

**Estimated Corrective Action Date**
6/30/14

**SJRSC Contact and Telephone Number**
Mike Hawkins, CIO
(386) 312-4134

**St. Petersburg College (SPC)**

SPC Response and Corrective Action Plan
SPC has ensured that the current access privileges are enforcing an appropriate separation of incompatible duties. Employee roles have been reviewed and are now restricted to only those functions necessary for their assigned job responsibilities. The College will conduct an annual review of access privileges for employees. In addition, privileges will be reviewed for newly hired employees or those that may change positions within the College.

**Estimated Corrective Action Date**
12/04/2013

**SPC Contact and Telephone Number**
Theresa K Furnas
(727) 341-3329

**Valencia College (VC)**

VC Response and Corrective Action Plan
Valencia has reviewed procedures and identified practices to improve access controls while also remaining responsive to student needs for timely processing of financial aid to support student enrollment cycles.

**Estimated Corrective Action Date**
Valencia made a number of access changes immediately as part of the review process. By June 1, 2014, procedures will be modified and reports created to check processes on a regular basis.

**VC Contact and Telephone Number**
Dr. Joyce Romano, Vice President for Student Affairs
(407) 582-3402
U.S. Department of Education

Finding Number 2013-060
CFDA Number Various
Program Title Student Financial Assistance (SFA) Cluster
Compliance Requirement Allowable Costs/Cost Principles and Eligibility
State Educational Agency Various
Finding Type Significant Deficiency

Finding
Certain information technology (IT) monitoring controls protecting the institution’s IT resources needed improvement. We are not disclosing specific details of the deficiencies to avoid the possibility of compromising institution student financial aid system information. However, we have notified appropriate institution personnel of the deficiencies.

Criteria
IT Industry Standards: General Controls
United States Government Accountability Office’s Federal Information System Controls Audit Manual:

DA-1.2 Detective controls are implemented in a manner that effectively supports requirements to identify and react to specific system or user activity within the data management system and its related components.

Condition
Discussed with appropriate institution personnel.

Cause
Discussed with appropriate institution personnel.

Effect
Without adequate monitoring of the student financial aid system activity, there is an increased risk that inappropriate or unauthorized changes, should they occur, may not be detected in a timely manner.

Recommendation
The institution should improve its IT monitoring controls related to student financial aid system activity to ensure the continued confidentiality, integrity, and availability of institution data and IT resources.

Florida Gulf Coast University (FGCU)

FGCU Response and Corrective Action Plan
Corrective actions were taken immediately to enhance independent IT monitoring controls of student financial aid system activity. The actions included a more extensive review process of changes to student award records and review of student-supplied documentation.

Estimated Corrective Action Date
Corrective actions on items cited during the audit are complete.

FGCU Contact and Telephone Number
Linda Bacheler  
Assistant Vice President Administrative Services & Controller 
(239) 590-1212

University of West Florida (UWF)

UWF Response and Corrective Action Plan
The University has plans in place to address these issues in our new Ellucian Banner financial aid system. Documentation of these processes and procedures is considered confidential, but is available for your review upon request. Due to the cost and effort involved, and the limited remaining lifespan of our legacy CICS system, we do not plan to address these issues in CICS.

Estimated Corrective Action Date
Corrective actions are being taken in the Banner system and will be implemented with the go-live of Banner Financial Aid for Fall Term 2014. Thus, final completion of these processes will occur by September 2014.
### UWF Contact and Telephone Number
Michael Dieckmann, CIO  
(850) 474-2558

**Brevard Community College (BCC)**

**BCC Response and Corrective Action Plan**
The College has developed and implemented procedures to monitor student financial aid activity related to this condition. These procedures will identify the specific activity related to this condition and verify that such activity is appropriate and authorized.

**Estimated Corrective Action Date**  
February 28, 2014

**BCC Contact and Telephone Number**
Indira Dzadovsky, Director, Collegewide Financial Aid/Veterans Affairs  
(321) 433-5687

### GCSC Response and Corrective Action Plan
The IT staff has made the changes as recommended by the Auditor General's staff and is continuing review of current practices, procedures, policies to ensure the greatest protection of confidential information and college assets. Security controls have been updated to reflect industry best practice.

**Estimated Corrective Action Date**  
June 30, 2013

**GCSC Contact and Telephone Number**
Rhonda Barker, Chief Information Officer  
(850) 872-3857

### IRSC Response and Corrective Action Plan
Monitoring controls protecting the Institution's information technology (IT) resources were implemented immediately upon notification of this recommendation. The monitoring controls were enhanced in September, 2013. In addition, procedures were implemented to strengthen ongoing monitoring of system changes. The College is not disclosing specific details of the corrective action taken which is consistent with the Auditor General's approach so as to avoid the possibility of compromising the Institution's information. It should be noted that while these monitoring control changes are beneficial in enhancing security, there was no finding of misappropriated or misallocated funds.

**Estimated Corrective Action Date**  
September 25, 2013

**IRSC Contact and Telephone Number**
Sheryl S. Vittitoe, Vice President of Financial Services, Chief Financial Officer  
(772) 462-7220

### MDC Response and Corrective Action Plan
The College will review its monitoring controls regarding data edited in the Federal Central Processing System for potential deficiencies and will enhance those controls where necessary and appropriate.

**Estimated Corrective Action Date**  
June 30, 2014

**MDC Contact and Telephone Number**
E.H. Levering, Senior Vice Provost & Chief Financial Officer  
(305) 237-2389

### NWFSC Response and Corrective Action Plan
We have established a periodic review process to be conducted by the Dean of Students to ensure effective access controls stay current within the Financial Aid Office.

**Estimated Corrective Action Date**  
January 2014
Palm Beach State College (PBSC)

PBSC Response and Corrective Action Plan
The College has reviewed and analyzed the findings of the Auditor General's Office and has put into place appropriate and adequate controls to protect the College and our students.

Estimated Corrective Action Date
This was implemented immediately.

Polk State College (Polk SC)

Polk SC Response and Corrective Action Plan
External controls have been developed as a means of monitoring employee activities. Electronic reports have been written and are being run and reviewed monthly by the Student Financial Services Quality Assurance and Compliance Coordinator.

Estimated Corrective Action Date
Corrected

State College of Florida, Manatee-Sarasota (SCF)

SCF Response and Corrective Action Plan
Staff have created a monthly report to verify exceptions in changes in overrides and, changes in SAP status and changes in dependency status. Reports are reviewed, changes are investigated, and changes are authorized by the Director of Financial Aid. As well, beginning September 1, 2013, the Vice President for Business and Administrative Services reviews and signs off on all exceptions.

Estimated Corrective Action Date
March 2014

St. Johns River State College (SJRSC)

SJRSC Response and Corrective Action Plan
The College is reviewing procedures for monitoring certain sensitive transactions. The process will be improved to provide sufficient review of noted transaction types and effectively identify problem entries.

Estimated Corrective Action Date
6/30/14

St. Petersburg College (SPC)

SPC Response and Corrective Action Plan
SPC will improve its IT monitoring controls by including activity report reviewers who have no update access in the student financial aid system to ensure the continued confidentiality, integrity, and availability of College data and IT resources.

Estimated Corrective Action Date
03/01/2014
Valencia College (VC)

Valencia has reviewed procedures and identified practices to improve monitoring controls while also remaining responsive to student needs for timely processing of financial aid to support student enrollment cycles.

Estimated Corrective Action Date

By June 1, 2014, procedures will be modified and reports created to monitor processes on a regular basis.

VC Contact and Telephone Number

Dr. Joyce Romano, Vice President for Student Affairs
(407) 582-3402