



Audit Plan Update Report

FY 2022 - 2023

District Board of Trustees Meeting

June 22, 2023

Prepared by
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Director, Compliance and Audit

FY 2022 – 2023 Audit Plan Status – As of June 22, 2023

AUDIT PLAN 2022 - 2023	Planning Stage	Opening Meeting	Fieldwork	Draft Audit Report	Exit Meeting	Final Audit Report	
Internal Control and Data Security (Department of Florida Highway Safety and Motor Vehicles)(Report #2022-101)	✓	✓	✓	✓	✓	✓	
Perkins Grant Operations (Report #2022-102)	✓	✓	✓	✓	✓	✓	
Valencia Foundation - Internal Controls Follow-Up Review (Report #2022-103)	✓	✓	✓	✓	✓	✓	
Financial Aid - Internal Controls (Report #2022-104)	✓	✓	✓	✓	✓	✓	
Continuing Education - Financial Internal Controls (Report #2022-105)	✓	✓	✓	✓	✓	✓	
HEERF - Institutional Funds (Financial Review) (Report #2022-106)	✓	✓	✓	✓	✓	✓	
Administration of the Florida Bright Futures Scholarship Program and Student Assistance Grant Programs - Operational Audit (FY 19 20 & FY 20-21) (Report #2023-026)	✓	✓	✓	✓	✓	✓	FLORIDA AUDITOR GENERAL'S OFFICE
Operational Audit (FY 21-22) (Report #2023-035)		✓		✓		✓	
Financial Audit (FYE 6/30/2022)(Report #2023-071)		✓		✓		✓	
State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards Audit (FY 21-22) (Report #2023-174)		✓		✓		✓	
Review of Foreign Influence (House Bill 7017) (Report #-2223DOE-007)		✓		✓		✓	OIG

Audit Updates provided during March 2, 2023 Board meeting:

- Internal Control and Data Security (Internal Audit Report #2022-101)
- Perkins Grant (Internal Audit Report #2022-102)
- Administration of the Florida Bright Futures Scholarship Program and Student Assistance Grant Programs – Operational Audit (Florida Auditor General’s Office Report #2023-026)
- Operational Audit (Florida Auditor General’s Office Report #2023-035)
- Financial Audit (Florida Auditor General’s Office Report #2023-071)

Valencia Foundation: Internal Controls Audit (Internal Audit Report #2022-103)

The Valencia College Foundation (Foundation) is a Florida corporation not for profit, incorporated under the provisions of chapter 617 Florida Statute and approved by the Department of State, recognized as a tax-exempt entity under Section 501(c)(3) of the Internal Revenue code, and a Florida College System institution direct-support organization as set forth in Section 1004.70, Florida Statute, organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to, or for the benefit of, Valencia College.

During the fiscal year ending March 31, 2022, the Foundation's net assets totaled more than \$112.9 million, including an endowment of more than \$89.9 million. The Foundation received more than \$3.8 million in external funding and pledges during the 2021-2022 fiscal year to support the mission and priorities of the College.

The objectives of the audit engagement were to:

- Determine policies and procedures are in place and operating as intended; and
- Assess the internal controls in the areas of:
 - Financial statements and reporting
 - Accounts payable and receivables
 - Cash management
 - Grant processes
 - Information technology general controls
 - Payroll process

We focused primarily on the operational, administrative, and financial control considerations from the Foundation Compensation and Internal Controls audit report (September 2021) and the Internal Control Assessment report (January 2022). Specifically, we reviewed and tested:

- Organizational structure and governance of the Foundation
- Bank and accounts payable transactions and reconciliations
- Credit card set-up, maintenance, and deactivation policies
- Monthly credit card reconciliations, monitoring and review of credit card purchases
- Credit card purchase transactions to ensure compliance with Foundation policies
- Appropriate segregation of duties and reconciliations for financial transactions
- Payroll processes are managed by the College
- Grants management procedures are in place and operating effectively
- Vendors are reviewed and managed periodically to ensure proper due diligence
- Financial systems and records are monitored and reconciled

One observation was noted regarding the credit cards process and timely removal of terminated employees. Overall, the internal controls for the Foundation provide reasonable assurance that risks are being managed and objectives were met. Audit also provided management with additional verbal internal control recommendations and best practices for consideration.

Financial Aid Internal Controls Audit (Internal Audit Report #2022-104)

Valencia College's (College) Financial Aid Services and Veterans' Affairs department is managed by the Assistant Vice President of Financial Aid Services and Veterans' Affairs, reporting into the Vice President of Student Affairs. The purpose of the Financial Aid office is to provide students and their parents information regarding federal, state, institutional and other sources of financial aid. The Financial Aid office serves as the administrator for these varied funds, which involves personnel in diverse activities such as consumer awareness and application services, program awarding, certification and eligibility monitoring, fund requests, reconciliation and reporting, and continuing with post-attendance services dealing with default prevention and management.

The Financial Aid office awarded \$75.4M in Federal Pell Grants to 20,319 students and \$23.5M in Federal, State, Private and Institutional scholarships and grants to 19,878 students in the 2021-2022 academic year. A total of \$36.6M in federal loans was provided to 6,716 students and \$2.5M private loans was provided to 228 students in the 2021-2022 academic year.

The primary objectives of the engagement were to assess the effectiveness of operational and financial controls related to financial aid and to assess compliance with relevant Federal and State regulations and College policy and procedures.

The nature and extent of the audit tests were as follows:

- Review of applicable policies and procedures, laws and regulations
- Review of governance structure including budget, training and general control environment
- Review of the College's Financial Aid website for compliance with required disclosures and regulations including consumer information, and for accuracy and completeness of information
- Review of the process and controls over financial aid awarding and disbursement
- Review of previous internal and external audit reports and work performed
- Review of the budget process, management of funds, and financial reports and trends
- Review and testing of student accounts to verify eligibility, awarding and disbursements
- Review and reconciliation of financial reports

Overall, the processes in place with regards to the financial aid operations are adequate and operating in a satisfactory manner. Audit provided management with internal control considerations to ensure compliance with Federal requirements, and to enhance operational procedures.

Continuing Education Financial Internal Controls Audit (Internal Audit Report #2022-105)

Valencia College (College) provides Global, Professional and Continuing Education (GPCE) non-degree workshops, programs and services that focus on workforce development for local organizations, business professional and individuals, as well as non-degree programs for local and international students in the areas of languages and international workforce development. The financial processes within GPCE are processed within the Continuity Spectrum software which interfaces with the College's financial reporting system, Banner. The Continuity Spectrum software is used to provide continuing education course and program registrations and enrollment, financial management to generate and process course invoices and payments, source of data for continuing education operational and financial analytics, and student data.

The primary objective of the audit engagement was to assess the effectiveness of the financial internal controls related to the College's GPCE business operations. The scope of the work included review and testing of records, with a focus on the following areas:

- Financial/Accounting policy and procedures
- Internal controls: approvals, reconciliations, user access
- Information Technology general and user access controls
- Accounts Receivables and Accounts Payables
- Compliance with Federal, State and College policy and procedures

Specifically, we reviewed and tested:

- Financial internal controls to assess the adequacy of segregation of duties, dual control, reconciliations, and financial reporting;
- Student accounts to determine they were properly documented and in compliance with College policy and procedures, including scholarship, registration, and payment information; and
- System controls and processes to assess user access and general controls were in place and operating effectively.

Observations were noted in the following areas and management has provided action plans to remediate the control considerations noted:

- IT Access Controls
- Segregation of Duties
- Account Reconciliations
- Account Receivables

Overall, the processes and controls in place with regards to the Global Professional and Continuing Education Business Operations internal and financial controls are deemed adequate. Audit provided management with recommendations to improve internal controls in the areas of user access, segregation of duties, account reconciliations and accounts receivables. Audit also provided management with additional verbal internal control recommendations and best practices for consideration.

HEERF Institutional Funds (Internal Audit Report #2022-106)

To provide economic aid to the American people negatively impacted by the COVID-19 pandemic, Congress passed the Coronavirus Aid, Relief and Economic Security Act (CARES Act), Public Law 116-136, on March 27, 2020, and subsequently the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSSA), Public Law 116-260, on December 27, 2020, which allotted approximately \$36.6 billion in Higher Education Emergency Relief Funds (HEERF) to institutions of higher education. These funds are referred to as HEERF I and HEERF II, respectively.

The Higher Education Emergency Relief Fund III (HEERF III) was authorized by the American Rescue Plan (ARP), Public Law 117-2, signed into law on March 11, 2021, providing an additional \$39.6 billion in support to institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic.

The objective of the audit engagement was to determine compliance with federal guidelines for the institutional portion of the Higher Education Emergency Relief Fund (HEERF). Specific objectives were to:

- Determine whether the methodology for the lost revenue recognition complied with federal guidance.
- Confirm data integrity and determine whether the lost revenue calculations were accurate.
- Confirm whether expenditures had adequate support to demonstrate compliance with HEERF guidance.
- Determine whether the institutional expenditures were made only for allowable purposes.
- Confirm quarterly reporting to the Department of Education and posting on the College’s website was in compliance with HEERF guidance.

VALENCIA COLLEGE
SUMMARY OF HEERF ALLOCATIONS
AS OF MAY 31, 2023

Grant Name	Grant Code	Award No	Index	Date Awarded	End Date	Award Amount
Emergency Aid/HEERF I (CARES)	CARESRELF	P425E203798	560000	05/05/2020		13,841,102.00
Emergency Aid/HEERF II (CRRSAA)	CARESRELF	P425E203798	560100	03/15/2021		13,841,102.00
Emergency Aid/HEERF III (ARP)	CARESRELF	P425E203798	560200	06/10/2021		52,935,148.00
Total Emergency Aid					06/30/2023	\$ 80,617,352.00
Institutional/HEERF I (CARES)	CARESINST	P425F202998	260600	05/12/2020		13,841,101.00
Institutional/HEERF II (CRRSAA)	CARESINST	P425F202998	260800	03/15/2021		45,671,637.00
Institutional/HEERF III (ARP)	CARESINST	P425F202998	261000	06/14/2021		49,513,575.00
Total Institutional					06/30/2023	\$ 109,026,313.00
MSI/HEERF I (CARES)	CARESMSI	P425L200310	260700	06/02/2020		1,748,195.00
MSI/HEERF II (CRRSAA)	CARESMSI	P425L200310	260900	03/05/2021		3,238,812.00
MSI/HEERF III (ARP)	CARESMSI	P425L200310	261100	08/05/2021		5,407,731.00
Total Minority Serving Institution (MSI)					08/04/2022	\$ 10,394,738.00
TOTAL ALL GRANT AWARD						\$ 200,038,403.00
Total Spent PTD						\$ 200,038,403.00
Available Balance						\$ -
Percentage Spent YTD						100.00%

Overall, our review disclosed the following:

- Methodology to calculate lost revenue and its use of the institutional portion of HEERF funds complied with federal guidance.
- Expenses made with HEERF funds were allowable purchases under the HEERF guidance and proposed projects were an allowable use of HEERF funds.
- Quarterly reporting complied with HEERF guidance.

Review of Foreign Influence (Office of Inspector General Audit Report #C-2223DOE-007)

In accordance with the Department of Education's fiscal year 2022-23 audit plan, the Office of Inspector General (OIG) conducted a review of foreign gifts and foreign gift agreements reported by institutions of higher education (IHE) to the State Board of Education. Section 1010.25, Florida Statutes (F.S.), requires the Inspector General of the Department of Education (DOE) to annually inspect or audit at least 5 percent of the total number of gifts from a foreign source disclosed by or gift agreements received from institutions of higher education during the previous year.

The Florida Legislature passed House Bill 7017, related to foreign influence, during the 2021 Legislative Session. This act required increased disclosure of foreign support for public entities; examination of vendors and grant applicants with foreign connections; and examination of foreign applicants for research positions, travel to foreign countries, and undertakings of employees working within research institutions. All provisions in House Bill 7017 took effect July 1, 2021.

The purpose of this audit was to determine the level of compliance with the statutory reporting requirements with respect to the sampled foreign gifts and gift agreements. In general, we determined the IHEs submitted their foreign gift reports timely, but we identified instances where two IHEs did not report certain gifts in full compliance with the statutory reporting requirements as noted in the audit results section of this report.

The scope of the review included foreign gifts and foreign gift agreements reported by IHEs for the January 31, 2022, and July 31, 2022, reporting periods. The objective of this engagement was to determine if foreign gift disclosures are reported in compliance with the requirements outlined in section 1010.25, F.S. The engagement included a review of five percent of the total number of foreign gifts and foreign gift agreements totaling \$50,000 or more reported during the previous year. To accomplish the objectives, the audit included a review of applicable laws, rules, and regulations; interview with appropriate staff; and review of a sample of foreign gifts reported to the State Board of Education and all related supporting documentation.

The review of the foreign gift disclosures determined that Valencia College complied with the above reporting requirements and the statutory requirements. There were no observations noted for Valencia College during this engagement.

State of Florida Compliance and Internal Controls over Financial Reporting and Federal Awards (Florida Auditor General's Audit Report #2023-174)

As a condition of receiving Federal funds, the OMB requires, as described in the Uniform Guidance, an audit of the State's financial statements and major Federal awards programs. Pursuant to Section 11.45, Florida Statutes, an audit was conducted of the basic financial statements of the State of Florida as of and for the fiscal year ended June 30, 2022. The audit also subjected supplementary information contained in the State's Annual Comprehensive Financial Report and the State's SEFA to auditing procedures applied in the audit of the basic financial statements. Additionally, the audit included a review of the State's compliance with governing requirements for the Federal awards programs and program clusters that identified as major programs for the fiscal year ended June 30, 2022.

The objectives of the audit were to:

- Obtain reasonable assurance about whether the State's basic financial statements as a whole were free from material misstatement, whether due to fraud or error, and to issue an auditor's report that included our opinions.
- Express an opinion concerning whether the State's SEFA was presented fairly, in all material respects, in relation to the State's basic financial statements as a whole.
- Obtain an understanding of internal control over financial reporting and internal control over compliance for each major Federal awards program or program cluster, assess the control risk, and perform tests of controls, unless the controls were deemed to be ineffective.
- Express opinions concerning whether the State complied, in all material respects, with Federal statutes, regulations, and the terms and conditions of Federal awards that may have a direct and material effect applicable to each of the major Federal awards programs and program clusters.
- Determine whether management had taken appropriate actions to correct deficiencies noted in our previous audit reports.
- Assess the reasonableness of the Summary Schedule of Prior Audit Findings prepared by the State.

There were no observations noted for Valencia College during this engagement.

Audit Conclusion: The College's basic financial statements as of and for the fiscal year ended June 30, 2022, were presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. The Schedule of Expenditures of Federal Awards (SEFA) is fairly stated, in all material aspects, in relation to the basic financial statements as a whole. The audit did not identify any deficiencies in internal control that would be considered to be material weaknesses.

End of report