

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2020-032
September 2019

**STATE UNIVERSITY SYSTEM
BOARD OF GOVERNORS**



Sherrill F. Norman, CPA
Auditor General

Board of Governors and Chancellor

During the period January 2018 through December 2018, Marshall Criser III served as Chancellor of the Board of Governors and the following individuals served as Members of the Board of Governors:

Ned C. Lautenbach, Chair	Edward A. Morton
Sydney "Syd" Kitson, Vice Chair	Kishane Patel through 5-31-18 ^c
Tim Cerio	Jayprakash "Jay" S. Patel
Dr. Shawn Felton from 8-4-18 ^a	Frederic V. Salerno from 5-17-18 ^b
Patricia L. Frost	Pam Stewart ^d
H. Wayne Huizenga Jr.	Norman D. Tripp
Darlene Jordan	Dr. Gary Tyson through 8-3-18 ^a
Thomas G. Kuntz through 1-26-18 ^b	Dr. Fernando J. Valverde
Alan M. Levine	Jalisa White from 6-1-18 ^c
Wendy S. Link	Dr. Zachariah P. Zachariah

^a Chair of the Advisory Council of Faculty Senates.

^b Board member served until 1-26-18, and position remained vacant through 5-16-18.

^c Chair of the Florida Student Association (equivalent to Florida Student Association President referred to in Article IX, Section 7(d) of the State Constitution).

^d Commissioner of Education.

The team leader was Craig J. Pohlmann, CPA, and the audit was supervised by Edward A. Waller, CPA.

Please address inquiries regarding this report to Jaime N. Hoelscher, CPA, Audit Manager, by e-mail at jaimehoelscher@aud.state.fl.us or by telephone at (850) 412-2868.

This report and other reports prepared by the Auditor General are available at:

FLAuditor.gov

Printed copies of our reports may be requested by contacting us at:

State of Florida Auditor General

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

STATE UNIVERSITY SYSTEM

BOARD OF GOVERNORS

SUMMARY

This operational audit of the Board of Governors (BOG) for the State University System (SUS) focused on selected BOG processes and administrative activities and included a follow-up on the finding noted in our report No. 2017-048. Our operational audit disclosed the following:

Finding 1: BOG procedures were not effective to detect that the University of Central Florida replaced the Colbourn Hall by budgeting and expending, without specific authority, \$29.1 million in Education and General carryforward funds to construct the Trevor Colbourn Hall Project.

Finding 2: The BOG needs to enhance regulations and guidance to help State universities establish administrative personnel remuneration standards that conform to statutory requirements. Similar findings were noted in our report Nos. 2017-048.

Finding 3: BOG information technology (IT) policies and procedures should be enhanced to ensure that an IT risk assessment is performed.

BACKGROUND

Pursuant to Article IX, Section 7(d) of the State Constitution, the Board of Governors (BOG) has the duty to operate, regulate, control, and be fully responsible for the management of the State University System. The BOG is composed of 17 members, including 14 citizen members who are appointed by the Governor, subject to confirmation by the Senate, and serve 7-year staggered terms; the Commissioner of Education; the Chair of the Advisory Council of Faculty Senates, or the equivalent; and the President of the Florida Student Association, or the equivalent.

The BOG establishes the powers and duties of the university boards of trustees (UBOTs). The UBOTs are responsible for setting university policies, which provide governance in accordance with State law and BOG regulations.

FINDINGS AND RECOMMENDATIONS

Finding 1: Monitoring and Oversight of University Use of Education and General Appropriation Carryforward Funds

Pursuant to the State Constitution,¹ the Board of Governors (BOG) is to operate, regulate, control, and be fully responsible for the management of the whole university system. State law² authorizes the BOG to

¹ Article IX, Section 7(d) of the State Constitution.

² Section 1001.706, Florida Statutes.

regulate the State University System and adopt a regulation development procedure for the BOG and the universities to use in implementing their constitutional duties and responsibilities.

BOG regulations³ require universities to submit institutional budget requests, including a request for fixed capital outlay and an operating budget. BOG personnel indicated that the BOG established institutional budget requests for universities to submit documents including carryforward fund composition reports, fixed capital outlay budgets, and capital improvement plans. According to BOG personnel, they scan the requests for unusual entries or balances and completeness, compare the requests with other budget requests for consistency, verify the mathematical accuracy of the requests, and follow up with university personnel for necessary corrections to the requests. However, as of August 2019, the BOG had not established guidelines that detail procedures that should be performed when requests are received. BOG guidelines for the monitoring and oversight of budget requests could include, for example, procedures to:

- Evaluate and document the reasonableness of significant changes in budget requests and verify the construction project names associated with the requests.
- Compare funding sources listed on budget requests to the respective legislative appropriations to verify whether projected funding sources are available and allowable for use on the listed construction projects.
- Document the conduct of the monitoring and oversight procedures, including the identities of the persons performing the procedures and when the procedures were performed.

In our report No. 2019-095, we recounted how the University of Central Florida (UCF) replaced the Colbourn Hall by budgeting and expending, without specific authority, \$29.1 million in Education and General (E&G) carryforward funds⁴ to construct Trevor Colbourn Hall (TCH). Our examination of BOG records disclosed that, as part of BOG's monitoring and oversight role, the BOG received from the UCF:

- For the 2012-13 through 2016-17 fiscal years, composition reports that disclosed the planned use of E&G carryforward funds for deferred maintenance.
- For each of the 2015-16 through 2018-19 fiscal years, the capital outlay budgets that listed the TCH Project as "...Funded by PECO [Public Education Capital Outlay]."

Notwithstanding the available information, BOG monitoring and oversight procedures were not effective to detect that the UCF reported deferred maintenance for the Colburn Hall, which was being replaced by construction of the TCH Project, that the UCF had not been appropriated PECO funds to finance the TCH Project, or the UCF's unauthorized planned use of E&G Carryforward funds for the TCH Project. Specifically, our examination disclosed that BOG records did not evidence evaluations of the reasonableness of significant increases in amounts reported for deferred maintenance, comparisons of funding sources listed on budget requests to legislative appropriations, or the identity of who performed the procedures and when. According to BOG personnel, the BOG had deferred much of the BOG oversight of State university use of restricted E&G carryforward fund to the respective universities.

³ BOG Regulation 1.001, University Board of Trustees Powers and Duties.

⁴ Section 1011.45, Florida Statutes, defines carryforward funds as the balance forward for that fund in the approved operating budget for the following year.

Without established controls to effectively monitor E&G funds use, the risk is increased that fraud or errors could occur without timely detection and that E&G carryforward funds will be used for unallowable purposes. Effective July 1, 2019, State law,⁵ requires the BOG to review, approve, and amend, if necessary, each university's carryforward spending plan by October 1, 2020, and each October 1 thereafter.

Recommendation: The BOG should evaluate controls over State university E&G carryforward funds and establish guidelines with detail procedures for appropriately monitoring and ensuring that funds are only used for authorized purposes in accordance with State law. Such procedures should document:

- Evaluations of the reasonableness of significant changes in budget requests and verify the construction project names associated with the requests.
- Comparisons of funding sources listed on budget requests to respective legislative appropriations to verify whether restricted funding sources are available and allowable for use on the listed construction projects.
- Who performed the procedures and when the procedures were performed.

Finding 2: Annual Remuneration Guidance

Pursuant to the State Constitution,⁶ the Board of Governors (BOG) has the duty to operate, regulate, control, and be fully responsible for the management of the State University System (SUS). State law⁷ authorizes the BOG to regulate the SUS and adopt a regulation development procedure for the BOG and the university boards of trustees (UBOTs) to use in implementing their constitutional duties and responsibilities. Pursuant to this authority, the BOG adopted regulations to delegate to the UBOTs the powers and duties necessary and appropriate for the direction, operation, management, and accountability of each State university. However, our audit procedures disclosed that the BOG could clarify university president and administrative employee remuneration requirements to help State universities establish uniform standards and conform to those requirements.

State law⁸ stipulates that a State university administrative employee may not receive more than \$200,000 in annual remuneration⁹ from appropriated State funds. According to State law,¹⁰ this limitation does not apply to university teaching faculty or medical school faculty or staff.

BOG regulations¹¹ define a university teaching faculty member as an employee who provides direct instructional services to students or provides indirect support in the instruction of students by establishing curriculum and other requirements involved in teaching students, including classroom activities, research laboratories, co-curricular activities or service activities in which students participate. The regulations

⁵ Section 1011.45, Florida Statutes.

⁶ Article IX, Section 7(d) of the State Constitution.

⁷ Section 1001.706, Florida Statutes.

⁸ Section 1012.976(2), Florida Statutes.

⁹ Remuneration is defined by Section 1012.976(1)(c), Florida Statutes, as salary, bonuses, and cash-equivalent compensation paid to a State university administrative employee for work performed, excluding health insurance and retirement benefits.

¹⁰ Section 1012.976(3), Florida Statutes.

¹¹ BOG Regulation 9.006, Remunerations of Presidents and Administrative Employees.

give specific examples of employees who would be exempt from the statutory remuneration limitation, such as provosts, deans, professors, lecturers, librarians, curators, scholars, and scientists. Notwithstanding BOG constitutional authority¹² to establish such regulations, the BOG may not promulgate rules that are inconsistent with the statutory provisions enacted by the Legislature.

State law¹³ specifically states that the requirements for limiting remunerations for university presidents and administrative employees is not subject to any other rule to the contrary, and clearly contemplates that the limitation would not apply to teaching faculty but would otherwise apply to employees other than medical school staff. In response to our inquiry in April 2019, BOG personnel indicated that they hoped that the Legislature would authorize the BOG to define faculty and administrative personnel classifications; however, no such law was passed during the 2019 Legislative Session.

Because university teaching faculty, as defined by BOG regulations, includes those who provide indirect support in the instruction of students, the regulations may undercut the dichotomy between administrative employees and teaching faculty contemplated by State law and allow universities to use public funds to pay annual remunerations in excess of \$200,000, contrary to State law. A similar finding was noted in our report No. 2017-048.

Recommendation: To help State universities establish appropriate administrative personnel remuneration standards, BOG regulations and guidance should be reviewed and revised as appropriate to ensure that definitions of teaching faculty are consistent with State law.

Finding 3: Information Technology Risk Assessment

Management of information technology (IT) related risks is a key part of enterprise IT governance. Incorporating an enterprise perspective into day-to-day governance actions helps entity personnel understand the entity's greatest security risk exposures and determine whether planned controls are appropriate and adequate to secure IT resources from unauthorized disclosure, modification, or destruction. IT risk assessments, including the identification of risks and the evaluation of the likelihood of threats and the severity of threat impact, help support management's decisions in establishing cost-effective measures to mitigate risk and, where appropriate, formally accept residual risk.

An entity wide comprehensive, IT risk assessment would consider, in addition to high level risks, specific threats and vulnerabilities at the BOG network, system, and application levels, and would also document the range of risks that the BOG system and data may be subject to, including those posed by internal and external users, as well as plans for mitigation of identified risks. As part of our audit, we examined BOG records and found that the BOG had not adopted policies requiring an IT risk assessment be conducted, established procedures for conducting an IT risk assessment, or documented how the BOG identifies and manages IT risks. BOG IT risks could include threats to the integrity and security of data, including confidential student and employee information.

In response to our inquiry, BOG IT and Security (ITS) personnel indicated that they relied on the Florida Department of Education (FDOE) to conduct the BOG IT risk assessment because the FDOE provides administrative and IT support for the BOG. However, after the FDOE assessment was completed,

¹² Article IX, Section 7(d) of the State Constitution.

¹³ Section 1012.976(2), Florida Statutes.

ITS personnel learned that the FDOE assessment did not encompass the BOG but then made no efforts to conduct an assessment. The absence of a comprehensive, IT risk assessment may lessen the BOG's assurance that all likely threats and vulnerabilities have been identified, the most significant risks have been addressed, and appropriate decisions have been made regarding which risks to accept and which risks to mitigate through appropriate controls.

Recommendation: The BOG should adopt IT policies and establish procedures that require development of a comprehensive, IT risk assessment that provides a documented basis for managing IT-related risks.

PRIOR AUDIT FOLLOW-UP

Except as noted in Finding 2, the Board of Governors had taken corrective actions for findings included in our report No. 2017-048.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from April 2019 to June 2019 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.

This operational audit focused on selected Board of Governors (BOG) processes and administrative activities. The objectives of this operational audit were 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, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2017-048.
- 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 those programs, activities, or functions included within the scope of the audit, weaknesses in management's internal controls; instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; 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 transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions 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, activity, or function; 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.

Our audit included transactions, as well as events and conditions, occurring during the audit period of January 2018 through December 2018, and selected actions taken prior and subsequent thereto. Unless otherwise indicated in this report, these records and transactions 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 management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed BOG information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security, systems development and maintenance, and disaster recovery.
- Reviewed BOG procedures designed to prohibit former employees' access to electronic data files. We examined access privileges for the 14 employees who separated from BOG employment during the audit period to determine whether the access privileges had been timely deactivated.
- Evaluated BOG security policies and procedures governing the classification, management, and protection of sensitive and confidential information.
- Reviewed operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Determined whether the BOG had adopted policies requiring development of a comprehensive, IT risk assessment to document the BOG's risk management and assessment processes and security controls intended to protect the confidentiality, integrity, and availability of data and IT resources.
- Determined whether the BOG had adopted a comprehensive, IT security awareness and training program in place for the audit period.

- Determined whether the BOG had implemented a formalized IT governance function to assist in the prioritization and use of IT resources.
- Examined BOG, committee, and advisory board meeting minutes to determine whether BOG approval was obtained for the policies and procedures in effect during the audit period and for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- Examined BOG records to determine whether the BOG had developed an anti-fraud policy and procedures to provide guidance to employees for communicating known or suspected fraud to appropriate individuals. Also, we examined BOG records to determine whether the BOG had implemented appropriate and sufficient procedures to comply with its anti-fraud policy.
- Evaluated BOG policies, procedures, and supporting documentation to determine whether the BOG had developed adequate monitoring and provided timely guidance regarding remunerations of State university presidents and administrative employees, operating policies and procedures for State university-sponsored research programs, anti-hazing policies, uniform student codes of conduct, and purchasing practices.
- Determined whether the BOG implemented procedures to ensure that distance learning fees charged by the State universities were established in accordance with Section 1009.24(17), Florida Statutes.
- Determined whether during the audit period the BOG monitored State university compliance with Section 1004.085, Florida Statutes, related to textbook affordability.
- From the population of 84 employees compensated a total of \$5,171,838 during the audit period, examined records supporting compensation payments totaling \$1,238,587 to 8 selected employees to determine the accuracy of the rate of pay and whether supervisory personnel reviewed and approved employee reports of time worked.
- For the 15 new hires during the audit period, examined personnel records to determine whether the records evidenced that the employees had the necessary qualifications, degrees, and experience for their positions based on established position descriptions.
- Evaluated BOG policies and procedures for payments of accumulated annual and sick leave (terminal leave pay) and determined whether the procedures promoted compliance with State law and BOG policies. From the population of 11 employees who separated from BOG employment during the audit period and were paid \$153,469 for terminal leave, we selected 3 employees who received terminal payments totaling \$128,992 and examined the supporting records to evaluate the payments for compliance with Section 110.122, Florida Statutes.
- Examined severance pay provisions in the Chancellor's contract to determine whether the provisions complied with Section 215.425(4)(a), Florida Statutes.
- From the population of 84 employees (including the Chancellor) who received compensation totaling \$5,171,838 during the audit period, selected and examined BOG records related to the Chancellor, who received compensation totaling \$462,000, to determine whether the amount paid did not exceed the limits established in the General Appropriations Act. Additionally, we evaluated whether BOG procedures were adequate to verify that the State universities did not remit any appropriated State funds toward the Chancellor's compensation.
- Evaluated BOG expenditure documentation to determine whether the expenditures were reasonable, correctly recorded, adequately documented, for a valid public purpose, properly authorized and approved, and in compliance with applicable laws, rules, contract terms and BOG policies and whether applicable vendors were properly selected and carried adequate insurance. From the population of expenditures totaling \$1,945,173 for the audit period, we examined:

- Documentation relating to 30 selected payments for general expenditures totaling \$19,999.
- Documentation relating to 17 selected payments totaling \$407,609 for contractual services agreements.
- From the population of \$178,186.60 purchasing card (P-card) transactions during the audit period, examined BOG records supporting 10 selected P-card transactions totaling \$40,564 to determine whether the P-card program was administered in accordance with BOG policies and procedures and transactions were not of a personal nature.
- From the population of \$183,649 in total travel expenditures during the audit period, examined 11 selected travel expenditures totaling \$37,706 to determine whether the travel expenditures were reasonable, adequately supported, for valid BOG purposes, and limited to amounts allowed by Section 112.061, Florida Statutes.
- Determined whether the BOG documented review of the State university 5-year educational plant surveys pursuant to Section 1013.31, Florida Statutes.
- Evaluated whether the BOG had prescribed adequate regulations and guidance that State university direct-support organizations must comply with in order to use property, facilities, or personal services of the university.
- Evaluated BOG monitoring of State university auxiliary operations to determine whether the BOG regulations and guidance were adequate.
- Determined whether the BOG monitored State university compliance with BOG Regulation 7.006 to ensure that the number of non-resident students did not exceed 10 percent of the total systemwide enrollment.
- Evaluated BOG procedures for reviewing State university certifications of funding sources for capital projects and determined whether the BOG timely followed up on any exceptions.
- Determined whether BOG advised, and provided adequate guidance to, State universities regarding the proper use of Education & General carryforward funds consistent with BOG regulations and State law.
- 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

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE




STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

Office of the Chancellor
325 West Gaines Street, Suite 1614
Tallahassee, FL 32399
Phone 850.245.0466
Fax 850.245.9685
www.flbog.edu

MEMORANDUM

To: Sherrill F. Norman, Auditor General

From: Marshall Criser III, Chancellor 

Date: September 27, 2019

Re: Management Response to Preliminary and Tentative Findings,
Board of Governors Operational Audit

I offer my thanks to you and your staff for their diligence and thoroughness in conducting this operational audit. As reflected in our response below, we have carefully reviewed and considered your findings and related recommendations for the Board of Governors.

Below is the official management response to the three findings you presented to us in the Preliminary and Tentative Findings Report.

Finding 1: The Board of Governors procedures were not effective to detect that the University of Central Florida replaced the Colbourn Hall by budgeting and expending, without specific authority, \$29.1 million in Education and General (E&G) carryforward funds to construct the Trevor Colbourn Hall project.

Recommendation: The BOG should evaluate controls over State university E&G carryforward funds and establish guidelines with detailed procedures for appropriately monitoring and ensuring that funds are only used for authorized purposes in accordance with State law. Such procedures should document:

- Evaluations of the reasonableness of significant changes in budget requests and verify the construction project names associated with the requests.

Florida Agricultural and Mechanical University | Florida Atlantic University | Florida Gulf Coast University | Florida International University
Florida Polytechnic University | Florida State University | New College of Florida | University of Central Florida
University of Florida | University of North Florida | University of South Florida | University of West Florida

- Comparisons of funding sources listed on budget requests to respective legislative appropriations to verify whether restricted funding sources are available and allowable for use on the listed construction projects.
- Who performed the procedures and when the procedures were performed.

Board of Governors Response: Under the requirements of Senate Bill 190, new requirements have been established that detail the appropriate use of carryforward funds and required the development of a new Fixed Capital Outlay (FCO) points system. Senate Bill 190 requires university boards of trustees and the Board of Governors to approve carryforward spending plans. Additionally, revised Board Regulations also require the review and approval of carryforward spending plans and FCO budgets.

Universities are now required to submit a carryforward spending plan for each planned expenditure and a timeline for completion of the expenditure in a format prescribed by the Board. Staff will review submitted detailed carryforward spending plans and look for issues that require follow-up. Staff will also review all items on the carryforward spending plan that appear and/or is designated as FCO. These FCO planned expenditures will be compared to the FCO budget approved by the board of trustees and submitted to the Board of Governors for review. Any issues identified will be followed up on with the universities for additional clarification. Staff will also review the FCO budget for appropriate funding sources.

Since this is the first year of implementing Senate Bill 190, processes may change going forward, however we will ensure that we have a documented process to ensure a detailed and verifiable review of university carryforward funds.

Finding 2: The Board of Governors needs to enhance regulations and guidance to help State universities establish administrative personnel remuneration standards that conform to statutory requirements.

Recommendation: To help State universities establish appropriate administrative personnel remuneration standards, Board of Governors regulations and guidance should be reviewed and revised as appropriate to ensure that definitions of teaching faculty are consistent with State law.

Board of Governors Response: We concur with the recommendation to avoid conflict between our regulation and State law regarding the definition of teaching faculty. The Board will work to ensure alignment between the regulation and section 1012.976, Florida Statutes, with respect to remuneration of university teaching faculty.

The Auditor General's report correctly notes that pursuant to the State Constitution, the Board of Governors has the duty to operate, regulate, control, and be fully responsible for the management of the State University System. The Constitution provides the regulatory authority to the Board to implement System-wide policies that affect the universities, including university personnel. The authority over the personnel programs is recognized in law in section 1001.705(2), Florida Statutes, and in the Governance Agreement between the Board of Governors, the Legislature, and the Executive Office of the Governor. Consequently, the Board of Governors has the authority to promulgate a regulation that affects university personnel. Notably, the reference to "university teaching faculty" in section 1012.976, Florida Statutes, is not defined.

Finding 3: The Board of Governors information technology (IT) policies and procedures should be enhanced to ensure that an IT risk assessment is performed.

Recommendation: The Board of Governors should adopt IT policies and establish procedures that require development of a comprehensive IT risk assessment that provides a documented basis for managing IT-related risks.

Board of Governors Response: We concur with the recommendation and will adopt a policy in accordance with statute to ensure a comprehensive IT risk assessment is performed for the Board of Governors that will be utilized to manage identified IT-related risks.