

UNIVERSITY OF FLORIDA
President Office Expenses and
Selected Activities



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Auditor General

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^a Student Body President.

^b Faculty Senate Chair.

The team leader was Jaime N. Hoelscher, CPA, and the audit was supervised by Gregory L. Centers, CPA.

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UNIVERSITY OF FLORIDA

President Office Expenses and Selected Activities

SUMMARY

This operational audit of University of Florida focused on President Office expenses and selected activities. Our operational audit disclosed the following:

Finding 1: The University contracted with a consulting firm for strategic management and administrative concern services with costs totaling \$6.4 million; however, University records did not demonstrate appropriate consideration of available service options to ensure that the services were obtained equitably and economically.

Finding 2: University records did not demonstrate how consultant services and related costs totaling \$6.4 million benefited the University.

Finding 3: University records did not always evidence that procurements for University events were properly preauthorized or reasonably priced.

Finding 4: University controls over President Office employment practices could be enhanced.

Finding 5: University records did not always evidence the reasonableness of bonus, relocation, and other negotiated salary payment amounts or require repayment of the amounts from individuals who resign after a brief employment period.

Finding 6: University records did not document the reasonableness of continuing the President's same rate of compensation after he transitioned to his role of Professor and External Advisor to the Chair of the Board of Trustees.

Finding 7: The University needs to enhance controls over President Office travel expenses.

Finding 8: University remote work location agreements were not always established with employees who worked remotely and University records did not demonstrate how the work was necessary and more beneficial to be performed remotely than having staff perform services at a central workplace.

BACKGROUND

The University of Florida 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. Dr. Benjamin E. Sasse served as University President from February 6, 2023, until his resignation effective July 31, 2024.¹

President Office expenses for the 2023-24 fiscal year totaled \$14.8 million, which was \$6.2 million or 72 percent more than the President Office expenses for the 2022-23 fiscal year. According to University Management, they identified the increase in President Office expenses during preparation of the 2024-25 fiscal year operating budget in June 2024 and began addressing concerns (e.g., employee hiring, consulting services, and non-commercial aircraft use) that caused a significant portion of the increase.

FINDINGS AND RECOMMENDATIONS

Finding 1: Consultant Contracting

Board of Governors (BOG) regulations² require each university to adopt regulations establishing basic criteria related to procurement, including procedures and practices to be used in acquiring contractual services. University regulations³ provide that it is the intent of the University to acquire quality goods and services within reasonable or required time frames, while promoting fair and open competition in the public procurement process. The process must reduce the appearance and opportunity for favoritism, ensure that contracts are awarded equitably and economically, and establish effective management oversight in the acquisition of commodities and contractual services, in order to preserve the integrity of public purchasing and contracting. In addition, BOG and University regulations authorize the evaluating, approving, and utilizing of contracts that are entered into after public and open competitive solicitation.

During the 2023-24 fiscal year, the President Office expended \$6 million for contract services. As part of our evaluation of the President Office contracting process, we found that certain expenses related to a contract executed with a consulting firm on March 6, 2023, for strategic management services costing \$4.7 million. The contract stated that it was awarded pursuant to a request for proposal (RFP) utilized by a third party⁴ and, on December 1, 2023, the University amended the original contract increasing the contract amount by \$1.7 million.

We inquired of University personnel and requested University records to determine whether the University's contracting process for the consultant services costs totaling \$6.4 million promoted fair and open competition. University personnel indicated that the contract was entered into in conformance with BOG and University regulations and provided a copy of an e-mail dated March 2023 sent by the University General Counsel at the time to the University Procurement Department. The e-mail indicated that for various reasons the President wished to engage the consulting firm.

Although University regulations permit use of contracts entered into after public and open competitive solicitation, a copy of the third-party contract or other records were not provided to demonstrate how the

¹ Throughout this report, "President" refers to Dr. Benjamin E. Sasse who served as University President during the entire audit period.

² Board of Governors Regulation 18.001 – *Procurement*.

³ University Regulation 3.020 – *Procurement*.

⁴ University personnel indicated that the third party was a Texas educational service center.

contract was competitively awarded or that the University evaluated the terms of the contract or received services comparable to those received by the third party at similar costs. Absent such records, there is limited assurance that the University contracting process reduced the appearance and opportunity for favoritism, ensured that the contract was awarded equitably and economically, or established effective management oversight to preserve the integrity of public purchasing and contracting.

Recommendation: The University should enhance controls over contracting for consultant services when utilizing another entity's contract. Such enhancements should include:

- **Documentation of University efforts to ensure that the contract was awarded equitably and economically before the use of the other entity's contract.**
- **The maintenance of records supporting an evaluation and evidencing receipt of comparable services at similar prices.**

Finding 2: Benefit of Consultant Services

Effective procurement procedures require that the benefits the University will receive from consultant services be documented and that University records demonstrate the receipt of those benefits. As discussed in Finding 1, the University contracted with a consulting firm for strategic management services with costs totaling \$4.7 million and amended the contract to include administrative concern services with costs totaling \$1.7 million.

As part of our audit, we requested for examination University records evidencing the strategic management services provided by the consulting firm and identifying the related benefits to the University. University personnel provided a copy of the contract scope of services to us along with various consultant-prepared reports and indicated that Board meeting minutes contained the President's strategy and supported how the University utilized those services. However, based on our audit procedures University records did not identify, and University personnel were unable to articulate to us, how the University benefited from the strategic management services.

Regarding the administrative concern services, University management indicated that the consultant services provided helped address employee-identified issues such as University purchasing card procedures and practices and employee travel and training. However, although we requested, University records were not provided to demonstrate how or to what extent the concerns were addressed or benefited University operations.

Consequently, University records did not demonstrate the benefit the University received for the consultant services with costs totaling \$6.4 million. University personnel further indicated that, upon the President's resignation, the Interim President began evaluating initiatives relating to the strategic management services.

Sufficiently detailed records identifying how the University will benefit from consultant contract deliverables and records demonstrating receipt of such benefit enhance public trust in the value of the services and how the related expenses accomplish a public purpose.

Recommendation: University procurement controls should be enhanced to ensure that University records demonstrate the benefits received from consultant services.

Finding 3: Event Costs

The President Office routinely receives and uses revenues from self-funded programs or activities, direct-support organizations, and other unrestricted resources to pay for events to promote the public purpose of the University. As a matter of good business practice, it is important for University records to demonstrate that procurements for such events are properly preauthorized and reasonably priced, and that goods and services received agree with what was preauthorized. For the 2023-24 fiscal year, President Office event costs included \$901,700 for catering and \$210,600 for furniture and equipment rentals.

To evaluate the reasonableness of President Office event costs, we examined University records supporting 11 selected catering expenses totaling \$563,825 (63 percent of the 2023-24 fiscal year catering expenses) related to 8 separate events. For 6 of the events, we also examined University records supporting a total of \$121,933 or 58 percent of the furniture and equipment rental costs. We found that controls over President Office event costs could be improved. Specifically:

- Pursuant to the terms of the catering contract, the caterer was to provide the University a written catering proposal or statement of work for each catering order and the statement of work was to be deemed accepted and incorporated into the contract only if signed by the caterer and the authorized University representative. In response to our request for the catering proposal, statement of work, or other authorization for catering services with related costs totaling \$563,825, University personnel only provided copies of the vouchers supporting the catering costs. University personnel could not explain why preauthorization for the catering services was not obtained and University records did not demonstrate preauthorization for these services.
- The contract with the caterer did not stipulate the pricing for catered events but stated pricing would be competitive with other caterers providing similar services and pricing must not exceed published catering services pricing available to the general public. However, University procedures did not require, and University records did not demonstrate, efforts to ensure that the pricing was competitive or agreed with published catering service costs. As such, the reasonableness of the costs was not always apparent. For example, the University paid for catering services for:
 - A 2-hour holiday party with a buffet for 594 guests, consisting mainly of University personnel, costing \$169,755 (\$285.78 per guest). Included in the cost was \$50,121 for set-up and waitstaff and a \$300 delivery fee.
 - A 1-hour holiday lighting party with hot chocolate, cider, peppermint chocolates, and cookies costing \$62,650 for 2,000 guests (\$31.33 per guest). Included in the cost was \$10,400 for waitstaff and a \$250 delivery fee.
 - Invitation-only football events at the President's house and at the stadium. The catering for the November 4, 2023, tailgating party at the President's house for 478 attendees cost \$46,449 (\$97.17 per attendee), which included \$11,807 for waitstaff and a \$250 delivery fee. The invoice for the stadium catering billed the University \$46,544 for 390 attendees (\$119.34 per attendee), including \$11,115 for waitstaff and a \$250 delivery charge.
- The contract with the caterer stated that when the caterer utilized a third-party supplier for tent, linen, or china rentals; florists; or subcontracts to other caterers, the caterer would add no mark up to third-party vendor pricing for the services. The rental event costs for the 6 events included rental furniture and equipment costs ranging from \$9,950 to \$50,777 per event. The invoices for those costs indicated that one vendor was used for all rentals, the University was billed directly by the vendor, and that the caterer ordered the equipment. However, University

procedures did not require, and University records did not demonstrate, preauthorization of the rental equipment costs or efforts to ensure the reasonableness of the third-party supplier and subcontracted caterer costs.

Absent effective procedures to ensure that procurements for University events are properly preauthorized and reasonably priced and that goods and services received agree with preauthorized documents, there is an increased risk for noncompliance with catering contracts and for fraud or errors to occur without timely detection.

Recommendation: University procedures should be enhanced to ensure and document that procurements for University events are properly preauthorized and reasonably priced and that goods and services received agree with what was preauthorized.

Finding 4: Employment Practices

State law⁵ and BOG regulations⁶ provide the Board with the authority to establish a personnel program for all employees of the University. University regulations⁷ require the University to make all appointments and promotions on the basis of merit and fitness and to provide equitable treatment regarding wages and salaries, employee benefits, and working hours and conditions for all employees. University personnel program procedures⁸ require:

- Position descriptions to identify the needs of the University, along with the necessary skills and knowledge required for the positions, to assist the University in identifying and selecting the best candidate for the position.
- Employees to be paid within a range based on their skills, knowledge, experience, and expected level of contributions to the University. The University developed a market-based salary structure consisting of 12 pay grades that contain a lower market, mid-point, and upper market reference point. New employees would typically be paid between the lower market reference point and the mid-point, and those with significant years of experience may be paid between the mid-point and the upper market reference point, depending on circumstances.
- A competitive recruitment process for hiring staff members,⁹ including advertising the position for a minimum of 7 days.

During the period February 6, 2023, through June 30, 2024, the President Office hired 24 individuals who, due to promotions and reclassifications, held 38 different University positions. The contracted annual salaries ranged from \$75,000 to \$687,000 and averaged \$249,931. Our examination of University records and discussions with University personnel disclosed that University employment practices could be improved. Specifically:

⁵ Section 1001.706(6), Florida Statutes.

⁶ BOG Regulation 1.001(5), *University Board of Trustees Powers and Duties*.

⁷ University Regulation 3.062 – *General Personnel Policy for Technical, Executive, Administrative, and Managerial Support and University Support Personnel System Employees*.

⁸ UFHR – *Position Advertising; Salary Structure and Pay Grades*.

⁹ Staff members include those in Technical, Executive, Administrative, and Managerial Support and University Support Personnel System positions.

- University position descriptions had not been established for 14 of the positions (5 President cabinet member positions and 9 other positions)¹⁰ with salaries ranging from \$122,400 to \$687,000 and averaging \$324,314. University personnel indicated that University procedures did not require position descriptions for the 5 President cabinet members or faculty and provided job profiles, which are similar to position descriptions, for 8 of the positions (including 4 cabinet member positions). However, the profiles did not include preferred qualifications and additional duties and, although we requested, no response was provided to explain why position descriptions were not required for these 14 positions.
- The salaries for 19 individuals in 21 positions¹¹ were not supported by the University market-rate salary schedule. Specifically, the salaries for 3 individuals exceeded the market-rate schedule by \$28,700 to \$268,700 and University records did not evidence that the salaries ranging from \$78,300 (for a half-time employee) to \$687,000 for the remaining 16 individuals were supported by market-rate information. According to University personnel, the President and 1 other member of University management exercised discretion in establishing the salaries for the 19 individuals. However, although we requested, University records were not provided to identify the basis for those salaries.
- For 19 individuals employed in 21 positions¹² (including 14 positions unsupported by the market-rate salary schedule) with salaries ranging from \$86,250 to \$687,000, the University did not comply with University policies by employing a competitive recruitment process. Additionally, the University did not use a competitive recruitment process for 4 other employees in 4 positions with salaries ranging from \$78,300 (a half-time position) to \$150,000 (a half-time position) since the employees were in either a temporary or other personnel service position. According to University personnel, the President was responsible for those hiring decisions. Although we requested, University records were not provided to demonstrate consideration of any other candidates for the positions or why employees in the positions were not competitively selected.

As of December 2024, 17 of the individuals,¹³ hired without a competitive selection process, had terminated employment 2 to 23 months after their hire dates and 11 of the 17 individuals received terminal leave payouts totaling \$204,044 pursuant to University regulations.¹⁴ Four of the 11 individuals also received \$233,782 in lieu of a termination notice pursuant to University policies.¹⁵ During their

¹⁰ Five cabinet members, including the Vice President Innovation & Partnership, Vice President of PK-12 and Pre-Bachelors Program, Vice President Marketing and Senior Advisor, Senior Vice President & Chief Financial Officer, and Vice President Office of President, as well as three advisors to the President, three Presidential Fellows, Director of President Relations & Major Events, Director of External Affairs, and Senior Advisor to President & Associate Provost.

¹¹ The 21 positions include 6 Advisors to President, 3 Presidential Fellows, 3 Transition Advisors, and 9 other positions including Vice President Innovation & Partnership, Vice President of PK-12 and Pre-Bachelors program, Director Financial Planning & Analysis for Chief Financial Officer, Senior Advisor to President & Associate Provost, Presidential Assistant, Vice President Office of President, Vice President Marketing and Senior Advisor, Director of President Relations & Major Events, and Director of Special Projects.

¹² The 21 positions include 3 Presidential Fellows, 3 Transition Advisors, and 15 other positions including the Vice President Innovation & Partnership, Vice President of PK-12 and Pre-Bachelors Program, Vice President Marketing and Senior Advisor, Director Presidential Relations and Major Events, Assistant Vice President Finance & Treasurer, Director External Affairs, Executive Assistant III, Vice President Communication, Director Financial Planning & Analysis for Chief Financial Officer, Senior Advisor to President and Associate Provost, Assistant Vice President Presidential Communications and Public Affairs, Presidential Assistant and Student Life Liaison, Vice President Office of President, Assistant Vice President Marketing, and Director of Special Projects.

¹³ The 17 individuals include 12 with salaries not established by the University's market-rate salary schedule.

¹⁴ University Regulation 1.201 – *Leaves*.

¹⁵ University Regulation 3.056 – *Resignation and Non-Reappointment of Technical, Executive, Administrative, and Managerial Support Staff*.

employment, which spanned 3 to 21 months, 9 of the 11 employees recorded no leave and the other 2 employees only recorded 16 and 18 total hours of leave, respectively.

Adherence to robust hiring practices that effectively communicate position descriptions and responsibilities, establish a fair and equitable basis for salaries, and employ a competitive recruitment process enhance public assurance that the most qualified candidates will be employed. Consistent application of these practices, along with appropriate oversight of employee attendance and leave, may also help reduce employment termination costs since amounts of leave payouts and payments in lieu of termination notices are directly related to employee salaries.

Recommendation: The University should enhance employment practices for all positions in the President Office. Such enhancements should include establishing appropriate position descriptions and responsibilities, establishing a fair and equitable basis for the salaries of those positions, and employing a competitive recruitment process for individuals hired in those positions.

Finding 5: Bonus, Relocation, and Other Negotiated Salary Payments

Pursuant to State law,¹⁶ universities may implement a bonus scheme based on awards for work performance or employee recruitment and retention. BOG and University regulations¹⁷ require the University to identify categories of employees who are eligible to receive bonuses and the evaluation criteria by which bonuses may be awarded. BOG and University regulations provide that evaluation criteria for:

- Work performance bonuses may include, but are not limited to, documented work performance involving increased duties/responsibilities, successful completion of a special project, attainment of established goals, superior performance, or specific achievements or assignments of significance.
- Recruitment bonuses may include, but are not limited to, candidates with desirable specialized skills and exceptional experience, or where market conditions or departmental structure merit such a recruitment award.
- Retention bonuses may include, but are not limited to, circumstances to address verified offers of competing employment, to address market conditions which are significantly higher than the current salary, to ameliorate salary compression or inversion or to acknowledge successful completion of career development, training, or certification programs that are in the best interest of the University or support the mission of the University.

According to University directives,¹⁸ the preferred method for reimbursing employee moving expenses is based upon a flat relocation amount in lieu of direct receipt reimbursement. The directives further state that the employee's signed letter of offer containing the flat relocation amount represents documentation for the payment.

University records for the 2023-24 fiscal year disclosed that there were 22 work performance, recruitment, and relocation bonus and negotiated salary payment amounts, which collectively totaled \$952,554, made

¹⁶ Section 1012.978, Florida Statutes.

¹⁷ BOG Regulation 9.015, *University Bonus Plans* and University Regulation Number 1.202, *University Bonus Plans*.

¹⁸ *Receiving Reimbursement For Moving Expenses*.

to 14 University employees in the President Office. Our examination of University records supporting those payments and discussions with University personnel disclosed that:

- While BOG and University regulations outline general criteria to support recruitment and retention bonuses, University records did not identify the criteria demonstrating the reasonableness of bonus and other amounts totaling \$87,000 paid to 3 President Office employees.¹⁹ Specifically, without documented justification for the bonus and other amounts:
 - An employee with an initial annual salary of \$240,000 received a recruitment bonus totaling \$30,000 and, after 3 months, the employee transitioned to a different position with an annual salary of \$300,000 and received a retention bonus totaling \$30,000.
 - Another employee with an annual salary of \$180,000 received a recruitment bonus of \$17,000.
 - A third employee with an annual salary of \$200,000 received a \$10,000 recruitment bonus.
- 8 employees with annual salaries of \$135,000 to \$570,000, received relocation payments of \$3,000 to \$115,000 and totaling \$261,000. In response to our inquiry, University personnel indicated that the relocation amounts were based on job level, distance of move, household size, housing market conditions, and available department budget. However, although we requested, University records were not provided to demonstrate the reasonableness of the relocation payments. Three of the individuals also received the recruitment and retention bonuses discussed in the bullet above.
- Of the 8 employees who received the relocation, recruitment, or retention bonuses,²⁰ 1 employee subsequently resigned, and another announced his resignation, effective January 31, 2025. Specifically, the employee who received \$115,000 for relocation services resigned after only 8 months of employment. The employee with a resignation effective January 31, 2025, and a University tenure of 18 months as of that date, received payments totaling \$129,180 for recruitment, retention, relocation, and repayment of a retention bonus to a previous employer. Given the brief employment periods of the two employees, we asked University personnel whether repayment of those amounts was requested and were informed that University contracts for these employees were not structured to require repayment.
- For another employee, the President Office paid \$100,000 for the purchase of a home. The payment was made pursuant to a newly created forgivable housing loan program. According to the program, loan amounts may be up to \$100,000 and are forgiven over 5 years. To qualify for loan forgiveness, the employee must remain employed full-time at the University during the 5-year period. Considering this employee also received an \$80,000 recruitment bonus and \$25,000 for relocation assistance paid from another University Department, the reasonableness of the \$100,000 payment was unclear.
- 1 employee received a negotiated salary amount of \$19,180, however, University records did not demonstrate the reasonableness of the amount. Specifically, the employee received \$19,180 to repay a retention bonus owed to a previous employer. (This employee was also noted as receiving a \$30,000 recruitment bonus upon hire).

In response to our inquiry, University personnel indicated that the payment amounts were specified in the employee appointment letters. Notwithstanding, to enhance public assurance that bonus and negotiated salary payment amounts are equitably distributed based on clearly established criteria,

¹⁹ The 3 President Office employees are included in the 19 individuals hired without a competitive selection process discussed in Finding 4.

²⁰ One of the 8 employees who received \$25,000 in recruitment and relocation payments terminated University employment and the University sought a prorated reimbursement of \$14,583 and, as of January 2025, was withholding the employee's \$8,623 leave payout until receipt of the reimbursement.

University records should demonstrate the criteria used to award the bonus to ensure compliance with BOG and University regulations and the reasonableness of bonus and relocation payments in accordance with University directives. Employment contracts providing monetary incentives for recruitment and relocation should have safeguards protecting the University interest in the event of an employee's early departure. The lack of such safeguards undermines the public purpose of such incentives.

Recommendation: The University should enhance procedures to ensure that University records document justification for bonus and relocation payment amounts in accordance with applicable requirements and directives. In addition, to ensure that the University benefits from bonus and other negotiated salary payments, University employment contracts should stipulate repayment requirements for employees who resign after a brief employment period.

Finding 6: President Emeritus, Professor, and External Advisor

State law²¹ and BOG regulations²² authorize the Board to establish a personnel program for all employees of the University, including advisor positions. On July 18, 2024, the University memorialized the resignation and transition agreement between the University and the President, who had been employed with the University since February 2023. The agreement authorized the President to continue employment with the University with the title of President Emeritus, Professor, and External Advisor to the Chair of the Board of Trustees (Advisor) for the advisor period of August 1, 2024, through February 5, 2028.

The agreement also established an annual base salary of \$1,040,000 during the advisor period. Our examination of University records supporting the President's compensation before his resignation indicated that the Advisor salary was the same as the President's salary. In response to our inquiry in December 2024, University personnel indicated that he did not teach a class in the Fall 2024 but was preparing materials for a course that he and another employee would co-teach in Spring 2025. University personnel further informed us that he was also working closely with the Chair in his role as an external advisor, which included responsibilities such as fundraising, speeches, and recruitment. Regarding the President Emeritus title, University personnel indicated that the title was an unpaid courtesy title provided to all past presidents with no associated duties.

Notwithstanding Board authority to establish employee positions and the related compensation, University records did not demonstrate the reasonableness of the salary of the Advisor position at the same rate as the individual was compensated while serving as the University President for the 18-month period. Based on the duties described in the Employment Agreement, the expected responsibilities for the Advisor position appear to be significantly less in scope than the duties and responsibilities of the University President, who is the University Chief Executive Officer. Absent records to support the basis for the Advisor salary at the same rate of his prior compensation as a University President, the public purpose of such a salary is not readily apparent.

²¹ Section 1001.706(6), Florida Statutes.

²² BOG Regulation 1.001(5), *University Board of Trustees Powers and Duties*.

Recommendation: The Board should take official action to establish the reasonableness of the salary for the Advisor position based on the responsibilities assigned to the position and the foreseeable and measurable benefits to the University.

Finding 7: Travel

In accordance with State law²³ and good business practice, it is important for University procedures to provide effective controls to ensure travel expenses are for a public purpose, reasonable, appropriate, and the method of travel is by the most efficient and economical means. University procedures²⁴ address controls over employee travel and require:

- Trip preapproval for all official University business that involves continuous travel of 24 hours or more or which involves an overnight absence from the employee's official headquarters.
- University travelers to provide an official business purpose that encompasses all segments of the trip and clearly describes why the specified travel is occurring and how the related expenses directly benefit the University.
- Airfare to be purchased via the University's air card (i.e., virtual credit card). Whenever possible, University travelers should use a University purchasing card for all other travel-related purchases. In addition, sales taxes that would be avoided under normal University purchasing practices are not allowable for reimbursement.

Our examination of University records supporting most of the travel expenses and discussions with University personnel disclosed that controls over President Office travel expenses could be improved. Specifically:

- The University incurred expenses totaling \$376,632 for flights chartered through the University Athletic Association, Inc. (UAA).²⁵ The UAA chartered flights included 21 trips, costing \$6,988 to \$51,468 or an average of \$16,820 per trip, and a canceled trip that cost \$23,405. The flight records indicated that the President traveled alone, with one or more family members, or with other University personnel for 20 trips to various destinations²⁶ with costs totaling \$335,636. Although we requested, University records were not provided to demonstrate the University purpose for the trips or that a cost benefit analysis was performed to support the decision to travel by a UAA chartered flight rather than a commercial flight. University records that clearly describe why the President will incur travel expenses and how the related expenses will directly benefit the University could enhance accountability over President travel expenses. Preparation of cost benefit analyses comparing costs of chartered flights and commercial flights would help the University decide the most efficient and economical means of travel.
- The University incurred travel expenses totaling \$159,795 for 13 employees who worked remotely (as discussed in Finding 8) and made 122 trips to the University campus in Gainesville. The expenses ranged from \$642 to \$30,859 per employee. University records were not provided to support and justify the necessity to pay for the travel expenses instead of allowing the employees to continue their remote work and University records supporting the travel expenses only included the description "trip to campus" or "business meeting/event" and did not specifically identify the

²³ Section 112.061, Florida Statutes.

²⁴ University Travel Directives.

²⁵ UAA is a direct support organization of the University established pursuant to Section 1004.28, Florida Statutes.

²⁶ Various destinations such as Miami (8 trips totaling \$89,340); Salt Lake City, Utah (\$51,468); Phoenix, Arizona (\$50,164); Bessemer, Alabama/Trenton, New Jersey (\$35,460).

business purpose for the travel. Without records to support and justify the necessity for the travel expenses or the business purpose identified, University records did not demonstrate how the related expenses directly benefited the University.

- Several President Office employees personally paid and were reimbursed a total of \$137,616 for travel expenses. However, several reimbursements for lodging included Florida sales tax costs totaling \$7,017, although the University is exempt from paying Florida sales tax. In addition, in 3 instances totaling \$2,681, the University mistakenly reimbursed employees for expenses that had been either previously reimbursed to the employee or were directly paid on University purchasing cards. By enforcing the requirement to use University air cards or purchasing cards and limiting employee reimbursements, the risk of duplicate travel expense and sales tax payments would be reduced.
- University records did not always evidence that the travel request was preapproved. For example, the preapproval for travel expenses totaling \$333,113²⁷ was either not obtained or was obtained after the travel had begun or had ended. Obtaining approval prior to travel helps ensure travel-related expenses are considered for purpose, necessity, reasonableness, and allowability before the related expense is incurred.

University records indicated that the control deficiencies over travel expenses and noncompliance with travel procedure requirements occurred primarily because appropriate accountability measures over the President Office had not been either implemented or enforced. Absent appropriate controls, there is an increased risk of wasteful, fraudulent, and abusive travel expenses.

Recommendation: University controls over President Office travel expenses should be enhanced to ensure and demonstrate that the expenses are appropriate and reasonable. Specifically:

- **The University should maintain records that clearly describe the purpose for travel and how the related expenses will directly benefit the University. In addition, before President travel decisions are made, the Board or General Counsel should document approval of those decisions. For transportation, University records should also include documented consideration of the most efficient and economical means of travel.**
- **The University should take appropriate steps to reduce the risk of sales tax and duplicate travel expense payments.**
- **To help ensure that the purpose, necessity, reasonableness, and allowability of travel expenses are appropriate, University records should document proper approval before the related expense is incurred.**

Finding 8: Remote Work Arrangements

University policies²⁸ provide that the practice of working at an approved remote location instead of physically traveling to a central workplace is a work alternative that University supervisors may offer under certain circumstances. For example, the remote work locations must benefit both the University and employees, University resources must be able to accommodate the work locations, and a remote work location agreement containing approved signatures must be completed before the employee begins work at the remote location.

²⁷ \$219,481 for UAA chartered flights and \$113,632 for employee reimbursements.

²⁸ University Policy Number 11-025, *Remote Work Location*.

As part of our audit of President Office activities for the 2023-24 fiscal year, we examined University records, held discussions with University personnel, and found that 15 employees worked at remote locations outside the Gainesville area, including 13 employees who worked outside the State²⁹ and 2 who worked remotely in other Florida cities. In response to our inquiry, University personnel indicated that the President authorized these 15 personnel, such as Vice Presidents, President Advisors, Presidential Fellows, and Administrative Assistants, to remotely perform University services without use of a remote work location agreement. However, although we requested, University records were not provided to demonstrate why agreements were not completed or how the remote work was necessary and benefitted the University. As noted in Finding 7, the President Office incurred \$159,795 in travel-related expenses for employees who worked remotely to travel to the University campus in Gainesville.

Absent remote work location agreements and records demonstrating the benefit of the work to the University, University records do not demonstrate compliance with University policies or authority for the work arrangements.

Recommendation: The University should enhance procedures over remote work arrangements. Such enhancements should include completion of remote work location agreements, containing approved signatures, in accordance with University policies before employees begin remote work. The University should also maintain University records demonstrating the benefit of remote work to the University, such as management certifications demonstrating the necessity for the remote work and the remote work employee's performance and productivity.

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 September 2024 through January 2025 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 University 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

²⁹ Remote work locations outside of the State included California, Illinois, Maryland, Massachusetts, Nebraska, Tennessee, Texas, Virginia, and Washington, D.C.

efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.

- 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 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 the selection and examination of transactions and records, as well as events and conditions, occurring during the audit period of July 2023 through June 2024 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 and the related requirements.
- Determined whether personnel records for the 24 new hires in the President Office during the period February 2023 through June 2024 evidenced that the employees had the necessary qualifications, degrees, and experience for the positions based on the position descriptions; whether the position was posted or advertised; and whether the salary was within established ranges for the position or based upon market data for similar positions.
- Examined University records for the 11 employees who separated from University employment during the period July 2023 through December 2024 and were paid \$204,044 for accumulated annual leave to evaluate compliance with University annual leave payment regulations.

- Examined University records for the 4 employees who received severance payments totaling \$233,782 to determine whether the severance payments complied with 215.425(4), Florida Statutes, and University regulations.
- From the population of 47 employees paid fully or partially from the President Office (including the President and former President) who received compensation totaling \$8.3 million during the audit period, examined University records for 36 selected employees (including the President and former President) who received compensation totaling \$8.2 million to determine whether the amounts paid did not exceed the limits established in Sections 1012.975(3) and 1012.976(2), Florida Statutes.
- Examined University records for the 14 employees who received 22 bonus and other negotiated salary payments totaling \$952,554 to evaluate compliance with Section 1012.978, Florida Statutes; Board of Governors Regulation 9.015; University Regulation 1.202; and other applicable University policies and procedures.
- Evaluated the reasonableness of the compensation paid to the President who transitioned to a faculty member and advisor to the Board Chair position.
- Examined University records for 35 of the 47 employees in the President Office and determined whether they complied with University policies and procedures for remote work agreements.
- Examined University records to determine whether the travel expenses were reasonable, adequately supported, for valid University purposes, and limited to amounts allowed by Section 112.061, Florida Statutes. Specifically, from the population of President Office travel expenses totaling \$633,422 during the audit period, we examined University records supporting:
 - 27 selected payments to the University Athletic Association, Inc., totaling \$380,045.
 - 196 selected travel reimbursements totaling \$225,420.
- From the population of President Office contractual services expenses totaling \$6,026,984 during the audit period, examined University records supporting 29 selected payments totaling \$5,592,383 to determine whether the contractual services expenses were reasonable; correctly recorded; adequately documented; for a valid University purpose; properly authorized and approved; in compliance with applicable laws, rules, contract terms, and University policies; and whether applicable vendors were properly selected.
- 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, 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.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with a large initial 'S'.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



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February 5, 2025

Sherrill F. Norman, CPA
Florida Auditor General
Via e-mail to: flaudgen_audrpt_cc_univ@aud.state.fl.us

Re: DEL-PT- University of Florida

Dear Auditor General Norman,

Thank you for the opportunity to provide a response to the list of preliminary and tentative audit findings and recommendations related to your operational audit of the University of Florida.

The University holds itself to high standards, highly values the support it receives from the State of Florida and takes very seriously its obligation to be a good steward of public funds. For this reason, the University appreciates the work the auditors put into the audit and, as always, welcomes their feedback and recommendations on ways it can improve its internal processes.

As evidence of its commitment to appropriate fiscal oversight, and as referenced in the draft audit, the University of Florida Board of Trustees identified issues in June 2024 and immediately took steps to review and address them. During the June 13, 2024 Finance Committee presentation of the University's preliminary operating budget, the Finance Committee Chair reported that the Committee reviewed the preliminary budget and noted increased expenses for the President's Office. To better understand these increases, the Finance Committee requested that:

- the operating budget be approved subject to a review of the expenses; and
- the Board of Trustees grant its Chair the authority to make budget adjustments as necessary following this review.

The Board of Trustees approved this request. This discussion and board directive are recorded in Section 4.0 of the minutes for the Finance Committee meeting and at 1:29:00 of the video record of the Committee meeting (both located on the UF Board of Trustees website).

Immediately following the Board meeting, the Board Chair reviewed the budget and directed that \$25 million in budget savings be identified so that these funds could be utilized to provide a 4% merit pool for faculty salary increases. Additionally, the following areas of concern were identified in relation to the President's Office:

- use of the University Athletic Association aircraft;
- hiring of administrative employees; and
- hiring of consulting firms.

To address these concerns, the Board Chair asked the Audit Committee Chair to work with the Board Vice Chair – who also served as a representative of the Governance Committee – to develop Board policies and amendments to the governance standards that address each of these areas.

In addition to this work by the Board, the Interim President issued a memo to the cabinet in September 2024 directing the cabinet to be extra vigilant and exercise additional diligence regarding the expenditure of funds within their respective units in all areas, with special attention devoted to travel, entertainment and the hiring of consultants. The memo also reiterated the University's limited signature delegation authorities and its procurement requirements. Finally, it required that any consulting agreements of \$100,000 or more be approved by the President, Chief Financial Officer and General Counsel in addition to the normal procurement process.

At the December 2024 UF Board of Trustees meeting, the Governance Committee and UF Board reviewed and approved the following policies and governance standards amendments:

- Non-Commercial Aircraft Use (located on UF's Regulations and Policy Hub);
- Hiring Administrative Employees (located on UF's Regulations and Policy Hub); and
- Amendments to the Governance Standards related to consulting agreements (located on the UF Board of Trustees' website).

The Non-Commercial Aircraft Use Policy requires that University employees make a written request to the President to use the University Athletic Association plane and that such request provide a business justification. Presidential approval must be in writing and, even if business justification is established, the President maintains discretion to deny the request. Notice of use of the aircraft by the President must be in writing to the Board Chair or designee and include a business justification. Records of requests and approvals are

maintained by the CFO's office. Additionally, the President's travel expenditures and reimbursements are audited twice annually.

The Hiring Administrative Employees Policy requires compliance with human resources requirements and guidelines for hiring administrative employees. It requires that human resources confer with the Board Chair before making any material changes to these hiring requirements or guidelines. The hiring requirements and guidelines include job descriptions, job titles, job postings, appointment letters and compensation within appropriate market levels.

University units must obtain approval from the applicable unit vice president and the Vice President of Human Resources before deviating from any of the hiring requirements or guidelines for any positions paying less than \$200,000. In addition to the applicable vice president and Vice President of Human Resources, University units must also obtain approval from the Board Chair or designee, before deviating from any of the hiring requirements or guidelines for positions paying \$200,000 or more. The President's Office must obtain approval from the Board Chair or designee before deviating from any of the hiring requirements or guidelines for any hires, regardless of the salary level of the position.

The amendments to the Governance Standards require that the University of Florida and its direct support organizations obtain approval of the President for consulting agreements at or above \$100,000 and less than \$1,000,000 and obtain Board Chair approval for agreements of \$1,000,000 or more.

These policies and amendments apply to all units of the University, including the President's Office, and no deviations from them are be permitted without Board approval.

In addition to the foregoing, below please find the University's responses to the individual findings.

1. Finding 1: Consultant Contracting

As noted in the findings, University and Board of Governors regulations (UF Reg. 3.020 and BOG Reg. 18.001), like policies across the State University System and Florida state agencies, permit the use of other public entities' contracts when those contracts were entered into after open competitive solicitation. The findings also note that the subject consulting contract states that it was awarded pursuant to a request for proposal utilized by another public entity.

Regarding the concern that the University's contracting process did not reduce the appearance of potential favoritism, the subject consulting agreement was obtained from the Group Purchasing Organization (GPO). The GPO is a procurement vehicle that makes

available for adoption those contracts that were competitively solicited. Accordingly, by using GPO, the University is ensuring that it is getting a competitively solicited contract.

Finally, in addition to the amendments to the governance standards addressing consulting agreements, the University recommits to the process of obtaining, reviewing and maintaining any contracts obtained through another entity's competitively solicited process to ensure that documentation supports the retention of vendor's hired by this method.

2. Finding 2: Benefit of Consultant Services

The findings note that university staff explained to auditors that the subject consulting services included employee-identified issues, such as university purchasing card procedures and practices and employee travel and training. The impetus for the consultant's work on these issues originated from concerns raised by the Faculty Senate Chair and Trustee, Danaya Wright, at the June 8, 2023 Board of Trustees meeting. Trustee Wright shared her view that an estimated 40% of faculty time was spent on administrative tasks related to the foregoing areas and reducing this burden would allow them to focus more on teaching and research.¹

University staff provided additional explanation and specific details regarding the consultant's work to help the University reduce these administrative burdens and allow more efficiency in its workforce. This explanation included staff from Human Resources and Finance and Accounting joining Trustee Wright to meet regularly with the consultant as projects moved forward. With the consultant in the lead, the University gathered and used feedback from focus groups, interviews with managers and employees as well as data from a faculty survey, to identify changes that streamlined the UF Engaged performance evaluation process and increased participation and understanding of the process.

At the March 8, 2024 Board of Trustees meeting, Trustee Wright thanked the Board Chair and former President for their financial support of this project. She further reported that the consultant concluded that faculty did in fact spend 40% of their time on administrative activities. The most common areas included human resources, reporting and compliance and finance. The consultant provided guidance designed to strike the right balance between improving faculty efficiency while protecting the institution's interests.²

¹ Trustee Wrights' statements are in Section 5.2 of the minutes from the June 7, 2023 meeting of the Committee on Academic, Faculty and Student Success (located on the UF BOT website).

² Trustee Wrights' statements are in Section 5.6 of the minutes from the March 7, 2024 meeting of the Committee on Academic, Faculty and Student Success (located on the UF BOT website).

Based on this guidance, Human Resources implemented changes to UF Engaged and developed associated training materials. Human Resources adjusted the frequency of evaluations performed under UF Engaged and added resources to help managers and employees better understand the process. Through coordinated communication and partnership with human resources liaisons across campus, participation rates almost quadrupled their previous averages from approximately 20% to 80%.

Additionally, a university working group led by the consultant identified major pain points related to required training and ways to improve faculty experience and reduce unnecessary burdens associated with required training. This group also reviewed top training courses for quality, length, and recertification requirements, making changes to improve experience and reduce time burden. Other changes included modifications to the process and notifications for required training and added previously missing trainee evaluations. The University also leveraged the consultant's findings to streamline the faculty experience with administrative tasks related to travel.

The foregoing examples of significant improvements, long sought by faculty and staff, happened because of the work performed by the consultant.

Additionally, as outlined above, much of the consultant's guidance and advice was directly implemented through changes in timing and frequency of certain activities and the reworking of training. Because documentation of these changes to existing processes and trainings are not available, University staff provided explanations of how they were implemented and how they benefited the University and its workforce.

3. Finding 3: Event Costs

The caterer referenced in Finding 3 was competitively selected through an open solicitation to provide exclusive catering services for presidential events, including events at the president's house, the University House and the football stadium. The contract with this caterer included a list of agreed upon pricing for food with adjustments for inflation over time. Although the catering contract permitted the caterer to select equipment suppliers with appropriate market pricing, there is only one vendor in the Gainesville area market with the capacity to supply equipment of the quantity and quality needed for a presidential event and that was the vendor the caterer chose.

The University notes that the majority of the funds utilized for these events were non-state funds. Nevertheless, the University has discontinued presidential pre-football game events and the presidential holiday party.

4. Findings 4, 5 and 8: Employment Practices, Bonus, Relocation, and Other Negotiated Salary Payments and Remote Work Arrangements

As outlined in the overall response above, the Board of Trustees identified issues regarding employment practices in the President's Office, including each of the issues identified in Findings 4, 5 and 8, following its June 2024 meeting and took action to address these issues through the Hiring Administrative Employees Policy that applies to all university units, including the President's Office.

Additionally, University Human Resources is developing guidance regarding:

- levels of approval for differing bonus rates;
- the permissible frequency of retention bonuses; and
- time periods that employees must remain with the University to avoid repayment obligations for recruitment and retention bonuses.

5. Finding 6: President Emeritus, Professor, and External Advisor

In order to be competitive in the market for the best and brightest presidential candidates, the University entered into an initial five-year contract with its former President. This contract was based on national benchmarking, analysis and advice from an independent compensation firm retained in compliance with Board of Governors' requirements. The Board of Governors reviewed and approved UF's contract with the former President.

Additionally, the former president is performing services to the University in exchange for this salary. On top of his teaching responsibilities, the former president's duties include curriculum development in the Hamilton Center. He is also engaged in large gift fundraising, which may include travel, and high-profile speeches on behalf of the University and Board Chair.

The University notes that under state law, the use of public funds for a president's salary is capped at \$200,000. Therefore, the portion of the former president's previous and current salary that exceeds this amount comes from non-state funds.

6. Finding 7: Travel

As outlined in the overall response above, the Board of Trustees identified issues regarding travel in the President's Office following its June 2024 meeting and took action to address it through the Non-Commercial Aircraft Use Policy that applies to all university units, including the President's Office. Additionally, the Board requires the University's Office of Internal Audit to audit the travel expenditures of the President twice a year and the cabinet on a rotational basis every six months.

The University notes that the majority of the travel expenditures identified in Finding 7 were from non-state funds. The University reviewed the state funds expenditures and validated that these expenses were allowable under state travel guidelines. Funds utilized for flights on the University Athletic Association plane and chartered flights were non-state funds.

Finally, University Human Resources is developing guidelines limiting the time period that newly hired employees, who are transitioning to Gainesville, may be reimbursed for travel from their home location to campus.

The University appreciates the work of the auditors and the opportunity to provide this response. University staff are available to answer questions or provide additional information as needed.

Sincerely,

Ryan Fuller

Ryan Fuller
Interim Vice President and General Counsel
University of Florida