

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2017-064
December 2016

FLORIDA GULF COAST UNIVERSITY



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

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^a Faculty Senate Chair.

^b Student body president.

^c Board member resigned on 10-30-15, and position remained vacant through 3-23-16.

The team leader was Camesha N. Brown, CPA, and the audit was supervised by Deirdre F. Waigand, CPA.

For the information technology portion of this audit, the team leader was Sudeshna Aich, CISA, and the supervisor was Heidi G. Burns, CPA, CISA.

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

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FLORIDA GULF COAST UNIVERSITY

SUMMARY

This operational audit of Florida Gulf Coast University (University) focused on selected University processes and administrative activities and included a follow-up on findings noted in our report No. 2014-027. Our operational audit disclosed the following:

Finding 1: University textbook affordability procedures could be improved.

Finding 2: The University did not always provide notice of public meetings or promptly record and make available for public inspection the minutes of certain committee meetings.

Finding 3: Some inappropriate or unnecessary information technology (IT) access privileges were granted to University employees and accounts that increased the risk that unauthorized disclosure, modification, or destruction of University data and IT resources may occur. In addition, the University did not have procedures for the review of the University's Enterprise Resource Planning system applications' supporting infrastructure to timely detect inappropriate or unnecessary access privileges.

Finding 4: University security controls related to user authentication and data loss prevention need improvement to ensure the continued confidentiality, integrity, and availability of University data and IT resources.

BACKGROUND

Florida Gulf Coast University (University) is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors (BOG). The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 6 citizen members and the BOG appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered 5-year terms. The faculty senate chair and student body president also are members.

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

This operational audit focused on selected University processes and administrative activities and included a follow-up on findings noted in our report No. 2014-027. The results of our financial audit of the University for the fiscal year ended June 30, 2016, will be presented in a separate report. In addition, the Federal awards administered by the University are included within the scope of our Statewide audit of Federal awards administered by the State of Florida and the results of that audit, for the fiscal year ended June 30, 2016, will be presented in a separate report.

FINDINGS AND RECOMMENDATIONS

Finding 1: Textbook Affordability

State law¹ requires universities to post on their Web sites, as early as feasible, but not less than 30 days prior to the first day of class for each term, a list of textbooks required for each course offered at the institution during the upcoming term. Additionally, Board of Governors' (BOG) regulations² require universities to adopt a regulation that establishes textbook adoption procedures to minimize the cost of textbooks for students while maintaining the quality of education and academic freedom. The regulation should establish procedures to document the intent of the course instructors to use all items ordered; determine the extent to which a new textbook edition differs significantly and substantively from earlier versions and the value of changing to a new edition; and post, no later than 30 days prior to the first day of classes on the University's Web site, a list of each required textbook for each course offering for the upcoming term. The posted list must include the International Standard Book Number (ISBN) for each required textbook or other identifying information, which must include, at a minimum, the title, all authors listed, publishers, edition number, copyright date, published date, and other relevant information necessary to identify the specific textbooks required for each course.

Although University procedures provide that a list of textbooks be posted on the University Web site, our review of those procedures, the posted textbook lists, and University records supporting the textbook information for the courses offered during the Summer 2015, Fall 2015, and Spring 2016 terms disclosed that:

- The University had not established monitoring procedures to ensure that textbook information is posted on the University's Web site at least 30 days prior to the first day of classes. The University contracted with a vendor to manage and operate the University Bookstore, as well as to compile and post adopted textbooks on the University's Web site. As part of our audit, we reviewed the dates the vendor posted to the University's Web site the required information, including the ISBN or other identifying information, for the 5,135 textbooks adopted for the Summer 2015, Fall 2015, and Spring 2016 terms, and identified 170 textbooks, or 3 percent, that did not have information timely posted. The untimely postings included information for 154 textbooks posted less than 30 days prior to the first day of classes (5 to 30 days late) and 16 textbooks posted after the first day of classes (31 to 85 days late). In response to our inquiries, University personnel indicated that textbooks were posted untimely for various reasons, such as professors not properly following the textbook adoption process and changes to course sections that resulted in untimely communication with the bookstore regarding textbook information.

The timely posting of required textbook information on the University Bookstore Web site is necessary for students to understand course textbook requirements and have sufficient time to consider textbook purchase options and limit their textbook costs. Also, without evidence of the timely posting of textbook information on the University Bookstore Web site, the University cannot demonstrate compliance with State law. Effective July 1, 2016, State law³ was revised to require each university to post prominently in the course registration system and on its Web site, as early as is feasible, but at least 45 days before the first day of class for each term, a hyperlink to lists

¹ Section 1004.085(3), Florida Statutes (2015).

² BOG Regulation 8.003, Textbook Adoption.

³ Section 1004.085(6), Florida Statutes (2016).

of required and recommended textbooks and instructional materials for at least 95 percent of all courses and course sections offered at the university during the upcoming term.

- Textbook prices for Summer 2015, Fall 2015, and Spring 2016 terms for the same course varied by as much as \$411 for new and \$308 for used textbooks. Table 1 provides examples of the price differences that exceeded \$80 for textbooks used in the same course.

**Table 1
Cost of Textbooks**

For period April 1, 2015, through March 31, 2016

Course	Cost of New Textbooks			Cost of Used Textbooks		
	High	Low	Difference	High	Low	Difference
MAC2311	\$463	\$52	\$411	\$347	\$39	\$308
MAC2312	463	65	398	347	96	251
FIN3244	576	223	353	432	167	265
MAC2313	463	128	335	347	96	251
ECP3006	361	58	303	271	44	227
ZOO3713C	454	172	282	454	172	282
MAR6807	298	20	278	224	15	209
BSC1010C	304	39	265	228	29	199
MAC2233	313	52	261	235	39	196
HIS3064	379	118	261	195	75	120

Source: University records.

University procedures allowed faculty members to independently select course textbooks, resulting in different textbooks being used for the same course. In response to our inquiries, University personnel indicated that this was due to an oversight and that increased monitoring will be performed. Effective monitoring procedures would help ensure that textbooks are listed on the University's Web site in accordance with State law and BOG Regulations. Without timely posted textbook information, students may misunderstand course textbook requirements and not have sufficient time to consider textbook purchase options and limit their textbook costs.

Recommendation: The University should enhance procedures to ensure that records are maintained to document that lists of required and recommended textbooks and materials are timely posted in accordance with State law. In addition, the University should ensure that textbooks and other instructional materials are available to students at the lowest and best prices within acceptable quality by enhancing affordability procedures to require course-wide adoption of textbooks and other instructional materials for the same course.

Finding 2: Sunshine Law

State law⁴ requires that reasonable notice of public meetings be given and minutes of public meetings be promptly recorded and open for public inspection. Pursuant to Attorney General Opinion,⁵ written minutes are required. The Florida Supreme Court has held⁶ that meetings of certain advisory boards and fact-finding committees participating in the decision-making function of a State agency or authority are

⁴ Section 286.011(1) and (2), Florida Statutes (Sunshine Law).

⁵ Attorney General's Opinion No. 75-45, dated February 20, 1975.

⁶ See *Wood v. Marston*, 442 So.2d 934 (Fla. 1983).

public meetings under the Sunshine Law. Additionally, the *Government-in-the-Sunshine-Manual (Manual)* prepared by the Office of the Attorney General, provides that advisory boards and fact finding committees whose powers are limited to making recommendations to a public agency, and which possess no authority to bind that agency, are subject to the Sunshine Law. The *Manual* also provides that when a committee possesses or exercises not only the authority to conduct fact finding but also to make recommendations, the committee is participating in the decision-making process and is subject to the Sunshine Law.

The University established the Procurement Solicitation Committee and employee search advisory committees to perform fact-finding procedures and make recommendations to decision makers. For example, the Procurement Solicitation Committee evaluates procurement proposals and presentations, makes recommendations to decision makers regarding procurements, and makes decisions on the intent to award procurement contracts. Additionally, employee search advisory committees screen applicants and are responsible for deciding which applicants will be selected for interviews. Consequently, based on their respective responsibilities, these committees are subject to the Sunshine Law. However, based on our discussions with University personnel regarding these two committees and our review of University records for the period April 2015 through March 2016, we found that:

- While the Procurement Solicitation Committee was responsible for solicitation activities associated with 9 procurements, provided public notice of the Committee's meetings, and conducted and tape recorded 17 meetings, the Committee did not maintain any written minutes.
- Search advisory committees were used to recruit and fill 83 positions. Our review of University records relating to 29 of the 83 positions disclosed that:
 - The committees did not tape record or maintain any written minutes for 46 committee meetings relating to 7 filled positions.
 - Although we requested, University records could not be provided to evidence the notice to the public of, or written minutes for, meetings related to 3 filled positions. As a result, the University was unable to demonstrate, of record, the number meetings held relating to these 3 positions.
 - A committee maintained written minutes for 1 committee meeting relating to 1 position; however, although we requested, University records could not be provided to evidence the notice to the public for any meetings related to this position and University personnel were unable to provide us with the number of meetings held related to this position.

Without timely notification of committee meetings and recorded, approved, and available minutes of these meetings, public access and inspection of documents and actions taken at such meetings may be limited.

Recommendation: The University should enhance procedures to ensure that the public is notified of the meetings of committees that are advisory or make recommendations to decision makers and that minutes of such committee meetings are promptly recorded and made available for public inspection.

Finding 3: Information Technology – Access Privileges

Access controls are intended to protect University data and information technology (IT) resources from unauthorized disclosure, modification, or destruction. Effective access controls include granting employees access to IT resources based on a demonstrated need to view, change, or delete data and

restrict employees from performing incompatible functions or functions outside of their areas of responsibilities. Periodically reviewing assigned IT access privileges helps ensure that employees cannot access or modify IT resources inconsistent with their assigned job duties.

Our test of selected access privileges to the University's Enterprise Resource Planning (ERP) system financial and human resources (HR) applications and the supporting infrastructure (i.e., operating system and database) disclosed that some access privileges permitted employees to perform incompatible functions or were unnecessary for their assigned job duties and that the University did not have procedures in place for the review of IT access privileges assigned to the ERP system applications' supporting infrastructure. Specifically:

- Our test of two vendor-delivered classes⁷ and six University-created classes that allowed update access privileges to critical HR functions, including maintenance of employee information and payroll, resulted in the review of 24 accounts. Our review disclosed that the Assistant Director for Employment Services could add or update HR application transactions related to position classification, description, and placement within the organizational structure that were no longer necessary for her assigned responsibilities because of departmental reorganization. University management indicated, in response to our audit inquiry, that the employee's access privileges were removed.
- Our test of the database administrator (DBA) role⁸ for the ERP system database resulted in the review of 42 accounts. Our review disclosed that 5 ERP application-delivered accounts were assigned the DBA role that was unnecessary for their function. As the DBA role contains most database system privileges, the role is typically granted to employees having database administration responsibilities or accounts having full control over the database management system. In response to our audit inquiry, University management reviewed these five accounts and determined that the accounts could be locked.
- University management had not performed a review of IT access privileges assigned to the host operating system accounts for the ERP system application and database or IT access privileges assigned to the ERP system database accounts. In response to our audit inquiry, University management indicated that a security review project had been implemented that included a review of these accounts and that the review, along with necessary modifications to IT access privileges such as those noted in the preceding bullet, is expected to be completed in March 2017.

Inappropriate or unnecessary IT access privileges and the lack of a review of IT access privileges assigned to the ERP system applications' supporting infrastructure increases the risk that unauthorized disclosure, modification, or destruction of University data and IT resources may occur. A similar finding was noted in our report No. 2014-027.

Recommendation: University management should continue efforts to complete the security review project and ensure that IT access privileges granted are necessary and enforce an appropriate separation of duties and that any inappropriate or unnecessary access privileges are timely detected and removed.

⁷ Classes are assigned to users and contain groups of objects (i.e., tables, forms and processes). Each object within a class is assigned a role that determines whether access to the object is update, inquiry only, or no access. Objects allow access privileges to specific transactions or data related to functions within applications such as finance and HR. Classes allow the grouping of objects into job responsibilities unique to an organization.

⁸ A role may be predefined upon creation of the database or created and facilitates the granting of multiple privileges or other roles to users.

Finding 4: Information Technology – Security Controls – User Authentication and Data Loss Prevention

Security controls are intended to protect the confidentiality, integrity, and availability of University data and IT resources. Our audit procedures disclosed that certain University security controls related to user authentication and data loss prevention need improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising University data and IT resources. However, we have notified appropriate University management of the specific issues.

Without adequate security controls related to user authentication and data loss prevention, the risk is increased that the confidentiality, integrity, and availability of University data and IT resources may be compromised. A similar finding related to data loss prevention was communicated to University management in connection with our report No. 2014-027.

Recommendation: University management should improve security controls related to user authentication and data loss prevention to ensure continued confidentiality, integrity, and availability of University data and IT resources.

PRIOR AUDIT FOLLOW-UP

Except as noted in Findings 3 and 4, the University had taken corrective actions for findings included in our report No. 2014-027. Deficiencies similar to those in Findings 3 (unnecessary access privileges) and 4 (data loss prevention deficiencies) were also noted in prior audit report No. 2014-027.

OBJECTIVES, SCOPE, AND METHODOLOGY

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

We conducted this operational audit from March 2016 to June 2016 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.

The objectives of this operational audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identify weaknesses in those controls.

- Determine whether management had taken corrective actions for findings included in our report No. 2014-027.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, weaknesses in management's internal controls; instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included transactions, as well as events and conditions, occurring during the audit period of April 2015 through March 2016, 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 University procedures for maintaining and reviewing access to IT resources. Tested selected access privileges to the University's ERP system finance and human resources (HR) applications to determine the appropriateness and necessity of the access based on employees' job duties and user account functions and whether the access prevented the performance of incompatible duties. We also examined the administrator account access privileges granted and procedures for oversight of administrative accounts for the network, operating system, database, and applications to determine whether these accounts had been appropriately assigned and managed. Specifically we:
 - Tested the 1 vendor-delivered class and the 10 University-created classes that allowed update access privileges to selected critical ERP system finance application functions resulting in the review of the appropriateness of access privileges granted for 24 accounts.

- Tested the 2 vendor-delivered class and the 6 University-created classes that allowed update access privileges to selected critical ERP system HR application functions resulting in the review of the appropriateness of access privileges granted for 24 accounts.
- Tested the 4 default network administrator system groups that allow complete access to network resources resulting in the review of the appropriateness of administrator access privileges granted to 48 accounts for the network.
- Tested the 49 administrative accounts for the operating system that supports the ERP system application server and database.
- Tested the appropriateness of all 42 accounts granted the database administrator role for the ERP system database.
- Tested the 13 accounts granted security administrator access privileges for the ERP system applications.
- Reviewed University supporting documentation to determine whether authentication controls were configured and enforced in accordance with IT best practices.
- Reviewed University procedures and reports related to the capture and review of system activity that were designed to ensure the appropriateness of access to and modification of sensitive or critical resources.
- Reviewed University policies and procedures in effect governing the classification, management, and protection of confidential and sensitive information.
- Evaluated the Trustees, committee, and advisory board available records to determine whether the Trustees' approval was obtained for the policies and procedures in effect during the audit period and for evidence of compliance with Sunshine Law requirements (i.e., proper notice of meetings, meetings readily accessible to the public, and properly maintained meeting minutes).
- Examined University records, as of April 27, 2016, to determine whether the University informed students and employees at orientation and on its Web site of the existence of the Florida Department of Law Enforcement sexual predator and sexual offender registry Web site and the toll-free telephone number that gives access to sexual predator and sexual offender public information as required by Section 1006.695, Florida Statutes.
- Examined University records to determine whether the University had developed an anti-fraud policy and procedures to provide guidance to employees for communicating known or suspected fraud to appropriate individuals. Also, we examined University records to determine whether the University had implemented appropriate and sufficient procedures to comply with its anti-fraud policies.
- From the population of 122 payments and transfers totaling \$22.6 million made during the audit period from the University to its direct-support organizations (DSOs), examined University records supporting 16 payments totaling \$114,709 and 8 transfers totaling \$6.9 million to determine whether the payments were authorized by Section 1004.28(1)(a)2. and (2), Florida Statutes.
- Examined University records to determine whether student receivables were properly authorized, adequately documented, properly recorded, and complied with Section 1010.03, Florida Statutes, and the Trustees' policies. Specifically, we examined from the population of 2,892 delinquent student receivables totaling \$2.6 million and recorded as of March 31, 2016, documentation relating to 30 selected delinquent student receivables totaling \$330,371 and evaluated the adequacy of the University collection efforts and whether restrictions on student records and holds on transcripts and diplomas were appropriate and enforced for students with delinquent accounts.
- From the population of 370 uncollectible accounts written-off totaling \$264,908 during the audit period, examined University records relating to 30 selected uncollectible accounts written-off totaling \$114,597 to determine whether the accounts were properly approved for write-off.

- Reviewed payments from tuition differential fees collected to determine whether the University assessed and used tuition differential fees in compliance with Section 1009.24(16)(a), Florida Statutes.
- To determine whether the student fees totaling \$80.2 million during the audit period, were properly authorized, accurately calculated, and correctly recorded in accordance with the Trustees' policies and Board of Governors regulations, examined:
 - University fee records for 30 selected students.
 - University fee records to determine whether student status and residency determinations complied with Section 1009.21, Florida Statutes. Additionally, we determined whether the University had procedures to record deferred fees as a receivable and cancel the registration of students who did not timely pay fees.
- Examined University records supporting the University's 3 auxiliary contracts, which generated revenues totaling \$2.1 million for the audit period to determine whether the University properly monitored compliance with the contract terms for fees, insurance, and other provisions. Also, we performed analytical procedures to determine whether the University's auxiliary services were self-supporting.
- Examined supporting documentation for the textbooks added during the audit period to determine whether University policies and procedures for textbook affordability complied with Section 1004.085, Florida Statutes. Specifically, we reviewed the dates the vendor posted to the University's Web site the required information, including the ISBN or other identifying information, for the 5,135 textbooks adopted for the Summer 2015, Fall 2015, and Spring 2016 terms.
- From the population of 4,154 employees compensated a total of \$94.3 million during the audit period, examined records for 30 selected employees compensated a total of \$5.1 million to determine the accuracy of the rate of pay, the validity of employment contracts, whether the employees met the required qualifications and, performance evaluations were completed, and the accuracy of leave records, and certifications by supervisory personnel of employee time reports.
- Evaluated University policies and procedures for payments of accumulated annual and sick leave (terminal leave pay) to determine whether the policies and procedures promoted compliance with State law and the Trustees' policies. From the population of 132 employees who separated from University employment during the audit period and were paid \$689,206 for terminal leave, we selected 30 employees with terminal payments totaling \$379,946 and examined the supporting records to evaluate the payments for compliance with Section 110.122, Florida Statutes, and the Trustees' policies.
- Examined University records for the one employee who received severance pay totaling \$16,104 in August 2013 to determine whether the severance payment complied with State laws and the Trustees' policies.
- From the population of 18 administrative employees (including the President) who received compensation totaling \$4.8 million during the audit period, examined University records to determine whether the amounts paid did not exceed the limits established in Sections 1012.975(3) and 1012.976(2), Florida Statutes.
- Evaluated the University's policies and procedures for obtaining personnel background screenings to determine whether employees in positions of special trust or responsibility, such as positions with direct contact with persons under age 18, had undergone the appropriate background screenings.
- Examined University expenditure documentation to determine whether the expenditures were reasonable, correctly recorded, adequately documented, for a valid University purpose, properly authorized and approved, and in compliance with applicable laws, rules, contract terms, and the Trustees' policies; and applicable vendors were properly selected and carried adequate

insurance. From the population of expenditures totaling \$163.6 million for the audit period, we examined:

- Documentation relating to 30 selected payments totaling \$950,657 for general expenditures.
- Documentation relating to 25 selected payments totaling \$370,114 for contractual service agreements.
- From the population of 23,988 purchasing card (P-card) transactions totaling \$5.7 million during the audit period, examined University records supporting 30 selected P-card transactions totaling \$57,203 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 22 of the 49 former cardholders who separated from University employment during the audit period to determine whether the P-cards were timely canceled upon the cardholders' employment separation.
- From the population of 654 payments totaling \$232,272 during the audit period to employees for other than travel and compensation, examined documentation supporting 30 selected payments totaling \$17,720 to determine whether such payments were reasonable, adequately supported, for valid University purposes and whether such payments were related to employees doing business with the University, contrary to Section 112.313, Florida Statutes.
- From the population of four major construction projects with contracts totaling \$16,849,117, reviewed documentation related to three of the major construction projects with contracts totaling \$14,367,903 to determine whether the University selected design professionals and construction managers in compliance with State law, and adequately monitored the selection process of subcontractors; the Trustees had adopted a policy establishing minimum insurance coverage requirements for design professionals; and design professionals provided evidence of required insurance.
- 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.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



December 7, 2016

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

Re: Operational Audit of Florida Gulf Coast University administered by State of Florida
Florida Gulf Coast University (FGCU) Management Response and Corrective Action Plan
for Audit Findings

Dear Ms. Norman:

Thank you for the opportunity to respond to the preliminary and tentative findings with regards to the FGCU Operational Audit performed by the Auditor General's Office for the period April 1, 2015 through March 31, 2016. Enclosed are the management responses from FGCU for the four audit findings. Contained within each management response is a written statement of explanation, including our actual or proposed corrective action.

If you have any questions or need additional information, please feel free to contact my office or William Foster, FGCU Interim Director of Internal Audit, at your convenience.

Sincerely,

Wilson G. Bradshaw, Ph.D.
President
Florida Gulf Coast University

Enclosure

- c: FGCU Board of Trustees
Steve Magiera, Vice President for Administrative Services & Finance
Susan Evans, Vice President and Chief of Staff
Vee Leonard, Vice President and General Counsel
William Foster, Interim Director, Internal Audit
June Gutknecht, University Controller
Deidre Waigand, Audit Supervisor, Auditor General's Office



FGCU'S RESPONSE TO 2016 OPERATIONAL AUDIT PRELIMINARY AND TENTATIVE FINDINGS

Finding 1: University textbook affordability procedures could be improved.

Recommendation: The University should enhance procedures to ensure that records are maintained to document that lists of required and recommended textbooks and materials are timely posted in accordance with State law. In addition, the University should ensure that textbooks and other instructional materials are available to students at the lowest and best prices within acceptable quality by enhancing affordability procedures to require course-wide adoption of textbooks and other instructional materials for the same course.

FGCU Response:

The University agrees that procedures should be enhanced as related to the timely posting of required and recommended textbooks and materials and offered to students at affordable prices. The University has created a task force which developed strategies to meet and surpass the requirements of Section 1004.085, Florida Statutes, relating to textbook and instructional materials affordability. Protocols were reviewed and strengthened to ensure textbook ordering and adoption dates are widely published. Monitoring measures by each college have been increased and enhanced to ensure compliance with the requirements for timely submission of the information necessary for the textbook adoption process. Textbook and course materials will be reviewed by the Deans to identify, discuss and take appropriate action on significant cost variances among different sections of a course with the same course number. Faculty will also be advised on a regular basis of options to keep costs down for textbooks and instructional materials.

Implementation Date: November 2016

Finding 2: The University did not always provide notice of public meetings or promptly record and make available for public inspection the minutes of certain committee meetings.

Recommendation: The University should enhance procedures to ensure that the public is notified of the meetings of committees that are advisory or make recommendations to decision makers and that minutes of such committee meetings are promptly recorded and made available for public inspection.

FGCU Response:

The University agrees with the recommendation. The Procurement Solicitation Committee will comply with Attorney General's Opinion No. 75-45, dated February 20, 1975 by transcribing written minutes from the 17 digitally recorded meetings noted in this finding. All subsequent meetings will include written minutes and be available for public access along with the digital recordings.

The employee search advisory committees, prior to each search and as part of an orientation meeting, will continue to be instructed to print out the posted notices to the public of the meetings before they are removed from the various webpages. The Human Resources department will review all search and recruiting materials submitted to them for archive purposes to ensure documentation, including posted notices and minutes, are preserved consistent with the University's records retention schedule, and available for public inspection.

Implementation Date: January 2017

Finding 3: Some inappropriate or unnecessary information technology (IT) access privileges were granted to University employees and accounts that increased the risk that unauthorized disclosure, modification, or destruction of University data and IT resources may occur. In addition, the University did not have procedures for the review of the University's Enterprise Resource Planning system applications' supporting infrastructure to timely detect inappropriate or unnecessary access privileges.

Recommendation: University management should continue efforts to complete the security review project and ensure that IT access privileges granted are necessary and enforce an appropriate separation of duties and that any inappropriate or unnecessary access privileges are timely detected and removed.

FGCU Response:

The University agrees with the recommendation and will continue efforts to complete the security review project. The University takes access controls very seriously and has numerous controls in place to limit and mitigate improper access. While there was no noted evidence of unauthorized disclosure, modification, or destruction of data or IT resources, the University will continue to refine controls and processes to address the items noted in the finding.

Implementation Date: June 2017

Finding 4: University security controls related to user authentication and data loss prevention need improvement to ensure the continued confidentiality, integrity, and availability of University data and IT resources.

Recommendation: University management should improve security controls related to user authentication and data loss prevention to ensure continued confidentiality, integrity, and availability of University data and IT resources.

FGCU Response:

The University agrees with the recommendation. Immediate adjustments were made in response to the user authentication concerns specifically addressed in the audit. While there was no noted evidence of compromised University data and IT resources, the University will continue work on its three phase plan to review authentication. The first phase has been completed and the second phase has a scheduled completion date of Spring 2017. The final phase is expected to be completed in June 2017.

The University also continues work on its seven step data loss prevention plan. Six of the seven steps in the plan have been completed with the final stage scheduled for completion in June 2017.

Implementation Date: June 2017