

# STATE OF FLORIDA AUDITOR GENERAL

## Operational Audit

Report No. 2026-077  
January 2026

### UNIVERSITY OF SOUTH FLORIDA



Sherrill F. Norman, CPA  
Auditor General

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Note: One Trustee position was vacant the entire period.

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

The team leader was Ruth G. Pennewell, CPA, and the audit was supervised by Anna McCormick, 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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# UNIVERSITY OF SOUTH FLORIDA

## SUMMARY

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This operational audit of the University of South Florida (University) focused on selected University processes and administrative activities and included a follow-up on findings noted in our report No. 2023-052. Our operational audit disclosed the following:

**Finding 1:** University records did not always demonstrate that the distance learning course user fee was used for the additional costs attributed to the development and delivery of the distance learning course. A similar finding was noted in our report No. 2023-052.

**Finding 2:** University controls could be enhanced to demonstrate and ensure that chartered aircraft flights are by the most efficient and economical means.

## BACKGROUND

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The University of South Florida (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 System Faculty Council President 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: Distance Learning Course Fees**

State law<sup>1</sup> allows universities to assess a student who enrolls in a course listed in the distance learning catalog a per-credit-hour distance learning course fee. The amount of the distance learning course fee may not exceed the additional costs of the services provided which are attributable to the development and delivery of the distance learning course. Consequently, University records should demonstrate that distance learning fees are commensurate with and used for the additional costs attributable to the development and delivery of the distance learning courses.

During the 2024 calendar year the University used distance learning fee proceeds for \$21.3 million in costs associated with salaries and benefits; transfers to direct-support organizations; equipment,

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<sup>1</sup> Section 1009.24(17), Florida Statutes.

materials, and supplies; and various other things. As part of our audit, we requested for examination University records supporting selected distance learning costs totaling \$7.2 million and found that costs totaling \$4.6 million did not represent additional costs of services attributable to distance learning courses. Specifically:

- In June 2024, the University transferred \$2.83 million of distance learning fee proceeds to a direct-support organization (DSO) for planned construction costs related to the distance learning program. Specifically, according to University personnel, the planned construction related to an 8,900 square foot space owned by the Research Foundation to be leased by the University to house staff who train and support University faculty for online course design, content development, and delivery.

As of July 2025, actual project expenses incurred totaled only \$206,365. According to University personnel, the project was delayed because, following almost a year of planning, the original architect and contractor were terminated in early 2024 by the University's Innovative Education Department due to misalignment of goals and vision for the project and the project was not ready to advance until June 2025. However, it remains unclear why in June 2024, the University transferred to the Research Foundation the entire \$2.83 million budgeted for the project from distance learning fee proceeds before project expenses were incurred.

- In June 2024, the University used distance learning fee proceeds totaling \$796,257 for the annual virtual mental health services service charge. With the virtual services available to all students, use of fees collected from only those students enrolled in distance learning courses does not appear appropriate.
- In November and December 2024, the University transferred to the University Department of Student Success distance learning fee proceeds totaling \$456,000, including \$410,000 for salaries and benefits, \$37,000 for administrative overhead, and \$9,000 for telecommunications expenses. However, University records did not demonstrate how Department of Student Success services were attributable to the development and delivery of distance learning courses.
- For the 2024 calendar year, the University used distance learning fee proceeds totaling \$272,059 for a portion of the compensation costs for three positions. The costs included:
  - 30 percent of a Regional Chancellor's salary (\$98,795) and a Regional Vice Chancellor's salary (\$77,514). University personnel indicated that a portion of leadership salary expense was allocated to distance learning fee proceeds based in part on student credit hours that are generated from online courses and leadership responsibilities that impact the delivery, quality, and sustainability of online instruction and related support services. However, the basis for including these costs as additional costs for services attributable to the development and delivery of distance learning courses was not readily apparent as these positions existed before and would most likely continue regardless of the distance learning courses.
  - 77 percent of a Marketing Director's salary (\$95,750). University personnel indicated the position of Marketing Director supported online education and payroll expenses were incurred to market the University's distance learning program for expansion. However, with all courses requiring marketing regardless of delivery method, these types of costs are not unique to distance learning and do not represent additional costs for services attributable to the development and delivery of distance learning courses.
- For the 2024 calendar year, University tuition waivers totaling \$196,890 for graduate student teaching assistants were funded from distance learning fee proceeds. University personnel explained that the graduate student teaching assistants were hired to provide non-instructional support to online students and tuition waivers were part of their compensation. However, since graduate student teaching assistant services are used in many courses regardless of delivery

method, inclusion of these costs as additional costs for services attributable to the development and delivery of distance learning courses does not appear appropriate.

Absent University records demonstrating use of distance learning course fees for the additional costs attributable to those courses, there is an increased risk of noncompliance with State law, the University will be unable to demonstrate that distance learning course fees did not exceed the additional costs of the services attributable to the development and delivery of the distance learning courses, and for distance learning course fees to be used for unauthorized purposes.

**Recommendation:** The University should enhance procedures to ensure that University records demonstrate that the distance learning course user fees do not exceed the additional costs of the services attributable to the development and delivery of distance learning courses and that the fee proceeds are used for those additional costs.

### **Follow-Up to Management's Response**

*Management's response indicates that online education has expanded the University's academic offerings resulting in increased support service costs and, therefore, it is appropriate that a proportional share of these costs be allocated to distance learning fees. Notwithstanding, the law that authorizes the assessment of distance learning fees limits the fee to the additional costs of the services provided which are attributable to the development and delivery of the distance learning course for which the fee was assessed. University records did not demonstrate that support service costs associated with the expansion of University academic offerings were costs attributable to the development and delivery of the distance learning course. For example, as noted in the finding, the University used \$796,257 in distance learning fees to pay for virtual mental health services. These services were available to all students, not just distance learning students, and the utilization of the services was not a requirement for the successful completion of any distance learning course. As such, the services are not related to the development and delivery of a distance learning course for which a distance learning fee may be used to fund the cost. Consequently, the finding stands as presented.*

## **Finding 2: Charter Flight Expenses**

Pursuant to State law<sup>2</sup> and good business practices, it is important to employ effective controls over University travel expenses to ensure that the expenses are for a public purpose, are reasonable and appropriate, and that the method of travel is by the most efficient and economical means. University procedures<sup>3</sup> establish controls over aircraft flights and require appropriate consideration of available flight options. For example, before scheduling aircraft flights chartered by the University through a University direct-support organization (DSO),<sup>4</sup> University departments must consider the availability and cost of commercial flights, compare the cost of such service with the cost of using the DSO aircraft, and provide justification supporting the use of the DSO aircraft. Other charter services can be used if the DSO aircraft and commercial flights are not available, and if it is essential to fly at a time when there are no commercial flights or if it is deemed most cost effective.

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<sup>2</sup> Section 112.061, Florida Statutes.

<sup>3</sup> University of South Florida Policy 0-021 *Operation and Use of USF Owned or Leased Aircraft*.

<sup>4</sup> Established pursuant to Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011.

For the 2024 calendar year, the University incurred expenses totaling \$88,492 using University Athletic Department auxiliary funds ranging from \$5,855 to \$51,500 for three chartered flights. As part of our audit, we requested University records supporting the reasonableness of each of the three chartered flights. However, contrary to University policies, University records were not maintained to demonstrate the reasonableness of the chartered flight costs, consideration of available commercial flight times and pricing, or a cost benefit analysis to justify use of the chartered flights. The three charter flights were used to transport:

- 12 passengers, including 7 Athletic Department staff members, 4 basketball team members, and the head basketball coach on October 13, 2024, from Tampa to Dallas to attend the American Athletic Conference (AAC) Basketball Media Days with a return flight the same day. The flights cost a total of \$51,500 with an average cost of \$4,292 per passenger.
- 6 passengers, including 3 Athletic Department staff members, 2 football team members, and the head football coach on July 22, 2024, from Tampa to Dallas to attend the AAC Football Media Days with a return flight the next day. The flights cost a total of \$31,137 with an average cost of \$5,189 per passenger.
- The head football coach and assistant athletic director on April 17, 2024, from Tampa to Fort Lauderdale to attend a speaking engagement at a Broward County high school football award event with a return flight that same day. The flights cost a total of \$5,855 with an average cost of \$2,927 per passenger.

In response to our inquiries, University personnel indicated that, for the trips to and from Dallas, the DSO aircraft was unavailable or did not have the capacity for the number of travelers;<sup>5</sup> therefore, the Athletic Department used other charter services for the flights. University personnel also indicated that there were scheduling conflicts and that they desired the student athletes to travel with coaches for security reasons. For the trip to and from Fort Lauderdale, the head football coach had a speaking engagement that was the same day as exit interviews with student athletes that he also needed to attend. Notwithstanding, University records did not demonstrate that the travel was by the most efficient and economical means or the basis for the travel option selected.

**Recommendation: The University should ensure that records are maintained to demonstrate that travel is by the most efficient and economical means and the basis for the travel option selected. Such records should include documented consideration of commercial flight availability and pricing, along with preparation of cost benefit analyses of the various flight options, and the circumstances impacting travel decisions.**

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

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The University had not taken corrective action for the finding included in our report No.2023-052 as noted in Finding 1.

## ***OBJECTIVES, SCOPE, AND METHODOLOGY***

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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

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<sup>5</sup> The DSO aircraft has capacity for five passengers.

information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from March 2025 through October 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 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. 2023-052.
- 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 January 2024 through December 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.
- Evaluated University procedures that prohibit former employees' access to University information technology (IT) data and resources.
- Evaluated University procedures for protecting the sensitive personal information of students, such as social security numbers. From the population of 161 employees and 2 contractors who had access privileges to the sensitive personal information of students on April 4, 2025, we examined University records supporting the access privileges granted to 24 selected employees and the 2 contractors to evaluate the appropriateness of and necessity for the access privileges based on the employees' assigned job responsibilities.
- Examined University records supporting the internal audit function to determine whether the University followed applicable professional requirements and provided for peer review of reports issued. For internal audits, we determined whether the internal audit reports were properly completed and submitted to the Trustees.
- Examined University records to determine whether the University had developed an anti-fraud policy and procedures for the audit period to provide guidance to employees for communicating known or suspected fraud to appropriate individuals. Also, we examined University records to determine whether the University had implemented appropriate and sufficient procedures to comply with its anti-fraud policy.
- From the population of payments totaling \$52 million and transfers totaling \$72.2 million during the audit period, from the University to its direct-support organizations and Health Services Support Organization (DSOs and HSSO), examined University records supporting selected payments totaling \$1.8 million and selected transfers totaling \$42.2 million to determine whether the transactions were as described in Section 1004.28(1)(a)2. and (2), Florida Statutes.
- Inquired and examined University records to determine whether the University had any expenses or entered into any contracts under the authority granted by a state of emergency, declared or renewed during the audit period.
- For the population of expenses and transfers totaling \$21.3 million paid from distance learning fees during the audit period, examined University records supporting 30 selected expenses and 3 selected transfers totaling \$7.2 million to evaluate compliance with Section 1009.24(17), Florida Statutes.
- Examined University records supporting bonus payments totaling \$17.5 million made to 2,256 University employees during the audit period and selected payments totaling \$2.1 million made to 16 employees to determine whether the University complied with Section 1012.978, Florida Statutes, and BOG Regulation 9.015.

- From the population of expenses totaling \$88,492 for chartered aircraft flights, examined University records supporting the expenses to determine if the expenses complied with University procedures and good business practices.
- From the population of Deferred Building Maintenance Program expenses totaling \$28.2 million during the audit period, examined University records supporting 30 selected expenses totaling \$8.7 million to determine whether the funds brought forward from the 2022-23 fiscal year were expended in compliance with the restrictions imposed on the use of these resources in Chapter 2022-156, Laws of Florida, General Appropriations Act, Section 197.
- From one major construction project with a contract amount totaling \$382.5 million and expenses totaling \$11.6 million during the audit period, selected 3 payments totaling \$3.9 million 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 one major construction project with total construction costs of \$11.6 million during the audit period to determine whether the University's process for selecting design professionals and construction managers was in accordance with Section 287.055, Florida Statutes; the selection process of subcontractors was adequately monitored; the Trustees had adopted a policy establishing minimum insurance coverage requirements for design professionals; design professionals provided evidence of required insurance; and construction funding sources were appropriate.
- Examined University policies and procedures to determine whether University had appropriate controls in place to ensure vendor and employee information changes, such as address and bank information changes, were properly authorized, documented, and verified.
- Examined University records for two projects appropriated by the 2024-25 General Appropriations Act for \$31 million and \$10 million, respectively, to determine whether the requests for funding were properly completed and transparent. Additionally, we examined records supporting the expenses totaling \$767,782 for these project through April 2025 to determine whether the expenses complied with the restrictions imposed on the use of those resources.
- 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.

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

Sherrill F. Norman, CPA  
Auditor General

# MANAGEMENT'S RESPONSE

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January 7, 2026

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

Dear Ms. Norman,

Please see enclosed, the University of South Florida response for the audit findings related to the University that is included in the 2024 Operational Audit administered by the State of Florida.

If you have any questions or require additional information, please contact Masha Galchenko, Associate Vice President and Controller at (813) 974-8442.

Sincerely,

Signed by:  


23276C582042477...  
Jennifer Condon  
Vice President and Chief Financial Officer  
University of South Florida

Enclosure

Copy to: President Rhea Law  
Dr. Prasant Mohapatra  
Dr. Cynthia DeLuca  
Christine Brown  
Dawn Rodriguez  
Mariya Galchenko  
Virginia Kalil  
Gerard Solis

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University of South Florida

Responses to Preliminary and Tentative Findings of the USF 2024 Operational Audit  
Conducted by the Auditor General's Office

**Finding: Distance Learning Course Fees:** University records did not always demonstrate that the distance learning course user fee was used for the additional costs attributed to the development and delivery of the distance learning course. A similar finding was noted in our report No. 2023-052.

**Recommendation:** The University should enhance procedures to ensure that University records demonstrate that the distance learning course user fees do not exceed the additional costs of the services attributable to the development and delivery of distance learning courses and that the fee proceeds are used for those additional costs.

**Management's Response:** Following the prior audit, the University enhanced the distance learning course fee monitoring procedures and maintained records to justify the fees assessed based on the additional costs of services to develop and deliver distance learning courses. Online education has expanded the University's academic offerings, and the associated support service costs have increased accordingly. It is therefore appropriate that a proportional share of these support costs be allocated to Distance Learning funds to cover the additional expenses incurred in delivering online courses. This methodology is consistent with the intent of the fee, as the support costs are directly attributable to the development and delivery of distance learning courses. This issue is deemed resolved.

**Finding: Charter Flight Expenses:** University controls could be enhanced to demonstrate and ensure that chartered aircraft flights are by the most efficient and economical means.

**Recommendation:** The University should ensure that records are maintained to demonstrate that travel is by the most efficient and economical means and the basis for the travel option selected. Such records should include documented consideration of commercial flight availability and pricing, along with preparation of cost benefit analyses of the various flight options, and the circumstances impacting travel decisions.

**Management's Response:** University policy related to the USF aircraft program was updated in November 2025. This issue is deemed resolved.