

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2026-091
February 2026

UNIVERSITY OF FLORIDA



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2024 calendar year, Dr. W. Kent Fuchs served as Interim President of the University of Florida from August 1, 2024, and Dr. Benjamin E. Sasse served as President before that date. The following individuals served as Members of the Board of Trustees:

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^a Student Body President.

^b Faculty Senate Chair.

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 Ashton Balkcom, and the audit was supervised by Denita K. Tyre, CPA.

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

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UNIVERSITY OF FLORIDA

SUMMARY

This operational audit of the University of Florida focused on selected University processes and administrative activities and included a follow-up on findings noted in our report No. 2023-190. Our operational audit disclosed the following:

Finding 1: University controls over foreign vendor information changes need improvement.

Finding 2: Contrary to State law, the University paid \$37 million to acquire 2,700 acres without obtaining any appraisals.

Finding 3: University controls over purchasing and virtual air card charges are not effective to ensure that the charges are timely included and submitted on expense reports, approved, and recorded as expenses in the University general ledger or promptly denied if determined inappropriate.

Finding 4: University records did not always demonstrate that restricted investment earnings were allocated to the respective funding source that generated the earnings.

BACKGROUND

The University of 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 Faculty Senate Chair and Student Body President also are members.

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

FINDINGS AND RECOMMENDATIONS

Finding 1: Foreign Vendor Information Changes

State law¹ requires the University to establish and maintain internal controls designed to, among other things, detect fraud, promote and encourage compliance with applicable contracts and best practices, and safeguard assets. Such controls should include procedures to ensure that vendor information (e.g., bank account and address) changes are properly documented and independently verified and authorized before the changes are made in University records and payments to vendors are made. These

¹ Section 1010.01(5), Florida Statutes.

procedures would help confirm the propriety of the changes and reduce the likelihood of fraud or errors associated with vendor payments.

During the 2024 calendar year, the University contracted with a service provider to confirm the authenticity of domestic vendor information change requests before the requests were accepted and changes were made in University records. For foreign vendors, the University internally processed vendor information change requests. The University paid foreign vendors a total of \$35.9 million by checks and electronic transfers during the 2024 calendar year.

According to University personnel, the Payroll and Tax Services (PTS) Department is responsible for receiving foreign vendor information change requests. The PTS Department obtains from the vendor the name of the vendor's University contact employee, who is typically the department employee who initiated procurement with the vendor, and communicates with that employee to obtain support for the change request. The change request and related support is then forwarded to the supplier team employee who enters the changes into the Enterprise Resource Planning (ERP) System for payment processing. However, the University had not established procedures to require independent, documented verification of foreign vendor information change requests either directly with designated vendor staff or for changes entered into the ERP System.

In response to our inquiry, University personnel indicated that, because departments work closely with a specific person with each foreign vendor, they are familiar with any vendor change requests and independent, documented verification of requested changes was not required. Additionally, University personnel indicated that they believed secondary review and approval of changes input into the ERP system was not necessary since the initial requests are routed through the PTS Department before being sent to the supplier team to update the ERP System. Notwithstanding, without University records demonstrating that change requests are properly authorized by designated vendor staff and correctly entered into the ERP System, there is an increased risk for fraud or errors to occur without timely detection and recovery of losses.

Recommendation: The University should enhance controls over foreign vendor information changes. Such enhancements should include University records demonstrating that the changes are properly documented, independently verified, and correctly entered into the ERP System.

Finding 2: Real Property Acquisition

State law² requires the Board to obtain at least two appraisals for each purchase of real property in an amount in excess of \$500,000. State law³ provides that the Board may consider an appraisal acquired by a seller in negotiating to purchase a land parcel, but such appraisal may not be used in lieu of an appraisal required to be obtained by the Board. However, the University had not established policies or procedures to require and ensure that appraisals of real property are obtained as required.

For the 2024-25 fiscal year, the State appropriated⁴ \$38.9 million to the University for the Hickory Sink Strategic Ecosystem Land Acquisition. The specific appropriation's proviso language authorized the

² Section 1013.14(1)(b), Florida Statutes.

³ Section 253.025(8)(i), Florida Statutes.

⁴ Chapter 2024-231, Laws of Florida, General Appropriations Act, Specific Appropriations 150 and 162A.

University to use the funds to purchase a different site if the Board did not approve an agreement to purchase the referenced site. In March 2025, the University purchased the Hickory Sink Strategic Ecosystem Land, consisting of 2,700 acres, for \$37 million to use for agricultural, environmental, educational, and community purposes. However, contrary to State law, the University did not obtain any appraisals for this acquisition.

University records and inquiries with University personnel disclosed that the previous landowner had obtained an appraisal for the land in January 2024. However, the appraisal was to provide an opinion of the market value of the property and owner support for the prospective acquisition of a conservation easement on the property. The appraisal summary indicated that the highest and best use of the land is for mixed use development and the market value was estimated to be no less than \$25,000 per acre and a total value of no less than \$66,525,000.

In response to our inquiries, University personnel indicated that the Board considered the acquisition as exempt from State law requiring appraisals because the funds were available pursuant to a specific appropriation. However, the appropriation proviso language allowed the Board flexibility in site selection and the transaction details, including price, were not established. It is unclear why the University did not obtain the statutorily required appraisals since the obligation to do so should be read in harmony with the appropriation proviso language.

Absent effective controls over land acquisitions, there is an increased risk that the University will acquire real property without the required appraisals and pay prices that are not fair or appropriate.

Recommendation: To ensure compliance with statutory real property acquisition requirements, University policies and procedures should be established to require and ensure that the Board obtains and considers, before such acquisitions are made, the required property appraisals.

Follow-Up to Management's Response

Management's response states that "the University believes that it is reasonable to interpret Section 1013.14, Fla. Stat., as not applying to this property acquisition" and that "despite the foregoing, the University's Board of Trustees recently amended its governing standards to require two appraisals prior to acquiring property, which shall apply regardless of appropriation." Since State law does not provide an exemption from the requirement to obtain at least two appraisals for property acquisitions in amounts greater than \$500,000, the University should continue efforts to ensure that the Board obtains and considers, before such acquisitions are made, the required property appraisals.

Finding 3: Purchasing and Virtual Air Cards

The University administers a purchasing card (P-card) program, which gives employees the convenience of purchasing low-cost items directly from merchants without going through the purchase order process. Similarly, the University established and authorized use of virtual air cards available through the University travel system to purchase airfare and incur other travel-related expenses.

University procedures⁵ require, within 15 calendar days from the transaction posting date, cardholders to submit to the designated approver online expense reports of the charges, along with documentation supporting the charges, and for the designated approver to review and approve or deny the charges. The procedures also require that claims for disputed charges be filed within 60 days of the transaction posting date.

The University electronically pays P-card charges weekly and virtual air card charges monthly that are automatically downloaded daily into the University P-card and travel system. The charges are initially recorded in the University general ledger as prepaid expenses and, once approved, the prepaid expense amounts are reclassified as expenses. However, University records did not evidence specific follow-up communications with cardholders and designated approvers to ensure that P-card and virtual air card charges are timely submitted on expense reports, approved, and recorded as expenses in the University general ledger or promptly denied if determined inappropriate. During the 2024 calendar year, the University had 239,751 P-card transactions totaling \$70 million, including unapproved charges recorded as prepaid expenses and approved charges recorded as expenses.

As part of our audit, we examined University records supporting 30 selected P-card transactions totaling \$227,630. We found that, contrary to University procedures, 17 P-card transactions totaling \$117,090 were not reviewed, approved, and recorded as expenses until 2 to 117 days, or an average of 31 days after the required 15-day processing period, including 6 transactions processed more than 60 days after the posting date. We expanded our procedures and determined that, as of July 17, 2025, University P-card and virtual air card charges for 1,634 employees totaling \$2.4 million had only been recorded as prepaid expenses because the charges either had not been submitted on expense reports for review and approval or were submitted on expense reports and denied or not approved by the designated approvers. The charges were posted from the 2023 calendar year through April 2025 and totaled \$1.6 million for the period January 2025 through April 2025, \$661,260 for the 2024 calendar year, and \$125,451 for the 2023 calendar year. In response to our inquiry, University personnel indicated that the transition to a new application for P-card and travel expense processing in April 2023 resulted in processing delays. Notwithstanding, it is not apparent why employees did not promptly process P-card and virtual air card charges nor why University monitoring controls were not effective to ensure that cardholders timely submitted online expense reports and that designated approvers promptly reviewed and approved or denied the charges.

Absent effective controls over P-card and virtual air card charges, there is an increased risk of fraud or errors to occur without timely detection and recovery. Additionally, the reliability of the general ledger financial information throughout the year is compromised, limiting the University's ability to effectively monitor its financial position.

Recommendation: University procedures should be enhanced to include evidence of specific follow-up communications with cardholders and designated approvers to ensure that P-card and virtual air card charges are timely submitted on expense reports and promptly reviewed and either approved and recorded as expenses in the University general ledger or denied.

⁵ UF *Procurement Procedures and Travel Directives*.

Finding 4: Investment Earnings Allocation

University restricted resources authorized by the Board pursuant to State law⁶ and Board of Governors (BOG) regulations⁷ include certain specified user fees, such as tuition and fees from transportation, health, technology, and self-supporting credit programs,⁸ and State law routinely restricts use of the fees for particular purposes. For example, statutory constraints⁹ governing technology fee revenue require those fees to be used to enhance instructional technology resources for students and faculty. Additionally, the Attorney General¹⁰ has opined that, as a general rule, interest generated by a particular fund must be added to that fund and utilized for the same purpose as said fund. Based on this principle of law, interest earnings generated by a restricted resource should only be used for the same authorized purpose established for that resource.

The University had average cash and investments daily account balances totaling \$3 billion during December 2024 and investment earnings from those accounts totaled \$197 million during the 2024 calendar year. Our examination of University records supporting the methodology used to allocate investment earnings disclosed that University records did not always demonstrate that restricted investment earnings were equitably allocated to the respective funding sources.

For example, during December 2024, University records identified eight fund classifications with a combined average cash and investments daily balance of \$227.7 million. The eight funds included four funds with a combined average daily balance of \$24.3 million solely composed of restricted student fee revenues. The other four funds, with a combined average daily balance of \$203.4 million, contained restricted student fee revenues representing an estimated 28 percent to 84 percent of the balance. Based on our calculations, restricted student fee revenues in the eight funds during December 2024 generated investment earnings totaling approximately \$300,000. Since the investment earnings were not restricted to pay for expenses consistent with the purposes for collecting the specific student fees, there was an increased risk for the earnings to be used for unauthorized purposes.

In response to our inquiry, University personnel indicated that State law and BOG rules did not specifically restrict the use of investment earnings on student fee revenues and, therefore, the investment earnings were not allocated to fund classifications containing the student fees but were maintained in a repository for unrestricted use. Notwithstanding, allocating investment earnings to the restricted resources that generate the earnings ensures appropriate accountability of those resources for decision-making and helps preserve and potentially increase the resources available for their intended purposes.

⁶ Section 1009.24, Florida Statutes.

⁷ BOG Regulation 7.003, *Fees, Fines and Penalties* and BOG Regulation 8.002, *Self Supporting and Market Tuition Rate Program and Course Offerings*.

⁸ University self-supporting programs include, for example, the Master of Science in Microbiology and Cell Science, the Master of Applied Physiology and Kinesiology, and the Master of Science in Medical Physiology and Pharmacology programs.

⁹ Section 1009.24(13), Florida Statutes.

¹⁰ Attorney General Opinion Nos. 88-1, 92-13, 2000-32, and 2000-37.

Recommendation: To help ensure that investment earnings generated from restricted resources are properly used, University records should be maintained to demonstrate that restricted investment earnings are equitably allocated to the respective funding sources that generated the earnings.

Follow-Up to Management's Response

Management's response states that "the University believes it is complying with all statutes, regulations, and governing policies that dictate the allocation and use of investment earnings." Notwithstanding, the point of our finding is that University records did not always demonstrate that investment earnings generated from student fees were restricted, resulting in an increased risk for the earnings to be used for unauthorized purposes. Consequently, the finding stands as presented.

PRIOR AUDIT FOLLOW-UP

The University had taken corrective actions for findings included in our report No. 2023-190.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

We conducted this operational audit from April 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. 2023-190.
- 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 2024 calendar year audit period 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.
- Inquired of University personnel 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.
- Reviewed University information technology (IT) policies and procedures to determine whether the policies and procedures addressed certain important IT control functions, such as security access, systems development and maintenance, user authentication, and disaster recovery.
- Reviewed operating system, network, and application security settings to determine whether authentication controls were configured in accordance with IT best practices.
- Evaluated University procedures for maintaining and reviewing employee access to IT data and resources. We examined access privileges to selected critical functions within the finance and human resources applications in May 2025 for 30 of the 5,834 applicable employees to determine the appropriateness and necessity of the access privileges based on the selected employees' job duties and user account functions and whether the access prevented the performance of incompatible duties.

- Evaluated University procedures that prohibit former employees' access to University IT data and resources. From the population of 9,259 employees who separated from University employment during the audit period, examined the access privileges for 31 selected former employees to determine whether their access privileges had been timely deactivated.
- Examined University records supporting the internal audit function to determine whether the University followed applicable professional requirements. Specifically, we determined whether internal audit reports identified the audit objectives, methodology used, and audit conclusions and recommendations (where applicable), and were subject to the peer review process and submitted to the Board.
- 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.
- Examined University records to determine whether selected 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. Specifically, from the population of contractual services payments totaling \$364.5 million for the audit period, we examined University records supporting 30 selected payments totaling \$21.7 million and 1 selected payment from April 2025 totaling \$128,000.
- From the population of 239,751 purchasing card (P-card) transactions totaling \$70 million during the audit period, examined University records supporting 30 selected P-card transactions totaling \$227,630 to determine whether the P-card program was administered in accordance with University policies and procedures and transactions were not of a personal nature.
- Examined P-card records for 30 of the 211 cardholders who separated from University employment during the audit period to determine whether the University timely canceled the cardholders' P-cards.
- Reviewed University policies and procedures related to identifying potential conflicts of interest. We reviewed Department of State, Division of Corporations, records; statements of financial interest; and University records, as applicable, for 37 selected University officials and key personnel, including selected Board members, Presidents, Vice Presidents, and Purchasing Department staff, to identify any potential relationships that represented a conflict of interest with vendors used by the University.
- From the population of 761 minor construction projects with expenses totaling \$89.7 million during the audit period, selected 30 payments totaling \$7.1 million for 4 projects with expenses totaling \$8 million and examined University records to determine whether the:
 - Payments were made in accordance with contract terms and conditions, Board policies and University procedures, and provisions of applicable State laws and rules.
 - University properly initiated and approved change orders in accordance with Board policies and University procedures.
 - Construction funding was appropriate.
- Reviewed documentation related to two minor construction projects with contracts totaling \$4.3 million during the audit period to determine whether the University's process for selecting design professionals and construction managers was in accordance with State law; the selection process of subcontractors was adequately monitored; the Trustees had adopted a policy establishing minimum insurance coverage requirements for design professionals; and design professionals provided evidence of required insurance.

- From the population of Deferred Building Maintenance Program expenses totaling \$28.6 million during the audit period, examined records supporting 30 selected expenses totaling \$8.4 million to determine whether the funds brought forward from the 2022-23 fiscal year appropriated funds 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.
- Examined University records to determine whether the University evaluated, prior to purchase, the effectiveness and suitability of the new Enterprise Resource Planning (ERP) System, including consultant and implementation contract costs, totaling \$135 million and whether the ERP System vendor selection, implementation partner selection, and related consultancy services were appropriately procured and effectively monitored. Also, we examined documentation supporting 7 selected payments totaling \$1.8 million to determine whether the deliverables met contract terms and conditions.
- From the population of \$1.8 million of materials and supplies fees expensed during the audit period, examined documentation supporting 30 selected expenses totaling \$256,741 to determine whether the University properly used the fees to offset the cost of materials or supplies that are consumed in the course of the student's instructional activities as required by Section 1009.24, Florida Statutes.
- Examined University records supporting the 16 internal loans and related restricted resources totaling \$61 million to determine whether the University adhered to good business practices and applicable compliance requirements.
- Examined University records to determine whether University procedures ensured, prior to vendor payment, that the address and bank account changes were properly authorized, documented, and verified.
- Examined University records supporting three capital asset projects that were appropriated \$80 million, \$38.9 million, and \$19 million, by Chapter 2024-231, Laws of Florida, General Appropriations Act, Specific Appropriations 18, 147, 150, and 162A to determine whether University requests for funding were properly completed and transparent. Additionally, we examined records supporting expenses totaling \$37 million for these projects through June 2025 to determine whether the expenses complied with the use restrictions of those resources.
- Examined University records supporting overhead assessments, which are allocated to support units providing certain services, to determine whether the source of funding and use of University's overhead assessments were transparent and appropriate.
- Evaluated whether the methodology for allocating investment earnings ensured equitable allocation of the earnings to the respective funding source to ensure that restricted earnings are used for purposes consistent with applicable funding restrictions.
- 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 written in a cursive style with a large initial 'S'.

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



Office of the Senior Vice President
and Chief Financial Officer
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January 30, 2026

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Auditor General, State of Florida
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Via email to: flaudgen_audrpt_cc_univ@aud.state.fl.us

Dear Ms. Norman:

Please find included the responses to the University of Florida's preliminary and tentative operational audit findings for the calendar year ended December 31, 2024.

Your staff's assistance is greatly appreciated.

Sincerely,

A handwritten signature in blue ink that reads 'Matthew H. Ellis'.

Matthew H. Ellis
Assistant Vice President and University Controller

cc: Donald W. Landry, Interim President, University of Florida
University of Florida Board of Trustees
Nicholas Kozlov, Senior Vice President and Chief Financial Officer
Ryan Fuller, Vice President and General Counsel
Michelle Castaline, Associate Vice President Financial Services
Dhanesh Raniga, Chief Audit Executive

Finding 1: Foreign Vendor Changes

University controls over foreign vendor information changes need improvement.

Recommendation: The University should enhance controls over foreign vendor information changes. Such enhancements should include University records demonstrating that the changes are properly documented, independently verified, and correctly entered into the ERP System.

Management Response: The University will be enhancing controls over the ability to collect and validate foreign vendor information through the vendor portal. Additionally, the University is preparing to replace the ERP system in July 2027 and will ensure configurations provide enhanced controls during the collection and verification of foreign vendor information.

Finding 2: Real Property Acquisition

Contrary to State law, the University paid \$37 million to acquire 2,700 acres without obtaining any appraisals.

Recommendation: To ensure compliance with statutory real property acquisition requirements, University policies and procedures should be established to require and ensure that the Board obtains and considers, before such acquisitions are made, the required property appraisals.

Management Response: The University believes that it is reasonable to interpret Section 1013.14, Fla. Stat., as not applying to this property acquisition. Implicit in the statute is that a university board independently, and without legislative involvement, makes a property acquisition. However, in this case, the legislature appropriated a specific amount of funds for the acquisition of this specific property. The University complied with the appropriation. Additionally, an appraisal of the property was acquired from a state certified general appraiser. The appraisal valued the property at a value of \$66,525,000, approximately \$30,000,000 more than the University paid to acquire it. This appraisal was obtained before the acquisition of the property. Despite the foregoing, the University's Board of Trustees recently amended its governing standards to require two appraisals prior to acquiring property, which shall apply regardless of appropriation.

Finding 3: Purchasing and Virtual Cards

University controls over purchasing and virtual air card charges are not effective to ensure that the charges are timely included and submitted on expense reports, approved, and recorded as expenses in the University general ledger or promptly denied if determined inappropriate.

Recommendation: University procedures should be enhanced to include evidence of specific follow-up communications with cardholders and designated approvers to ensure that P-card and virtual air card charges are timely submitted on expense reports and promptly reviewed and either approved and recorded as expenses in the University general ledger or denied.

Management Response: The University is developing standard reporting, communication, and escalation protocols over purchasing and virtual card expense activities. Additionally, related travel/expense practices will be reviewed for updates in conjunction with the ERP implementation set for July 2027.

Finding 4: Investment Earnings Allocation

University records did not always demonstrate that restricted investment earnings were allocated to the respective funding source that generated the earnings.

Recommendation: To help ensure that investment earnings generated from restricted resources are properly used, University records should be maintained to demonstrate that restricted investment earnings are equitably allocated to the respective funding sources that generated the earnings.

Management Response: The University believes it is complying with all statutes, regulations, and governing policies that dictate the allocation and use of investment earnings. The University Leadership continues to communicate investment practices with both the Board of Trustees and the Board of Governors to ensure all State, Research and Directed funds are allocated in the appropriate manner.