

**STATE OF FLORIDA AUDITOR GENERAL**

**Operational Audit**

Report No. 2021-008  
August 2020

**FLORIDA POLYTECHNIC UNIVERSITY**



Sherrill F. Norman, CPA  
Auditor General

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<sup>a</sup> Faculty Senate Chair.

<sup>b</sup> Student Body President.

The team leader was Gregory J. Lemieux, CPA, and the audit was supervised by Mark A. Arroyo, CPA.

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

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**State of Florida Auditor General**

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# FLORIDA POLYTECHNIC UNIVERSITY

## SUMMARY

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This operational audit of Florida Polytechnic University (University) focused on selected University processes and administrative activities and included a follow-up on findings noted in our report No. 2018-214. Our operational audit disclosed the following:

**Finding 1:** As similarly noted in our report Nos. 2018-214 and 2016-067, University textbook affordability procedures need improvement.

**Finding 2:** Required background screenings were not always performed and documented for individuals in positions of special trust and responsibility.

## BACKGROUND

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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 are members.

The BOG establishes the powers and duties of the Trustees. The Trustees are responsible for setting University policies, which provide governance in accordance with State law and BOG Regulations. The University President is selected by the Trustees and confirmed by the BOG. The University President serves as the Executive Officer and the Corporate Secretary of the Trustees and is responsible for administering the policies prescribed by the Trustees for the University.

## FINDINGS AND RECOMMENDATIONS

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### **Finding 1: Textbook Affordability**

State law<sup>1</sup> requires 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. In addition, State law<sup>2</sup> requires universities to report to the Chancellor of the State University System (SUS) no later than September 30, 2019, the number of courses and course sections that were not able to meet the textbook and instructional materials posting deadline for the previous academic year.

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<sup>1</sup> Section 1004.085(5), Florida Statutes.

<sup>2</sup> Section 1004.085(7), Florida Statutes.

The University contracted with a Bookstore Vendor to manage and operate the University Bookstore, as well as compile and post adopted textbooks and instructional materials in the University Bookstore Web site. According to University personnel, textbook and instructional material information was simultaneously updated in the course registration system and on the Bookstore Web site. University policies<sup>3</sup> require that course instructors submit a list of required and recommended textbooks and instructional materials to the Bookstore Vendor by the provost or designee established adoption date deadline and also require course instructors to confirm to the Vendor the courses and course sections that will require no textbooks or instructional materials.

As part of our audit, we examined University records supporting textbooks and instructional materials for the Spring 2019, Summer 2019, and Fall 2019 Terms. Specifically, from the population of 609 course sections offered during those terms, we examined University records supporting textbook and instructional material adoptions for all course sections to determine whether the University textbook affordability procedures complied with State law. Based on that examination and discussions with University personnel, we determined for the Spring 2019 Term that:

- As shown in Table 1, the University timely posted the textbooks and instructional materials for 88 percent of the course sections, instead of at least 95 percent of the course sections pursuant to State law.

**Table 1**  
**Textbook and Instructional Materials Postings**

Posted Status	Spring 2019 Course Sections
Timely	234
Late	31
<b>Totals</b>	<u><b>265</b></u>
<b>Percent Timely</b>	<u><b>88%</b></u>

Source: University records.

In response to our inquiries, University personnel indicated that delays occurred because instructors were changed for several course sections. The timely posting of required and recommended textbook and instructional material information in the course registration system and on the University Bookstore Web site is necessary for students to understand course textbook requirements, have sufficient time to consider textbook purchase options, and limit their textbook costs.

- The University Report to the Chancellor of the SUS indicated that textbook and instructional materials information for 1 percent of the course sections did not meet the posting deadline and, therefore, the University represented that 99 percent of course sections met the posting deadline for that term. In response to our inquiries regarding the difference between the 99 percent represented for the term on the University report and the 88 percent of textbooks and instructional materials timely posted for the term, University personnel indicated that the University report was based on incorrect information. Accurate information reported to the SUS Chancellor is required by State law and helps the Chancellor summarize and report the information by institution to the Board of Governors.

<sup>3</sup> FPU Policy – 5.003, *Textbook Adoption and Affordability*.

Similar findings were noted in our report Nos. 2018-214 and 2016-067.

**Recommendation: The University should ensure that 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 is prominently posted 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. Additionally, the University should ensure accurate records are used when reporting the number of courses and course sections not able to meet the posting deadline to the SUS Chancellor.**

## **Finding 2: Background Screenings**

State law<sup>4</sup> requires universities to designate the positions of special trust or responsibility subject to a level 2 background screening.<sup>5</sup> In addition, University policies<sup>6</sup> require level 2 background screenings for certain positions and volunteers, and provide that timely conduct of the screenings is the responsibility of the Human Resources Department. However, procedures had not been established to always ensure that screening results were maintained and that employees, who were promoted into positions that require screenings, had obtained the screenings.

As part of our audit, we requested and the University provided a list of the 267 employees, such as Information Technology, Financial Aid, Registrar, and Finance Department personnel, who were required as of December 2019 to have a level 2 background screening. From that list, we requested for examination University records supporting the background screenings for 49 selected employees, including the 19 employees on the list without a screening date posted. While University records evidenced the required screenings for 40 of the 49 selected employees, records were not provided for 9 of the 19 employees on the list without a screening date posted. In response to our inquiries, University personnel indicated that screenings for 5 of the employees had been conducted but the screening results expired before the results were saved. University personnel also indicated that 4 of the employees had been promoted into positions that required the screenings but did not obtain the screenings.

Absent records that demonstrate level 2 background screenings of employees in positions of special trust or responsibility, there is an increased risk that those employees may not have been background screened and may not have suitable backgrounds for their positions.

**Recommendation: The University should enhance procedures to ensure that level 2 background screenings are performed and documented for all individuals in positions of special trust or responsibility.**

## ***PRIOR AUDIT FOLLOW-UP***

The University had taken corrective actions for findings included in our report No. 2018-214, except that Finding 1 was noted in our report Nos. 2018-214 and 2016-067 as Finding 1 and Finding 3, respectively.

<sup>4</sup> Section 1012.915, Florida Statutes, effective July 1, 2019.

<sup>5</sup> A level 2 background screening includes fingerprinting for Statewide criminal history records checks through the Florida Department of Law Enforcement (FDLE), national criminal history records checks through the Federal Bureau of Investigation, and may include local criminal checks through local law enforcement agencies.

<sup>6</sup> FPU Policy – 6.011, *Criminal Background Checks*.

## **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 March 2020 through June 2020 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 information technology resources and related controls; direct support organizations; student fees; textbook affordability; compensation, construction, other expenses; and other processes and administrative activities. For those areas, our audit objectives 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. 2018-214.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

In planning and conducting our audit, we assessed whether internal controls were significant to our audit objectives by considering the internal control integrated framework established by the Committee of Sponsoring Organizations (COSO)<sup>7</sup> and adapted for a government environment within the *Standards for Internal Control in the Federal Government* issued by the United States Government Accountability Office. That framework is illustrated in the following table.

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<sup>7</sup> The Committee of Sponsoring Organizations (COSO) of the Treadway Commission was established in 1985 to develop guidance in the areas of risk and control which enable good organizational governance and reduction of fraud. Pursuant to their mission, COSO developed a framework for internal control that consists of five components and 17 underlying principles.

## COSO Internal Control Integrated Framework

Internal Control Component	Description	Underlying Principles (To be Applied by the Board and Management)
<b>Control Environment</b>	Standards, processes, and structures that provide the basis for carrying out internal control across the organization. Represents the foundation on which an effective internal control system is built.	<ul style="list-style-type: none"> <li>• Demonstrate commitment to integrity and ethical values.</li> <li>• Exercise oversight responsibility.</li> <li>• Establish structures and reporting lines and assign authorities and responsibilities.</li> <li>• Demonstrate commitment to a competent workforce.</li> <li>• Hold individuals accountable for their responsibilities.</li> </ul>
<b>Risk Assessment</b>	Management's process to consider the impact of possible changes in the internal and external environment and to consider actions to mitigate the impact. The basis for how risks will be managed.	<ul style="list-style-type: none"> <li>• Establish clear objectives to define risk and risk tolerances.</li> <li>• Identify, analyze, and respond to risks.</li> <li>• Consider the potential for fraud.</li> <li>• Identify, analyze, and respond to significant changes that impact the internal control system.</li> </ul>
<b>Control Activities</b>	Activities in the form of policies, procedures, and standards that help management mitigate risks. Control activities may be preventive in nature or detective in nature and may be performed at all levels of the organization.	<ul style="list-style-type: none"> <li>• Design control activities to achieve objectives and respond to risks.</li> <li>• Design control activities over technology.</li> <li>• Implement control activities through policies and procedures.</li> </ul>
<b>Information and Communication</b>	Information obtained or generated by management to support the internal control system. Communication is the dissemination of important information to help the organization meet requirements and expectations.	<ul style="list-style-type: none"> <li>• Use relevant and quality information.</li> <li>• Communicate necessary information internally to achieve entity objectives.</li> <li>• Communicate necessary information externally to achieve entity objectives.</li> </ul>
<b>Monitoring</b>	Periodic or ongoing evaluations to verify that the internal control system is present and functioning properly.	<ul style="list-style-type: none"> <li>• Conduct periodic or ongoing evaluations of the internal control system.</li> <li>• Remediate identified internal control deficiencies on a timely basis.</li> </ul>

We determined that all components of internal control and underlying principles were significant to our audit objectives.

This audit was designed to identify, for those areas included within the scope of the audit, weaknesses in management's internal controls significant to our audit objectives; 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; identifying and evaluating internal controls significant to our audit objectives; 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 2019 through December 2019 and selected University 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 applicable laws, rules, University policies and procedures, and other guidelines, and interviewed University personnel to obtain an understanding of applicable processes and administrative activities.
- Reviewed University 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.
- Evaluated University procedures for maintaining and reviewing employee access to IT data and resources. We examined access privileges for all 44 employees with access to the database and finance and human resources applications during the audit period to determine the appropriateness and necessity of the access based on the employees' job duties and user account functions and the adequacy with regard to preventing the performance of incompatible duties.
- Evaluated University procedures for protecting the sensitive personal information of students, such as social security numbers. From the population of 33 employees who had access privileges to the personal information during the audit period, we examined University records supporting the access privileges granted to those employees to determine the appropriateness and necessity of the access privileges based on the employees' assigned job responsibilities.
- Determined whether a comprehensive IT security awareness and training program was in place for the audit period.
- Reviewed operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- From the population of 609 course sections offered during the audit period, examined University records supporting textbook adoptions for those course sections to determine whether the University textbook affordability procedures complied with Section 1004.085, Florida Statutes.
- Examined the three bank account reconciliations for the June 2019 bank statements to determine whether the reconciliations were accurate, timely, and evidenced timely supervisory review and approval.
- Determined whether any investment income for the audit period was properly allocated to the funds that generated the investment income.
- Examined University records supporting food service operations to determine whether the University properly monitored compliance with contract terms for commission revenues during the audit period.

- Determined whether student fees during the audit period were properly assessed and authorized, and accurately calculated in accordance with Board of Governors Regulations 7.001 and 7.003, and Section 1009.24, Florida Statutes.
- From the population of compensation payments totaling \$29,443,892 made to 610 employees during the audit period, selected payments totaling \$172,776 made to 30 employees and examined the related payroll and personnel records to determine the accuracy of the rate of pay, the validity of employment contracts, whether performance evaluations were completed, the accuracy of leave records, and whether supervisory personnel reviewed and approved employee reports of time worked.
- Examined University records for the three applicable employees (including the President) who individually received compensation over \$200,000 and collectively received a total of \$906,796 to determine whether the amounts paid complied with the limits established in Sections 1012.975(3) and 1012.976(2), Florida Statutes.
- Evaluated University policies and procedures for obtaining personnel background screenings to determine compliance with Section 1012.915, Florida Statutes.
- Examined University records to determine whether payments from the University to its direct support organization complied with Section 1004.28(1)(a)2. and (2), Florida Statutes.
- Examined University records to determine whether the Trustees had prescribed by regulation, pursuant to Section 1004.28(2)(b), Florida Statutes, the conditions with which the DSO must comply in order to use University property, facilities, and personal services and whether the Trustees documented consideration and approval of anticipated property, facilities, and personal services provided to the DSO and the related costs.
- Examined University records to determine whether selected expenses were reasonable, correctly recorded, adequately documented, for a valid University purpose, properly authorized and approved, and in compliance with applicable laws, rules, contract terms, and University policies. Specifically, from the expenses totaling \$19,849,156 for the audit period, we examined University records supporting:
  - 30 selected payments for general expenses totaling \$3,379,351.
  - 30 selected payments for contractual services totaling \$3,484,878.
- From the population of 5,086 purchasing card (P-card) transactions totaling \$1,049,231 during the audit period, examined University records supporting 30 selected P-card transactions totaling \$90,837 to determine whether the P-card program was administered in accordance with University policies and procedures and transactions were not of a personal nature.
- From the population of three major construction projects with construction expenses totaling \$5,075,380 during the audit period, selected six payments totaling \$1,311,281 related to the largest construction project (with total construction expenses totaling \$1,996,595) and examined University records to determine whether the payments were made in accordance with contract terms and conditions, University policies and procedures, and provisions of applicable State laws and rules.
- Reviewed documentation related to the largest construction project during the audit period to determine whether the University process for selecting design professionals and construction managers was in accordance with State law; the selection process of subcontractors was adequately monitored including verification of licenses; the Trustees had adopted a policy establishing minimum insurance coverage requirements for design professionals; and design professionals provided evidence of required insurance.
- From the population of Education and General carryforward funds and other restricted capital outlay expenses totaling \$8,800,108 during the audit period, examined records supporting

16 selected expenses totaling \$5,117,471 to determine whether these funds were expended in compliance with the restrictions imposed on the use of these resources. Also, we determined whether Education and General carryforward funds were budgeted and used in accordance with Board of Governors Regulation 9.007.

- Determined whether Public Education Capital Outlay funds were properly encumbered by the required reversion date or reverted as required by Section 216.301(2)(a) and (c), Florida Statutes.
- From the population of non-Federal grant moneys totaling \$573,864 during the audit period, examined seven selected payments totaling \$290,752 to determine whether the moneys had been spent in accordance with grant terms.
- 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**

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Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each University on a periodic basis. 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

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FLORIDA POLYTECHNIC  
UNIVERSITY

Office of the President  
863-874-8612  
president@floridapoly.edu

August 11, 2020

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

Dear Ms. Norman:

Pursuant to Section 11.45(4)(d), Florida Statutes, the university is required to submit a written statement of explanation concerning all findings. Please find the attached responses to the Preliminary and Tentative Findings for Florida Polytechnic University's operational audit. Should you have any questions, please contact David Blanton at (863) 874-8441.

We appreciate the thoroughness and professionalism of your Lakeland staff in examining university processes and administrative activities. The resulting recommendations will assist the university in improving university operations.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy K. Avent".

Dr. Randy K. Avent  
President  
Florida Polytechnic University

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



**Florida Polytechnic University  
Responses to Operational Audit Findings**

**Finding 1: Textbook Affordability**

Recommendation: The University should ensure that 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 is prominently posted 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. Additionally, the University should ensure accurate records are used when reporting the number of courses and course sections not able to meet the posting deadline to the SUS Chancellor.

Response: As noted in the finding, three terms were tested (Spring 2019, Summer 2019, and Fall 2019) and only the earlier term (Spring 2019) was cited for noncompliance. Therefore, the University has enhanced controls to ensure better compliance with applicable law over the timely posting of textbook information. The University will continue its efforts to ensure compliance for all upcoming terms and to provide for accurate reporting to the SUS Chancellor.

**Finding 2: Background Screenings**

Recommendation: The University should enhance procedures to ensure that level 2 background screenings are performed and documented for all individuals in positions of special trust or responsibility.

Response: The University's Human Resources Department has enhanced controls to ensure that (1) screening posting dates are properly recorded in our ERP system and (2) that evidence of such background checks is maintained for all individuals in positions of special trust or responsibility. Additionally, the Human Resources Department is in the process of completing background checks for all individuals noted in the audit. (8 of the 9 completed to date)