



Item: AF: I-2f

## **AUDIT AND FINANCE COMMITTEE**

**Wednesday, October 20, 2010**

**SUBJECT: REVIEW OF AUDITS: REPORT NO. 2011-003, FLORIDA BRIGHT FUTURES SCHOLARSHIP PROGRAM OPERATIONAL AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2009.**

---

### **PROPOSED COMMITTEE ACTION**

Information Only.

### **BACKGROUND INFORMATION**

The objective of this audit was to determine the extent to which Florida's public universities and colleges implemented procedures to administer the Florida Bright Futures Scholarship Program for the fiscal year ended June 30, 2009.

There were no audit findings for Florida Atlantic University.

### **IMPLEMENTATION PLAN/DATE**

Not Applicable.

### **FISCAL IMPLICATIONS**

Not Applicable.

---

**Supporting Documentation:** Report No. 2011-003.

**Presented by:** Mr. Dennis Crudele, Senior Vice President-Financial Affairs

**Phone:** 561-297-3266

# FLORIDA BRIGHT FUTURES SCHOLARSHIP PROGRAM

---

Operational Audit

For the Fiscal Year Ended  
June 30, 2009



STATE OF FLORIDA  
AUDITOR GENERAL  
DAVID W. MARTIN, CPA

The audit was supervised by David T. Ward, CPA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at [jimstultz@aud.state.fl.us](mailto: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](http://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.

## FLORIDA BRIGHT FUTURES SCHOLARSHIP PROGRAM

### SUMMARY

Our audit to determine the extent to which Florida's public universities and colleges (institutions) administered the Florida Bright Futures Scholarship Program (Program) funds in accordance with applicable laws, rules, and program guidelines for the fiscal year ended June 30, 2009, disclosed the following:

**Finding No. 1:** Most institutions awarded Program funds in accordance with Program requirements. However, at one institution, overawards totaled \$50,720 for 2,536 awards to 1,421 students.

**Finding No. 2:** Institutions generally returned undisbursed Program funds to the Florida Department of Education (DOE) in a timely manner. However, we noted that four institutions did not have effective procedures in place to ensure that undisbursed funds were always timely returned to DOE.

### BACKGROUND

The Florida Bright Futures Scholarship Program (Program) was established by the Florida Legislature to provide lottery-funded scholarships to reward any Florida high school graduate who merits recognition of high academic achievement, and who 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 Program is the umbrella program for State-funded scholarships based on academic achievement of high school students. The Program consists of three types of awards, the Florida Academic Scholarship, the Florida Medallion Scholarship, and the Florida Gold Seal Vocational Scholarship.

During the 2008-09 fiscal year, disbursements of awards from the Program to students enrolled in Florida's public universities and colleges were \$312,035,287 and \$70,895,404, respectively, for a total of \$382,930,691. A summary of advances and disbursements by university and college (institution) is presented as Exhibit A.

The Florida Department of Education (DOE) determines student eligibility for awards. Students must meet general criteria to qualify for any of the types of scholarship awards from the Program. In addition to the general criteria, each of the three scholarships within the Program has specific criteria that must be met. After initial qualification for an award, students must continue to meet the eligibility criteria for renewal awards. Criteria to be met include achieving and maintaining specified grade point averages, and completing at least 12 semester credit hours in the last academic year in which the student earned a scholarship.

DOE is responsible for administering the Program disbursement and reconciliation process. Each term, DOE provides a list of eligible students to the institutions and advances scholarship moneys to the institutions for disbursement to the students who enroll at that institution. The institutions are required to verify that the student has enrolled in the required number of hours to receive the scholarship, calculate the amount of the disbursement based on the type of scholarship for which the student was eligible, and disburse the money to the student. Any moneys not disbursed to eligible students must be returned to DOE within 60 days after the end of regular registration. The institutions are also required to report disbursements, enrolled hours, earned hours, and grade point averages to DOE.

---



---

## FINDINGS AND RECOMMENDATIONS

---



---

### Finding No. 1: Overawards

Sections 1009.534(2), 1009.535(2), and 1009.536(2), Florida Statutes, establish the award amounts for the Florida Academic Scholars award, Florida Medallion Scholars award, and Florida Gold Seal Vocational Scholars award, respectively. For the Florida Academic Scholars award, qualifying students received 100 percent of tuition and fees plus an annual allowance of \$375 for college-related expenses. During the 2008-09 fiscal year, Florida Medallion Scholars enrolled in a State university or a baccalaureate degree program authorized by Section 1007.33, Florida Statutes, received 75 percent of tuition and fees. Florida Medallion Scholars enrolled in a college for courses leading to an associate degree received 100 percent of tuition and fees. For the Florida Gold Seal Vocational Scholars awards, qualifying students enrolled in a public postsecondary educational institution received 75 percent of tuition and fees.

Our audit disclosed that most institutions properly calculated Program awards. However, of the \$2,630,061 in awards disbursed to students, our review disclosed overawards totaling \$50,720 for 2,536 awards to the 1,421 students at State College of Florida, Manatee-Sarasota (Formerly Manatee Community College). The overawards occurred because the institution improperly included a \$20 access fee that was not authorized to be included as a college-related expense. As similarly noted in audit report No. 2009-206, the fee was not authorized because it was charged to all students that attended the College and did not directly relate to enrollment in a specific course. Florida Department of Education Memorandum *OSFA-STATE: #08-09:05* provides that public postsecondary institutions have the option to include in an award any fee charged to all students who enroll in a particular course.

On March 25, 2010, the State College of Florida, Manatee-Sarasota returned \$93,940, (\$50,720 for the 2008-09 fiscal year and \$43,220 for the 2007-08 fiscal year) to DOE.

---



---

**Recommendation:** The Florida Legislature amended Section 1009.534(2), Florida Statutes, such that a college-related expense allowance is not authorized subsequent to the 2008-09 fiscal year. The institution should include only allowable fees when determining Program awards.

---



---

### Finding No. 2: Return of Undisbursed Advances

Section 1009.53(5), Florida Statutes, provides that DOE issue awards from the Program annually, and transmit payment for awards to each institution before the registration period each semester. Section 1009.53(5)(b), Florida Statutes, provides that an institution receiving funds from the Program must certify to DOE the amount of funds disbursed to each student, and return to DOE any undisbursed advances within 60 days after the end of regular registration for the respective semester. Additionally, DOE's State Program Refund Policy, requires that refunds to the Program be made within 60 days of the date of the discovery of an overpayment or determination of ineligibility.

During the 2008-09 fiscal year, DOE advanced Program funds totaling \$390,718,224 to public institutions. Institutions disbursed Program funds totaling \$382,930,691 to students and returned Program funds totaling \$7,777,317 to DOE.

Our review disclosed that most institutions timely returned undisbursed Program funds to DOE for the Fall 2008 and Spring 2009 terms; however, we noted that four institutions did not have effective procedures to ensure that undisbursed funds were returned timely. The four institutions had not timely returned undisbursed funds to DOE in the amounts shown below:

Untimely Return of Undisbursed Program Funds to DOE				
Institution	Fall 2008		Spring 2009	
	Amount	Number of	Amount	Number of
		Days Late		Days Late
College of Central Florida (1)	\$		\$ 28,534	22
Florida Keys Community College	318	230	1,265	32
Pasco-Hernando Community College			8,725	83
Polk State College			5,905	69
Note: (1) Formerly Central Florida Community College				

**Recommendation:** The above-noted institutions should enhance or implement procedures to ensure that undisbursed Program funds are returned to DOE within the time frames provided by law.

#### PRIOR AUDIT FOLLOW-UP

Except with respect to overawards as discussed in Finding No. 1, institutions had taken corrective actions for findings included in audit report No. 2009-206.

#### 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 provided a reasonable basis for our findings and conclusions based on our audit objectives.

This audit focused on the administration of the Program by the State's 11 universities and 28 colleges for the fiscal year ended June 30, 2009. The objectives of this audit were to: (1) determine the extent to which the institutions administered Program moneys in accordance with applicable laws, rules, and other guidelines relating to the Program; properly accounted for moneys received and distributed through the Program; maintained and prepared reliable financial records and reports; and safeguarded Program assets; and (2) determine whether the institutions, as applicable, had taken corrective actions for findings included in audit report No. 2009-206.

Our audit included examinations of various records and transactions (as well as events and conditions) relating to the Program that occurred during the 2008-09 fiscal year. Our audit methodology included obtaining an understanding of the internal controls by interviewing the institutions' personnel and testing of relevant internal controls through an examination of supporting documentation and records regarding each institution's reconciliations of its records to DOE records. Additional audit procedures applied to determine the extent to which the institutions complied with significant Program requirements, are described below.

- For a sample of 30 students selected for each institution we examined supporting documentation:

- To determine whether the students were properly classified as to residency; earned high school diplomas; and were enrolled in a minimum of 6 credit hours and no more than 45 credit hours.
  - To determine whether the students were awarded the proper amount based on the award earned and to verify that Program funds were only used to pay authorized college-related expenses.
  - To verify the accuracy of credit hours earned, and cumulative, grade point average shown on the grade and hour reports submitted to DOE and whether each institution timely filed its grade and hour report with DOE.
- We examined supporting documentation to determine whether each institution filed its Disbursement Eligibility Report with DOE within 30 days of the last day of the drop/add period.
- We examined supporting documentation to determine whether each institution returned unused Program funds to DOE within 60 days of the last day of the drop/add period.

**AUTHORITY**

Pursuant to Section 1009.53(5)(c), Florida Statutes, the Auditor General conducts an annual audit of each public university and college with respect to the Florida Bright Futures Scholarship Program. 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 RESPONSES**

The institutions' management responses are included as Exhibit B.

**EXHIBIT A**  
**FLORIDA BRIGHT FUTURES SCHOLARSHIP PROGRAM**  
**STATE UNIVERSITIES AND COLLEGES**  
**SUMMARY OF ADVANCES AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Institution	Advances (1)	Disbursements (1)		
	From Department	Scholarship Awards to Students	Refunds to Department	Total Disbursements
Florida Agricultural and Mechanical University	\$ 3,447,922	\$ 3,447,922	\$	\$ 3,447,922
Florida Atlantic University	14,099,204	13,898,782	200,422	14,099,204
Florida Gulf Coast University	9,850,714	9,850,714		9,850,714
Florida International University	22,738,237	22,012,747	725,490	22,738,237
Florida State University	53,976,981	52,159,561	1,808,548	53,968,109 (2)
New College of Florida	2,328,415	2,130,017	198,398	2,328,415
University of Central Florida	61,830,359	61,142,251	688,476	61,830,727 (3)
University of Florida	84,847,836	83,401,404	1,444,549	84,845,953 (4)
University of North Florida	14,583,516	14,358,828	224,688	14,583,516
University of South Florida	43,019,610	41,819,811	1,199,799	43,019,610
University of West Florida	8,052,560	7,813,250	239,310	8,052,560
<b>Total Public State Universities</b>	<b>318,775,354</b>	<b>312,035,287</b>	<b>6,729,680</b>	<b>318,764,967</b>
Brevard Community College	3,573,010	3,526,243	46,767	3,573,010
Broward College	3,821,094	3,818,385	2,709	3,821,094
Chipola College	955,006	931,899	23,107	955,006
College of Central Florida (Formerly Central Florida Community College)	1,857,868	1,816,309	41,559	1,857,868
Daytona State College	3,042,752	2,994,873	47,879	3,042,752
Edison State College	2,089,723	2,015,304	74,419	2,089,723
Florida Keys Community College	130,376	128,793	1,583	130,376
Florida State College at Jacksonville (Formerly Florida Community College at Jacksonville)	3,441,977	3,342,803	99,174	3,441,977
Gulf Coast Community College	1,552,918	1,532,817	20,101	1,552,918
Hillsborough Community College	4,058,872	4,058,167	705	4,058,872
Indian River State College	2,442,070	2,402,876	39,194	2,442,070
Lake City Community College	729,800	696,986	32,814	729,800
Lake-Sumter Community College	1,315,814	1,278,732	37,082	1,315,814
Miami Dade College	5,391,231	5,391,231		5,391,231
North Florida Community College	274,517	259,405	15,112	274,517
Northwest Florida State College	1,620,862	1,570,217	50,645	1,620,862
Palm Beach State College (Formerly Palm Beach Community College)	2,872,177	2,868,763	3,414	2,872,177
Pasco-Hernando Community College	1,549,329	1,540,604	8,725	1,549,329
Pensacola Junior College	2,629,921	2,597,444	32,477	2,629,921
Polk State College (Formerly Polk Community College)	1,676,442	1,670,537	5,905	1,676,442
St. Johns River Community College	1,230,878	1,218,142	12,736	1,230,878
St. Petersburg College	4,239,746	4,192,703	47,043	4,239,746
Santa Fe College	5,933,167	5,718,439	214,728	5,933,167
Seminole State College (Formerly Seminole Community College)	2,548,472	2,541,476	6,996	2,548,472
South Florida Community College	553,377	533,794	19,583	553,377
State College of Florida, Manatee-Sarasota (Formerly Manatee Community College)	2,629,890	2,630,061		2,630,061 (5)
Tallahassee Community College	3,040,673	2,892,666	148,007	3,040,673
Valencia Community College	6,740,908	6,725,735	15,173	6,740,908
<b>Total Public Colleges</b>	<b>71,942,870</b>	<b>70,895,404</b>	<b>1,047,637</b>	<b>71,943,041</b>
<b>Total</b>	<b>\$ 390,718,224</b>	<b>\$ 382,930,691</b>	<b>\$ 7,777,317</b>	<b>\$ 390,708,008</b>

- Notes: (1) Amounts reported by the institution as of December 31, 2009.  
(2) The institution subsequently returned \$8,872 to DOE, which represents .49% of the institution's total refunds to DOE.  
(3) The DOE owed the institution \$368 as of December 31, 2009.  
(4) The institution subsequently returned \$1,883 to DOE, which represents .13% of the institution's total refunds to DOE.  
(5) The DOE owed the institution \$171 as of December 31, 2009.



THIS PAGE INTENTIONALLY LEFT BLANK

**EXHIBIT B**  
**MANAGEMENT RESPONSES**



**College of Central Florida**  
Office of the President

June 17, 2010

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

Dear Mr. Martin:

Pursuant to Section 11.45(4)(d), Florida Statutes, the College of Central Florida is responding to the Preliminary and Tentative Audit Findings for the Florida Bright Futures Scholarship Program.

Finding No. 1: Return of Undisbursed Advances

AG Recommendation: The above-noted institutions should enhance or implement procedures to ensure that individual Program funds are returned to DOE within the time frames provided by law.

Corrective Action: The College of Central Florida will review its' internal deadline processes and enhance its' financial aid technical procedures to ensure accurate, timely and required compliance.

Please contact me should you have any questions or require additional information.

Sincerely,

Dr. Charles R. Dassance  
President

CRD/td

Cc: Phil Ciano  
Dr. James Harvey

EXHIBIT B  
MANAGEMENT RESPONSES (CONTINUED)



June 21, 2010

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

Dear Mr. Martin:

I am responding pursuant to Section 11.45(4) (d), Florida Statutes in reference to your letter of June 2, 2010 relating to the Bright Futures Scholarship Program Audit for Fiscal Year Ending June 30, 2009.


Florida Keys Community College (FKCC) acknowledges and agrees with this finding. FKCC experienced an unexpected loss of key staff in the Financial Aid department during the fall of 2008. Both the Director and Assistant Director of Financial Aid resigned within a few weeks of each other, leaving this office with one junior staff member with limited knowledge of this operation. During that period of time, new staff were hired and a Financial Aid consulting firm was also hired by the College to work with staff and provide assistance on-site with day to day issues.

Although this firm provided a great deal of assistance in bringing this function back in good working order to handle the day to day activity, some procedural issues were clearly not comprehensive resulting in procedures that were not always followed. This audit finding has shed light upon this deficiency and has consequently, resulted in a commitment on the part of this institution to institute tighter controls in order that all procedures can be accomplished in a timely and effective manner. Since that time, training has been implemented to train new staff in both State and Federal financial aid processing. A comprehensive training review had been performed on March 12<sup>th</sup> of this year.

Remediation has been provided through the hiring of an outside consultant, Dr. Armando Salas-Amaro, who had provided an onsite review of *State Student Financial Aid Database (SSFAD) Guide For Postsecondary Institutions* procedures. Special attention and detail was spent in the areas of the Bright Futures program. The team reviewed disbursement reporting, term refund processing, and fund reconciliation procedures. Additionally, reporting deadlines as documented in the *OSFA State Programs Annual* have been added to the Financial Aid Operations schedules for current and future year processing.

We are confident that this important training has addressed this finding and provided our Financial Aid staff with a thorough understanding of tools and procedures going forward.

I wish to thank you for the opportunity to respond to this audit finding.

  
Lawrence Tyree  
President

**Island Living, Island Learning**

Main Campus: 5901 College Road, Key West, FL 33040 • [www.fkcc.edu](http://www.fkcc.edu)

**EXHIBIT B**  
**MANAGEMENT RESPONSES (CONTINUED)**



Office of the President

June 22, 2010

Mr. David W. Martin  
Auditor General  
G74 Claude Pepper Bldg.  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Mr. Martin:

The following is Pasco-Hernando Community College's response to the preliminary and tentative findings associated with the Florida Bright Futures audit for the fiscal year ended June 30, 2009.

**Finding No. 1 Return of Undistributed Advances**

The College concurs with the finding. The College has strengthened its procedures to insure compliance with Section 1009.53(5)(b), Florida Statutes.

Should you have any questions regarding the College's responses, please contact, Mr. Ken Burdzinski, Vice President of Administration and Finance at (727)816-3412 or [burdzink@phcc.edu](mailto:burdzink@phcc.edu).

Sincerely,

A handwritten signature in blue ink, appearing to read "Katherine M. Johnson", is written over a horizontal line.

Katherine M. Johnson, Ed.D.  
President

c: K. Burdzinski  
T. Beard  
D. Burdzinski  
B. Horn  
R. Shanafelt

East Campus  
36727 Blanton Road  
Dade City, FL 33523-7599  
(352) 567-6701

North Campus  
11415 Ponce de Leon Blvd.  
Brooksville, FL 34601-8698  
(352) 796-6726

West Campus/District Office  
10230 Ridge Road  
New Port Richey, FL 34654-5199  
(727) 847-2727

Spring Hill Center  
11245 Spring Hill Drive  
Spring Hill, FL 34609  
(352) 688-8798

An Equal Access/Equal Opportunity Institution

EXHIBIT B  
MANAGEMENT RESPONSES (CONTINUED)



999 Avenue H, Northeast  
Winter Haven, Florida 33881-4299

Phone: 863-297-1098  
Fax: 863-297-1053  
[www.polk.edu](http://www.polk.edu)

June 11, 2010

Mr. David M. Martin, C.P.A.  
Auditor General  
State of Florida  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Mr. Martin,

Please find our response to the preliminary and tentative finding which may be included in a report to be prepared on your audit of the

Florida Bright Futures Scholarship Program  
For the Fiscal Year Ended June 30, 2009

that was electronically received from your office on June 2, 2010. Please feel free to contact me if I can provide further information.

Sincerely,

Eileen Holden, Ed.D  
President  
Polk State College

EXHIBIT B  
MANAGEMENT RESPONSES (CONTINUED)

**Recommendation:** The above-noted institutions should enhance or implement procedures to ensure that undisbursed Program funds are returned to DOE within the time frames provided by law.

**Response:** We acknowledge your recommendation and have updated our procedures to ensure that we return unspent funds, if any, to the DOE in accordance with appropriate time frames.



EXHIBIT B  
MANAGEMENT RESPONSES (CONTINUED)



# M E M O R A N D U M

**TO:** David W. Martin  
Auditor General

**FROM:** Carol F. Probstfeld  
Vice President of Business & Administrative Services

**SUBJECT:** **PT-2009 Florida Bright Futures Scholarship Program**  
**State College of Florida, Manatee-Sarasota**  
**For the Fiscal Year Ended June 30, 2009**

**DATE:** July 1, 2010

In response to your letter dated June 2, 2010, regarding the subject matter referenced above, please be advised of the following:

**FINDING NO. 1: OVERAWARDS**

The State College of Florida has completely resolved the issue identified regarding overawards. The detail code that was incorrectly set up in the College enterprise software system to trigger an access fee to be paid by the Bright Futures program has been adjusted such that the access fee is marked as a fee not eligible to be paid by the Bright Futures program, effective for the 2009-2010 academic year.

If you have further questions, or if additional information is required, please let me know.

Thank you!

CFP/kdw

Mailing Address • P.O. Box 1849, Bradenton, FL 34206 • [scf.edu](http://scf.edu)

SCF BRADENTON  
5840 26th Street West • 941-752-5000

SCF LAKEWOOD RANCH  
7131 Professional Parkway East • 941-363-7000

SCF VENICE  
8000 South Tamiami Trail • 941-408-1300