



FLORIDA POLYTECHNIC
UNIVERSITY

Board of Trustees Audit & Compliance Committee Meeting

Wednesday, March 13, 2019
11:30 AM-12:00 PM

Florida Polytechnic University
Admissions Building
4700 Research Way, Lakeland, FL 33805

Dial In Number: 240-454-0887 | Access Code: 644918312

Gary Wendt, Chair
Travis Hills

Dr. Richard Hallion, Vice Chair
Mark Bostick

Dr. Adrienne Perry
Jim Dewey

AGENDA

- | | |
|--|-------------------|
| I. Call to Order | Gary Wendt, Chair |
| II. Roll Call | Kim Abels |
| III. Public Comment | Gary Wendt, Chair |
| IV. Approval of the December 5, 2018 Minutes
Action Required | Gary Wendt, Chair |
| V. 2018-20 Audit and Compliance Committee Work Plan Review | David Blanton |
| VI. Audit & Compliance Update | David Blanton |
| VII. Auditor General Follow-up Review
Action Required | David Blanton |
| VIII. Auditor General Information Technology Operational Report
Action Required | David Blanton |
| IX. Investigative Report FPU 2019-03
Action Required | Gary Wendt, Chair |
| X. Closing Remarks and Adjournment | |

Florida Polytechnic University
Board of Trustees

Audit and Compliance Committee Meeting

DRAFT MEETING MINUTES

**Wednesday December 5, 2018
9:00 AM-9:45 AM**

Florida Polytechnic University, 4700 Research Way, Lakeland, FL 33805

I. Call to Order

Committee Chair Gary Wendt called the meeting to order at 9:00 AM

II. Roll Call

Kim Abels called the roll: Committee Chair Gary Wendt, Trustee Adrienne Perry, Trustee Frank Martin, Trustee Bob Stork, Trustee Mark Bostick and Trustee Travis Hills were present (Quorum).

Other trustees present: Chair Don Wilson, Vice-Chair Cliff Otto, Trustee Philip Dur, and Trustee Henry McCance.

Staff present: President Randy Avent, Ms. Gina Delulio, Mr. Mark Mroczkowski, Mr. Kevin Aspegren, Mr. Rick Maxey, Mr. David Blanton, Mr. Derek Horton, Ms. Michele Rush, Mrs. Kim Abels and Mrs. Maggie Mariucci were present.

III. Public Comment

There were no requests received for public comment.

IV. Approval of Minutes

Trustee Bob Stork made a motion to approve the Audit & Compliance Committee meeting minutes of September 5, 2018. Trustee Frank Martin seconded the motion; a vote was taken, and the motion passed unanimously.

V. 2018-2020 Audit & Compliance Committee Work Plan Review

Mr. David Blanton reviewed the Work Plan for 2018-2020. No comments or changes were made.

VI. Audit & Compliance Update

Mr. Blanton provided the Committee with an update of the Audit and Compliance activities. The updates included the following:

- A. External Audits: Currently, the Foundation Financial audit and an audit of the University's Information Technology System are in progress; however, final reports have not been released. The University's financial audit for June 30, 2018 has not been yet begun.
- B. Internal Audit and Compliance Activities: University Audit completed one audit, recently conducted compliance & ethics training for University staff, and has assisted with various consulting projects.
- C. Foundation Operating and Scholarship Funds: Mr. Blanton presented the revenues and expenses for these Foundation funds through the first quarter of the fiscal year. There was very little revenue or expenditure activity for either fund. Trustee Wendt questioned if the applications are down since the discount rate for scholarships is down. President Randy Avent answered that there are many changes in the University and negative news may be a contributing factor.

VII. SUS Compliance Program Status Checklist

Mr. Blanton reviewed the SUS Compliance Program Status Checklist. The checklist, required by the Board of Governors, reports on the progress towards implementing the 19 required compliance plan components. All required components were in place as of November 2018. Compliance and ethics training has been conducted with a focus on federal compliance, data privacy and cybersecurity, compliance and ethics training, and ongoing compliance communications.

Trustee Frank Martin made a motion to recommend approval of the SUS Compliance Program Status Checklist to the Board of Trustees. Trustee Bob Stork seconded the motion; a vote was taken and the motion passed unanimously.

VIII. UAC Report 2019-02 Sponsored Research Activities

Mr. Blanton presented the Audit of Sponsored Research that was completed by University Audit. Sponsored research was very responsive and cooperative with providing the information needed for this audit. The audit identified 7 observations directed at enhancing the operations of sponsored research, as noted below:

- A. Labor Effort Reporting (Allocated salaries): The federal requirement for records to accurately reflect the work performed is not tracked in the current ERP system and the Sponsored Research department is adopting a system to certify the time spent at the end of each semester. This will be an acceptable method to support the time.
- B. Performance Metrics
- C. Written Policies and Procedures
- D. Sponsored Research Billings
- E. Export Controls
- F. Grant Proposal Routing Forms
- G. Required Research Training

Trustee Mark Bostick made a motion to recommend approval of the University Audit & Compliance (UAC) Report (2019-02) on Sponsored Research Activities to the Board of Trustees. Trustee Bob Stork seconded the motion; a vote was taken and the motion passed unanimously.

IX. Closing Remarks and Adjournment

With no further business to discuss, the meeting adjourned at 9:50 AM.

**Florida Polytechnic University
Audit & Compliance Committee
Work Plan 2018-20**

February 28, 2018	May 22-23, 2018	September 12, 2018	December 5, 2018
<ul style="list-style-type: none"> • Audit & Compliance Update 	<ul style="list-style-type: none"> • Audit & Compliance Update • University Financial Audit – FYE 6/30/17 • University Operational Audit • University Compliance & Ethics Program Plan • Enterprise Risk Management (ERM) Workshop • Foundation Financial Audit – FYE 6/30/17 	<ul style="list-style-type: none"> • Audit & Compliance Update • UAC 2017-18 Annual Report • UAC 2018-19 Risk Assessment/Activity Plan • University Operational Audit • Investigative Report Review 	<ul style="list-style-type: none"> • Audit & Compliance Update • SUS Compliance Program Checklist • UAC Audit Report 2019-02 Sponsored Research Activities
March 13, 2019	May 21-22, 2019	September 11, 2019	December 11, 2019
<ul style="list-style-type: none"> • Audit & Compliance Update • Auditor General Follow-up Review • Auditor General IT Audit • Investigative Report FPU 2019-03 	<ul style="list-style-type: none"> • Audit & Compliance Update • University Compliance & Ethics Program Plan • University Financial Audit – FYE 6/30/18 • Foundation Financial Audit – FYE 6/30/18 	<ul style="list-style-type: none"> • Audit & Compliance Update • UAC 2018-19 Annual Report • UAC 2019-20 Risk Assessment/Activity Plan 	<ul style="list-style-type: none"> • Audit & Compliance Update

**Florida Polytechnic University
Audit and Compliance Committee
Board of Trustees
March 13, 2019**

Subject: Audit and Compliance Update

Proposed Committee Action

Information only – no action required.

Background Information

David Blanton, Chief Audit Executive/Chief Compliance Officer (CAE/CCO) will provide the Committee with an update of all University and Foundation audit activity including (1) the status of external audits (2) University Audit activities and plans (3) Foundation monitoring report and (4) University Compliance activities.

Supporting Documentation: Power Point presentation

Prepared by: David A. Blanton, CAE/CCO



FLORIDA POLYTECHNIC
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Audit & Compliance Update

David A. Blanton, CPA

March 13, 2019

External Audits Status

- **Information Technology Audit**
 - Completed in January
- **University Financial Audit (FYE 6/30/18)**
 - Fieldwork just started in January
 - Should be released by 3/31/19
- **Foundation Financial Audit (FYE 6/30/18)**
 - Fieldwork complete
 - Present to BOT after Foundation Board approval



- External Audits
- **Internal Audit**
- **University Compliance**

Internal Audit

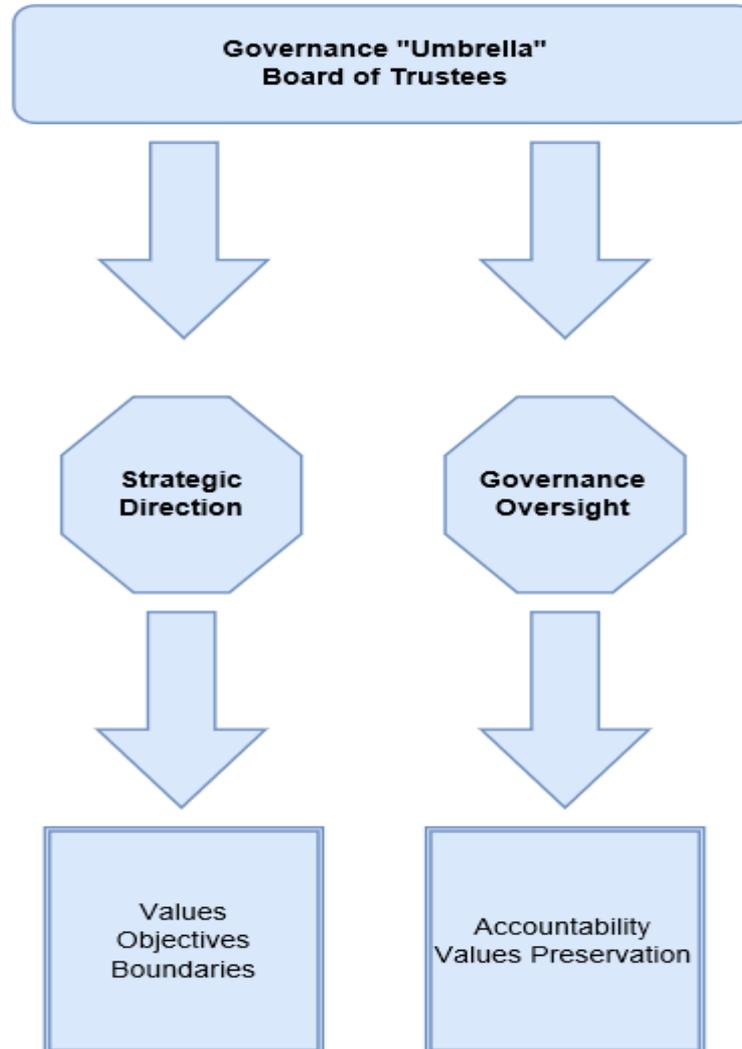
- **Audit Plan**
- **Corrective Action Plans/Risk Mitigation Plans**
- **Foundation Monitoring**
- **Other UAC Activities**

Audit Plan Progress

- **Sponsored Research**
- **Operational Audit Follow-up**
- **ADA/Disability Services**
- **Institutional Scholarship Award Administration**

Legend: Audit/Review Completed

Corrective Action Plans/ Risk Mitigation Plans



Corrective Action Plans/ Risk Mitigation Plans

- **Expressed in detail for each specific recommendation**
 - e.g. Revise policy, develop/enhance internal controls
- **Identifies an “owner” of the corrective action**
 - A specific employee, not a department
- **Identifies a due date for action**
 - e.g. Q3/2019
- **Communicated to the BOT to facilitate accountability**

Foundation Monitoring Concerns/Suggestions

- **Stabilize/set annual scholarship limit**
- **Limit operating expenses**
- **Increase operating revenues**
- **Establish an appropriate monitoring system**

Foundation Operating & Scholarship Funds

Operating Fund

- Revenues=\$225K
- Expenses=\$203K

Scholarship Fund

- Revenues=\$150K
- Expenses=\$324K

Source: Workday Trial Balance by Fund, dated 02/11/19

Other UAC Activities

- **Consulting requests**
- **Quality Assurance Review for another university**
- **Quality Assurance & Improvement Program for UAC operations**



- External Audits
- Internal Audit
- **University Compliance**

Compliance Plan Progress

- **Compliance plan focus areas**
 - Federal compliance (Research & Financial Aid)
 - Environmental Health & Safety
 - Data privacy and cybersecurity
 - Operational follow-up
 - Compliance & ethics training
 - Investigations/ongoing compliance communications

SUS Compliance & Ethics Consortium

- **Represents all 12 Florida universities**
- **Met in January @ USF**
- **In process of identifying criteria to be used to measure effectiveness of Compliance Program**
 - BOG Regulation
 - Federal Sentencing Guidelines, Chapter 8
 - DOJ Evaluation of Corporate Compliance Programs
- **Evaluation(s) requires that BOT be knowledgeable about the Program**

Investigations

- **One Investigation completed by UAC in January**
 - Report FPU 2019-03
- **One External Investigation Completed**
 - UAC reviewed/concludes no further action warranted
 - UAC forwarded to BOG/case closed

**Florida Polytechnic University
Audit and Compliance Committee
Board of Trustees
March 13, 2019**

Subject: Auditor General Operational Audit Follow up Review

Proposed Committee Action

Recommend approval of the Follow up Review of the Auditor General Operational Audit to the Board of Trustees.

Background Information

In June 2018, the Florida Auditor General released an operational audit conducted for Florida Polytechnic University (AG Report No. 2018-214). This operational report included 9 findings and identified the University's response to each of the findings.

Pursuant to the Audit Work Plan approved by the Audit & Compliance Committee, University Audit and Compliance (UAC) performed a limited scope review to determine the current status of operational matters reported in the AG operational report. The Committee should consider whether corrective actions taken by University management are sufficient to timely address the audit concerns.

Supporting Documentation: Power Point presentation and UAC Report 2019-04

Prepared by: David A. Blanton, CAE/CCO



FLORIDA POLYTECHNIC
UNIVERSITY

Auditor General Follow-up Review

David A. Blanton, CPA

March 13, 2019

Definition: Operational Audit

- The AG conducts operational audits to evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines
- Nine (9) findings in last operational audit

Operational Audit History

Table 2
History of Operational Audits Conducted by the AG

Report No.	Report Title	Date Issued	Audit Period³
2018-214	Florida Polytechnic University – Operational Audit	6/18/2018	January 2016 – March 2017
2016-067	Florida Polytechnic University – Operational Audit	12/18/2015	July 2014 – June 2015

Repeat Findings

- **BOG Regulation & State law provide authority for accountability**
- **Written statement required for repeats (3 times)**
- **Chair or Board designee may be required to appear before JLAC**
- **President may be required to appear before BOG**

Review Summary

Table 1
Summary of Prior Findings
AG Report No. 2018-214

Finding No.	Finding		Current Status
1	Textbook Affordability*	●	Not corrected
2	Bank Account Reconciliations	●	Corrected
3	Auxiliary Enterprise Contracts	●	Corrected
4	Payroll Processing – Time Records*	●	Not corrected
5	Expense Cards*	●	Not corrected
6	Subcontractor Licenses	●	Corrected
7	Anti-Hazing Course	●	Deemed corrected (but pending determination by AG)
8	Direct Support Organization	●	Partially corrected
9	Information Technology Security Awareness	●	Corrected

*Denotes an uncorrected audit finding that has been repeated in the last two operational audits.

Textbook Affordability*

- ***Risk of 3-peat (reported twice previously)**
- **95% of textbooks must be posted within 45 days of first day of class**
- **Recommend enhanced monitoring to ensure compliance at 45 day mark**
- **Last two semesters reviewed (Fall 18 & Spring 19)**

Textbook Affordability*

Table 3 Textbook Adoptions by Semester Fall 2018 and Spring 2019 Semesters		
	Fall 2018	Spring 2019*
Course sections offered	306	292
Course sections not posted timely	68	29
Percent compliance	77.8%	90.1%
Percent non-compliance	22.2%	9.9%
<p>*Note: For the Spring 2019 term, the textbook vendor's information indicated that textbook adoptions were not received for 4 course sections and were therefore included as exceptions. (25 untimely adoptions and 4 adoptions not communicated)</p>		

Payroll Processing – Time Records*

- ***Risk of 3-peat (reported twice previously)**
- **Tested 45 employees - partially corrected**
- **Academic Affairs uses Director rather than immediate supervisory authority**
- **One other isolated exception where assistant certified time for the immediate supervisor**

Expense Cards*

- ***Risk of 3-peat (reported twice previously)**
- **Tested 60 expenses - not corrected**
- **5 instances where cardholder did not approve charge in Workday**
- **14 instances where appropriate supervisory approval was not documented**
 - Travelers had their administrative assistants complete the transaction on their behalf, then traveling employee approved (7 of 14 instances)

IT Security Awareness Training

- **Corrected**
- **New employees**
 - Acknowledgement forms on file (100% compliance)
 - Training (23/25 completed)
- **Existing employees**
 - Required annual training/testing (24/25 completed)

Direct Support Organization

- **Partially corrected**
- **Trustees prescribe rule or condition for use of resources (corrected)**
- **Trustee approval of resources prior to use (corrected)**
- **Trustee approval of resources provided and used (pending 6/30/19)**
 - Distribution of costs between DSO/University activities

Anti-Hazing Program

- **Corrected/pending resolution by AG**
- **No similar contracts to date**
- **Resolution of \$500K administrative costs**
 - Initial Representation: return \$330K in unused funds
 - Section 1013.74(6) provides authority to use unspent programmatic funds for approved capital projects
 - OGC legal opinion concurring with statutory authority



1013.74 (6) F.S.

- For the 2011-2012 through 2022-2023 fiscal years, a university board of trustees may expend reserve or carry forward balances from prior year operational and programmatic appropriations for legislatively approved fixed capital outlay projects authorized for the establishment of a new campus.



FLORIDA POLYTECHNIC
UNIVERSITY

Report No: FPU 2019-04
February 2019

University Audit & Compliance
Follow-Up Review on
Auditor General Operational Report

David A. Blanton, CPA, CCEP
Chief Audit Executive and Chief Compliance Officer

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Executive Summary:

Pursuant to the Audit Work Plan¹ approved by the Audit & Compliance Committee, University Audit and Compliance (UAC) performed a limited scope review to determine the current status of operational matters reported by the Florida Auditor General (AG) in AG Report No. 2018-214, dated June 2018.

Table 1 below, summarizes the current status, as determined by UAC, of each of the findings reported by the AG in their most recent operational audit:

Table 1 Summary of Prior Findings and Current Status AG Report No. 2018-214			
Finding No.	Finding		Current Status
1	Textbook Affordability*	●	Not corrected
2	Bank Account Reconciliations	●	Corrected
3	Auxiliary Enterprise Contracts	●	Corrected
4	Payroll Processing – Time Records*	●	Not corrected
5	Expense Cards*	●	Not corrected
6	Subcontractor Licenses	●	Corrected
7	Anti-Hazing Course	●	Deemed corrected (but pending determination by AG)
8	Direct Support Organization	●	Partially corrected
9	Information Technology Security Awareness	●	Corrected
*Denotes an uncorrected audit finding that has been repeated in the last two operational audits.			

This review was conducted in accordance with the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* (Standards).

This scope of this review was limited to corrective action taken by University management in response to the findings and recommendations presented in AG Operational Report No. 2018-214.

¹ UAC Work Plan for the Fiscal Year Ended June 30, 2019, approved September 5, 2018

Background, Objective, Scope, and Methodology:

Background:

Pursuant to State law², the AG conducts operational audits to evaluate management’s performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines. Operational audits of universities are required to be conducted at least every three (3) years by the AG. The table below outlines the operational audits conducted by the AG for Florida Poly since the University’s inception:

Table 2 History of Operational Audits Conducted by the AG			
Report No.	Report Title	Date Issued	Audit Period³
2018-214	Florida Polytechnic University – Operational Audit	6/18/2018	January 2016 – March 2017
2016-067	Florida Polytechnic University – Operational Audit	12/18/2015	July 2014 – June 2015

Board of Governors Regulation⁴ and State law⁵, provides that The Joint Legislative Auditing Committee (JLAC) of the Florida Legislature has the authority to address state universities that have failed to take full corrective action in response to audit findings included in the two (2) preceding financial or operational audit reports. The JLAC may request from a board of trustees a written statement explaining why full corrective action has not been taken or, if the board of trustees intends to take full corrective action, describing the corrective action to be taken and when it will occur. If the JLAC determines that the written statement is not sufficient, it may require the chair of the board of trustees, or the chair’s designee, to appear before the JLAC. If the JLAC determines that the state university has failed to take full corrective action for which there is no justifiable reason or has failed to comply with their requests made pursuant to section 11.45(7)(j), Florida Statutes, the JLAC shall refer the matter to the Board of Governors to proceed in accordance with this regulation.

² Section 11.45, Florida Statutes

³ Audit period determined from AG report objectives; however, some records prior to and subsequent to these periods may be examined for certain matters.

⁴ BOG Regulation 4.004, Board of Governors Oversight Enforcement Authority

⁵ Section 11.45(7)(j), Florida Statutes

As noted in **Table 1**, Finding Nos. 1, 4, and 5 are at risk of being repeated for a third time triggering the additional oversight requirements outlined above for repeat findings. Therefore, it is very important that University management take appropriate action to correct these findings before the next AG operational audit (which could begin as early as January 2020).

Objective:

To determine whether University management had taken appropriate corrective action in response to the findings and recommendations in AG Operational Report No. 2018-214.

Scope:

This scope of this review was limited to corrective action taken by University management in response to the findings and recommendations presented in AG Operational Report No. 2018-214.

Methodology:

To achieve the review objective, UAC performed the following activities:

- Compiled findings related to Florida Poly from the AG's last operational audit;
- Researched and compiled relevant laws, rules, regulations, contracts, grant agreements, and other guidelines;
- Prepared information requests to applicable University staff;
- Reviewed information provided and other information independently obtained;
- Evaluated controls and management actions taken relevant to the prior findings; and
- Formulated conclusions based on the evidence obtained.

UAC conducted this review in accordance with the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* (Standards).

Prior Findings, Current Status, and Recommendations:

Prior AG Finding 1: Textbook Affordability: The University did not comply with State law⁶, which requires that each university to post prominently in the course registration system and on its Web site, as early as feasible, but at least 45 days before the first day of class for each term, a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course sections offered at the university during the upcoming term. It was previously reported that the University only posted textbook information for 68 percent of the course sections from the Fall 2016 Term. This finding has been reported in the last two AG operational audits.

Prior AG Recommendation: The University should ensure compliance with State law by prominently posting in the course registration system and on its Web site, as early as feasible, but at least 45 days before the first day of class for each term, a hyperlink to lists of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course sections offered at the University during the upcoming term.

Current Status: ● **Not corrected.** UAC reviewed the dates the textbook vendor posted textbook information for the Fall 2018 and Spring 2019 terms. **Table 3** below details course sections offered and related textbook adoptions (required) for each term:

Table 3 Textbook Adoptions by Semester Fall 2018 and Spring 2019 Semesters		
	Fall 2018	Spring 2019*
Course sections offered	306	292
Course sections not posted timely	68	29
Percent compliance	77.8%	90.1%
Percent non-compliance	22.2%	9.9%
*Note: For the Spring 2019 term, the textbook vendor's information indicated that textbook adoptions were not received for 4 course sections and were therefore included as exceptions. (25 untimely adoptions and 4 adoptions not communicated)		

As noted in **Table 3** above, required textbooks and instructional materials were timely adopted for 77.8, and 90.1 percent of the course sections offered for the Fall 2018 and Spring 2019 terms,

⁶ Section 1004.085(6), Florida Statutes

respectively. Therefore, the University had not enhanced controls sufficiently to comply with State law (requiring that at least 95 percent of textbooks and instructional materials be posted at least 45 days prior to the first day of class) and to correct the prior AG finding on textbook affordability.

UAC Recommendation: University personnel should enhance controls and monitoring procedures (prior to the 45 day deadline) to ensure the timely posting of at least 95 percent of all course sections offered each term.

Prior AG Finding 2: Bank Account Reconciliations: Bank account reconciliations were not prepared and approved until 110 to 261 days or an average of 185 days after the bank statement dates.

Prior AG Recommendation: University personnel should document the timely preparation of reconciliations of bank account balances to general ledger control accounts and supervisory review and approval of the reconciliations.

Current Status: ● **Corrected.** University controls were properly enhanced to provide for the timely preparation and approval of bank reconciliations. UAC examined records from October 2018 to January 2019 and determined that bank account reconciliations were prepared and approved timely for this period.

UAC Recommendation: No recommendation as this matter has been corrected.

Prior AG Finding 3: Auxiliary Enterprise Contracts: The University foodservice and bookstore contracts required the vendors to timely submit commission revenue and related reports for University personnel to review and verify the accuracy of the revenue. University records evidenced that the bookstore commission revenue agreed to the terms of the bookstore vendor contract. However, neither the monthly sales reports and the manually prepared spreadsheets used by the Auxiliary Services Department to monitor food service sales, nor other University records, identified commission revenue based on different meal categories to demonstrate that the food service commission revenue agreed to the terms of the food service vendor contract.

Prior AG Recommendation: The University should continue efforts to verify that food service commission revenue earned is received in accordance with the food service vendor contract.

Current Status: ● **Corrected.** UAC reviewed the reconciliations maintained in support of commission-based revenue from the varying meal categories specified in the contract for the 2017-18 fiscal year. The University's enhanced controls were determined to satisfactorily correct the prior audit finding.

UAC Recommendation: No recommendation as this finding is deemed corrected.

Prior AG Finding 4: Payroll Processing – Time Records: Supervisory approval was not documented on the time reports for 9 employees and administrative assistants (rather than supervisory personnel) documented approval of the time worked for 3 of the 9 employees.

Prior AG Recommendation: The University should ensure that, prior to processing payroll payments, documented supervisory approval of subordinate time reports is obtained. If extenuating circumstances prevent documented supervisory approval prior to payroll processing, supervisory approval should be obtained as soon as practical thereafter.

Current Status: ● **Partially corrected.** UAC selected a sample of 45 employees to determine whether appropriate approvals over leave and monthly approvals (certifications) were documented in Workday. Although no instances were noted in which administrative assistants approved payroll, UAC noted that 9 payroll certifications were approved by the Director of Academic Affairs rather than the immediate supervisory authority (Provost). In addition, one additional exception was noted for an employee that had their administrative assistant certify their time worked rather than certifying their own time. Although this employees' time worked was ultimately subjected to the appropriate level of supervisory approval, each employee should be responsible for certifying their own time worked and leave taken.

UAC Recommendation: University management should review the delegations established in Workday for payroll approvals and make the necessary enhancements to ensure proper supervisory approval prior to payroll processing. Controls should be enhanced by adding one additional level of approval for the 9 exceptions noted above.

Prior AG Finding 5: Expense Cards: The audit examined University records for 40 selected expenses totaling \$75,568 and found that University records did not evidence:

- Cardholder approval for 6 expenses totaling \$13,056, which included airfare, lodging, and participation in a payroll certification program. According to University personnel, 5 expenses totaling \$8,670 were for purchases made by University research employees who were not required to approve purchases until the University IT system was implemented in October 2016. However, contrary to the applicable UF P-Card Manual requirements, the research employees did not sign the expense receipts. Absent documented cardholder approval, responsibility for the expense is not established and the risk for unauthorized purchases without timely detection is increased.
- Supervisory review and approval for an expense of \$2,495 for a recruiting trip. An administrative assistant documented approval of the expense and, according to University personnel, the assistant was officially authorized to approve expenses on behalf of her supervisor. However, supervisory personnel with direct responsibility for and knowledge of subordinate work activities would be in the best position to approve expenses and hold subordinates accountable for such expenses.

Prior AG Recommendation: University procedures should be enhanced to ensure that cardholders and supervisors document approval of E-card expenses. Additionally, the E-Card Manual should be revised to require both cardholders and their immediate supervisors to approve all E-card expenses.

Current Status: ● **Not corrected.** Expense receipts are no longer required to be signed; however, the employee incurring the expense should approve the charge in Workday. The Workday business processes require that appropriate documentation be included in support of the transaction and that required approvals are made prior to processing and payment.

UAC selected a sample of 60 Expense card (E-card) transactions to determine whether appropriate approvals over expenses were documented. The following was noted:

- In 5 instances, the person incurring the charge did not approve the charge in Workday.
- In 14 instances, an appropriate level of supervisory approval was not made in Workday for charges incurred on an E-card.

These exceptions occurred primarily because travelers (or employees with E-card charges) had their administrative assistant complete the transaction in Workday on their behalf or the administrative assistant was ultimately responsible for the charge incurred with no further supervisory approval. For instance, in 7 of the 14 exceptions cited above for inadequate supervisory approval, it was noted that an employee had their administrative assistant initiate the charge in Workday for their travel, and then the employee approved their own travel charges. E-card charges for travel totaled \$3,675 for these 7 employees.

The AG finding also recommended that the University E-card Manual (Manual) should be revised to require cardholders and their immediate supervisors to approve all expenses; however, the Manual has not been revised to provide for such approvals. Currently, the Manual suggests that the cardholder's supervisor should review expense reports periodically to consider appropriateness of purchases.

UAC Recommendation: University management should review the delegations established in Workday for E-card approvals and make the necessary enhancements to the business processes to ensure proper supervisory approval prior to processing and payment. Additionally, the University should revise the E-card Manual to require cardholders and their immediate supervisors to approve all expenses, as recommended in the AG operational audit.

Prior AG Finding 6: Subcontractor Licenses: University personnel indicated that they verified the licenses of the subcontractors before the subcontractors commenced work on University facilities; however, University personnel did not always maintain documentation of that verification. From the population of 34 subcontractors who provided services for the Wellness Center Expansion Project totaling \$1.55 million and the Recreation Building Project totaling \$2.4 million, we requested for examination University records supporting verification of the licensure of 7 subcontractors. Subsequent to our inquiry, and because University records did not evidence that the licenses had been verified, University personnel contacted the CMEs and obtained copies of the 7 subcontractors' licenses.

Prior AG Recommendation: The University should enhance procedures to verify and document that subcontractors are appropriately licensed before the subcontractors commence work on University facilities. Such procedures could include documented verification through online licensing searches or appropriate evidence of the CME's confirmation of licensure.

Current Status: ● **Corrected.** Although there have been no significant construction projects initiated since the AG's last operational audit, UAC determined that Facilities has designed required forms to list and provide for verification of all subcontractors. This enhanced procedure is expected to be utilized beginning with the construction of the Applied Research Center.

UAC Recommendation: No recommendation as this finding is deemed corrected.

Prior AG Finding 7: Anti-Hazing Course: The University was appropriated and allocated \$3 million to provide an anti-hazing course for all State University System incoming freshmen for the 2015-16 and 2016-17 school years. The University contracted with a service provider for the course; however, University records did not demonstrate that the University made substantive efforts to obtain the necessary institution and freshmen participation in the course or that the course provider services were received at the lowest cost consistent with desired quality. In addition, the University contract for these services did not specify a minimum number of participating institutions or anticipated freshmen participants or provide for legal remedies should the services not extend to a sufficient number of institutions and students, and University records did not document the reasonableness of the contracted amount or the \$500,000 retained by the University for administrative costs related to the course.

Prior AG Recommendation: The University should:

Ensure that, for future contracts for student services, University records evidence substantive efforts to obtain the necessary SUS institution and student participation. Such efforts may include appropriate financial incentives to applicable university and student participants; appropriate documented discussions with other university administrators and involvement with the Board of

Governors (BOG); or other endeavors to ensure the success administration of, and participation in, such services.

- Ensure that, for future contracts for student services, considerations of the service costs in relation to the anticipated service benefits are documented to demonstrate that the services will be received at the lowest cost consistent with desired quality.
- Ensure that future contracts for student services contain all applicable provisions and conditions of the procurement of student services, including quantifiable, measurable, and verifiable units of deliverables directly related to the scope of work with specified performance measures and legal remedies should the deliverables not meet the performance measures.
- Provide documentation to the BOG supporting the reasonableness of course-related administrative costs totaling \$500,000. The University should return to the State Treasurer any portion of the \$500,000 that is not supported as reasonable course-related administrative costs.

Current Status: ● **Corrected/(Pending final resolution by the AG).** With respect to the first 3 AG recommendations above, UAC examined the population of contractual service contracts utilized, as of January 2019, and determined that there have been no comparable contracts for student services. With respect to the final recommendation that the University provide documentation to the BOG supporting the reasonableness of the administrative costs retained by the University and return to the State Treasurer any portion that is not supported as reasonable costs, the following actions have been taken by the University:

- In September 2018, Dr. Avent spoke to the BOG's Audit & Compliance Committee and reported that the University had determined that it would apply the De Minimis Federal indirect cost rate to program expenditures totaling \$1.7 million. This is the rate that the University currently applies to all grants administered by Florida Poly and a rate which is permitted, without question, under the Federal Uniform Guidance. As a result, Dr. Avent reported that the University could support administrative costs related to the anti-hazing course totaling \$170,000 and unused programmatic funds totaling \$330,000 would be returned to the State Treasury, as recommended by the audit.
- Subsequent to the BOG meeting in September, it was noted that State law⁷ authorizes Florida Poly to expend reserve or carryforward balances from prior year operational and programmatic appropriations for legislatively approved fixed capital outlay projects authorized for the establishment of a new campus (effective through the 2022-23 fiscal year). Consequently, unused programmatic funds appropriated for the anti-hazing course would not be subject to return, contrary to the AG recommendation detailed above. This position, has been evaluated by the University's Office of General Counsel (OGC) and it is their opinion that this provision of law clearly authorizes Florida Poly to utilize the unused programmatic

⁷ Section 1013.74(6), Florida Statutes

funds, as prescribed by law, rather than returning such funds to the State Treasury. In February 2019 UAC was provided with a written opinion from OGC to support this position.

- In January 2019, the question was posed to the AG as to whether their recommendation to return unused program funds to the State Treasurer would be changed in light of authority granted to Florida Poly, as prescribed by State law. Further, in February 2019, the written opinion from the University's OGC was provided to the AG in support of this position. To date, the AG has not responded to this request and it is not likely that they would address the matter until the next scheduled operational audit.

UAC Recommendation: The University should update the BOG on the authority for Florida Poly to utilize unspent programmatic funds and ensure that such funds are properly expended for legislatively approved fixed capital outlay projects, as authorized by law. In addition, the University should continue to seek resolution with the AG with respect to whether the return of unused program funds is still warranted.

Prior AG Finding 8: Direct-Support Organization: University policies and records supporting University personal services provided to the University's direct-support organization could be improved.

Prior AG Recommendation: The audit recommended that:

- The Trustees prescribe by rule any condition with which a DSO must comply in order to use University property, facilities, and personal services and the University monitor and document DSO compliance with such conditions.
- The University document the Trustees' consideration and approval of DSO anticipated use of University resources, at least on an annual basis, before the use occurs. To enhance government transparency, the Trustees' approval documentation should identify the positions of the employees who will provide the personal services that will be used by the DSO and the value of such use.
- The University document University employee actual time and effort provided to the DSO to support the purpose for and value of those services and the distribution of applicable personal service costs among specific University and DSO activities for employees who work on more than one activity.

Current Status: ● **Partially corrected.** With respect to the 3 specific recommendations in the AG's finding, the University has taken the following actions concerning the Foundation (currently, our only DSO):

- In December 2018, the University Board of Trustees (BOT) was presented with a revised Regulation⁸ to replace the previous University rule over DSO's. The proposed Regulation

⁸ Regulation FPU-10.002, University Direct Support Organizations

sets thresholds for the approval of DSO purchases, acquisitions, projects, and issuances of debt; requires the BOT Chair to appoint at least one representative to a DSO's board of directors; requires the BOT to approve all appointments to the DSO's board of directors; prohibits the use of state funds for DSO travel expenses; prohibits a DSO from giving any gift to a political committee; and stating that University personal services used by a DSO are subject to the remuneration requirements in Section 1012.976, Florida Statutes. The proposed Regulation also provides that each DSO shall comply with all other obligations required by law, including those required by Florida Statutes, Section 1004.28, and applicable Board of Governors and University rules, regulations, policies and procedures.

- In May 2018, the BOT was presented and approved the Foundation's anticipated use of University resources for the 2018-19 fiscal year. As recommended by the AG audit, the information presented identified the positions of the University employees who will provide the personal services to the Foundation and value of such use.
- Actual time and effort provided by the University to the Foundation will be presented subsequent to the fiscal year end (June 30, 2019), and thus has not been implemented to date. In addition to the reporting of resources provided by the University to the DSO, a certification of the use of funds is expected to be provided subsequent to each fiscal year end.

UAC Recommendation: The University should continue their efforts to implement appropriate corrective action for direct-support organizations. Such corrective action should include the reporting of actual resources provided to the Foundation and a certification that such resources were in compliance with the conditions imposed by the new University Regulation.

Prior AG Finding 9: Information Technology (IT) Security Awareness: University policies⁹ require all employees to undertake online information security awareness training annually and to comply with all policies regarding IT. From a sample of 19 of the 397 University employees, IT policy acknowledgement forms were not provided for 7 employees and the forms for 9 other employees were not timely signed (ranging from 73 to 206 days after hire).

Prior AG Recommendation: University management should strengthen procedures to obtain signed IT policy acknowledgement forms before employees are provided access to University IT resources.

Current Status: ● **Corrected.** It is important to note that the AG's operational report, released in June 2018, examined the process in place during the 2016 calendar year. It is also important to note that University policy only requires a signed IT acknowledgement form (IT Form) for new employees; however, it appears that the prior AG audit finding inaccurately extends this requirement to all 397 employees employed during the previous audit period.

⁹ FPU Policy No. FPU-11.0011P, Mandatory Information Security Training – Employees, approved on March 18, 2016.

Pursuant to University Policy⁹, IT Security Awareness Training is conducted from April through May of each year for existing employees. Therefore, spring 2019, will be the first opportunity for University management to offer required training for existing employees subsequent to the AG report release in June 2018.

IT security awareness training is administered and managed through a commercial online provider that tracks participation and maintains supporting documentation for those successfully completing the training. UAC selected a sample of 25 new employees hired from the period of July 2018 to January 2019 and a sample of 25 existing employees to test the status of the prior AG finding and compliance with University Policy. The following was noted:

1. Signed IT Form (as cited by the AG): Testing disclosed that the IT Form was obtained for all 25 new hires tested by UAC. The acknowledgement forms were timely obtained for all but one employee, which was signed and approved 38 days after hire.
2. Required Training – New Employees (not cited by the AG but required by University Policy): 23 of the 25 new employees selected for testing had completed the required training.
3. Required Training – Existing Employees (not cited by the AG but required by University Policy): 24 of the 25 new employees selected for testing had completed the required training.

Given that the prior AG finding only cited the failure to obtain IT Forms (Item 1 above), this prior AG finding was deemed to be corrected. As noted in Items 2 and 3 above, the majority of employees are completing the required annual training, as required by University Policy. Multiple notifications to both the employee and the employee's supervisor are administered by IT to encourage compliance with the required annual IT security awareness training.

UAC Recommendation: University management should continue their efforts to obtain the IT Forms for all new employees and ensure an appropriate level of compliance with the annual training requirements set forth in University Policy, as it relates to both new and existing employees.

Corrective Action Plan Auditor General Follow-up Review

Finding No.	Action	Responsible person	Implementation Deadline	2018-19 Fiscal Year				2019-20 Fiscal Year					
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
1	Enhance monitoring procedures (prior to 45 day deadline) to ensure that at least 95 percent of textbooks are posted.	Tom Dvorske	March 2019 (3/29/19 is the 45-day deadline for summer term)			X							
4	Enhance Workday delegations and/or business processes for payroll approvals to ensure an appropriate level of supervisory approval prior to payroll processing.	Derek Horton	June 2019				X						
5	Enhance Workday delegations and/or business processes for expense card approvals to ensure an appropriate level of supervisory approval prior to payment.	Derek Horton	June 2019				X						
5	Revise expense card manual to require cardholders and their immediate supervisors to approve all expenses.	Treasa McLean	February 2019			X							
7	University management should update the BOG on Florida Poly's deemed authority to utilize unspent programmatic funds on approved capital project funds.	Randy Avent, President	May 2019				X						
7	Continue to seek resolution with AG on deemed authority to use programmatic funds for capital needs rather than return to the State treasury.	David Blanton	June 2020 (next anticipated AG audit)										X
8	Report to BOT actual time and effort for personal services provided by the University to the Foundation for the 2018-19 fiscal year.	Derek Horton	Sept 2019					X					
8	Foundation certifies to BOT that resources received from the University were used for intended purposes.	Bob Kennedy	Sept 2019					X					

AGENDA ITEM: VIII.

**Florida Polytechnic University
Audit and Compliance Committee
Board of Trustees
March 13, 2019**

Subject: Auditor General Information Technology Operational Audit

Proposed Committee Action

Recommend approval of the Information Technology (IT) Operational Audit over Florida Poly's Workday Enterprise Cloud Applications to the Board of Trustees.

Background Information

The University uses Workday Enterprise Cloud Applications for recording, processing, and reporting finance and human resources transactions. The Florida Auditor General conducted this operational audit of the University's IT system to evaluate the effectiveness of selected IT controls in achieving management's control objectives in the categories of compliance with controlling laws, administrative rules, and other guidelines; the confidentiality, integrity, availability, relevance, and reliability of data; and the safeguarding of IT resources. One finding was cited related to service account management; however, details of the finding are not disclosed in the public report to avoid the possibility of compromising the confidentiality of University data and related IT resources. However, University management has been notified of the specific issue.

Supporting Documentation: Auditor General Report No. 2019-103

Prepared by: David A. Blanton, CAE/CCO

STATE OF FLORIDA AUDITOR GENERAL

Information Technology Operational Audit

Report No. 2019-103
January 2019

FLORIDA POLYTECHNIC UNIVERSITY

Workday® Enterprise Cloud Applications



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the period July 2018 through October 2018, Dr. Randy K. Avent served as President of Florida Polytechnic University and the following individuals served as Members of the Board of Trustees:

Donald H. Wilson, Chair from 8-1-2018, Vice Chair through 7-31-2018	Dr. Richard P. Hallion Travis Hills ^b
Clifford "Cliff" K. Otto, Vice Chair from 8-1-2018	Henry McCance
Frank T. Martin, Chair though 7-31-2018	Dr. Adrienne Perry
R. Mark Bostick	Dr. Louis S. Saco
Dr. Jim Dewey ^a	Robert W. Stork
Rear Admiral Philip A. Dur, USN (Ret.)	Gary C. Wendt

^a Faculty Senate Chair.

^b Student Body President.

The audit was supervised by Heidi Burns, CPA, CISA.

Please address inquiries regarding this report to Heidi Burns, CPA, CISA, Audit Manager, by e-mail at heidiburns@aud.state.fl.us or by telephone at (850) 412-2926.

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Claude Pepper Building, Suite G74 • 111 West Madison Street • Tallahassee, FL 32399-1450 • (850) 412-2722

FLORIDA POLYTECHNIC UNIVERSITY

Workday® Enterprise Cloud Applications

SUMMARY

This operational audit of Florida Polytechnic University (University) focused on evaluating selected information technology (IT) controls applicable to the Workday® Enterprise Cloud Applications (Workday®), including the contractual relationship with Workday, Inc. as the provider for the University's Workday® Software as a Service subscription. As summarized below, our audit disclosed an area in which improvements in University controls and operational processes are needed.

Finding 1: University IT security controls related to account management need improvement.

BACKGROUND

The Florida Polytechnic University (University) is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors (BOG). The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 6 citizen members and the BOG appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered 5-year terms. The Faculty Senate Chair and Student Body President also serve as members.

While the BOG establishes the powers and duties of the Trustees, the Trustees are responsible for setting University policies, which are to provide governance in accordance with State law and BOG regulations. The Trustees select the University President, who is subject to confirmation by the BOG. The University President serves as the executive officer and the corporate secretary of the Trustees and is responsible for administering the University policies prescribed by the Trustees.

The University uses the Workday® Enterprise Cloud Applications (Workday®) for recording, processing, and reporting finance and human resources transactions. The University executed a Master Subscription Agreement (MSA) with Workday, Inc. on April 29, 2015, with an extended order effective April 29, 2018, for the subscription to Workday® using Software as a Service (SaaS). Under the terms of the MSA, Workday, Inc. hosts the Workday® applications and maintains and manages the supporting information technology (IT) infrastructure.

FINDINGS AND RECOMMENDATIONS

Finding 1: Security Controls – Account Management

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit procedures disclosed that certain security controls related to account management

need improvement. We are not disclosing specific details of the issue in this report to avoid the possibility of compromising the confidentiality of University data and related IT resources. However, we have notified appropriate University management of the specific issue.

Without appropriate security controls related to account management, the risk is increased that the confidentiality, integrity, and availability of University data and related IT resources may be compromised.

Recommendation: We recommend that University management improve IT security controls related to account management to ensure the confidentiality, integrity, and availability of University data and IT resources.

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 IT operational audit from July 2018 through October 2018 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 the audit findings and our conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for the audit findings and our conclusions based on our audit objectives.

This IT operational audit focused on evaluating selected University IT controls applicable to the Workday® Enterprise Cloud Applications, including those related to the University's contractual relationship with Workday, Inc. as the provider for the SaaS subscription during the period July 2018 through October 2018. The overall objectives of the audit were:

- To evaluate the effectiveness of selected IT controls in achieving management's control objectives in the categories of compliance with controlling laws, administrative rules, and other guidelines; the confidentiality, integrity, availability, relevance, and reliability of data; and the safeguarding of IT resources.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for the IT systems and controls included within the scope of the audit, deficiencies in management's internal controls; instances of noncompliance with applicable governing laws, rules, or contracts; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit 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 IT controls, legal compliance matters, and records considered.

As described in more detail below, for the IT systems and controls included within the scope of this 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 the audit; obtaining an understanding of the IT systems and controls; 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 the audit findings and our conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

This audit included the selection and examination of IT system controls and records. Unless otherwise indicated in this report, these items were not selected with the intent of statistically 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 University management, staff, and contractors and, as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting this audit, we:

- Interviewed University personnel and reviewed documentation applicable to University and Workday, Inc. operations to obtain and understanding of:
 - The delineation of responsibilities between the University and Workday, Inc. for the security, administration, support, and maintenance of Workday® and the supporting IT infrastructure, and the applicable contractual provisions.
 - IT infrastructure, including the hardware, operating systems, and database management system, as they relate to the support of the University's Workday® SaaS subscription.
 - Workday® controls that support the University's critical finance and human resources business processes.
- Evaluated the adequacy of University security management controls for ensuring the sufficiency of activities performed by Workday, Inc. related to data management and security.
- Evaluated the adequacy of University security management controls for ensuring the sufficiency of Workday, Inc. controls related to restricting administrative access privileges to the IT infrastructure supporting Workday®.
- Evaluated the adequacy of University security management controls for ensuring the sufficiency by which Workday, Inc. controls related to appropriateness of selected authentication controls for the IT infrastructure supporting Workday®.
- Evaluated the adequacy of University security management controls for ensuring the sufficiency of Workday, Inc. logging and monitoring controls over privileged administrator actions for the servers and databases that support Workday®.
- Evaluated the effectiveness of selected logical access controls for restricting administrative access privileges to the University's network domain.

- Evaluated the adequacy of the University's security management controls related to user authorization, periodic review of access, and the identification of sensitive transactions for Workday®.
- Evaluated the adequacy of system documentation relating to Workday® to promote efficient and effective operations.
- Evaluated the adequacy of the University's logging and monitoring controls over changes to the security and configuration of Workday®, including changes to user access, security group permissions, and business process rules.
- Evaluated the adequacy of the University's controls related to security group and business process rule creation, assignment, and ongoing maintenance.
- Examined and evaluated the adequacy of the University's controls over the security administration function for Workday®.
- Evaluated the appropriateness of selected authentication controls used to protect IT resources and University data for Workday®.
- Examined and evaluated the appropriateness of administrative privileges for the University's network domain as of July 24, 2018.
- Examined and evaluated access granted to eight critical Workday® business processes to determine if the processes enforce an appropriate separation of duties.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Section 11.45, Florida Statutes, provides that the Auditor General may conduct audits of the IT programs, activities, functions, or systems of any governmental entity created or established by law. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our IT operational audit.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



FLORIDA POLYTECHNIC
UNIVERSITY

Office of the President
Florida Polytechnic University
4700 Research Way
Lakeland, Florida 33805

January 11, 2019

Sherrill F. Norman
Auditor General
State of Florida
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Re: IT operational audit of Florida Polytechnic University, Workday® Enterprise Cloud Applications

Dear Ms. Norman:

The following is our response to the preliminary and tentative finding of your information technology operational audit of Florida Polytechnic University, Workday® Enterprise Cloud Applications.

Finding 1: Service Account Management

The University agrees with the finding and recommendation included in the report. We have taken appropriate corrective action to improve account security controls and ensure the confidentiality, integrity, and availability of University IT resources.

Sincerely,

A handwritten signature in black ink, appearing to read "Maver".

Dr. Randy K. Avent. Ph.D.
President
Florida Polytechnic University

4700 RESEARCH WAY | LAKELAND, FL | 33805-8531 | FLORIDAPOLY.EDU

**Florida Polytechnic University
Audit and Compliance Committee
Board of Trustees
March 13, 2019**

Subject: Investigative Report FPU 2019-03

Proposed Committee Action

Recommend approval of Investigative Report FPU 2019-03 to the Board of Trustees.

Background Information

University Audit and Compliance (UAC) was requested to conduct an investigation on December 11, 2018, in response to several complaints received by the President and by the Chief Audit Executive and Chief Compliance Officer (CAE/CCO) primarily related to allegations of discrimination and retaliation involving University faculty. This investigation was conducted in accordance with the *Standards for Complaint Handling and Investigations for the State University System of Florida*. The alleged charges of discrimination and retaliation were not sustained.

Supporting Documentation: Investigative Report FPU 2019-03

Prepared by: David A. Blanton, CAE/CCO



FLORIDA POLYTECHNIC
UNIVERSITY

Report No: FPU 2019-03
January 2019

University Audit & Compliance
Investigative Report

David A. Blanton, CPA
Chief Compliance Officer and Chief Audit Executive

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Executive Summary:

University Audit and Compliance (UAC) was requested to conduct an investigation on December 11, 2018, in response to several complaints received by the President and by the Chief Audit Executive and Chief Compliance Officer (CAE/CCO) relative to allegations of bribery, discrimination, and retaliation involving University faculty. Investigative fieldwork was conducted from December 4, 2018 through January 4, 2019. This investigation was conducted in accordance with the *Standards for Complaint Handling and Investigations for the State University System of Florida*.

This investigation's scope was limited to the following allegations:

Allegation 1: Alleged Offer of Bribery. Complainant alleged that a bribe was offered by her supervisor to conceal errors related to the administration of final exams administered in the Fall 2017 term.

Conclusion: Unsubstantiated. UAC was unable to obtain sufficient evidence to either substantiate or disprove the offer of bribery.

Allegation 2: Alleged Discrimination. Complainant alleged that she was subjected to discrimination and retaliation by her supervisor with regard to the following matters during her employ with Florida Polytechnic University:

- Complainant was not offered adjunct teaching assignments in the Spring 2018 term, while other adjunct staff were offered assignments. Complainant alleges retaliation and discrimination in adjunct appointments made by her immediate supervisor.
- Complainant was subjected to a class observation in October 2018 for her performance evaluation without specific notice of the time and date of the observation. Complainant alleged that this was discriminatory since other adjunct staff received specific notice (date/time) of class observation.
- Overload hours were assigned to Complainant for the Fall 2018 term. Complainant alleged that the overload assignments were retaliatory and intentionally assigned to place an undue burden on Complainant and jeopardize her ability to perform well.
- To date, Complainant has not been offered teaching assignments in the Spring 2019 term, while other adjunct staff have been afforded teaching assignments. Complainant alleges retaliation and discrimination in the adjunct appointments.

Conclusion: Not sustained. University Regulation¹ defines discrimination as the unlawful practice of conducting employment practices specifically related to a defined "protected classes". Since the alleged acts of discrimination were not associated with a "protected class" (as alleged by the Complainant), the protections afforded under this Regulation would not be applicable.

¹ Regulation FPU-1.004 Non-Discrimination/Equal Opportunity.

Complainant asserts that all retaliatory acts were in response to her declining the offer of bribery and other conflicts with her immediate supervisor, rather than on the basis of a “protected class”. With respect to allegations of retaliation, such charges were also not sustained.

Background, Objective, Scope, and Methodology:

Background:

The University offers Chemistry classes to its students in the Fall and Spring terms. As noted from the table below, the Spring terms have experienced higher demand and requires more faculty for class offerings than Fall terms:

Schedule of Chemistry Classes by Semester		
Term	Lectures	Labs
Spring 2018	2	3
Fall 2018	6	10
Spring 2019	1	3

The University has one full-time faculty member that teaches Chemistry and primarily relies on adjunct faculty to assist when needed. This faculty member also serves as the Chair of the Department of Natural Sciences and is responsible for assigning staff for lectures and labs and the evaluation of faculty within his department. In the Fall 2018, a Visiting Assistant Professor (VAP) was employed to assist with Chemistry classes. This VAP was previously used as an adjunct in the Fall 2017 semester.

Objectives:

The objective of this investigation was to assess allegations related to discrimination and violations of governing directives, laws, regulations, and university policies based on testimonial and documentary evidence. The conclusions used in this report are categorized and defined as follows:

- **Sustained:** A conclusion of fact indicating that evidence has been established which is more probable to be true than not true that a violation of governing directives has occurred.
- **Not Sustained:** A conclusion of fact indicating that evidence has been established which is more probable to be true than not true that a violation of governing directives has *not* occurred.
- **Unsubstantiated:** A conclusion was neither substantiated nor sustained as sufficient information was not available to support or refute the allegation.

Scope:

Due to the nature and dates of allegations included within the scope of this investigation, the investigative period relates to activities occurring from December 5, 2017 (Fall 17 Semester), and thereafter, up to the release of this report. The scope of this investigation was limited to alleged violations of bribery and discrimination (including retaliation) in violation of University Regulation. Certain other matters relayed by the Complainant were not included within the scope of this investigation. Those matters, identified on page 9 of this report, have been referred to appropriate University administration for consideration and further action, if warranted.

Methodology:

To achieve the investigative objective, UAC performed the following activities:

- Researched and compiled relevant governing directives which served as criteria against which to evaluate the allegations;
- Gathered documentation and conducted interviews;
- Prepared information requests to applicable University staff;
- Reviewed information provided; (including emails and other notices) and
- Formulated conclusions based on the evidence obtained

UAC conducted this investigation in accordance with the *Standards for Complaint Handling and Investigations for the State University System of Florida*.

Allegations, Conclusions, and Recommendations:

Allegation 1: Offer of Bribery: Complainant alleged that a University faculty member offered an undisclosed amount of cash to her in exchange for concealing scheduling conflicts encountered in administering the final exam for Chemistry Lab in the Fall 2017 term.

In the Fall 2017 Semester, prior to the establishment of Department Chairs, the University assigned Academic Program Coordinators (APCs) to coordinate instruction and supervise faculty. The APC over Chemistry was responsible for preparing the exams and for establishing the dates and times that the final exams were to be scheduled. With respect to the lab final for Chemistry that was offered in the Fall 2017 semester, the APC sent out correspondence to all Chemistry faculty instructing them that students had until 11:00 pm to complete the final exam. However, Complainant noted on the morning of the exam that the actual times available for students to take the exam, which was administered online, was not programmed in accordance with instructions previously communicated by the APC. Testing times were set up in the online testing platform by an Information Technology Engineer, as communicated via email by the APC. Scheduled testing times were incorrect for all 12 classes (not just those of the Complainant) and disagreement ensued between the Complainant and the APC as how to best remedy this matter. Ultimately, the scheduling conflict was resolved prior to administering the exam and no students were impacted.

On the day following the Chemistry lab final, Complainant alleges that the APC offered an undisclosed amount of money to her in exchange for not disclosing the conflicts encountered in scheduling the Chemistry lab final. Complainant further alleges that she declined the offer of bribery by the APC, which directly led to the acts of discrimination and retaliation outlined in Allegation 2 below. Complainant also advised that this offer of bribery was not disclosed to anyone until almost one year later, in November 2018.

Conclusion: Unsubstantiated. UAC was unable to obtain sufficient evidence to either substantiate or disprove the offer of bribery. Conflicting testimony was obtained by UAC, and there were no witnesses or corroborating video/audio recordings available to validate this allegation.

Recommendations: No related recommendations for this allegation.

Allegation 2: Discrimination: Complainant alleged that she was subjected to discrimination and retaliation by her immediate supervisor.

University Regulation² provides that the University is committed to providing and maintaining a dignified environment in which all members of the University Community appreciate and respect one another by collectively sustaining a welcoming environment to work, study, and interact with one another free from any form of unlawful discrimination. The University shall not unlawfully discriminate in offering access to any educational programs or activities or in conducting its employment practices on the basis of race, color, national origin, marital status, sex, religion, age, disability, sexual orientation, gender identity, gender expression, or veteran status (each hereinafter referred to as a “protected class”) or any other legally protected class or basis under applicable federal and/or state laws.

The Regulation provides that all University faculty members are required to immediately report all allegations, reports, or instances of alleged discrimination, by or against any person, to an immediate supervisor, the President, Human Resources, the Director of Student Affairs, or the Provost. Further, the Regulation provides for resolution by informal or formal action and encourages members of the University Community to utilize the internal complaint process prior to filing an external complaint.

The Complainant alleged that she was subjected to discrimination and retaliation by her immediate supervisor with regard to the following matters during her employ with Florida Polytechnic University:

² Regulation FPU-1.004, Non-Discrimination/Equal Opportunity

- Spring 2018 Teaching Assignments: Complainant was not offered adjunct teaching assignments in the Spring 2018 term, while one other adjunct staff member was assigned two Chemistry Lab assignments. These two Chemistry Lab assignments were the only classes offered to adjuncts teaching Chemistry for the Spring 2018 term. Complainant advised that her failure to obtain a teaching assignment was the direct result of her declining the offer of bribery in the previous semester. (As outlined above in Allegation 1).
- Overload Hours/Fall 2018 Term: Complainant was provided with an opportunity to be employed by the University as a Visiting Assistant Professor (which requires an assignment of 12 credit hours minimum) and was assigned 15 credit hours (3 lectures and 3 labs). Workloads in excess of 12 credit hours are considered overload. Complainant indicated that she never requested overload and alleged that the overload assignments were discriminatory and intentionally assigned to place an undue burden on Complainant and jeopardize her ability to perform well. During this semester, the University did (at the request of the Complainant) reduce credit hours assigned to 12 hours.
- Fall 2018 Evaluation: Complainant was subjected to a class observation in October 2018 for her performance evaluation without specific notice of the time and date of the observation. Complainant alleged that this was discriminatory and retaliatory since other staff received specific notice (date/time) of class observation. Complainant was provided advance notice by her supervisor (Friday preceding the Monday observation); however, the notice provided a window of observation rather than a specific date/time. There are no governing directives that require specific notification of observation.
- Spring 2019 Teaching Assignments: To date, Complainant has not been offered teaching assignments in the Spring 2019 term, while three other Chemistry Lab assignments have been offered to two other adjunct staff. As noted in the background section of this report, demand for Chemistry classes is much lighter in the spring terms. Complainant alleges that she was discriminated against (via retaliation) since she did not receive a teaching assignment in the Spring 2019 term.

Conclusion: Not Sustained. University Regulation³ defines discrimination as the unlawful practice of conducting employment practices specifically related to a defined “protected classes”. Complainant asserts that all alleged retaliatory acts were in response to her declining the offer of bribery and other conflicts with her immediate supervisor, rather than on the basis of a “protected class”. Since the alleged acts of discrimination were not associated with a “protected class”, the protections afforded under this Regulation would not be applicable. With respect to retaliation, University Regulation³ defines retaliation as an unlawful adverse or negative action towards an individual because that person reported or filed a complaint, testified or participated in an investigation or proceeding, or opposed discriminatory practices in relation to unlawful

³ Regulation FPU-1.004 Non-Discrimination/Equal Opportunity.

discrimination based on a protected class. The actions described above were not deemed retaliatory in nature since Complainant was offered continued employment in semesters with heavier academic loads (fall semesters); Complainant was offered Visiting Assistant Professor status while no other adjuncts were afforded this opportunity; and Complainant's alleged acts of retaliation were not deemed to violate University Regulation.

In reaching this conclusion, it is important to make note of the distinction between discrimination and preference. It is acceptable for University staff to show preference or favoritism to those persons that align with our core fundamental values and strategic objectives. However, such preferences cannot be determined on the basis of a protected class. UAC was unable to obtain sufficient evidence to substantiate that the Complainant was discriminated on the basis of a protected class, as provided for in University Regulation, or that retaliatory action was taken against Complainant.

Recommendation: Absent the conclusion that discrimination (including retaliation) has occurred, the Complainant could still exercise her rights under University Grievance Procedures, in accordance with University Policy⁴.

⁴ Policy FPU-6.0011P, Employee Grievance Procedure

Other Matters:

Listed below are other matters relayed by the Complainant and certain UAC observations that were not included within the scope of this investigation. These matters have been referred to appropriate University administration for consideration and further action, if warranted.

- A new textbook was assigned with very little advance notice prior to the Fall 2018 semester, providing minimal time for Chemistry faculty to prepare class materials. This was not considered discriminatory by UAC since it was provided to all Chemistry staff with very little advance notice. In addition, UAC determined that the decision to change textbooks was not made by the alleged faculty member responsible for discrimination/retaliation, as purported by Complainant.
- As a result of the perceived unfair performance evaluation observation conducted in October of 2018 (described in Allegation 2), Complainant refused to meet with the Department Chair to review the results of her evaluation and requested a printed copy instead. To date, she has not received a copy of such evaluation or met to discuss the evaluation, as requested by the Department Chair.
- The Chemistry final exam for Fall 2018 was poorly administered due to a printing job error that resulted in incomplete test questions being initially distributed to some students. This impacted several Chemistry classes, but predominantly impacted Complainant's students. (40 of 48 students impacted) Although requested by the Department Chair and the Division Director, Complainant failed to meet with other University staff to remedy a fair and equitable method of adjusting grades for all students impacted by this testing administration error and alleged that this was intentionally directed at her to tarnish her reputation with students. Complainant adjusted her student's score, independently, without input from other University staff. UAC determined that exam production and distribution was not made by the alleged faculty member responsible for discrimination/retaliation, as purported by Complainant.
- Complainant alleged that she did not receive comparable assistance from Student Teaching Assistant's (TA's) when compared to other faculty and adjuncts. However, TA's are hired at the beginning of each semester and are only assigned based on their availability.
- Complainant was cautioned, in writing at a level above the Faculty Chair, that she must maintain collegiality and professionalism between University staff and cease certain disrespectful behaviors. One of the University's fundamental principles provides that employees demonstrate a relentless solution focus, rather than pointing fingers or dwelling on problems.