FLORIDA INTERNATIONAL UNIVERSITY

Office of Internal Audit

Audit of the University Technology Fee

Report No. 18/19-07

February 7, 2019

FLORIDA INTERNATIONAL UNIVERSITY

OFFICE OF INTERNAL AUDIT

Date: February 7, 2019

To: Robert Grillo, Chief Information Officer

From: Trevor L. Williams, Chief Audit Executive

Subject: Audit of the University Technology Fee - Report No. 18/19-07

We have completed an audit of the University Technology Fee for the period July 1, 2015, through June 30, 2017, and an assessment of the project selection process through May 2018. The primary objectives of the audit were to ensure: (a) Technology Fee was being properly charged to students; (b) The process to award projects is reasonable and appropriate; (c) Project expenditures are related to the approved projects and are in compliance with University policies and procedures, and applicable statutes, rules and regulations; and (d) Approved projects are being properly administered, including the proper accounting of project expenses.

The FIU Technology Fee, which is to be used to enhance instructional technology resources for students and faculty, was established at 5 percent of the tuition per credit hour. The University generated $20,143,545 in revenues from the Technology Fee assessment for the two years ended June 30, 2017, while expenditures totaled $22,252,065 over the same period.

Our audit concluded that the Division of Information Technology's established controls and procedures for administering the University's Technology Fee were generally adequate. Nevertheless, the function could benefit from identifying expenditures incurred by each project in PantherSoft and better allocating Technology Fee funding of expenditures to align with the intended purpose of the fee. A final reconciliation of project costs is also needed. In addition, better documentation of the Technology Fee Advisory Council's methodology for reviewing and recommending project proposals, as well as obtaining the Provost and CIO's final approvals for all proposals will strengthen the process. The audit resulted in 10 recommendations, which management agreed to implement.

We would like to take this opportunity to express our appreciation to you and your staff for the cooperation and courtesies extended to us during the audit.

Attachment

C: Kenneth G. Furton, Executive Vice President and Provost
Kenneth A. Jessell, Senior Vice President and Chief Financial Officer
Javier I. Marques, Chief of Staff, Office of the President
Carlos B. Castillo, General Counsel

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OBJECTIVES, SCOPE, AND METHODOLOGY

Pursuant to our approved annual audit plan for fiscal year 2017-18, we have completed an audit of the University's Technology Fee transactions for the period July 1, 2015, through June 30, 2017, and an assessment of the project selection process through May 2018. The objectives of our audit were to ensure that:

(a) The Technology Fee is being properly charged to students and captured in the University's books and records;
(b) The process to award projects is reasonable and appropriate;
(c) Project expenditures are related to the approved projects and are in compliance with University policies and procedures, and applicable State statutes and rules; and
(d) Approved projects are being properly administered and the expenses are properly accounted for.

The audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* and included tests of the accounting records and such other auditing procedures, as we considered necessary under the circumstances. Audit fieldwork was conducted from April 2018 through October 2018.

During the audit, we:

- Recomputed University Technology Fee revenues;
- Observed the current proposal selection process;
- Tested selected transactions against University policies and procedures and Florida Statutes;
- Interviewed responsible personnel;
- Consulted with other State University System (SUS) internal auditors regarding their understanding of the appropriate uses of Technology Fees;
- Researched the Florida Attorney General's rulings for opinions on the use of Technology Fees; and
- Obtained an opinion from the Office of the General Counsel interpreting the Florida Legislature's intended use of Technology Fees.

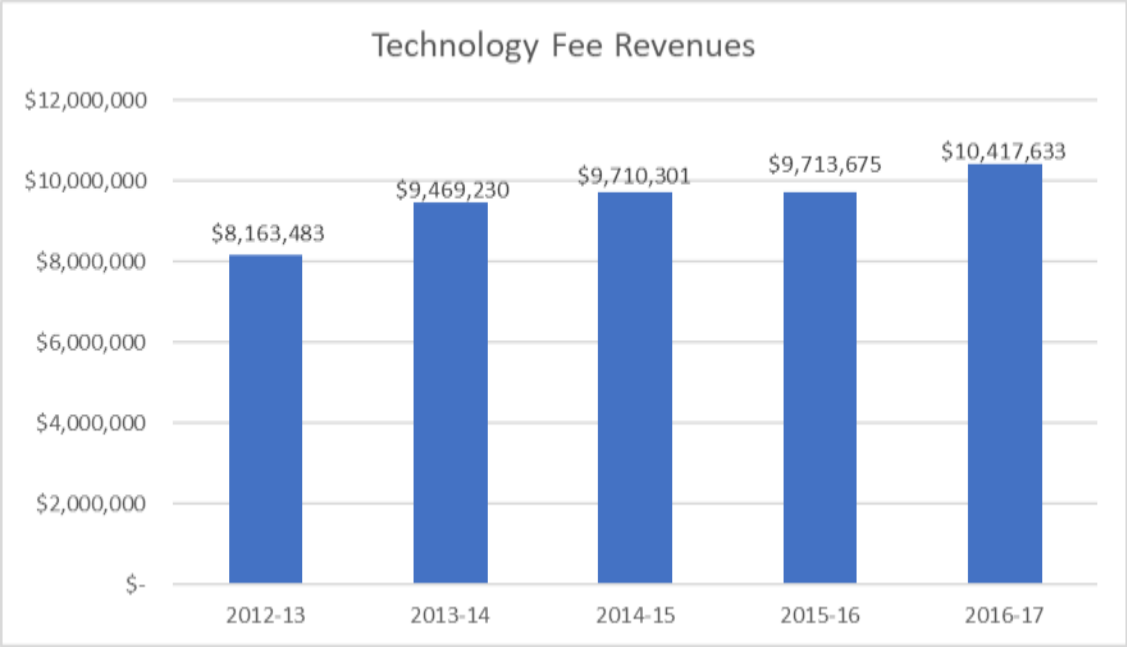
Sample sizes and transactions selected for testing were determined on a judgmental basis applying a non-statistical sampling methodology.

As part of our audit, we reviewed our internal audit, Report No. 11/12-10, Audit of the University Technology Fee, issued May 3, 2012, to determine the status of any applicable prior recommendations related to the scope and objectives of this audit. Any repeat audit findings from the prior audit are indicated throughout this report. However, based on the interpretation from the Office of the General Counsel, certain findings therein were no longer applicable.

BACKGROUND

On March 31, 2009, FIU's Board of Trustees (BOT) approved the collection of a technology fee in accordance with Florida Statutes Section 1009.24. Per Section 1009.24(13): "Each university board of trustees may establish a technology fee of up to 5 percent of the tuition per credit hour. The revenue from this fee shall be used to enhance instructional technology resources for students and faculty." BOT Regulation 1101 established the technology fee at 5 percent of the tuition per credit hour. All 12 State University System (SUS) institutions have adopted the technology fee at 5 percent.

The Division of Information Technology's Business Project Management Office administers FIU's Technology Fee program. For the fiscal year ended June 30, 2017, the University generated $10,417,633 in revenue from the Technology Fee assessment.



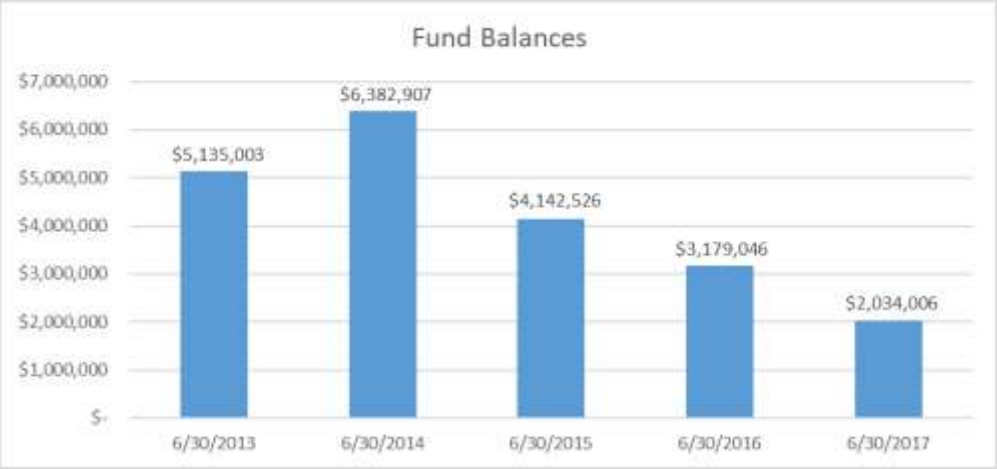
Although not required by Statute, a Technology Fee Advisory Council composed of 12 members, including four (4) University staff, two (2) faculty, and six (6) students was established to provide advice to the University's Administration on the investments of the Technology Fee fund. The Council Chair, the Vice President of Information Technology and Chief Information Officer (CIO), in consultation with the University's Administration and Student Government Councils, appoints the members.

Each year the Technology Fee Advisory Council seeks proposals from FIU students, faculty, and staff for the best use of the Technology Fee funds. Proposals are submitted online via the University's Technology Fee website. (Please refer to the flowchart of the Proposal Selection Process on page 4). Proposals must comply with Section 1009.24, F.S., and the established Guiding Principles for the program, which state that the fee is to be used to "enhance instructional technology resources for students and faculty." More specifically stated, the Fee should be used to:

- Broaden students' access to the University's technology services that are needed in support of instruction and learning;
- Enhance the quality of students' learning experience at FIU through the use of technology;
- Raise students' technology competency; and
- Promote the integration of technology into FIU's curriculum.

Each proposal is to include the resource requirements as appropriate: hardware, software, personnel costs, and other costs, such as furniture, network drops, spacing, and construction. On May 24, 2017, the Technology Fee Advisory Council approved 62 projects with estimated costs totaling $11,134,748 and rejected 65 projects with estimated costs totaling $10,649,920. Approved projects ranged in estimated costs from $1,663 to $1,394,400, averaging just over $179,592 per project. These projects were not part of the revenues and expenditures tested during the audit period, since at the commencement of the audit, these projects would not have been completed and any expenditures incurred would have been limited.

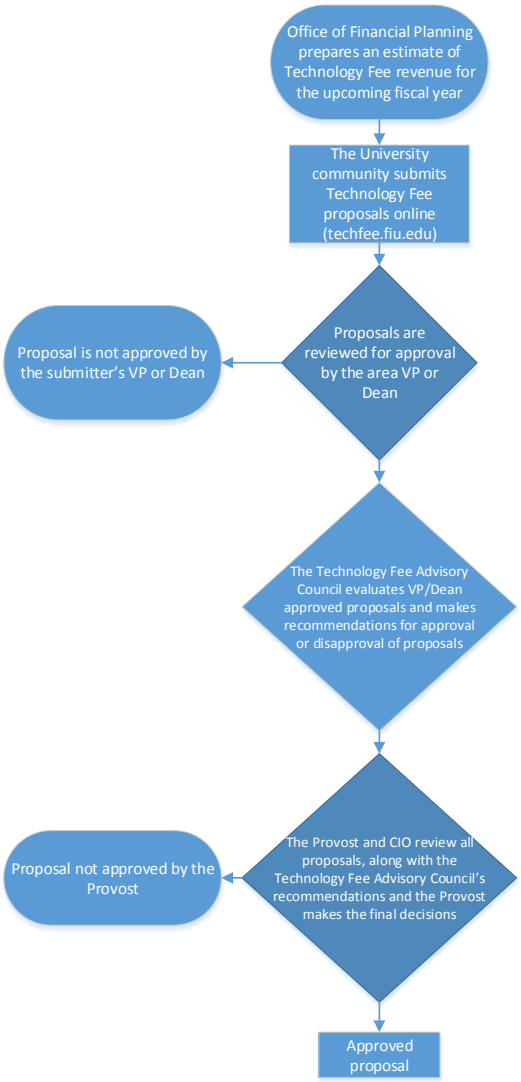
For our testing, we identified 21 activity numbers (including alternate activity numbers) that pertained to the Technology Fee, totaling $20,143,545 in revenues and $22,252,065 in expenditures[1], for the two fiscal years ended June 30, 2017. The fund balance at June 30, 2017, was $2,034,006. Fiscal year-end Technology Fee fund balances since June 30, 2013, are shown below.



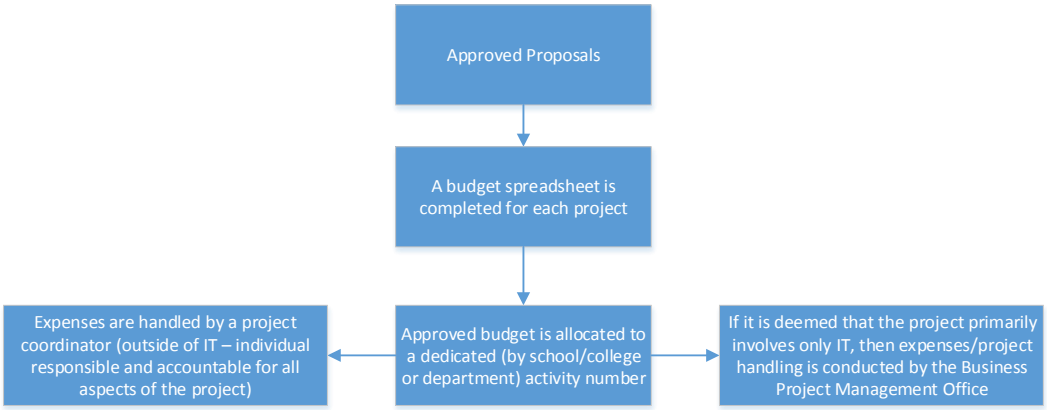
[1] Projects are time limited up to three years in order to prevent recurring costs from consuming the entire technology fee balance over time. If a project requires funding for more than three years, an additional proposal must be submitted for renewal of funding (after the third year).

Proposal Selection Process

Each year the Technology Fee Advisory Council seeks proposals from FIU students, faculty, and staff for the best use of the Technology Fee Fund. The proposal selection process is illustrated as follows:



Project Expenditures Process



FINDINGS AND RECOMMENDATIONS

The Division of Information Technology's established controls and procedures for administering the University's Technology Fee were deemed adequate. Nevertheless, opportunities for improvement exist in operational and expenditures controls related to the process for evaluating and selecting proposals, the processing of project expenditures, and the adherence to the Technology Fee Bylaws and Procedures. In addition, we noted opportunities for improvement related to the completion of project status reports. Our overall evaluation of internal controls is summarized in the table below.

INTERNAL CONTROLS RATING			
CRITERIA	**SATISFACTORY**	**FAIR**	**INADEQUATE**
Process Controls		**X**	
Policy & Procedures Compliance		**X**	
Effect	**X**		
Information Risk		**X**	
External Risk	**X**		
INTERNAL CONTROLS LEGEND			
CRITERIA	**SATISFACTORY**	**FAIR**	**INADEQUATE**
Process Controls	Effective	Opportunities exist to improve effectiveness	Do not exist or are not reliable
Policy & Procedures Compliance	Non-compliance issues are minor	Non-compliance Issues may be systemic	Non-compliance issues are pervasive, significant, or have severe consequences
Effect	Not likely to impact operations or program outcomes	Impact on outcomes contained	Negative impact on outcomes
Information Risk	Information systems are reliable	Data systems are mostly accurate but can be improved	Systems produce incomplete or inaccurate data which may cause inappropriate financial and operational decisions
External Risk	None or low	Potential for damage	Severe risk of damage

Detailed on the following pages are the areas identified by our audit testing where opportunities for improvement exist.

1. Project Expenditures

In order to determine the proper use of Technology Fee funds, we consulted with the General Counsel's Office, which provided us with its interpretation of Florida Statute Section 1009.24(13), which states that revenue from Technology Fees is to be used "to enhance instructional technology resources for students and faculty." They opined that as long as the original intent of the expenditure is primarily for the enhancement of instructional technology resources for students and faculty, and any benefits accruing to others are insignificant, the expenditure is allowed to be paid entirely from Technology Fee funds. While this opinion differs from our interpretation applied during our prior Audit of University Technology Fee (May 2012), wherein we determined that the use of revenues from Technology Fees had to be used exclusively for the enhancement of instructional technology resources for students and faculty, we concur with the General Counsel's opinion and used it as our basis in reviewing the expenditures during this audit.

Further, we determined that if a significant level of non-instructional usage was involved, even if the initial intention was primarily for student and faculty instructional purposes, management would need to allocate the use of the Technology Fee toward the project's expenditures appropriately. Likewise, where it was clear that the statutory intent was not met (i.e., the use was overwhelmingly for non-instructional purposes), then this would demonstrate non-compliance.

We observed the following during our testing:

Accounting for Expenditures

The Technology Fee Fund had 21 associated activity numbers (including alternates), totaling $22.3 million in expenditures for the two fiscal years ended June 30, 2017. Of these expenditures, $2,299,415 (10%), were related to payroll and fringe benefits and $19,952,650 (90%) were related to non-payroll transactions. We obtained a listing of the detailed expenditures incurred during the audit period (July 1, 2015, through June 30, 2017,) and judgmentally selected a sample to determine whether expenditures were properly processed, pertained to their corresponding projects, and adhered to the University's policies and procedures, including the *Technology Fee Bylaws and Procedures*.

However, during our initial review of Technology Fee expenditures, we noted that the vast majority of project expenditures were commingled in shared Technology Fee activity numbers. Since individual expenditures did not identify their corresponding project numbers within PantherSoft, we were unable to validate the actual amount of expenditures incurred for each project. As a result, we obtained each selected project's expenditures from the Business Project Management Office. Management subsequently informed us that they have recently begun utilizing the "Task" field within PantherSoft in order to better identify the expenditures to their corresponding projects.

Payroll Related Expenditures

We initially tested 5% of all payroll related operating expenditures (eight transactions, totaling $117,325). The results were as follows:

- Four (4) transactions totaling $88,709 and representing 13 employees were deemed questionable.

  We noted that the salaries paid were for projects that were older than three years. Based on our discussion with the Business Project Management Office, 14 job roles were institutionalized[2] in response to our 2012 audit of Technology Fee. Management's response at the time indicated that they would institutionalize current recurring positions and that the Bylaws and Procedures would be revised accordingly. The Bylaws and Procedures were revised to include "regular" rather than temporary University employees.

  We subsequently selected a sample of five (5) of the 13 employees (one position was vacant) with institutionalized roles to obtain a better understanding of their assigned duties. The five (5) employees' salaries and fringe benefits totaled $515,536 for the audit period. During our discussion with the respective employees, we noted that the five (5) sampled employees had also worked on non-instructional projects (e.g., the football stadium ticketing system, the Recreation Center WiFi expansion, and others) or had job responsibilities that also directly benefited University staff (non-faculty). Four (4) employees were paid entirely out of the Technology Fee Fund, while one (1) employee was paid 95% from the Technology Fee Fund. As such, since these employees' roles involved more than "an insignificant benefit to others" (i.e., non-faculty staff), the institutionalization of such positions and payment via the Technology Fee Fund should have been properly allocated. Only that percentage which benefited the enhancement of instructional technology resources for students and faculty should have been paid for by Technology Fee. *[This was also a finding in our prior audit.]*

If personnel expenses do not adhere to the Technology Fee Bylaws and Procedures, it may result in funds being used for non-instructional purposes and thereby limiting funds available for other projects.

Non-Payroll Related Expenditures

We tested approximately 34% of all non-payroll related expenditures (50 transactions, totaling $6,828,305). During our testing, we noted the following:

- 19 expenditures totaling $2,412,987 were processed via *Smart Billing* and lacked sufficient documentation to document proper segregation of duties. Smart Billing is an electronic invoicing tool that facilitates revenue collection for internal service charges.

[2] Institutionalized: Permanently paid from the Technology Fee Fund (#453).

The Division of Information Technology (DoIT) utilizes Smart Billing when the Technology Fee Fund pays internal vendors such as Panther TECH and Media Technology Services (MTS), both of which reside within the DoIT.

Transfer of Funds

In the existing process, funds must be transferred internally first before starting on a project. In doing so, budget approvals are solely handled by the DoIT staff, as follows: The Project Coordinator emails Technology Fee Administration requesting a purchase, but this email is not maintained within the Smart Billing system. Technology Fee Administration then routes this request to a Business Project Management Office (BPMO) employee, who inputs a quote into Smart Billing on behalf of the Billing Department (i.e., Panther TECH or MTS). The quote is then approved by the Billing Department's Budget Approver and is routed to the Receiving Department's (Technology Fee) Budget Approver. However, since Technology Fee Administration also resides within DoIT, the same budget approver who approved the Billing Department's quote also approves for the Receiving Department. Once approved, a system-generated journal is posted and funds are transferred to the Billing Department account from the Technology Fee account. This transfer of funds is used for purchases that must be made by Panther TECH or MTS in order to fulfill the Project Coordinator's purchase request.

Receipt of Goods/Services

Since the goods and services provided by Panther TECH or MTS are internal IT resources, there is no separate process to document the receipt of these items by the benefiting department (the unit awarded Technology Fee funds). Once the funds have been transferred to the Billing Department, there is a lack of accountability for their use in terms of what was originally ordered versus what was supplied. As noted, the Budget Approver for the Billing and Receiving Departments is the same employee, and this individual is not physically verifying the receipt of items. Instead, Technology Fee Administration uses the Status Report received from the Project Coordinator as evidence that the items/services have been received/rendered. However, these Status Reports are provided at the end of the fiscal year (June 30) or at project completion (whichever occurs first). Therefore, several months may pass before the receipt of items is confirmed. Moreover, the Status Reports do not itemize invoice details (e.g., description and quantity) to reflect what was actually received or installed. Furthermore, our Finding No. 3 on page 15 reflects that Status Reports are not being signed and submitted on time.

The ineffectiveness of the existing process is demonstrated in the MTS finding noted on page 10 of this report, wherein we noted that the Technology Fee Fund was overbilled by $92,379 as a result of Smart Billing transactions being processed on quoted amounts for goods whose final cost was different, as noted therein.

- One (1) project consisted of the **BlueJeans Network Annual Subscription** ($37,650) for cloud video conferencing service. Based upon our review, the

expenditure does not primarily appear to enhance instructional technology resources for students and faculty.

During the period of September 1, 2015, through September 1, 2016, there were 75 instances totaling 59,412 minutes in which this service was used. We randomly selected 11 instances totaling 9,037 minutes (15%) to understand in what capacity the service was being utilized. We noted eight (8) video conferences totaling 5,389 minutes were appropriately used for academic instructional purposes and one (1) video conference totaling 9 minutes to test the application. However, there was one (1) video conference totaling 928 minutes, which served student body organizations and one (1) video conference totaling 2,711 minutes (30% of the minutes sampled) used for an Information Technology Administrator's (ITA) Committee meeting, whose primary instructional use by student and faculty appeared questionable.

In addition, we understand that the application is also used by Human Resources in a non-instructional capacity. We realize that dual-purpose technology such as this may present a challenge for exact cost-to-usage allocation alignment. Due to the availability of the application to the student body as well as to all staff and faculty, a better understanding of the use of this application would enable Management to determine if the benefits accruing to others are insignificant or more than insignificant, and therefore require an allocation of the costs. In such a case, Management could use its best judgment and develop an appropriate allocation methodology for cases such as this. Further, we also acknowledge that obtaining separately funded licenses, based on user population, rather than scaling the purchase to one license, would be impractical and inefficient, under the circumstances. Therefore, we do not recommend doing multiple purchases of the license. Subsequently, we learned that Management intends to replace this application with one called Zoom. Notwithstanding, the issue of its use by the University community will persist.

- Three (3) expenditures totaling $652,216 were not posted to the proper general ledger account. These expenditures were posted to the "Computer Equipment under $5,000" general ledger account. However, the purchases were for licenses greater than $5,000.

  Proper coding assists with identifying, capturing, and reporting activities of the institution in the University's financial system accurately and in sufficient detail to provide senior management with necessary information necessary for Financial and Management Reporting.

- Six (6) expenditures totaling $935,508 for which Accountable Property totaling $385,833 was not tagged and inventoried by Asset Management. This was the result of Operating Capital Outlay (OCO) being purchased via blanket purchase orders. Per the *Property Control Manual*, Accountable Property shall not be purchased on a blanket purchase order; instead, OCO should be purchased on its own purchase order. If blanket orders are used, then assets will not be assigned to the correct asset profile in the financial system and will not be detected by Asset Management. Moreover, if Accountable Property is not properly purchased, it will not be identified as such, and will not be tagged or recorded and depreciated on the books and records. Management subsequently informed us that a new billing process was implemented in July 2018 to accurately record OCO purchases.

Media Technology Services Purchases

Media Technology Services (MTS), a department of the Division of Information Technology, serves as an internal resource, which provides the University community with audiovisual-related goods and services. Our testing determined that there are opportunities for improvement related to the purchase of goods and services via MTS, as noted below.

As a result of the six (6) instances noted above in which OCO was not recorded, we performed site inspections to validate the existence of these items. During one of our visits, we noted that some items were replaced with similar products. Therefore, we performed an analysis of the transactions posted to the MTS' activity number (1438030001) and Technology Fee *Misc. One Time Projects* activity number (1437140014) to determine the frequency of such occurrences. For the period reviewed, there were 19 transactions totaling $1,352,128.

We reviewed five (5) of the 19 transactions totaling $730,456 (54%) and calculated that the Technology Fee Fund was overbilled by a net of $92,379 (13%). These transactions were billed based on the original quoted amounts (which could be several months old) rather than the actual equipment installed and cost incurred. In the five (5) transactions, we noted instances in which the quoted items were either:

- Charged above or below actual MTS' cost;
- Subsequently deemed unnecessary and not purchased; or
- Replaced with similar items (of varying cost), at times from MTS' stock, but which cost was unable to be provided by Management.

After projects were completed, MTS did not issue refunds to the Technology Fee Fund for the net overbillings. We noted that adequate controls are not in place to track price, quantity, or item changes between the initial quotes provided at the time of project approval and the final project costs. Moreover, as previously noted, funds transfers processed via Smart Billing currently lack the documentation that would mitigate the lack of proper of segregation of duties in the process.

Recommendations

Technology Fee Administration should:	
1.1	Fully implement a solution that will identify expenditures by project in PantherSoft.
1.2	Perform an analysis of the institutionalized employees and ensure that Technology Fee funds are used to fund roles that primarily enhance instructional technology resources.
1.3	Ensure that the requests for purchases by Project Coordinators is properly documented within the Smart Billing transactions.
1.4	Perform an extended analysis of the BlueJeans usage to ensure that it is primarily instructional in nature and any administrative use is insignificant; otherwise, amounts should be properly allocated.
1.5	Ensure that all expenditures are properly classified, and that accountable property is not purchased via blanket purchase orders.
1.6	Implement a process, including obtaining a new quote at the time of project commencement, to ensure MTS billings reflect actual equipment installed with related costs. Prospectively, Technology Fee Administration personnel should reconcile the funds transferred to the actual costs of the good/services rendered by Panther TECH or MTS and adjust the funds accordingly.
1.7	Adjust the Technology Fee Fund for the identified overbilling and analyze the remaining MTS transactions with all Technology Fee Fund activity numbers during the audit period to determine other over (under) billings and adjust the funds accordingly.

Management Response/Action Plan:

1.1 This has been completed; the TASK ID has been implemented for reporting and accountability of expenditures per project.

Implementation Date: Immediately

1.2 For payroll transactions involving institutionalized employees, we will conduct a review to determine if adjustments to employees' allocation are needed.

Implementation Date July 1, 2019

1.3 Our operational procedures include an organizational workflow in which orders are approved by the Tech Fee project coordinator before the smart bill is processed.

The purpose of the smart bill is internal to DoIT to make the Tech Fee funds available to initiate the procurement process; supporting documentation will be attached to all smart bills to document the approval received from those with authority to transfer the funds to IT. Furthermore, the status reports are used for accountability purposes to validate accurate completion of the project and to ensure that the project is carried out as approved by the Project Coordinator. Accounting of items purchased for projects, occurs at the procurement level; items are received with confirmation from the receiving department and invoices are sent to A/P for processing.

Implementation Date: Immediately

1.4 We will perform a review of the BlueJeans application and make any necessary adjustments in allocation if determined that its use is not primarily for instructional purposes.

Implementation Date: July 1, 2019

1.5 This has been completed; we have implemented a new billing process recommended by Controllers Office to accurately record OCO purchases.

Implementation Date: Immediately

1.6 At project commencement, Media Technology will requote equipment to account for changes in technology and equipment availability; any variation in pricing from original proposal will be addressed at that time. Furthermore, MTS will enhance their inventory process to create transparency.

Implementation Date: July 1, 2019

1.7 A review of the MTS transactions for the provided audit period will be conducted and adjustments will be made accordingly.

Implementation Date: July 1, 2019

2. Proposal Selection Process

Pursuant to the University's Technology Fee Bylaws and Procedures, the Technology Fee Advisory Council evaluates each proposal received against the established criteria for evaluation. Based on the recommendation from the Technology Fee Advisory Council ("Council"), the Provost, with advice from the Chief Information Officer (CIO), makes the final decision of which projects to approve.

For the 2017-18 fiscal year, there were 127 proposals that were submitted by the University community (due April 14, 2017), of which 62 ($11,134,748) were approved and 65 ($10,649,920) were declined.

We attended the Council meeting held on May 6, 2018, to become familiar with the current proposal approval process. The Council discussed proposals for the 2018-19 fiscal year. During this meeting, we noted that all Council members contributed to discussions pertaining to ways to improve the selection process and were actively involved in the deliberations regarding the proposals. Although there are processes in place, we noted that the Council's methodology for reviewing and recommending proposals for approval has not been documented. Council members first sort through proposals individually and rank them according to the Technology Fee Bylaws and Procedures. Each member submits his/her rankings to the Business Project Management Office and the staff compiles all rankings into one spreadsheet. The Council then meets and reviews the proposals, beginning with those ranked highest.

However, as we observed in the May 2018 Council meeting, at a certain undisclosed dollar threshold, the Council began skipping over proposals, regardless of their ranking scores. The same appears to have been the case in 2017, as we noted in the minutes of the meeting that of the 15 declined proposals tested below, 11 were not reviewed during the Council meeting. We noted several proposals that were reviewed by the Council and ultimately recommended for approval, even though they ranked lower than the aforementioned 11 declined proposals. Management informed us that after proposals in the top-tier (not defined) are reviewed, the Council scans through the remaining proposals (not ranked in the top-tier) and discusses those which members believe have merit for the purpose of providing equity across-the-board.

We selected a sample of 20 approved proposals and 15 declined proposals to determine whether the process for evaluating and selecting proposals was reasonable and appropriate. During our testing, we observed that there was no documentation of the Provost's final decisions. Instead, approvals were verbally communicated to the Business Project Management Office and posted to the Technology Fee website.

During our expenditures testing, we came across a proposal from 2015 (Turnitin.com, totaling $364,500), which was approved outside of the window of evaluation and was not presented to the Council for review. However, the Provost approved the proposal independently.

Also noted in our expenditures testing (Finding No. 1, Project Expenditures), there was one (1) proposal in which the use of Technology Fee funds as primarily instructional was deemed questionable. In addition, the University institutionalized certain employees' salaries whose roles appeared to involve more than an insignificant benefit to others (i.e., non-faculty staff). Nonetheless, the Council ultimately approved these proposals.

Notwithstanding the creation of the Council by University Management, we believe the proposal selection process could benefit from added documentation, which would provide added transparency to the process. Moreover, formalization of the process for evaluating and approving proposals may help to reduce the risk of any potential perceived biases and use of Technology Fee funds for non-instructional purposes.

Recommendations

Technology Fee Administration should ensure that:	
2.1	The Provost's and CIO's final approvals of Technology Fee funded projects are adequately documented.
2.2	The Technology Fee Advisory Council's methodology for reviewing and recommending proposals is better documented.

Management Response/Action Plan:

2.1 This has been completed; we implemented this process during the 2018/2019 proposal selection process. The approval of the Provost was obtained in writing as a confirmation of any changes and finalized decisions for proposals awarded.

Implementation Date: Immediately

2.2 We will document the methodology used for reviewing and recommending proposals and make this information available to the Council for the review process during the Tech Fee meeting. Proposals will be discussed and recommendations are made for the Provost's for final approval.

Implementation Date: April 1, 2019

3. Project Administration

The Technology Fee Bylaws and Procedures require that Status Reports be submitted by Project Coordinators at the end of each fiscal year (June 30). The Bylaws also state that future funding can be withheld if status reports are not completed on time. The area's Vice President or Dean must sign-off on the Status Report, attesting that all information in the Status Report is true. This serves as a compensating control since the Business Project Management Office does not physically validate that Technology Fee funds were utilized as intended.

To determine if the status of projects were being adequately administered, we selected an activity number (1437140007 – Wireless Coverage) with six (6) commingled projects and reviewed the Status Reports for all six (6) projects incurring expenses during the audit period. During our review, we noted that required signatures were not obtained for four (4) of the six (6) projects reviewed. Specifically:

- Two (2) Status Reports were not signed by either the Project Coordinator or the corresponding Vice President; and
- Two (2) Status Reports were not signed by the corresponding Vice President.

Management subsequently obtained one Project Coordinator's signature and informed us that the other Project Coordinator had left the University prior to the project's completion. They also provided the Status Reports signed by the Vice President for IT.

The absence of the appropriate and timely sign-offs on the Status Reports creates uncertainty regarding the level of oversight in place for determining whether Technology Fee funds have been utilized as intended.

Recommendation

Technology Fee Administration should:	
3.1	Develop a mechanism to ensure that complete and duly signed Status Reports are timely executed and submitted in accordance with the Technology Fee Bylaws and Procedures.

Management Response/Action Plan:

3.1 An effort to collect all of the status reports in a timely manner are taken into consideration. An escalation process will be established to further enforce the completion of the Status Reports. This escalation process may include withholding of Tech Fee funds, until reports are completed.

Implementation Date: July 1, 2019