

**ADMINISTRATION OF THE
FLORIDA BRIGHT FUTURES
SCHOLARSHIP PROGRAM
BY FLORIDA'S
PUBLIC UNIVERSITIES AND COLLEGES**

Operational Audit



This audit of the administration of the Florida Bright Futures Scholarship Program by Florida's public universities and colleges was coordinated by Kathy Stich, 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) 412-2869.

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FLORIDA BRIGHT FUTURES SCHOLARSHIP PROGRAM

EXECUTIVE SUMMARY

Our audit of the administration of the Florida Bright Futures Scholarship Program (Program) by Florida's public universities and colleges for the fiscal years ended June 30, 2012, and June 30, 2013, disclosed the following:

RETURN OF PROGRAM FUNDS

Finding No. 1: Institutions generally returned Program funds related to student drops and withdrawals to the Florida Department of Education (FDOE) in a timely manner. However, eight institutions did not have effective procedures in place to ensure that such refunds were always timely returned to the FDOE.

Finding No. 2: Institutions generally returned undisbursed Program funds to FDOE in a timely manner. However, six institutions did not have effective procedures in place to ensure that undisbursed Program funds were always timely returned to the FDOE.

BACKGROUND

The Florida Legislature established the Florida Bright Futures Scholarship Program (Program) to provide lottery-funded scholarships to 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 three 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 2011-12 fiscal year, Program disbursements to students enrolled in Florida's public universities and colleges were \$258,280,725 and \$51,924,140, respectively, for a total of \$310,204,865. For the 2012-13 fiscal year, Program disbursements were \$251,405,367 and \$44,961,676, respectively, for a total of \$296,367,043. Exhibit A provides a summary of advances and disbursements by university and college (institutions).

The Florida Department of Education (FDOE) determines initial 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 Program's three types of scholarships has specific criteria that students must meet. After students initially qualify for an award, they must continue to meet eligibility criteria for renewal awards. Eligibility criteria that students must meet include achieving and maintaining specified grade point averages and completing at least 24 semester credit hours in the last academic year in which the student earned a scholarship.

The FDOE is responsible for administering the Program disbursement and reconciliation process. Each term, the FDOE 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 the FDOE within 60 days after the end of the regular registration period. Also, unless the FDOE grants a student an exception, institutions must return Program funds resulting from student drops or withdrawals to the FDOE within 30 days after the end of a semester. The institutions are also required to report disbursements, enrolled hours, earned hours, and grade point averages to the FDOE.

FINDINGS AND RECOMMENDATIONS

Return of Program Funds

Section 1009.53(5), Florida Statutes, provides that the FDOE issue Program awards annually, and transmit payment for awards to each institution before the registration period each semester. Section 1009.53(5), Florida Statutes, also provides conditions in which Program funds must be returned to the FDOE.

Finding No. 1: Return of Funds for Student Drops and Withdrawals

Section 1009.53(5)(a), Florida Statutes, provides that an institution must make a refund to the FDOE within 30 days after the end of a semester of any funds received for courses dropped by a student or courses from which the student has withdrawn after the end of the drop and add period, unless the FDOE has granted the student an exception.

Our review disclosed that most institutions timely returned funds to the FDOE for students that had dropped or withdrawn from courses during the semester; however, we noted eight institutions that did not have effective procedures to ensure that these Program funds would be refunded to the FDOE within 30 days after the end of the respective semester. The eight institutions had not timely returned Program funds to the FDOE in the amounts shown below:

Untimely Return of Refunds Resulting From Student Drops and Withdrawals								
Institution	Fall 2011		Spring 2012		Fall 2012		Spring 2013	
	Amount	Number of Days Late	Amount	Number of Days Late	Amount	Number of Days Late	Amount	Number of Days Late
Universities:								
Florida International University	\$ 3,648	183	\$		\$		\$	
University of Central Florida			278,359	16	8,695	161		
University of South Florida (1)	2,836		277,111	18	900	158	220,738	19 - 22
University of West Florida					23,306	10		
Colleges:								
Brevard Community College (2)			1,753	10				
Polk State College	11,132	17						
St. Johns River State College					7,047	53	17,276	9
Valencia College							1,140	56 - 112

Note: (1) Institution personnel indicated that they are in the process of returning \$2,836 from Fall 2011 and \$808 from Spring 2012.
 (2) The College's name was changed to Eastern Florida State College effective July 1, 2013.

In response to our inquiries, institution personnel indicated that some institutions experienced delays due to staff changes, some other institutions experienced procedural difficulties that resulted in financial aid personnel not meeting the due dates for returning the refunds, and other institutions experienced difficulties in identifying courses dropped by a student or courses for which the student has withdrawn.

Recommendation: The above-noted institutions should enhance or implement procedures to ensure that refunds due as a result of student drops and withdrawals are returned to the FDOE within the time frames provided by law.

Finding No. 2: Return of Undisbursed Advances

Section 1009.53(5)(b), Florida Statutes, provides that an institution receiving Program funds return any undisbursed advances to the FDOE within 60 days after the end of regular registration for the respective semester. Additionally,

FDOE’s State Program Refund Policy requires that refunds to the Program be made within 60 days of the date of discovery of an overpayment or determination of ineligibility.

Our review disclosed that most institutions timely returned undisbursed Program funds to the FDOE; however, we noted six institutions that did not have effective procedures to ensure that undisbursed Program funds were returned timely. The six institutions had not timely returned amounts of undisbursed Program funds to the FDOE as shown below:

Untimely Return of Undisbursed Program Advances to the FDOE								
Institution	Fall 2011		Spring 2012		Fall 2012		Spring 2013	
	Amount	Number of Days Late	Amount	Number of Days Late	Amount	Number of Days Late	Amount	Number of Days Late
University:								
Florida Agricultural & Mechanical University	\$ 40,844	65	\$ 106,680	67	\$ 248,881	48	\$	
Florida State University					339,960	52		
Colleges:								
Palm Beach State College	67,722	25						
Polk State College					176,423	7		
Seminole State College of Florida	28,736	157	52,371	17				
South Florida State College							1,314	45

In response to our inquiries, institution personnel indicated that some institutions experienced delays due to staff changes and some other institutions experienced procedural difficulties that resulted in financial aid personnel not meeting the due dates for returning undisbursed Program funds.

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

PRIOR AUDIT FOLLOW-UP

Except as noted in the following table, public universities and colleges had taken corrective actions for the findings included in previous audit reports. The following table provides information on recurring audit findings for the public universities and colleges:

Current Fiscal Year Finding Numbers and Institutions	Preceding Fiscal Year Audit Report, Finding Numbers, and Institutions	Second Preceding Fiscal Year Audit Report and Finding Numbers
Finding No. 1	2012-090, Finding No. 1	
Polk State College	Polk State College	NA
St. Johns River State College	St. Johns River State College	NA
Finding No. 2	2012-090, Finding No. 2	
Palm Beach State College	Palm Beach State College	NA
Polk State College	Polk State College	NA

NA - Not Applicable

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts 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. Pursuant to Section 1009.53(5)(c), Florida Statutes, in connection with our financial audits conducted pursuant to Section 11.45(2)(c), Florida Statutes, we conducted an operational audit of the administration of the Program by the State's 11 universities and 28 colleges for the fiscal years ended June 30, 2012 and June 30, 2013.

We conducted this audit from January 2012 to February 2014 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 audit were to:

- 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;
- Determine whether management had taken corrective actions for findings included in our report No. 2012-090; and
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit was designed to identify, for the activities or functions of the Program that are included within the scope of our audits, deficiencies in management's internal controls; instances of noncompliance with applicable laws, rules, regulations, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of these audits was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

For the activities and functions of the Program that are included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the Program, exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

The scope and methodology of this operational audit included the selection and examination of records and transactions occurring during the 2011-12 and 2012-13 fiscal years to determine the extent to which the institutions complied with significant Program requirements, as follows:

- For a sample of 20 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.
 - To verify the accuracy of credit hours earned, the cumulative grade point averages shown on the grade and hour reports submitted to the FDOE, and determine whether each institution timely filed its grade and hour reports with the FDOE.
- We examined supporting documentation to determine whether each institution filed its Disbursement Eligibility Report (DER) with the FDOE within 30 days of the last day of the drop and add period.
 - We examined supporting documentation to determine whether the institutions refunded to the FDOE, within 30 days after the end of the semester, funds received for courses from which a student had dropped or withdrawn.
 - We examined supporting documentation to determine whether each institution returned unused Program funds to the FDOE within 60 days of the last day of the drop and add period.

Unless otherwise indicated in this report, these records and transactions were not selected with the intent of projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

AUTHORITY

Pursuant to Section 1009.53(5)(c), Florida Statutes, the Auditor General conducted an audit of the administration of the Florida Bright Futures Scholarship Program by Florida’s public universities and colleges. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our 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, 2012

Institution	Advances (1)		Disbursements (1)		Disbursements (Over) Under Advances
	From Department	Scholarship Awards to Students	Refunds to Department	Total Disbursements	
Florida Agricultural and Mechanical	\$ 3,484,966	\$ 3,361,414	\$ 123,400	\$ 3,484,814	\$ 152 (2)
Florida Atlantic University	13,840,894	13,497,715	343,179	13,840,894	
Florida Gulf Coast University	9,223,956	8,798,778	425,178	9,223,956	
Florida International University	19,668,076	19,283,647	384,429	19,668,076	
Florida State University	45,352,004	44,862,994	451,543	45,314,537	37,467 (3)
New College of Florida	2,078,136	1,871,705	206,431	2,078,136	
University of Central Florida	50,589,443	49,110,450	1,475,801	50,586,251	3,192 (2)
University of Florida	61,851,627	59,749,945	2,027,198	61,777,143	74,484 (3)
University of North Florida	11,467,824	11,116,613	351,211	11,467,824	
University of South Florida	34,222,823	32,903,763	1,319,060	34,222,823	
University of West Florida	6,620,703	6,296,652	319,619	6,616,271	4,432 (3)
Total Public State Universities	258,400,452	250,853,676	7,427,049	258,280,725	119,727
Brevard Community College	2,477,158	2,086,168	390,990	2,477,158	
Broward College	2,696,591	2,317,917	378,674	2,696,591	
Chipola College	664,287	593,152	71,135	664,287	
College of Central Florida	1,471,923	1,282,329	189,594	1,471,923	
Daytona State College	1,896,761	1,649,337	247,424	1,896,761	
Edison State College	1,719,305	1,442,543	276,762	1,719,305	
Florida Gateway College	428,348	349,149	79,199	428,348	
Florida Keys Community College	85,688	75,256	10,432	85,688	
Florida State College at Jacksonville	2,528,884	2,336,437	192,447	2,528,884	
Gulf Coast State College	1,017,170	909,053	108,117	1,017,170	
Hillsborough Community College	2,899,611	2,699,074	187,113	2,886,187	13,424 (3)
Indian River State College	1,915,573	1,740,654	174,919	1,915,573	
Lake-Sumter State College	969,098	853,579	115,519	969,098	
Miami Dade College	4,297,365	4,086,765	209,856	4,296,621	744 (4)
North Florida Community College	231,714	214,949	16,765	231,714	
Northwest Florida State College	1,019,256	897,852	121,404	1,019,256	
Palm Beach State College	2,272,639	2,069,400	203,239	2,272,639	
Pasco-Hernando Community College	1,420,237	1,289,440	130,797	1,420,237	
Pensacola State College	1,470,792	1,276,481	194,311	1,470,792	
Polk State College	1,367,322	1,206,552	160,770	1,367,322	
St. Johns River State College	904,801	835,278	69,523	904,801	
St. Petersburg College	2,947,053	2,661,026	286,027	2,947,053	
Santa Fe College	3,780,754	2,999,150	780,674	3,779,824	930 (3)
Seminole State College of Florida	2,170,930	1,993,599	177,331	2,170,930	
South Florida State College	379,960	340,490	39,470	379,960	
State College of Florida, Manatee-Sarasota	1,626,941	1,547,306	79,201	1,626,507	434 (4)
Tallahassee Community College	2,181,965	2,007,942	174,023	2,181,965	
Valencia College	5,097,546	4,419,880	677,666	5,097,546	
Total Public State Colleges	51,939,672	46,180,758	5,743,382	51,924,140	15,532
Total	\$ 310,340,124	\$ 297,034,434	\$ 13,170,431	\$ 310,204,865	\$ 135,259

Notes: (1) Amounts reported by the institution as of December 31, 2012.
(2) Represents excess funds that were subsequently refunded to the FDOE.
(3) Amount represents approved petitions to withdraw or courses dropped after end of term. The 30-day deadline stipulated in Section 1009.53(5)(a), Florida Statutes, does not apply to these withdrawals.
(4) The institution subsequently returned these amounts to the FDOE based on final resolution of student appeals and grade changes.

EXHIBIT A
FLORIDA BRIGHT FUTURES SCHOLARSHIP PROGRAM
STATE UNIVERSITIES AND COLLEGES
SUMMARY OF ADVANCES AND DISBURSEMENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Institution	Advances (1)		Disbursements (1)		Disbursements (Over) Under Advances
	From Department	Scholarship Awards to Students	Refunds to Department	Total Disbursements	
Florida Agricultural and Mechanical	\$ 3,236,282	\$ 2,845,426	\$ 391,981	\$ 3,237,407	\$ (1,125) (2)
Florida Atlantic University	13,832,469	12,879,395	953,374	13,832,769	(300) (3)
Florida Gulf Coast University	8,986,500	8,482,363	504,137	8,986,500	
Florida International University	19,335,534	18,119,252	1,216,282	19,335,534	
Florida State University	44,375,080	42,933,558	1,425,369	44,358,927	16,153 (4)
New College of Florida	2,058,128	1,800,724	257,404	2,058,128	
University of Central Florida	48,640,706	46,526,576	2,114,130	48,640,706	
University of Florida	60,294,400	58,002,258	2,260,339	60,262,597	31,803 (4)
University of North Florida	11,226,423	10,345,696	880,727	11,226,423	
University of South Florida	33,195,677	31,752,987	1,408,940	33,161,927	33,750 (4)
University of West Florida	6,303,924	5,829,188	475,261	6,304,449	(525) (2)
Total Public State Universities	251,485,123	239,517,423	11,887,944	251,405,367	79,756
Brevard Community College	2,070,732	1,618,522	452,210	2,070,732	
Broward College	2,313,555	2,001,651	311,904	2,313,555	
Chipola College	600,379	510,714	89,665	600,379	
College of Central Florida	1,272,785	1,060,620	212,165	1,272,785	
Daytona State College	1,588,791	1,324,436	264,355	1,588,791	
Edison State College	1,367,099	1,049,457	317,642	1,367,099	
Florida Gateway College	365,055	335,907	29,148	365,055	
Florida Keys Community College	83,469	74,899	8,570	83,469	
Florida State College at Jacksonville	2,249,474	1,885,969	363,505	2,249,474	
Gulf Coast State College	914,793	759,252	155,541	914,793	
Hillsborough Community College	2,590,134	2,133,888	455,941	2,589,829	305 (4)
Indian River State College	1,705,326	1,482,871	222,455	1,705,326	
Lake-Sumter State College	808,190	684,124	124,066	808,190	
Miami Dade College	4,090,978	3,804,116	286,862	4,090,978	
North Florida Community College	203,670	156,804	46,866	203,670	
Northwest Florida State College	842,789	701,505	141,284	842,789	
Palm Beach State College	1,965,438	1,643,950	321,488	1,965,438	
Pasco-Hernando Community College	1,250,441	1,057,499	192,942	1,250,441	
Pensacola State College	1,228,423	1,028,784	199,639	1,228,423	
Polk State College	1,133,224	924,136	209,088	1,133,224	
St. Johns River State College	816,000	709,216	106,784	816,000	
St. Petersburg College	2,498,981	2,074,252	424,729	2,498,981	
Santa Fe College	2,873,456	2,343,040	530,416	2,873,456	
Seminole State College of Florida	1,912,066	1,615,740	297,119	1,912,859	(793) (5)
South Florida State College	324,124	266,269	57,855	324,124	
State College of Florida, Manatee-Sarasota	1,461,655	1,234,100	227,555	1,461,655	
Tallahassee Community College	2,058,513	1,732,990	325,523	2,058,513	
Valencia College	4,371,648	3,597,405	774,243	4,371,648	
Total Public State Colleges	44,961,188	37,812,116	7,149,560	44,961,676	(488)
Total	\$ 296,446,311	\$ 277,329,539	\$ 19,037,504	\$ 296,367,043	\$ 79,268

- Notes: (1) Amounts reported by the institution as of December 31, 2013.
(2) Represents amount the FDOE owed to the institution at December 31, 2013. This generally occurs when students re-enroll after withdrawing or dropping courses and successfully appeal the return of Program funds.
(3) Represents an amount the FDOE owed to the institution due to a student withdrawal that was not recorded correctly.
(4) Amount represents approved petitions to withdraw or courses dropped after end of term. The 30-day deadline stipulated in Section 1009.53(5)(a), Florida Statutes, does not apply to these withdrawals.
(5) Represents amount the FDOE owed the institution at December 31, 2013, due to underfunding of awards. The institution will seek additional funds towards the end of the fiscal year if dropped classes do not cover the deficit.

EXHIBIT B
MANAGEMENT RESPONSES



Florida Agricultural and Mechanical University
TALLAHASSEE, FLORIDA 32307

TELEPHONE: (850) 412-5479
FAX: (850) 561-2079
TDD: (850) 561-2704

OFFICE OF THE VICE PRESIDENT
DIVISION OF AUDIT AND COMPLIANCE
406 FOOTE-HILYER ADMINISTRATION CENTER

March 6, 2014

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

Dear Mr. Martin:

This letter is in response to your correspondence dated February 28, 2014, concerning the Audit of the Florida Bright Futures Scholarship Program for the Fiscal Years ended June 30, 2012 and 2013. Pursuant to your request, the Corrective Action Plan for addressing the Audit *finding* is presented below.

Finding: The Institution did not have effective procedures to ensure that undisbursed Program funds were returned timely.

Recommendation: The Institution should enhance or implement procedures to ensure that undisbursed Program funds are returned to the Florida Department of Education (FDOE) within the time frames provided by law.

Response: The University has strengthened its procedures to ensure the return of undisbursed funds to FDOE within the time frame required. The University has added the specific dates of return to the Office of Financial Aid Calendar which is distributed to, and monitored by, the Vice President of Student Affairs. We believe that, as of Spring 2013, we are fully compliant with Section 1009.53(5)(b), Florida Statutes.

Sincerely,

Larry Robinson

LR:dmb

Enclosure

Copy to: Dr. William Hudson, Jr., Vice President, Student Affairs
Mr. Joseph Bakker, Interim Vice President, Administrative and Financial Services
Mr. Richard Givens, Vice President, Audit and Compliance
Mrs. Lisa Stewart, Director, Office of Financial Aid

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EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES



March 4, 2014

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

Dear Mr. Martin,

Enclosed is our response to the preliminary and tentative findings and recommendations for the Bright Futures Scholarship Program audit for the fiscal years ended June 30, 2012 and June 30, 2013.

If you have any questions or need additional information, please do not hesitate to contact Dr. Kenneth Jessell, Chief Financial Officer and Senior Vice President for Finance and Administration, a kjessell@fiu.edu.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark B. Rosenberg".

Mark B. Rosenberg
President

Cc: Douglas Wartzok, Provost and Executive Vice President
Kenneth Jessell, Chief Financial Officer and Senior Vice President for Finance and Administration

OFFICE OF THE PRESIDENT

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EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES

FLORIDA INTERNATIONAL UNIVERSITY
Responses to Preliminary and Tentative Findings
Bright Futures Scholarship Program Audit
Fiscal Years Ended June 30, 2012 and June 30, 2013

Finding No. 1. Return of Funds for Student Drops and Withdrawals
Untimely Return of Refunds Resulting from Student Drops and Withdrawals

Florida International University concurs with the finding that \$3,648 was returned 183 days late for Fall 2011 as a result of student drops. FIU identifies funds to be returned by running a query to search for Bright Futures students who have dropped courses or withdrawn. The query failed to include this group of students and so these funds were not returned until the error was subsequently discovered. The query was revised, tested and in use beginning Fall 2012. No further late returns due to drops or withdrawals have occurred.

EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES



THE
FLORIDA STATE
UNIVERSITY

Office of Inspector General Services
Suite 407 Westcott Building
222 South Copeland Street
P. O. Box 3061390
Tallahassee, Florida 32306-1390

March 17, 2014

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

Dear Mr. Martin:

The Florida State University's response to your preliminary and tentative findings and recommendations for the audit of the Florida Bright Futures Scholarship Program, for the fiscal years ended June 30, 2012 and June 30, 2013, is attached.

If you have any questions about the response, please do not hesitate to contact me. Thank you.

Cordially yours,

Sam M. McCall, PhD, CPA,
CGFM, CIA, CGAP
Chief Audit Officer

Attachment

cc: Eric Algoe
Dennis Bailey
Michael Barrett
Kyle Clark
David Coburn
Darryl Marshall
Garnett Stokes
Michael Williams

EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES

Florida State University
Response to Audit of Florida Bright Futures Scholarship Program
for the Fiscal Years Ended June 30, 2012 and June 30, 2013

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

Response: The Florida State University has enhanced its reconciliation procedures to return undisbursed awards in compliance with Section 1009.53(5)(b), Florida Statutes.

**EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES**



Student Financial Assistance

March 19, 2014

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

Dear Mr. Martin,

In response to the University of Central Florida Bright Futures audit for 2011-12 and 2012-13, we do concur that the two refunds of Bright Futures funding, from drops/withdrawals or repayment of NC grades, were returned late.

There are two causes for the late returns, which are outlined below.

- **2011-12 Academic Year**

Spring 2012 refunds totaling \$278,359 returned 6/15/2012, check no. 725664.

All undisbursed funds for Spring 2012 were returned by the 60 day State deadline. UCF has an institutional withdrawal date that occurs after the 60 day State deadline. As a result, there were additional Spring award adjustments made in late March. These funds were not returned by the 30 day end-of-term deadline, but instead were processed at the end of fiscal year final cleanup.

Moving forward, our Office will move away from relying on the State requirement of an end-of-term reconciliation, and implement a monthly reconciliation process. This new process will ensure these funds are returned within the Florida Statutes deadlines.

- **2012-13 Academic Year**

Fall 2012 refunds totaling \$8,695 returned 6/20/2013, check no. 764625.

Student Development and Enrollment Services
4000 Central Florida Blvd. • Millican Hall Suite 120 • Orlando, FL 32816-0113
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**EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES**



Student Financial Assistance

This refund was for the repayment of NC grades. The grade of NC is offered at UCF in certain classes in place of D+, D, or D-. There are no provisions outlined in Florida Statutes that address the treatment of NC grades. It is however considered "no credit" earned.

Our Office was of the understanding these were adjustments and the funds would be returned within 30 days of the adjustment request.

Based upon ongoing discussions with the Florida Department of Education, Office of Student Financial Assistance (OSFA), we were advised that adjustments of this nature should follow the 30 day end-of-term deadline. This advice did not occur until well into this audit review, which began after the Fall 2013 semester. Moving forward, our Office has taken steps to implement a process effective for Spring 2014 that would ensure refunds of adjustments for NC grades occur by the 30 day end-of-term deadline. Students that request to repay their Bright Futures funds for an NC grade must make such requests within 2 weeks from grades being posted. Failure to make the request within that timeframe will forfeit the student's opportunity to repay these funds as the returns must occur by the 30 day end-of-term deadline.

Sincerely,

A handwritten signature in cursive script that reads 'Alicia Keaton'.

Ms. Alicia Keaton
Director of Student Financial Assistance
Office of Student Financial Assistance
University of Central Florida
120 Millican Hall
Orlando, FL 32816-0113
Phone: (407) 823-2827
Fax: (407) 823-5241

Student Development and Enrollment Services
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EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES




March 7, 2014

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

Dear Mr. Martin:

Please see enclosed the University of South Florida System responses for those audit findings related to the University that are included in the 2013 Florida Bright Futures Scholarship Program Audit prepared by your office.

If you have any questions or require additional information, please contact Jennifer Condon, University Controller, at 813-974-6061.

Sincerely,

Nick J. Trivunovich
Vice President for Business and Finance

Enclosure

Copy to: Dr. Judy Genshaft
 John Long
 Sandy Lovins
 Dr. Ralph Wilcox
 Jennifer Condon
 Debra Gula

EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES

University of South Florida
Response to Preliminary and Tentative Finding of the 2013 Florida Bright Futures Scholarship
Program Audit
Conducted by the Auditor General's Office

RETURN OF PROGRAM FUNDS

Finding No. 1: Institutions generally returned Program funds related to student drops and withdrawals to the Florida Department of Education (FDOE) in a timely manner. However, eight institutions did not have effective procedures in place to ensure that such refunds were always timely returned to the FDOE.

Recommendation: The institutions should enhance or implement procedures to ensure that refunds due as a result of student drops and withdrawals are returned to the FDOE within the time frames provided by law.

Management's Response: University Scholarships & Financial Aid Services has enhanced the monitoring report tools and procedures used to identify courses dropped/withdrawn that were paid for with Bright Futures funds. The enhanced monitoring will be used before, during and after each term.

Additional training and improved procedures for monitoring end of term refund check requests submitted to the University Controller's Office for all State of Florida programs, including Bright Futures, have also been implemented to address the end of term requirement and end of year reconciliation deadlines.

Implementation Date: August 1, 2013
Responsible Party: Billie Jo Hamilton, 813/974-3039

EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES



Office of the President
11000 University Parkway
Pensacola, FL 32514-5750

March 12, 2014

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

Dear Mr. Martin:

This is the University of West Florida's acknowledgement of and response to the preliminary and tentative findings and recommendations as transmitted by your correspondence of February 28, 2014. The response relates to your audit of the Bright Futures Scholarship Program administered by the State of Florida at the

University of West Florida
for the Fiscal Year ended June 30, 2013.

Finding #1:

Institutions generally returned program funds related to student drops and withdrawals to the Florida Department of Education (FDOE) in a timely manner. However, eight institutions did not have effective procedures in place to ensure that such refunds were always timely returned to the FDOE.

UWF Response:

The following procedures will be changed:

1. At the end of the term, and prior to the holiday closure, the Bright Futures website will be reviewed, and if funds are due, a refund will be requested and processed.
2. Upon returning from the holiday closure, the Bright Futures website will be reviewed again to insure that the refund has been posted. If there is any additional amount due, this refund will be requested and processed.
3. Refund requests will go through Accounts Payable instead of the Cashier's Office. This will insure that refund requests are handled timely and not delayed due to the beginning of the term and processing of fee payments and financial aid.

Phone **850.474.2200** Fax **850.474.3131**
Web **uwf.edu/president**
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EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES

We continue to find the Auditor General provides constructive assistance to us, as we strive to maintain an acceptable level of accountability.

Sincerely,



Judith A. Bense, Ph.D.
President

- cc: UWF BOT Chairman
UWF BOT Audit & Operations Committee
Dr. Martha Saunders, Provost
Dr. Susan Stephenson, Vice President Business, Finance, & Facilities
Ms. Pat Lott, interim General Counsel
Dr. George Ellenberg, Vice Provost
Ms. Joffery Gaymon, Assistant Vice President Enrollment Affairs
Ms. Colleen Asmus, Associate Vice President/Controller
Ms. Betsy Bowers, Associate Vice President Internal Auditing
Ms. Jan Bass, Director Financial Aid
Ms. Lisa Griswold, Associate Controller

EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES



OFFICE OF THE PRESIDENT

1519 Clearlake Road • Cocoa, Florida 32922 • 321/433/7000 • Fax: 321/433-7005

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Cocoa, Florida 32922
321/433-7060
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Melbourne Campus
3865 N. Wickham Road
Melbourne, Florida 32935
321/433-5502
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Palm Bay Campus
250 Community College Pkwy.
Palm Bay, Florida 32909
321/433-5150
Fax: 321/433-5305

Titusville Campus
1311 North U.S. 1
Titusville, Florida 32796
321/433-5078
Fax: 321/433-5113

Website
www.easternflorida.edu

March 17, 2014

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

Dear Mr. Martin:

The following is our response to the preliminary and tentative findings of your Bright Futures Scholarship Program audit of Eastern Florida State College for the fiscal years ended June 30, 2012 and June 30, 2013.

Finding No. 1: Return of Funds for Student Drops and Withdrawals

The College concurs with the finding. The Office of Financial Aid has made the necessary procedural adjustments to ensure the department is refunded within 30 days after the end of the semester for courses dropped by a student or courses from which a student has withdrawn after the end of the drop and add period.

Sincerely,


Dr. James H. Richey
President



EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES



OFFICE OF
THE PRESIDENT

4200 Congress Avenue
Lake Worth, FL 33461-4796

561-868-3501 TEL
561-868-3504 FAX

March 18, 2014

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

Dear Mr. Martin:

On February 28, 2014, Palm Beach State College received the preliminary and tentative audit findings and recommendations for the Florida Bright Futures Scholarship Program audit administered by the State of Florida for the fiscal years ended June 30, 2012 and June 30, 2013. The College will use the recommendations identified in the audit to improve future operations.

The College's response to the finding is as follows:

Audit Finding No. 2: Return of Undisbursed Advances

Institutions generally returned undisbursed Program funds to the Florida Department of Education (FDOE) in a timely manner. However, six institutions did not have effective procedures in place to ensure that undisbursed Program funds were always timely returned to the FDOE.

***Response:** Prior to Spring 2012, Palm Beach State College reconciliations were completed at the end of the semester. Beginning Spring 2012, the procedure was changed and a calendar created to reconcile the Bright Futures account to the OSFA's (Office of Student Financial Assistance) deadline schedule. The calendar was created effective Spring Term 2012. Palm Beach State College has been timely in returning undisbursed funds since the procedure was changed.*

Please contact Mr. Richard A. Becker, Vice President of Administration and Business Services, at (561) 868-3137, if additional information is needed.

Sincerely,

Dennis P. Gallon, Ph.D.
President

cc: District Board of Trustees
Mr. Richard A. Becker



**EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES**



March 3, 2014

Mr. David W. 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 findings which may be included in a report to be prepared on your audit of the

**Florida Bright Futures Scholarship Program
For the Fiscal Years Ended June 30, 2012 and June 30, 2013**

received from your office on February 28, 2014. Please feel free to contact me if we can provide further information.

Sincerely,

Eileen Holden, Ed.D.
President
Polk State

Office of the President | 999 Avenue H, N.E.
Winter Haven, FL
33881-4299
863.298.6861
polk.edu

EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES

Recommendation: The above-noted institution should enhance or implement procedures to ensure that refunds due as a result of student drops and withdrawals are returned for FDOE within the time frames provided by law.

Response: We acknowledge your recommendation and have created a financial unit within the Financial Aid Office that is responsible for the reconciliation of funds and return of any refunds due as a result of student drops and withdrawals within the time frames provided by law.

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

Response: We acknowledge your recommendation and have created a financial unit within the Financial Aid Office that is responsible for the return of undisbursed Programs funds to DOE within the time frames provided by law.

EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES



100 Weldon Boulevard | Sanford, FL 32773-6199 | 407.708.2010 | seminolestate.edu

E. Ann McGee, President

March 19, 2014

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

Dear Mr. Martin:

We have reviewed the preliminary and tentative audit findings for Seminole State College’s Bright Futures Scholarship Program as stated in your letter of February 28, 2014. We agree that the College experienced untimely returns of program advances for Fall 2011 and Spring 2012.

We have had numerous staffing changes in the Financial Aid department and have recently begun a reorganization of this area, which includes organizational reporting changes. These changes will allow for more collaboration between the Financial Aid and the Accounting staff, which we fully expect will help the College to continue to comply with the timely return of undisbursed Bright Futures funds. Additionally, we recently hired a staff member who is primarily responsible for all State Financial Aid programs. As of the Academic Year 2012-13, there have been no further audit findings in the return of State funds.

Our current process is that once we determine the amount that must be returned to the State at the end of the Fall and Spring terms, our Accounting Office will work with our Financial Aid State Program Coordinator to reconcile our records to the State’s records, then timely submit the check request for payment. Thus we do not foresee any further issues with returning State funds within the required timeframe.

If you have any further questions regarding this matter, please contact Dr. Lynn Powers, Associate Vice President, Business Services, powersl@seminolestate.edu or at 407-708-2138.

Sincerely,

Dr. E. Ann McGee
President

EAM:crd

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EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES



OFFICE OF THE PRESIDENT
March 4, 2014

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

Dear Mr. Martin:

Let me express my sincere appreciation for the professional manner in which your staff conducted the audit. Below is the College's response to the preliminary and tentative findings to be included in the Bright Futures audit report for the fiscal years ended June 30, 2012 and June 30, 2013.

Finding No. 2 Return of Undisbursed Advances

Recommendation: The above-noted institutions should enhance or implement procedures to ensure that undisbursed program funds are returned to the FDOE within the timeframes provided by law.

Response: The College has reviewed and updated procedures to insure that Bright Futures Program funds are returned timely in the future.

Should you have any questions or concerns, please feel free to call me.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas C. Leitzel", written in a cursive style.

Dr. Thomas C. Leitzel
President

c: David Blanton, Audit Supervisor

600 West College Drive, Avon Park, Florida 33825-9356 | 863-784-7111
www.southflorida.edu | thomas.leitzel@southflorida.edu

EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES



President's Office 5001 St. Johns Avenue Palatka, FL 32177 386-312-4200

March 4, 2014

Mr. David W. Martin
Auditor General
State of Florida
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mr. Martin:

Below is the response of St. Johns River State College to the preliminary and tentative audit finding referencing our school in the Bright Futures Scholarship Program audit for the Fiscal Years Ended June 30, 2012 and June 30, 2013.

Finding No. 1: Return of Funds for Student Drops and Withdrawals

During the year under audit, St. Johns River State College was under leadership transition in the Financial Aid Office, and the normal Bright Futures return of funds process was not followed. The College has solidified the leadership of that area, and reinstated the proper procedures for return of funds.

Please let me know if you need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe H. Pickens".

Joe H. Pickens, J.D.
President

**EXHIBIT B (CONTINUED)
MANAGEMENT RESPONSES**

VALENCIA COLLEGE

March 17, 2014

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


Dear Mr. Martin:

Valencia College received your letter and report concerning the preliminary and tentative findings and recommendations on the Bright Futures Scholarship program audit of Fiscal Years ending June 30, 2012 and June 30, 2013.

Regarding Finding and Recommendation No. 1: Return of Funds for Student Drops and Withdrawals: Effective Fall 2013, Valencia College has a process in place through the Florida Virtual College to accurately receive enrollment notification from Host Schools of Transient students. Valencia will receive enrollment notification prior to payment of Bright Futures funds, thus solving an audit problem in subsequent aid years. Valencia has created additional programming and reporting to more accurately track course retakes by students and pay Bright Futures aid for only one instance of the course.

Thank you for the opportunity to prepare a response to this report.

Sincerely,


Sanford C. Shugart
President
Valencia College

C: Brenda Racis