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Increased Accountability and Oversight of University Centers and Institutes Is Needed

at a glance

Florida's public universities support 531 centers and institutes that pursue research, teaching, and public service goals. Consistent with recommendations in our 2007 report, the Board of Governors has taken steps to strengthen accountability for these units. The board has directed university boards of trustees to create policies for the implementation, operation, review, and disbanding of institutes and centers. However, additional action is needed to ensure that evaluations of individual centers and institutes assess whether they are meeting their intended purpose, to improve the financial oversight of centers and institutes, and to resolve the status of the Leadership Board for Applied Research and Public Service.

Scope

In accordance with state law, this progress report informs the Legislature of actions taken by the Board of Governors and state universities in response to a 2007 OPPAGA report.^{1,2} This report presents our assessment of the extent to which the board

¹ Section [11.51\(6\)](#), F.S.

² *University Centers and Institutes Report Many Benefits; the Oversight Process Needs to Be Strengthened*, Report No. [07-35](#), August 2007.

and individual universities have addressed the findings and recommendations included in our report.

Background

As of April 2010, Florida's public universities supported 531 centers and institutes that pursue research, teaching, and public service goals. In contrast to research conducted by individual faculty, which often focus on issues within their particular disciplines, centers and institutes have the potential to bring together faculty from multiple disciplines to address large-scale, complex issues. The centers and institutes report achieving varied benefits for Florida, including enhancing student learning, attracting federal and private research funding, furthering scientific and technical research, and developing new medical treatments.

Our 2007 report concluded that accountability for these units needed to be strengthened. Universities had not evaluated most centers and institutes adequately to determine their effectiveness and progress towards stated missions. In addition, universities generally had not audited centers and institutes to determine if they complied with required financial

reporting processes. As a result, universities, the Board of Governors, and the Legislature had limited information to determine whether the centers and institutes should be continued.

Current Status

The Board of Governors and universities adopted new regulations for centers and institutes, but additional action is needed

Since our prior report, the Board of Governors and most of the state universities have adopted new policies and procedures governing institutes and centers. However, additional steps should be taken to ensure that individual centers and institutes are meeting their intended purpose, to improve financial oversight of the units, and to resolve the status of the Leadership Board for Applied Research and Public Service.

The Board of Governors and universities have adopted new policies and procedures to oversee centers and institutes. In December 2007, the Board of Governors adopted Regulation 10.015, Institutes and Centers, which addresses the creation,

disbanding, evaluation, and reporting requirements of institutes and centers. The regulation revises the criteria and process for establishing certain institutes and centers and requires universities to develop policies and procedures to evaluate the performance of all centers and institutes at least once every seven years.³ As shown in Exhibit 1, these evaluations must assess the institute’s or center’s performance in relation to its mission, the participating university missions, and the Board of Governors’ strategic plan. In addition, the evaluations must assess the need for the continuation of the center or institute, address possible changes in mission or organizational structure, and consider options for budget reductions or expansion.

³ The regulation clarifies the difference between a State of Florida institute or center with a statewide mission and university institutes and centers. State of Florida institutes and centers must be approved by the Board of Governors; presently, there are no approved state institutes or centers. State of Florida centers/institutes must be evaluated every five years; university based centers institutes must be evaluated every seven years.

Exhibit 1 Evaluations of Centers and Institutes Must Address Seven Items

Evaluation Items	
1.	A determination of the institute’s or center’s progress against defined goals and objectives within the context of the institute or center’s mission, the participating university missions, and the current Board of Governor’s strategic plan
2.	An assessment of the return on investment of state dollars ¹
3.	The need for continuation of the institute or center
4.	Possible changes in mission or organizational structure
5.	Recommendations for budget reductions or expansion
6.	Recommendations for change of classification (State of Florida, Infrastructural, or University institute or center) ¹
7.	Recommendations for status change (active, inactive, terminated) ¹

¹ Addressed in the evaluation only if applicable.

Source: Board of Governors Regulation 10.015.

However, some universities have not modified their operating policies to conform to the requirements of the new regulation. As of April 2010, only 8 of the 11 universities had policies and or procedures that included all of the provisions required by the Board of Governors' regulation.

Additionally, the state continues to have limited information on the outcomes of these organizations, many of which receive state funding. Universities are to report the date of each institute's or center's last evaluation using the Board of Governors' ExpertNet database, and are to provide a link or an email address where the board can obtain the evaluation.⁴ However, board staff indicated that the information in ExpertNet is problematic because universities often have entered the date when they updated the database in the evaluation date field, rather than the date of the evaluation. As a result, the board has no reliable information on whether center and institute evaluations are being performed according to the required schedule. Board staff indicated that it is working with universities to improve the accuracy of information contained in ExpertNet.

Furthermore, our review of a sample of evaluations completed since December 2007 found that these studies often do not include the information required by the Board of Governors' regulation. Working with universities and centers'/institutes' staff members, we obtained and reviewed 11 evaluations that were completed since December 2007. Five of these evaluations did not include information on whether the center or institute was progressing towards

its mission.⁵ In addition, six did not include a recommendation on whether the unit should be continued.

To address these problems, we recommend that the Board of Governors take several additional actions. First, the Board of Governors staff should work with the four universities that have not yet updated their governing policies to ensure compliance with the board's regulation. Second, board staff should provide guidance to universities on how to enter evaluation information into ExpertNet to ensure that this information is reliable. And third, board staff should review a sample of each university's evaluations as they are filed to ensure that these evaluations include all required elements.

Financial oversight of centers and institutes still needs to be strengthened at several universities. Our prior report noted that audits of universities had cited inefficient center and institute processes for collecting payments, recording costs and revenues, and ensuring effective use of funds. Also, we noted that university internal audit risk assessments typically did not assess individual centers and institutes.

Since our last report, several universities have increased their oversight of the financial activities of centers and institutes. However, most university internal auditing offices (7 of the 10) still do not consider centers and institutes individually in their routine risk assessments.⁶ The remaining universities indicated that they rely primarily on administrators or others to raise specific concerns about a center or institute to initiate an audit. Overall, only five university

⁴ ExpertNet (<http://expertnet.org>) is a centralized depository of university-based research resources and expertise, including information on centers and institutes, which is made available to business industry and government. ExpertNet also has a reporting function that allows state universities to upload or link to certain information that is not available to the general public but can be accessed by the Board of Governors.

⁵ Our sample included evaluations of centers/institutes located at seven of the state's public universities: Florida International University, Florida State University, University of Central Florida, University of Florida, University of North Florida, and the University of West Florida.

⁶ New College of Florida currently has no centers or institutes.

internal auditing offices had examined centers or institutes in whole or in part in recent years.

Since the publication of our original report in August 2007, Auditor General operational audits have continued to cite instances in which university centers and institutes inaccurately reported expenses and positions. Universities are responsible for ensuring that these entities follow policies and procedures that help ensure that funds are spent and reported appropriately, financial obligations are met in a timely and legal manner, and physical and intellectual property is not lost or stolen. To address this situation, we recommend that university internal audit risk assessments consider the individual risk of centers and institutes that would indicate a center's or institute's elevated potential for fraud, abuse, or mismanagement. Risk factors could include the amount of the overall budget, number and type of financial transactions, management experience and turnover, number of staff, sensitivity of stored data, ownership of expensive assets, findings of previous audits, and the time expired since the previous audit.

The Leadership Board for Applied Research and Public Service continues to be inactive. The Leadership Board for Applied Research and Public Service was created in 1998 to assist decision makers in providing statewide direction for university centers and institutes.⁷ However, the Leadership Board has not met since the dissolution of the Board of Regents in 2001. In November 2008, the Board of Governors recommended that statutes be amended to abolish the Leadership Board. While the Board of Governors included this provision in its 2009 legislative package, the Legislature has not yet acted on this recommendation. We continue to recommend that the Legislature consider this action.

⁷ Section [1004.58](#), F.S.

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