

FLORIDA
POLYTECHNIC
UNIVERSITY

March 10, 2016

Joe Maleszewski
Inspector General
State University System of Florida
Board of Governors
325 West Gaines Street, Suite 1614
Tallahassee, Florida 32399-0400

Via email

Dear Joe:

The following are summary findings and recommendations by the Auditor General (“AG”) from our first operational audit together with the actions we have taken or currently have in-process to improve our system of internal control.

[This is an update to our January 11, 2016 letter. Changes or additions are in blue font for ease of reference.](#)

Administrative Management and Board Policies

AG Finding 1: As of October 13, 2015, the University had not adopted a detailed action plan to transition to the University its administrative service responsibilities that were being performed by the University of Florida.

AG Recommendation: The University should continue efforts to finalize a Board-approved detailed transition action plan, as required by the Board strategic plan. The detailed transition action plan should establish the roles, responsibilities, and processes necessary for the transition and identify the time frames and individuals or employees responsible for transitioning the processes from the UF to the University.

University Action: The University did complete detailed transition action plan in December and submitted it to the University of Florida (“UF”) in order to solicit their advice and agreement with the plan. As of January 11, UF is still reviewing the plan. I will present it to our BOT for final approval at its next scheduled meeting in March 2016.

[March 10, 2016 - The University and the University of Florida \(“UF”\) have agreed to a transition plan and that plan was approved by our Board of Trustees at its March 2016 meeting. The plan is designed to culminate with the completion of the implementation of our ERP system on or about October 1, 2016.](#)

AG Finding 2: The University had not developed comprehensive written procedures for all accounting and other business-related functions.

AG Recommendation:

The University should continue efforts to develop comprehensive written procedures to enhance the effectiveness and ensure the consistent conduct of accounting and other business-related functions.

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University Action: The University began operations and continues to operate under a shared services agreement with UF. We operated in accordance with UF written procedures for those processes they managed and our written procedures for the processes we managed. As further described below, we are in the process of implementing a new ERP system. As part of that process, we are redesigning and documenting an entirely new set of comprehensive processes and procedures based on best business practices.

March 10, 2016 - We have made continuous progress since our January 11 update letter as further described in the response to Finding 7.

AG Finding 3: The University needs to enhance its textbook affordability monitoring procedures to ensure that textbooks are timely posted on its Web site in accordance with State law.

AG Recommendation: The University should enhance its monitoring of the College Bookstore vendor to ensure that textbooks are timely posted on the University's Web site in accordance with State law.

University Action: As a new University in its first year of operations, we put our efforts into trying to accommodate student needs which often resulted in class offerings made within the textbook notification period. This violation resulted from two issues. First, many revisions to class scheduling had to be made because it was impossible to accurately predict demand before students actually reported to campus. Second, there was no historical data that could be used to predict faculty hiring. Therefore faculty hiring decisions were made much later than would have been the case had we been operating for several years.

We did in December 2015 complete an integration between the Barnes & Noble system and our Student Information System such that students can now see a book list button next to each course in the "Course Offering" and "Registration" online menu items. That button will take them to Barnes & Noble Florida Polytechnic Bookstore and will populate the respective book(s) for the selected class together with the ISBN. Also they will have an option to see a complete book list of all the courses they have registered for a semester if they click the "Go to Bookstore" button on the "My Schedule" menu item.

As a result of improved scheduling, we did improve our non-compliance from 36% last year to 18% this fall 2015 semester. With continued improvements to scheduling and by integrating with the Barnes & Noble system, we expect further improvements for the spring semester and for the next academic year.

March 10, 2016 - For the spring 2016 semester we had 75.1% text book adoptions prior to the state deadline. 24.9% of adoptions were after the deadline. This result is not as good as the previous semester due to late scheduling of classes and hiring of professors needed to meet student requirements. It is still an improvement from the audit period and we continue to work towards 100% compliance.

Personnel and Payroll

AG Finding 4: The University did not perform background screenings for individuals in positions of special trust and responsibility.

AG Recommendation: The University should enhance procedures to ensure that background screenings, including fingerprinting, are performed for individuals in positions of special trust or responsibility, including positions that have direct contact with persons under 18 years of age.

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University Action: We have acquired a LiveScan device that electronically scans applicants' fingerprints and collects other information and uploads that information to the Florida Department of Law Enforcement who in turn submits the information to the FBI for a fingerprint level 2 background check. We are now performing this check on all new hires and we are in the process of re-screening existing employees in positions of special trust or responsibility.

March 10, 2016 - We are continuing to re-screen all University personnel as of this update have completed about 5% of the population. Our goal is to complete the project by the June 30 end of the fiscal year.

AG Finding 5: The University needs to implement procedures to ensure supervisory review and approval of exempt employees work time is documented.

AG Recommendation: The University should establish a mechanism for exempt employees to report time worked, and also establish procedures requiring supervisors to document the review and approval of such time.

University Action: As part of the implementation of the new ERP system, we are planning to implement this recommendation using automation.

March 10, 2016 - No change from prior report.

Procurements and Payments

AG Finding 6: The University needs to enhance controls over payments for contractual services.

AG Recommendation: The University should enhance procedures to require, before payments are made, documentation of the satisfactory receipt of services and the performance of reconciliations of invoiced service costs to vendor contracts. In addition, the University should seek reimbursement for the \$466 late fee overpayment.

University Action: Since June 2015, we have steadily increased staffing in our accounting department to improve our processes and to enable us to implement the ERP system and transition from UF shared services. With the new staff we have improved our procedures and processes sufficiently to ensure that internal controls are adequate to prevent errors such as those noted by the auditors.

The vendor has agreed to return the \$466 overpayment.

March 10, 2016 - The vendor has returned the \$466 overpayment. No further action required.

AG Finding 7: The University did not adequately document the effectiveness and suitability of their software acquisition and had not clearly established, prior to purchase, time frames for implementation.

AG Recommendation: The University should enhance procedures to ensure, for future software contracts, that University records clearly demonstrate that such purchases are made at the lowest price consistent with desired quality and include consideration of the sufficiency and appropriateness of data security controls. In addition, future contracts should include service time frames and details to provide appropriate

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monitoring of project management and training services. Also, payments for software training services should only be made after documented satisfactory receipt of implementation of the software and related training.

University Action: University personnel did perform due diligence on the system acquired and did follow appropriate contracting procedures by piggybacking on a contract that had been competitively solicited and in doing so felt confident that the best price was obtained. Decision making processes will be thoroughly documented from this point forward to provide assurance to all parties that the university exercised due diligence in vendor selection and price negotiation.

Time frames for implementation vary greatly from one installation to another and we have relied upon our implementation partner to develop the implementation plan based upon their expertise and assessment of our unique situation. Although we knew the approximate time frame for implementation, we could not have precisely or adequately made this determination prior to commencing discovery and implementation.

Implementation is now well under way, approximately 25% complete and on track for a September 30, 2016 completion date. Project management and monitoring are well controlled and training is proceeding according to schedule. Monthly subscription fees are due and payable during the implementation period in accordance with the contract. Had we purchased an ERP system instead of subscribing to a cloud service, we would still have had to begin to amortize and expense the purchase price while the system was being configured and installed. Regardless of the method of acquisition there would be a startup phase during which there would have been no direct benefit to the university until after the discovery the implementation phase had begun.

March 10, 2016 - The ERP implementation and the related documentation of processes and procedures continues about 12% ahead of schedule. The implementation is about 44% complete as of the end of February and we have consumed 32% of the budgeted implementation contract hours and dollars. We continue to expect the “Go Live” to occur October 1, 2016.

AG Finding 8: The University needs to enhance procedures over the purchasing card program.

AG Recommendation: The University should continue efforts to ensure P-card purchases are limited to appropriate single transaction limits, subject to supervisory review and approval, and appropriately demonstrate the public purpose served. In addition, such controls should ensure timely cancellation of P-cards upon employment separations and accurate listings of cardholders and monthly activity reports are maintained.

University Action: Since June 2015, we have steadily increased staffing in our accounting department to improve our processes and to enable us to implement the ERP system and transition from UF shared services. With the new staff we have improved our procedures and processes sufficiently to ensure that internal controls are adequate to prevent errors such as those noted by the auditors. We are also planning to reduce the number of P-Cards in use to further reduce risk.

March 10, 2016 - We are satisfied that our current P-Card processes and controls are adequate. As part of our transition agreement with UF, we are implementing a new P-Card program with the Bank of America. We expect to implement that new system in April with a reduction in total card exposure.

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Please contact me by email or call me at 407-580-5317 if you have questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Mroczkowski". The signature is fluid and cursive, with the first name "Mark" being particularly prominent.

Mark Mroczkowski
Vice President & CFO