



## Office of the Inspector General Review of Foreign Influence (House Bill 7017)

**Report # C-2223DOE-007**

**March 2023**

### Executive Summary

In accordance with the Department of Education’s fiscal year 2022-23 audit plan, the Office of Inspector General (OIG) conducted a review of foreign gifts and foreign gift agreements reported by institutions of higher education (IHE) to the State Board of Education. Section 1010.25, Florida Statutes (F.S.), requires the Inspector General of the Department of Education (DOE) to annually inspect or audit at least 5 percent of the total number of gifts from a foreign source disclosed by or gift agreements received from institutions of higher education during the previous year.

The purpose of this audit was to determine the level of compliance with the statutory reporting requirements with respect to the sampled foreign gifts and gift agreements. In general, we determined the IHEs submitted their foreign gift reports timely, but we identified instances where the Florida Institute of Technology<sup>1</sup> did not report certain gifts in full compliance with the statutory reporting requirements as noted in the audit results section of this report.

### Scope, Objectives, and Methodology

The scope of our review included foreign gifts and foreign gift agreements reported by IHEs for the January 31, 2022, and July 31, 2022, reporting periods. The objective of this engagement was to determine if foreign gift disclosures are reported in compliance with the requirements outlined in section 1010.25, F.S. The engagement included a review of five percent of the total number of foreign gifts and foreign gift agreements totaling \$50,000 or more reported during the previous year. To accomplish our objectives, we reviewed applicable laws, rules, and regulations; interviewed appropriate staff; and reviewed a sample of foreign gifts reported to the State Board of Education and all related supporting documentation.

The methodology of our review included:

1. Selecting a five percent sample of gifts reported by institutions of higher education to determine if the gifts were reported in accordance with Section 1010.25, F.S., and

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<sup>1</sup> Florida Institute of Technology provided a management response letter. Please see Attachment A.

2. Reviewing all supporting documentation for the sample of foreign gifts and foreign gift agreements disclosed by IHEs to determine if the reported gifts contain the following reporting requirements in accordance with section 1010.25(3), F.S.:
  - a. The amount of the gift and the date it was received;
  - b. The contract start and end date if the gift is a contract;
  - c. The name of the foreign source and, if not a foreign government, the country of citizenship if known, and the country of principal residence or domicile of the foreign source;
  - d. A copy of the gift agreement between the foreign source and the institution of higher education, signed by the foreign source and the chief administrative officer of the institution of higher education or their respective designees. This gift agreement documentation must:
    - i. include a detailed description of the purpose for which the gift will be used;
    - ii. include the identification of the persons for whom the gift is explicitly intended to benefit; and include any applicable conditions, requirements, restrictions, or terms made a part of the gift regarding the control of curricula, faculty, student admissions, student fees, or contingencies placed upon the institution of higher education to take a specific public position or to award an honorary degree.

## Background

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The Florida Legislature passed House Bill 7017, related to foreign influence, during the 2021 Legislative Session. This act required increased disclosure of foreign support for public entities; examination of vendors and grant applicants with foreign connections; and examination of foreign applicants for research positions, travel to foreign countries, and undertakings of employees working within research institutions. All provisions in House Bill 7017 took effect July 1, 2021.

This report relates specifically to section 1010.25, F.S., and only those foreign gifts reported by a Florida College System (FCS) institution, an independent nonprofit college or university that is located in and chartered by the state and grants baccalaureate or higher degrees, and any other institution that has a physical presence in the state and is required to report foreign gifts or contracts under federal law. Beginning July 1, 2022, section 1010.25(3)(d)(2.), F.S. requires the Inspector General of the Department of Education to annually inspect or audit five percent of the total number of gifts disclosed by or gift agreements received from the above noted institutions of higher education during the previous fiscal year.

All reporting IHEs must disclose information about the source, value, timing, purpose, and conditions or restrictions of their foreign gift(s). Section 1010.25, F.S. states the following pertinent definitions:

- Gift means any contract, gift, grant, endowment, award, or donation of money or property of any kind, or any combination thereof, including a conditional or an unconditional pledge of such contract, gift, grant, endowment, award, or donation; and

- Contract means any agreement for the acquisition by purchase, lease, or barter of property or services by the foreign source, for the direct benefit or use of either of the parties, and any purchase, lease, or barter of property or services from a foreign country of concern as defined in section 286.101(1)(b).

All foreign gift report submissions are required to be made semi-annually. Foreign gifts received between July 1st and December 31st are to be reported by January 31st the following year. Foreign gifts received between January 1st and June 30th are to be reported by July 31st of the same year. Staff within the Division of Florida Colleges created and distributed a Foreign Gift & Donation Disclosure Form along with an instructional email memorandum stating what information shall be submitted at reporting deadlines to ensure compliance with the new statute. The OIG received a total of 1,100 foreign gift disclosures for the 2021-2022 fiscal year. One of the twenty-eight FCS institutions (Valencia College) and six of the thirty Independent Colleges and Universities of Florida (ICUF) institutions (Eckerd College, Florida Institute of Technology, Nova Southeastern University, University of Tampa, University of Miami, and Warner University) reported foreign gift disclosures. There were no gifts reported by Commission for Independent Education (CIE) institutions. The total amount of foreign gifts reported for the 2021-2022 fiscal year equaled \$68,954,113.37. The foreign gifts reported included contracts for goods and services, clinical research trials, awards, pledges, donations of money, and student sponsorships.

Name of College	Reported Gifts for FY 2021-22	Total Value
Eckerd College	1	\$70,930.35
Florida Institute of Technology	1,006	\$19,678,718.74
Nova Southeastern University	7	\$1,943,721.85
The University of Tampa	4	\$3,240,452.50
University of Miami	80	\$43,913,940.89
Warner University	1	\$50,000.00
Valencia College	1	\$56,349.04
<b>Total</b>	<b>1,100</b>	<b>\$ 68,954,113.37</b>

### Gifts from Foreign Countries of Concern

Section 286.101(1)(b) F.S., defines foreign country of concern as, “the People’s Republic of China, the Russian Federation, the Islamic Republic of Iran, the Democratic People’s Republic of Korea, the Republic of Cuba, the Venezuelan regime of Nicolás Maduro, or the Syrian Arab Republic, including any agency of or any other entity under significant control of such foreign country of concern.”

Of the 1,100 gifts reported by IHEs for fiscal year 2021-22, we identified fifty-one gifts from two foreign countries of concern: the People’s Republic of China and the Russian Federation. The following table shows the IHEs reporting gifts from foreign countries of concern.

Name of College	Reported Gifts for FY 2021-22	Total Value
Florida Institute of Technology	50	\$327,254.41
University of Miami	1	\$165,000.00
<b>Total</b>	<b>51</b>	<b>\$492,254.41</b>

The Florida Institute of Technology (FIT) reported fifty foreign gifts from foreign countries of concern: thirty-six from the People’s Republic of China and fourteen from the Russian Federation. FIT reported three gifts from the Wuhan Institute of Technology for online classes and one contract with China Airlines to provide flight training services to students of the China Airlines Pilot Training Program. The current contracts with both entities will expire during 2023.

One reported gift from China was from the Institute of International Education (IIE) and the Fulbright Foreign Student Program. The submitted disclosure form states that the gift was from China; however, our review of the supporting gift agreements identified no students from China. FIT has a Hong Kong, China address listed as the IIE Fulbright alternate address and an address in New York as the primary address in their system. FIT management stated, “The Country of Origin on the disclosure form was inadvertently pulled from the alternate secondary address in our system listing.”

The remaining thirty-one reported foreign gifts from China along with fourteen reported from the Russian Federation to FIT appeared to be payments on behalf of individual students by the student or their family and ranged from \$5.60 to \$22,782.00. FIT confirmed that these gifts were for tuition, fees, room and board, and payments to their Student Card for expenses on campus (vending, laundry, etc.) paid for by the student or a student’s family member.

The one foreign gift from a foreign country of concern reported by the University of Miami is a contract with the China Petrochemical Technology Company Limited, a company in the People’s Republic of China. The Participation Agreement entitles the company to participate in the Industrial Associates Program in the University of Miami’s Comparative Sedimentology Laboratory – Center for Carbonate Research. The three-year contract was executed by both parties and dated April 9, 2021, before section 1010.25 F.S. went into effect.

## Audit Results

As previously stated, we reviewed a five percent sample of foreign gifts and foreign gift agreements totaling \$50,000 or more to determine if the gift disclosures complied with section 1010.25(3) F.S. Specifically, section 1010.25(3)(a-c) requires the IHEs to provide the amount of the gift and the date it was received, the contract start and end date if the gift is a contract, and the name of the foreign source and, if not a foreign government, the country of citizenship, if known, and the country of principal residence or domicile of the foreign source. Our review of the fifty-five sampled foreign gift disclosures determined that all but four gifts reviewed complied with the aforementioned reporting requirements. We noted four gifts disclosed by the Florida Institute of Technology had no gift received date on the disclosure form.

Section 1010.25(3)(d) additionally requires the IHEs to include a “copy of a gift agreement between the foreign source and the institution of higher education, signed by the foreign source and the chief administrative officer of the institution of higher education, or their respective designees, which must include a detailed description of the purpose for which the gift will be used by the institution of higher education, the identification of the persons for whom the gift is explicitly intended to benefit, and any applicable conditions, requirements, restrictions, or terms made a part of the gift regarding the control of curricula, faculty, student admissions, student fees, or contingencies placed upon the institution of higher education to take a specific public position or to award an honorary degree.”

Our initial review determined that three out of the seven IHEs that reported foreign gifts submitted complete copies of the gift agreements at the time they reported the foreign gifts. Those three IHEs reported six of the fifty-five foreign gifts included in our sample.

<b>Name of IHE</b>	<b>Number of Gifts Included in the Sample</b>	<b>Submitted a Complete Copy of the Gift Agreement</b>
Eckerd College	1	No
Florida Institute of Technology	26	No
Nova Southeastern University	3	Yes
The University of Tampa	2	Yes
University of Miami	21	No
Warner University	1	No
Valencia College	1	Yes

Four of the seven IHEs failed to submit required copies of gift agreements at the time they reported the gifts. During the course of the review, the OIG contacted the IHEs with missing gift agreements and requested copies of the agreements, including the information required in statute. Each of the four IHEs were subsequently able to provide copies of the gift agreements and additional documentation.

The table below shows the breakdown of compliance by IHE:

<b>Name of IHE</b>	<b>Gifts Reviewed</b>	<b>Compliant</b>	<b>Partially Compliant</b>
Eckerd College	1	1	
Florida Institute of Technology	26	15	11
Nova Southeastern University	3	3	
The University of Tampa	2	2	
University of Miami	21	21	
Warner University	1	1	
Valencia College	1	1	

After reviewing all submitted supporting documentation for the selected samples items, we noted:

- Forty-four of fifty-five gifts reviewed complied with the statutory requirements.
- Eleven of fifty-five gifts partially complied with statutory requirements as follows:
  - Four gifts reported by FIT had no date received on the disclosure form as mentioned above;
  - Five gifts reported by FIT were confirmed payments for individual students for tuition payments, student card deposits, and flight tickets. Other than a receipt or invoice, there are no other types of documentation provided for these reported gifts; and
  - Two gifts reported by FIT were for student financial guarantees, but the agreements contained no signatures or a detailed description of the purpose of the gift.

During this review, the Florida Institute of Technology (FIT) provided the OIG with explanations on the discrepancies noted and indicated that corrections would be made going forward (Attachment A). FIT asserted that the data compiled to populate the disclosure form included only the time stamp and not the date for the four reported gifts missing gift receipt dates on their submitted disclosure form. FIT indicated they have updated their procedures to ensure all required data is included in future reports. Regarding the student financial guarantees missing signatures and a stated purpose for the gift, FIT indicated all future foreign entity student sponsorship documentation will include fully executed financial guarantees with all information required to comply with 1010.25(3)(d), F.S.

### Closing Comments

The Office of the Inspector General would like to recognize and acknowledge the offices and staffs of the Florida College System and the institutions of higher education for their assistance during this review. Our fieldwork was facilitated by the cooperation and assistance extended by all personnel involved.

*To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our audit was conducted under the authority of section 20.055, F.S., and in accordance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, and Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General. The audit was conducted by Brian Johnson and supervised by Bradley Rich, Audit Director.*

*Please address inquiries regarding this report to the OIG's Audit Director by telephone at 850-245-0403. Copies of final reports may be viewed and downloaded via the internet at <https://www.fldoe.org/about-us/office-of-the-inspector-general/audit-reporting-products.stml>. Copies may also be requested by telephone at 850-245-0403, by fax at 850-245-9419, and in person or by mail at the Department of Education, Office of the Inspector General, 325 West Gaines Street, Suite 1201, Tallahassee, FL 32399.*

*Florida Institute of Technology*

Office of the President

February 24, 2023

Bradley Rich, MS  
Audit Director  
Office of the Inspector General  
325 West Gaines Street, Suite 1201  
Tallahassee FL 32399

Re: OIG Review of Foreign Influence Report # C-2223DOE-007, February 2023

The Florida Institute of Technology takes the responsibility for reporting foreign gifts grants and contracts extremely seriously. We are grateful for the opportunity to respond to the above referenced report. Following are our comments and observations for your consideration:

**Exception Noted:** In FY 2021-22 Florida Institute of Technology (Florida Tech) reported 1,006 foreign gifts which far exceeded the number of gifts reported by any other institution in the reporting group.

**Response:** Our belief is Florida Tech does not have a substantially higher number of gifts than other reporting institutions, rather Florida Tech used a different methodology when reporting the number of gifts. Our concern is the possible inconsistency of data from different institutions, given this is the first time IHE's have responded to this new legislation.

For example, Florida Tech reviewed all incoming foreign transactions and reported gifts with an aggregate value of \$50,000 or more in the 2021 – 2022 fiscal year. One of the requirements of Florida Statute 1010.25 is to report the date the funds were received. Our interpretation of the requirement was in order to comply, all transactions needed to be reported by transaction date for any source of foreign gift as long as the total amount from the source aggregated \$50,000 or more. The data suggest the methodology used by Florida Tech may differ from methodologies used by other institutions in the reporting group.

**Exception Noted:** Florida Tech reported 50 gifts from foreign countries of concern: 36 from the People's Republic of China (PROC) and 14 from the Russian Federation.

**Response:** Three gifts were received from Wuhan Institute of Technology for online classes. Online classes were not available to faculty or staff at Wuhan, only students. All Florida Tech students participate in research programs as part of their curriculum. No export control research was performed by any students in this program. No Wuhan students were full-time researchers. Subsequent to FY 2021-22 Florida Tech ceased its agreement with Wuhan Institute of Technology.

Florida Tech is renowned for its European Union Aviation Safety Agency (EASA) pilot training program. This world renown program trains pilots from many countries around the globe, including PROC. Gifts from the PROC were made in accordance with our agreement with China Airlines

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(CAL), a private corporation, to provide pilot training services including flight and ground instruction, all required books/equipment supplies (including a headset), initial FAA medical exams, all testing and examination fees, airport transfers at the start and end of training, internal visa admin fees, TSA fees, Aviation English Testing and other university living and administrative services to CAL students. Total all-inclusive package cost under this agreement is \$78,500 per student for an 11-month training program (not including any required Aviation English training). CAL is a private entity, not affiliated with the government of PROC or its military. Florida Tech does not provide pilot training services to any government or military operations under this contract.

One reported gift from China was from the Institute of International Education (IIE) and Fulbright Foreign Student Program. The gift was inadvertently identified with a Chinese address in Florida Tech's system. The gift was not actually from China, which is a country of concern. The address has been corrected in our system and processes have been updated to ensure data is reported correctly.

**Exception Noted:** Thirty-one gifts from China and fourteen gifts from the Russian Federation were reported.

**Response:** These incoming payments were tuition payments made from the student and/or their family on behalf of the student, not from the Chinese or Russian government or military. Tuition is reportable under Higher Education Act, Title 1 Part B Sec. 117, codified at 20 U.S.C. § 1011. However, most tuition was never reported because it fell under the HEA's \$250,000 limit. Fla. Stat. § 1010.25 mirrors the HEA's language. However, Florida foreign gift reporting has a \$50,000 limit. Given this lower reporting threshold, nearly every foreign tuition payment becomes a reportable event.

**Audit Results:** Twenty-six Florida Tech gifts were selected for audit. Florida Tech was fully compliant on 15 reported gifts and partially compliant on 11 reported gifts.

**Exception Noted:** Four gifts reported by Florida Tech did not include a gift received date on the disclosure form.

**Response:** These gifts were received from the Embassy of the Sultanate of Oman Cultural Division on behalf of students enrolled at Florida Tech. An executed contract is in place for each gift. When the report was prepared the data included only a time stamp, not a date stamp. We have updated our reporting procedures to ensure all required data is included in future reports.

**Exception Noted:** Five gifts reported were for tuition-related expenses. No documentation, other than an invoice or receipt was provided.

**Response:** Incoming foreign funds for tuition-related expenses are gifts under the statute, therefore, they do not require a contract.

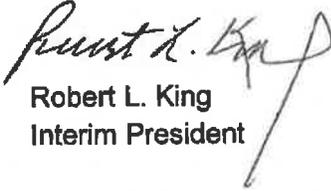
**Exception Noted:** Two gifts for financial guarantees did not contain signatures or a detailed description of the purpose of the gifts.

**Response:** These gifts were received from MPESA Foundation Academy for tuition-related expenses for students registered at Florida Tech. MPESA Foundation Academy is a co-educational high school in Kenya and provides financial guarantees for students that advance to higher education.

Florida Tech has updated its procedures to require a fully executed financial guaranty from MPESA with the required details (name of student, date of gift, purpose of gift, signatures.)

Thank you again for the opportunity to respond to the OIG Review of Foreign Influence Report # C-2223DOE-007, February 2023 draft audit. The Florida Institute of Technology is committed to transparent and open reporting in all matters.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. King". The signature is written in a cursive style with a long, sweeping tail that extends downwards and to the right.

Robert L. King  
Interim President