



# FLORIDA BOARD OF GOVERNORS

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May 19, 2009

Senator Alex de la Portilla  
Chair  
Joint Legislative Auditing Committee  
111 West Madison Street, Room 876  
Claude Pepper Building  
Tallahassee, FL 32399-1400

Representative Marti Coley  
Alternating Chair  
Joint Legislative Auditing Committee  
111 West Madison Street, Room 876  
Claude Pepper Building  
Tallahassee, FL 32399-1400

Re: Six-Month Follow-up Responses to Auditor General Report 2009-019

Dear Senator de la Portilla and Representative Coley:

Pursuant to Section 20.055, Florida Statutes, attached is the Board of Governors Office of Inspector General's written response to the Chair of the Board and John Delaney, President in Residence regarding the status of corrective actions taken by Senior Staff in response to Auditor General Report No. 2009-019.

Please contact me immediately if you have any questions regarding this matter.

Sincerely,

Derry Harper  
Office of the Inspector General and  
Director of Compliance

Attachments

DH/lc

C: Kathryn H. DuBose, Staff Director, JLAC  
Sheila McDevitt, Chair, BOG  
John Delaney, BOG President in Residence  
Norman Tripp, Chair, BOG Audit and Compliance Committee

# Six-Month Follow-up Summary to BOG Operational Audit (FYE 2007, Report No. 2009-019)

Prepared by Office of the Inspector General and Director of Compliance

Finding No.	Finding Summary	Recommendation	Responsible BOG Staff	CAP/Response for Six-Month Follow-up
1.	<p>Educational Facilities: The Board of Governors has not adopted rules to implement chapter 1013, Florida Statutes, for state universities pursuant to the rulemaking requirements of the Administrative Procedure Act. Developing such rules would provide State universities with guidance to implement a comprehensive program of safety and sanitation for the protection of occupants of public educational and ancillary plants.</p>	<p>The Board of Governors should review provisions of chapter 1013, Florida Statutes, and adopt rules to provide guidance to state universities.</p>	<p>Chris Kinsley, Director, Finance and Facilities</p>	<p>In the Board of Governors' regulation BOG 1.001 (adopted 03/26/09), the Board recognized that responsibility for campus safety and security is a fundamental responsibility of the university Board of Trustees. Specifically, BOG 1.001 7 (m) states that "Each board of trustees shall be responsible for the fire safety and sanitation of public educational and ancillary plants", which is consistent with 1013.12 (5) b. Additionally, all university firesafety inspections are conducted by the Office of the State Fire Marshall, and conducted pursuant to rules and procedures of that office.</p> <p>Development of further regulatory guidance to address campus safety and security issues; and improve integration of university emergency plans with the oversight and liaison role of the Board of Governors' Emergency Coordinating Officer, and the State Emergency Operations Center is in the initial stages, with tentative first notice planned for September 2009.</p>

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2.	<p>21<sup>st</sup> Century World Class Scholars Program: The Board of Governors did not retain documentation, such as scoring sheets, reflecting the basis upon which final awards were made to universities under the 21<sup>st</sup> Century World Class Scholars Program. Additionally, the Board of Governors has not established procedures to monitor the expenditure of funds awarded under this Program which, while not required under the statute creating the Program, would provide the Board of Governors with additional assurance that the Program funds were spent for intended purposes.</p>	<p>In future awards, the Board of Governors should document the basis for its ranking of awards prior to making 21<sup>st</sup> Century World Class Scholars Program awards. In addition, the Board of Governors should obtain Program expenditure reports from universities to ensure that the awarded funds are spent for the purpose of recruiting a 21<sup>st</sup> Century World Class Scholar.</p>	<p>R.E. LeMon, Associate Vice Chancellor</p>	<p>No funding has been provided since the initial appropriation. At such time as the legislature provides a new appropriation, the Board of Governors will initiate a revised documentation system that indicates how, when, and by whom the universities are determined to have met eligibility criteria for awards, and the basis for its ranking of awards.</p> <p>With regard to obtaining Program expenditure reports from universities to ensure awarded funds were spent for the purpose of recruiting a 21<sup>st</sup> Century World Class Scholar, in its most recent 21<sup>st</sup> Century Enhancement Act Annual Report, the Board of Governors queried each of the institutions that received World Class Scholars awards and asked them to verify the expenditure of the awarded funds for the purpose of recruiting a 21<sup>st</sup> Century Scholar. Those responses are included in the Annual Report*. At such time as another appropriation is made for this purpose and new 21<sup>st</sup> Century Scholars are recruited, expenditure reports will be required as a normal procedure of the annual reporting process.</p> <p><i>*Annual Report available electronically.</i></p>

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3.	<p>Research and Economic Development Investment Program: Documentation for two of the four awards made to state universities under the Research and Economic Development Investment Program was not adequate, the Board of Governors does not require participating universities to submit expenditure reports showing how the funds are spent, and one award was matched with a funding source that does not appear to meet the intent of the statute which requires funds to be derived from a non university source on a one-time dollar-for-dollar basis.</p>	<p>The Board of Governors should ensure that adequate documentation is obtained from universities evidencing matching funds received from nonuniversity sources as required by section 1004.635(4), Florida Statutes. Also, the Board of Governors should establish procedures to obtain expenditure reports from universities to document that Program funds are spent for the purposes authorized by section 1004.635(2), Florida Statutes.</p>	<p>Tim Jones, Chief Financial Officer; R.E. LeMon, Associate Vice Chancellor</p>	<p>The Board of Governors' Office of Budget and Fiscal Policy, in response to audit comments from the State Auditor General's Office regarding the 2006-07 Research and Economic Development Investment Program, has implemented new policies and procedures intended to improve the processes associated with state appropriations for certain special issues.</p> <p>The first enhancement is intended to address a recommendation that "The BOG should ensure that adequate documentation is obtained from universities evidencing matching funds received from non-university sources as required by Section 1004.635(4), Florida Statutes." We have developed a <u>Matching Funds Certification Form</u> that is intended to document the amount and sources of matching funds that are pledged for special programs, including a signature section for the university president or their designee to attest to the accuracy of the information and that the matching funds conform to Statutory language. This form is intended to be printed out as a template, to be completed and signed by the appropriate university personnel and returned to the BOG with original</p>

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				<p>signatures. Program funding will not be distributed until this form has been returned and the content approved by BOG staff.</p> <p>A second improvement deals with the recommendation that "The BOG should establish procedures to obtain expenditure reports from the universities to document that program funds are spent for the purposes authorized by Section 1004.635(2), Florida Statutes." A <u>Special Allocation Expenditure Report</u> has been created to allow for quarterly reporting of expenditures made from special issues funding. This report reflects the budgeted activity by expenditure type for a single fiscal year, and the actual expenditures against the budgeted amounts by quarter and year to date. The report has a section that lists the university person responsible for the fiscal information provided, as well as their title and telephone number, and a separate section for optional narrative comments on the program.</p> <p>The expenditure reports for new programs will be added to the SUS Data Request System after funding has been distributed, to be provided by</p>

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				<p>universities quarterly until all associated program funds have been exhausted. The initial request for information was sent to the 2006-07 awarded universities on February 18, 2009, with a due date of March 4, 2009 for the first two quarters of fiscal year 2008-09 activity. Subsequent reports will be due on the 15<sup>th</sup> of each month following any quarter in which program funds remain.</p>