

# FLORIDA ATLANTIC UNIVERSITY

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## Operational Audit



## BOARD OF TRUSTEES AND PRESIDENTS

Members of the Board of Trustees and Presidents who served during the 2012-13 fiscal year are listed below:

Anthony Barbar, Vice Chair to 1-15-13,  
Chair from 1-16-13  
Thomas Workman, Jr., Vice Chair from 1-16-13  
Robert J. Stillely, Chair to 1-15-13  
Peter Amirato from 5-10-13 (1)  
David Feder  
Dr. Jeffrey P. Feingold  
Dr. Angela Graham-West to 5-3-13 (2)  
Robert Huffman to 5-9-13 (1)  
Dr. William McDaniel to 4-18-13 (3)  
Abdol Moabery  
Dr. Ronald Nyhan from 4-19-13 (3)  
Sheridan B. Plymale to 3-26-13 (4)  
Robert S. Rubin  
Paul C. Tanner  
Dr. Julius Teske

Dr. Mary Jane Saunders, President to 5-14-13  
Dennis Crudele, Acting President from 5-15-13

Notes: (1) Student body president.  
(2) Position remained vacant from May 4, 2013,  
through June 30, 2013.  
(3) Faculty senate president.  
(4) Position remained vacant from March 27, 2013,  
through June 30, 2013.

The audit team leader was Stefanie Johnson, CPA, and the audit was supervised by Ida Marie Westbrook, CPA. For the information technology portion of this audit, the audit team leader was Rebecca Ferrell, CISA, and the supervisor was Heidi G. Burns, CPA, CISA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at [jimstultz@aud.state.fl.us](mailto:jimstultz@aud.state.fl.us) or by telephone at (850) 412-2869.

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FLORIDA ATLANTIC UNIVERSITY

EXECUTIVE SUMMARY

Our operational audit disclosed the following:

ADMINISTRATIVE MANAGEMENT

Finding No. 1: The University needed to enhance its textbook affordability monitoring procedures to ensure that textbooks are timely posted on its Web site in accordance with State law.

PROCUREMENT OF GOODS AND SERVICES

Finding No. 2: The University needed to improve controls over its purchasing card program.

CONSTRUCTION ADMINISTRATION

Finding No. 3: The University's procedures for documenting the monitoring of the subcontractor selection process for construction projects needed improvement.

INFORMATION TECHNOLOGY

Finding No. 4: The University's information technology security controls related to user authentication needed improvement.

BACKGROUND

The Florida Atlantic 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. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 6 citizen members and the Board of Governors appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The faculty senate president and student body president also are members.

The Board of Governors 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 Board of Governors' Regulations. The University President is selected by the Trustees and confirmed by the Board of Governors. 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.

The results of our financial audit of the University for the fiscal year ended June 30, 2013, 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, 2013, will be presented in a separate report.

FINDINGS AND RECOMMENDATIONS

Administrative Management

Finding No. 1: Textbook Affordability

Section 1004.085(3), Florida Statutes, requires that universities post on their Web sites, as early as is feasible, but not less than 30 days prior to the first day of class for each term, a list of each textbook required for each course offered at

the University during the upcoming term. Additionally, Board of Governors (BOG) Regulation No. 8.003, *Textbook Adoption*, provides that each university board of trustees adopt a regulation that establishes textbook adoption procedures to minimize the cost of textbooks for students and document the intent of the course instructor to use all items ordered, including the extent to which a new edition differs significantly and substantively from earlier versions and the value of changing to a new edition. 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, all of the following: the title, all authors listed, publishers, edition number, copyright date, published date, and other relevant information necessary to identify the specific textbook or textbooks required for each course.

The University had established the BOG required textbook adoption regulation and procedures; however, the University did not have monitoring procedures in place to ensure the posting of textbook lists 30 days before the first day of class. The University contracted with a vendor to manage and operate the University bookstore, as well as compile and post lists of adopted textbooks on the University's Web site. According to University bookstore personnel, the textbooks were supposed to be published on the University's Web site within 24 hours after the adopted textbooks were recorded in the vendor's bookstore system.

Our review disclosed that the University adopted 5,506 textbooks for the Fall 2012 term and 4,957 textbooks for the Spring 2013 term, which included the required ISBN or other identifying information. However, information for 697 textbooks for the Fall 2012 term and 459 textbooks for the Spring 2013 term was not posted on the University's Web site at least 30 days prior to the first day of class for each term, contrary to State law. Of the textbooks posted late to the Web site, 104 textbooks for the Fall 2012 term and 189 textbooks for the Spring 2013 term were posted to the University's Web site from 1 to 30 days after the first day of class. University bookstore personnel indicated that the reason for the late posting to the University's Web site was the late notification by professors of their textbook requirements.

In addition, University personnel informed us that faculty could place their textbook adoptions with an off campus bookstore, and the University's posted textbook lists may not include information for textbooks ordered from off campus bookstore vendors. According to University personnel, the off campus bookstore vendors are not required to comply with Section 1004.085(3), Florida Statutes, and, as such, are not obligated to provide the University the required textbook information. However, while the off campus bookstore vendors are not subject to the above-cited law, the University is subject to this law and is responsible for taking necessary actions to ensure compliance with the law.

Effective monitoring procedures would help ensure that textbooks are listed on the University's Web site in accordance with State law and BOG Regulations. The timely posting of textbook information is necessary to improve textbook affordability for students. A similar finding was noted in report Nos. 2010-131 and 2012-095.

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**Recommendation:** The University should enhance its monitoring procedures to ensure that textbooks are timely posted on its Web site in accordance with State law. The University should also require faculty to provide the University with the required textbook information for textbooks ordered from off campus bookstore vendors.

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<b>Procurement of Goods and Services</b>
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**Finding No. 2: Purchasing Cards**

The University established a Purchasing Card (P-card) program, which gives employees the convenience of purchasing items without using the standard purchase order process. P-cards were designed to handle and expedite small orders in an efficient manner with a significant reduction in overhead costs. The University had issued 576 P-cards as of June 30, 2013, and P-card charges totaled \$7.9 million for the 2012-13 fiscal year.

The University appointed a P-card administrator and developed a comprehensive P-card manual that addressed management controls over the issuance and use of P-cards. The P-card manual states that (a) all receipts must be signed and dated by the cardholder and forwarded to the reconciler/approver within three days after receipt of the goods or services for commodities, and six working days after charges are incurred for travel; (b) payments must be authorized within ten business days of the charge appearing in the P-card system and approvers should initial and date the transaction receipt upon approving the charge in the accounting system; and (c) reconciliations between the cardholder's charge receipts and reports of bank charges generated by the Controller's office must be prepared no less frequently than monthly and must be signed and dated by the approver.

Our test of P-card transactions disclosed that University controls over P-card procedures needed improvement. Our test of 20 P-card transactions, totaling \$43,352 from 20 cardholder accounts, disclosed the following:

- For 4 transactions, totaling \$533, the receipts were signed between 1 and 9 days after the required date. University personnel stated there was a delay in receiving the receipt for one transaction, and a receipt was misplaced and had to be requested again for another transaction.
- For 4 transactions, totaling \$930, the approvals in the accounting system were performed between 2 to 51 days late. University personnel indicated that one item was late because the receipt was not timely received from the vendor. Another item was late because the receipt was misplaced and had to be requested again. The remaining 2 items were the result of the cardholders and approvers not following established procedures that required the payment to be authorized within ten business days.
- For 4 transactions, totaling \$454, the reconciliation reports were attached to supporting documentation validating the purchase, but were not signed and dated by the approver. University personnel stated that the transactions were reconciled, but for one transaction, the reconciliation report was completed late due to a personnel change and the approver not having all of the receipts. The remaining 3 transactions were the result of the approver not following established procedures that required a reconciliation to be prepared, signed, and dated by the approver no less frequently than monthly.
- For 4 transactions, totaling \$1,370, reconciliation reports were not prepared. In response to our inquiry, University personnel stated that the reconciliation reports had not been prepared due to a personnel change. Subsequent to our inquiry, University personnel prepared the reconciliation reports.

The untimely review, approval, and reconciliation of P-Card charges increase the risk of unallowed or unauthorized P-card charges.

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**Recommendation:** The University should enhance its procedures to ensure that P-card purchases are timely reviewed, approved, and reconciled to appropriate supporting documentation.

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<b>Construction Administration</b>
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**Finding No. 3: Subcontractor Selection**

Section 1013.45(1)(c), Florida Statutes, authorizes the University to contract for the construction or renovation of facilities with a construction management entity (CME). Under the CME process, contractor profit and overhead are contractually agreed upon, and the CME is responsible for all scheduling and coordination in both design and construction phases and is generally responsible for the successful, timely, and economical completion of the construction project. The CME may be required to offer a guaranteed maximum price (GMP), which allows for the difference between certain costs of the project and the GMP amount, or the net cost savings, to be returned to the University. As such, a GMP contract requires University personnel to closely monitor the construction costs and award of bids to subcontractors.

On April 5, 2012, the Board approved a GMP contract totaling \$27,097,626 for the construction of a Student Residence Hall, and on January 6, 2010, the Board approved a GMP contract totaling \$628,871, for a building renovation project. Construction for both of these projects started in July 2012 and, during the 2012-13 fiscal year, the University expended \$21,175,478 for the Student Residence Hall and \$646,514 for the building renovation project. Our review of these projects disclosed the University needed to enhance its procedures for the selection of subcontractors, as follows:

**Student Residence Hall**

- For 28 of 32 subcontract bid documents tested, University records did not include bid tabulation sheets or other bid correspondence. Subsequent to our inquiry, University personnel obtained the 28 bid tabulation sheets from the CME.
- Of the 32 bid tabulation sheets reviewed, 31 did not include the signatures of the University employees who witnessed the bid opening, the subcontractor selected, and the amount of the bid awarded.
- Eleven subcontracts, totaling \$17,412,445, were awarded to subcontractors who were not the lowest bidder listed on the bid tabulation sheets. The bid tabulation sheets were accompanied by a letter from the CME stating that the contract was awarded to the lowest qualified bidder after a comprehensive review of the scope of work and bid proposals were performed. However, University records did not evidence the basis for the CME's awarding of these contracts to other than the low bidder.

**Building Renovation**

- Five subcontracts, totaling \$166,167, were awarded to subcontractors who were not the lowest bidder listed on the bid tabulation sheets. University records did not evidence the basis for the CME's awarding of these contracts to other than the low bidder.

In response to our inquiry, University personnel stated that the University project manager attends the bid opening for each bid package, witnesses and signs each bid tabulation sheet, along with the architect and construction manager, and obtains a copy of each signed bid tabulation sheet. However, as noted above, University records did not always evidence that this was done for all subcontract awards.

Absent complete documentation supporting the selection of subcontractors, University records did not evidence that the subcontractor services for the projects listed above were obtained at the lowest price consistent with acceptable quality and that the University realized maximum cost savings. Also, in these circumstances, the University may be limited in its ability to demonstrate the proper handling and awarding of subcontract bids in the event of legal disputes by subcontractors not selected.

**Recommendation:** The University should establish procedures for maintaining documentation of the subcontractor selection process to demonstrate that bids were properly solicited, evaluated, and awarded.

**Information Technology**

**Finding No. 4: Security Controls – User Authentication**

Security controls are intended to protect the confidentiality, integrity, and availability of data and information technology (IT) resources. Our audit disclosed that certain University security controls related to user authentication needed 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, the risk is increased that the confidentiality, integrity, and availability of University data and IT resources may be compromised. A similar finding was communicated to University management in connection with our report Nos. 2010-131 and 2012-095.

**Recommendation:** The University should improve its security controls related to user authentication to ensure the continued confidentiality, integrity, and availability of University data and IT resources.

**PRIOR AUDIT FOLLOW-UP**

The following table provides information on recurring audit findings for the University:

Current Fiscal Year Finding Numbers	Preceding Fiscal Year Audit Report and Finding Numbers	Second Preceding Fiscal Year Audit Report and Finding Numbers
1	2012-095, Finding No. 3	2010-131, Finding No. 11
4	2012-095, Finding No. 12	2010-131, Finding No. 15

**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 2013 to September 2013 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, safeguarding of assets, and identifying weaknesses in those controls.
- Determine whether management had taken corrective actions for findings included in our report No. 2012-095.
- 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, deficiencies 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.

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.

The scope and methodology of this operational audit are described in Exhibit A. Our audit included the selection and examination of records and transactions occurring during the 2012-13 fiscal year, and selected actions taken prior thereto. Unless otherwise indicated in this report, these records and transactions were not selected with the intent of 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 agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

**AUTHORITY**

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.



David W. Martin, CPA  
Auditor General

**MANAGEMENT’S RESPONSE**

Management’s response is included as Exhibit B.



**EXHIBIT A**  
**AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Information technology (IT) access privileges and separation of duties.	Tested selected access privileges over the database and finance and human resources applications to determine the appropriateness and necessity based on employees' job duties and user account functions and adequacy with regard to preventing the performance of incompatible duties. Tested administrator account access privileges granted and procedures for oversight of administrator accounts for the network, operating system, database, and application to determine whether these accounts had been appropriately assigned and managed.
IT logical access controls and user authentication.	Reviewed selected operating system, database, network, and application security settings to determine whether authentication controls were configured and enforced in accordance with IT best practices.
Board and committee meetings.	Reviewed Board and committee minutes to determine whether Board approval was obtained for policies and procedures in effect during the audit period and for evidence of compliance with Sunshine law requirements (i.e., proper notice of meetings, ready access to public, and maintenance of minutes).
Social security number requirements of Section 119.071(5)(a), Florida Statutes.	Examined supporting documentation to determine whether the University had provided individuals with a written statement of the purpose of collecting their social security numbers.
Textbook affordability.	Examined supporting documentation to determine whether the University's procedures regarding textbook affordability were in accordance with Section 1004.085, Florida Statutes.
Identity theft prevention program (Red Flags Rule).	Reviewed University policies and procedures related to its identity theft prevention program for compliance with the Federal Trade Commission's Red Flags Rule.
Internal audit function (inspector general).	Reviewed the internal audit function to determine whether the University followed professional requirements and provided for peer review of reports issued.
Investments.	Determined whether the Board established investment policies and procedures as required by Section 218.415, Florida Statutes, and whether investments during the fiscal year were in accordance with those policies and procedures.
Student receivables.	Determined whether student receivables were properly authorized, documented, and properly recorded. Determined adequacy of collection efforts and whether uncollectable accounts written-off were properly approved. Determined whether restrictions on student records and holds on transcripts and diplomas were adequate and enforced for delinquent accounts.

**EXHIBIT A (CONTINUED)**  
**AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Annual physical inventory of property.	Reviewed rules and procedures related to performing annual inventory counts of property. Examined supporting documentation of the University’s annual physical inventory of property.
Florida residency determination and tuition.	Tested student registrations to determine whether the University documented Florida residency and correctly assessed tuition in compliance with Sections 1009.21, 1009.24, and 1009.286(2), Florida Statutes, and Board of Governors Regulation 7.005.
Tuition differential fees.	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.
Student fees associated with repeated classes.	Tested students that repeated classes for compliance with Section 1009.285, Florida Statutes.
Distance learning fees.	Determined whether distance learning fees were assessed and collected as provided by Section 1009.24(17), Florida Statutes.
Cash collection procedures at decentralized collection points.	Reviewed collection procedures at selected locations to determine whether transfers of the collections among employees were adequately documented by signed transfer receipts or other appropriate records.
Complimentary tickets to athletic events.	Reviewed control procedures in place to determine whether the controls over issuance of complimentary tickets to athletic events were adequate and provided for accountability over complimentary tickets.
Terminal pay.	Reviewed the University’s policies and procedures for terminal pay to ensure consistency with Florida law. Tested former employees to determine appropriateness of terminal pay.
Severance pay.	Reviewed severance pay provisions in selected contracts to determine whether the University was in compliance with Florida Statutes.
Administrative employees’ compensation.	Reviewed administrative employees’ compensation to determine whether compensation did not exceed limits provided in Florida law.
President’s compensation.	Determined whether the President’s compensation was in accordance with Florida law, Board of Governors Regulations, and University policy.
Bonuses.	Determined whether employee bonuses were paid in accordance with Section 215.425(3), Florida Statutes.

**EXHIBIT A (CONTINUED)**  
**AUDIT SCOPE AND METHODOLOGY**

Scope (Topic)	Methodology
Electronic funds transfers and payments.	Reviewed University policies and procedures related to electronic funds transfers and payments. Tested supporting documentation to determine whether selected electronic funds transfers and payments were properly authorized and supported.
Purchasing card and credit card transactions.	Tested transactions to determine whether purchasing cards and credit cards were administered in accordance with University policies and procedures. Determined whether the University performed a periodic evaluation of card usage.
Rebate revenues.	Determined whether rebate revenues received from purchasing card and e-Payable programs were allocated to the appropriate University funds.
Travel expenses.	Tested executive, foreign, and out-of-state travel expenses to determine whether the travel was reasonable, adequately supported, and for University purposes.
Student government expenses.	Tested student government expense transactions to determine whether the expenses were adequately supported and complied with all rules and regulations.
Contractual agreements.	Tested contractual service expense transactions to determine whether the expenses were adequately supported and complied with all rules and regulations.
Construction administration.	For selected construction projects, tested payments and supporting documentation to determine compliance with University policies and procedures and provisions of laws and rules. Also, for construction management contracts, determined whether the University monitored the selection process of architects and engineers, construction managers, and subcontractors by the construction manager.
Direct-support organizations – conflicts of interest.	Determined whether the University had established policies and procedures to avoid potential conflicts of interest with vendors who were doing business with the University and made donations to the University’s direct-support organizations.

**EXHIBIT B**  
**MANAGEMENT'S RESPONSE**



Dorothy K. Russell  
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November 22, 2013

Mr. David Martin, CPA  
Auditor General  
State of Florida  
111 West Madison Street  
Claude Pepper Building, Suite G-74  
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

As required by Section 11.45(4)(d) of the Florida Statutes, I am submitting Florida Atlantic University's responses to the preliminary and tentative audit findings and recommendations in connection with the Florida Atlantic University Operational Audit for the fiscal year ended June 30, 2013.

Should you have any questions or need additional information, please do not hesitate to call me at 561-297-3266.

Sincerely,

A handwritten signature in black ink that reads 'Dorothy K. Russell'.

Dorothy K. Russell  
Interim Sr. Vice President for Financial Affairs  
Florida Atlantic University

DKR/jfc

cc: Dennis Crudele, President

Enclosure

**EXHIBIT B (CONTINUED)**  
**MANAGEMENT'S RESPONSE**

**Florida Atlantic University**  
**Operational Audit**  
**for the Fiscal Year Ended June 30, 2013**

**Preliminary and Tentative Audit Findings**  
**Recommendations and Responses**

**ADMINISTRATIVE MANAGEMENT**

**Finding No. 1:** The University needed to enhance its textbook affordability monitoring procedures to ensure that textbooks are timely posted on its Web site in accordance with State Law.

**Recommendation:** The University should enhance its monitoring procedures to ensure that textbooks are timely posted on its Web site in accordance with State law. The University should also require faculty to provide the University with the required textbook information for textbooks ordered from off campus bookstore vendors.

**Response:** Management recognizes the issue and has made significant improvement in our textbook adoptions over the past 2-3 years. The University has increased compliance materially from the prior operations audit. The prior audit report stated Fall 2010 had 264 textbooks posted, while our current audit report states for Fall 2012 that the university had 5,506 posted.

The University does have monitoring procedures in place and we are working on enhancing the existing and implementing new, where applicable. The University Bookstore communicates regularly with the Provost's Office about any courses where adoptions were not received by the deadlines. In turn, the Provost's Office then communicates with the colleges and department chairs. Additionally, rather than the adoption deadline communication coming solely from the University Bookstore, it is also disseminated by the Provost's Office. The University Bookstore meets with colleges to showcase the on-line adoption site which streamlines the process to encourage timely response.

Finally, we will continue to have last minute course offerings added to the schedule in order to respond to student demand and allow student access, as set forth in the Board of Governor's and FAU's strategic plans. Our continuous improvement in meeting the expectation of the statute over the past several years is hindered slightly by the late addition of classes that are added just prior to the semester start due to our recent enrollments reaching record levels.

**Implementation Date:** January 31, 2014

**EXHIBIT B (CONTINUED)  
MANAGEMENT'S RESPONSE**

**PROCUREMENT OF GOODS AND SERVICES**

**Finding No. 2: The University needed to improve controls over its purchasing card programs.**

**Recommendation:** The University should enhance its procedures to ensure that P-card purchases are timely reviewed, approved, and reconciled to appropriate supporting documentation.

**Response:** Management concurs with the finding. The Controller's Office and Purchasing Departments will continue to educate P-card users and approvers on their cardholder roles and responsibilities. In addition, the Controller's Office will continue to hold training for new and existing P-card approver support staff on their responsibilities for handling fiscal matters of the University.

The Controller's Office has taken a proactive approach within the last 6 months to identify and contact units that have not had timely submission of receipt approvals by implementing an automated process where the P-card user and P-card approver are notified by email they have a P-card charge pending approval. This email is sent on a daily basis until the charge has been approved by the P-card approver. Prior to the pending charge reaching the 10 day limit, the Controller's Office, Compliance Liaison contacts the P-card approver to inquire about the approval. These constant monitoring and enhanced communications have had a positive impact on the timeliness of P-card approvals. In addition, we plan to implement a process whereby we identify units who need targeted training due to repeated difficulty in adherence to policy.

**Implementation Date:** January 31, 2014

**CONSTRUCTION ADMINISTRATION**

**Finding No. 3: The University's procedures for documenting the monitoring of the subcontractor selection process for construction projects needed improvement.**

**Recommendation:** The University should establish procedures for maintaining documentation for the subcontractor selection process to demonstrate that bids were properly solicited, evaluated and awarded.

**Response:** Management agrees and has implemented an update to the Facilities Planning and Construction policies and procedures. These updates clarify and enhance the procedures associated with the Construction Manager's (CM) bidding responsibility, procedures, completion of the FAU Bid Tabulation Sheets, and the recommendation and approval of subcontractors.

The updated policies and procedures require the university project manager to obtain a completed signed (by the CM) bid tabulation sheet after the initial bid opening.

**EXHIBIT B (CONTINUED)  
MANAGEMENT'S RESPONSE**

Additionally, a second signed bid tabulation sheet is required by the Construction Manager. This second bid tabulation sheet is verifying the Construction Manager's recommendation for award of bid to the selected subcontractor. The FAU Bid Tabulation Sheets are required to be signed by the University employee who witnessed the bid opening, identifying which subcontractor was selected, and the amount of bid awarded. The FAU Bid Tabulation Sheet for the selection of subcontractors will require a justification in writing to the FAU Project Manager if the lowest bidder is not the recommended subcontractor. The Construction Manager must provide a letter for the basis of the award outlining the scope and cost adjustments after analysis and evaluation of bids. Facilities Planning will implement the new policy immediately and will conduct training sessions with all project managers to familiarize them with the revised FAU Bid Tabulation Sheet and all responsibilities and requirements under the updated policy.

**Implementation Date:** January 31, 2014

**INFORMATION TECHNOLOGY**

**Finding No. 4: The University's information technology security controls related to user authentication needed improvement.**

**Recommendation:** The University should improve its security controls related to user authentication to ensure the continued confidentiality, integrity, and availability of University data and IT resources.

**Response:** The University believes that the current controls over security are adequate to establish a secure environment. However, the University will review the security settings and, if necessary, make appropriate changes.

**Implementation Date:** N/A