

AUDIT UPDATE

December 16, 2020

Office of Compliance & Audit

Director: Cynthia Santiago-Guzman

AUDIT PLAN 2020 - 2021	Planning Stage	Opening Meeting	Fieldwork	Meeting Exit	Draft Audit Report	Final Audit Report
Bookstore Operations	✓	✓	✓	✓	✓	2020-101
Financial Aid: CARES Act HEERF Program	✓	✓	✓	✓	✓	2020-102
Resource Development - Grants Management	✓	✓	✓			
Continuing Education - Business Operations	✓	✓	✓			
Distance Learning Fee Review	✓					
Internal Controls: User Access, Policy/Procedures	✓					
Information Technology - Risk Review (U.S. Homeland Security)	✓					
Financial Audit (FY 6/30/2020)	✓	✓	✓			
State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards Audit (FY 6/30/2020)	✓	✓	✓			
Education Stabilization Fund (ESF) Program (CFDA 84.425) - (CARES Act HEERF)	✓	✓	✓			
Information Technology Operational Audit - Ellucian Banner Enterprise Resource Planning System	✓					
Bright Futures (FY 6/30/2018 and 6/30/2019)	✓	✓	✓	✓	✓	2021-044 10/20/2020

Florida Bright Futures Scholarship Program

Legislature established the Florida Bright Futures Scholarship Program to provide lottery-funded scholarships to any Florida high school graduate who merits recognition of high academic achievement and enrolls in a degree, certificate, or applied technology program at an eligible Florida public or private postsecondary educational institution within 3 years of high school graduation.

The objectives of this operational audit were to: (1) Determine the extent to which the institutions administered Program funds in accordance with applicable laws, rules, and other guidelines relating to the Program; properly accounted for funds received and distributed through the Program; maintained and prepared reliable financial records and reports; and safeguarded Program assets. (2) Determine whether management had taken corrective actions for findings included in our report No. 2018-212. (3) Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Audit was conducted across the 12 State Universities and 28 Colleges for fiscal years ended June 30, 2018 and June 30, 2019, and was conducted between June 2019 through July 2020.

VALENCIA COLLEGE - FLORIDA BRIGHT FUTURES DISBURSEMENTS	
2017-2018	2018-2019
\$1,267,302	\$1,918,146

There were no findings identified for Valencia College during this engagement. The previous engagement conducted June 2018 (Report 2018-212) also did not identify any findings for Valencia College, therefore, there were no previous corrective actions required for review during this engagement.

Bookstore Operations Audit

In June 2020, the Office of Compliance and Audit performed an audit engagement of the College's Bookstore Operations. The objectives of the engagement were to:

- Validate the financial inventory for financial statement purposes;
- Assess internal controls over the College's bookstore cycle count process and final inventory count;
- Determine the adequacy of cash controls;
- Evaluate compliance with Florida Statute 1004.085 Textbook and Instructional Materials Affordability; and
- Review financial processes and controls.

Overall, the processes in place with regard to the annual year-end cycle count of inventory and cash are deemed adequate. However, areas of improvement were identified to enhance and strengthen accounting and operational controls and processes. Audit validated the final inventory of the bookstores for the year-end financial statements. There were six observations noted during this engagement for the following areas:

Textbook Affordability

Monitoring and processing of Credits Pending

Commissions and Rental Fees

Inventory Write-Offs

Proper Recording of Inventory and Sales

General Ledger Transactions

Audit also provided management with internal control considerations to improve and enhance additional operational efficiencies through the strengthening of procedures, and certain controls and processes.

Audit will continue to work with management to monitor and validate corrective action plans to ensure gaps identified are adequately resolved to address the root cause of the risk or process deficiency.

CARES Act HEERF Program Review

In May 2020, the Office of Compliance and Audit performed an audit engagement of the Coronavirus Aid, Relief and Economic Security (CARES) Act Higher Education Emergency Relief Fund (HEERF) program. The objectives of the engagement were to:

- Review and validate compliance of the data files utilized for the HEERF disbursements;
- Evaluate the procedures created to ensure adequate documentation on program processes developed;
- Determine compliance with U.S. Department of Education guidance, including the CARES Funding Certification and Agreement, applicable laws and regulations, and College policy and procedures;
- Ensure required reporting was completed and submitted adequately and timely; and
- Evaluate financial, operational and systems processes and controls over the CARES Act HEERF program.

The College received \$27.6 million in funding from the CARES Act, of which at least \$13.8 million was to be used to provide financial support for students whose education had been disrupted due to the coronavirus, and the remainder to be used for institutional stabilization offset costs incurred by the College related to supporting operations during this time.

The College conducted three rounds of disbursements related to the CARES Act HEERF program disbursing all of the \$13,841,102 HEERF funds allocated. The audit testing included the additional CARES scholarships awarded to students from the CARES Institutional Support Scholarship fund.

Overall, the processes and controls in place with regard to the CARES Act HEERF program were deemed adequate. No findings were noted during the engagement.