Chair Susan O’Connor called the meeting to order on May 23, 2014 at 9:03 a.m. with the following committee members present: Susan O’Connor. Trustee Pam Dana joined the meeting by telephone. Trustee Garrett Walton was unable to attend the meeting.

Other trustees in attendance: BOT Chair Lewis Bear, Jr., Robert Jones, Suzanne Lewis and Dave Cleveland.

Others in attendance: Dr. Judy Bense, President; Dr. Martha Saunders, Provost; Dr. Kevin Bailey, VP Student Affairs; Dr. Kim Brown, VP President’s Division; Dr. Brendan Kelly, Interim VP for University Advancement; Pat Lott, General Counsel, Janice Gilley, AVP for Community and Government Relations; Dr. Susan Stephenson, VP Business, Finance & Facilities; Dr. George Ellenberg, Vice Provost, Dr. Dottie Minear, Senior AVP, ASPIRE; Megan Gonzalez, Director, Public Relations; Ms. Ellen Till, Director, Business Affairs & Auxiliary Services; Dr. Jim Hurd, AVP for Student Affairs; Ms. Colleen Asmus, AVP, Financial Services; Mr. Mike Dieckmann, Senior AVP & CIO, ITS; Mr. James Felder, Assoc. General Counsel; Dr. James Barnett, Interim CEO, UWF BEI; Ms. Anita Schonberger, Deputy General Counsel; Ms. Cynthia Talbert, Internal Auditor; Ms. Cindy Faria, AVP Human Resources; and Becky Luntsford, Executive Specialist.

Chair’s Greeting
Chair O’Connor welcomed everyone and thanked all for being here today. She recognized President Judy Bense, Chair Lewis Bear, Jr., Trustees Dana, Jones, Lewis and Cleveland.

Action Items:


   The Florida Institute for Human and Machine Cognition audit has been completed for fiscal year ending June 30, 2013. This report contained no findings.

   A motion was made to recommend acceptance of the External Audit: Financial Statement Audit of Direct Support Organization – Florida Institute of Human and Machine Cognition (IHMC) by the full Board on June 12, 2014.

   Motion by: Trustee Dana
   Seconded by: Trustee O’Connor
   Motion passed unanimously.

2. **Acceptance of 2012/13 Bright Futures Scholarship Program Audit by the Auditor General** was presented by Betsy Bowers.

   The scope of this audit included an examination of Bright Futures Scholarship Program administered by the University and was included in the Auditor General’s Statewide audit of the Bright Futures Scholarship Program administered by the State of Florida.
There was one finding for UWF. Bright Futures funds related to student drops and withdrawals must be returned to the Florida Department of Education (FDOE) within 30 days after the end of a semester. After the end of Fall 2012 semester, UWF returned the monies 10 days late. This was attributable to the winter break and the onset of Spring 2013 semester.

UWF should enhance or implement procedures to ensure that funds due as a result of student drops and withdrawals are returned to the FDOE within the time frames provided by law.

UWF has implemented three key procedures to ensure timely return of Bright Futures monies.

a) At the end of the term, and prior to holiday closure, UWF will review the Bright Futures website and if funds are due, a refund will be processed to FDOE.

b) Upon return from the holiday closure, the Bright Futures website will be reviewed again to ensure the refund has been posted. If any additional amounts are due, that refund will be processed to FDOE.

c) Refund requests will go through UWF Accounts Payable department (vs. Cashier’s Office).

A motion was made to recommend acceptance of the 2012/13 Bright Futures operational audit report by the full Board on June 12, 2014.

Motion by: Trustee O’Connor
Seconded by: Trustee Dana
Motion passed unanimously.


On March 31, 2014 the State of Florida Auditor General released its report on the statewide audit of the Federal funds for fiscal year ended June 30, 2013, which includes the University of West Florida. UWF had two (2) findings in this audit report.

1. Certain access controls protecting the institutions information technology (IT) resources needed improvement. (Finding #2013-059, page 120 of report)
   - Recommendation: The institution should ensure that assigned access privileges significant to determining eligibility for awarding and disbursing student financial aid enforce an appropriate separation of incompatible duties and restrict employees to only those functions necessary for their assigned job responsibilities.
   - UWF Response: UWF is taking steps to implement appropriate changes in our new Banner financial aid system, which is entering operation for Fall Term 2014. Due to the cost and effort involved, and the limited remaining lifespan of the legacy CICS system, we do not plan to address these issues in CICS. Documentation of the business procedures that will be followed in Banner to address these issues is considered confidential but is available for your review upon request.
2. Certain information technology (IT) monitoring controls protecting the institution's IT resources needed improvement. This is a confidential finding, protected under Florida Statues; therefore the Auditor General nor UWF are disclosing specific details of the deficiencies to avoid the possibility of compromising institution student financial aid system information. (Finding #2013-060, page 124).

- UWF Response: UWF has plans in place to address these issues in our new Ellucian Banner financial aid system. Documentation of these processes and procedures is considered confidential. Due to the cost and effort involved, and the limited remaining lifespan of our legacy CICS system, we do not plan to address these issues in CICS.

- Estimated Corrective Action Date: September 2014

A motion was made to recommend acceptance of the State of Florida Federal Funds Audit June 30, 2013 by the full Board on June 12, 2014.

Motion by: Trustee Dana
Seconded by: Trustee O'Connor
Motion passed unanimously.

4. Acceptance of UWF Internal Auditing & Management Consulting – Internal Auditing Reports Issued was presented by Betsy Bowers.

Internal Auditing & Management Consulting (IAMC) completed two audits during the period January –April 2014: 1) Material & Supplies Fees and Equipment Fee-Chemistry Department and 2) Material & Supplies Fees and Equipment Fee-Art Department.

M&S Fees and Equipment Fees-Chemistry Department –UWF 13/14-001
The audit report included seven (7) findings, which are separated between the Chemistry Department and Academic Affairs Administration Division.

Chemistry Department:
1. Policies and procedures for the storeroom operation and related accounting activities should be formalized in writing.
2. Records of issuances from the storeroom should be maintained.
3. A policy should be developed regarding authorized entry to the storeroom.
4. Auditable calculations for the assigned cost of dual-purpose equipment should be retained by the department.

Academic Affairs Division:
5. The amount of fee collections for an academic discipline should be evaluated periodically for reasonableness.
6. The effect of waivers on fee collections should be evaluated by Academic Affairs, to ensure that instructors collect sufficient amounts to fund course expenses.
7. The financial need for fees should be demonstrated periodically, as part of a re-approval process.
For the seven findings above, UWF management has action plans to remedy each situation no later than September 30, 2014.

**M&S Fees and Equipment Fees—Art Department—UWF 13/14-007**
Audit fieldwork began on January 27, 2014, and ended on March 17, 2014. The audit report was issued April 17, 2014. The audit identified two (2) findings.
1. Formal departmental policies and procedures need to be updated and enhanced.
2. Controls surrounding the issuance to instructors of supplies and keys to storage lockers require improvement.

By the end of May 2014 UWF management will have addressed all weaknesses identified in the report.

A motion was made to recommend acceptance of the Internal Departmental Audits—Material and Supplies and Equipment Fees—Chemistry Department and Material and Supplies and Equipment Fees—Art Department by the full Board on June 12, 2014.

Motion by: Trustee Dana
Seconded by: Trustee O’Connor
Motion passed unanimously.

5. **Acceptance of Internal Auditing PCard Audit Reports for Third (3rd) Quarter of FY 2013-14** presented by Betsy Bowers.

For PCard audit reports issued during the third quarter (January-March 2014), management will implement corrective actions to be completed in fiscal year 2013/14. Internal Auditing will follow up to determine if adequate corrective actions occurred.

A motion was made to recommend acceptance of the PCard Quarterly Report 3rd Quarter of Fiscal Year 2013-14 by the full Board on June 12, 2014.

Motion by: Trustee Dana
Seconded by: Trustee O’Connor
Motion passed unanimously.


Key items were included in the proposed Work Plan for UWF Internal Auditing and Management Consulting for fiscal year 2014/15. This work plan is a living document. It may be revisited at any point during the fiscal year and modified accordingly.

Scheduled nine (9) audits: Athletic Eligibility Process, Conflict of Interest, Dependent Eligibility Health Benefits, Enrollment Affairs Departmental Audit, Grade Integrity, IT General Controls (Banner Student Module), Vehicle Management, Vendor Master Files, and Subrecipient Monitoring

1. Conduct various management advisory (consulting) services.
2. Follow-up of Federal, state and internal audit findings.
3. Continued participation in the Risk & Compliance Council, SACSCOC Reaccreditation work groups, and the evaluation of rules, regulations, policies, and procedures.

A motion was made to recommend approval of the Internal Auditing Work Plan for 2014-15 – 2015-16 by the full Board on June 12, 2014.

Motion by: Trustee Dana
Seconded by: Trustee O’Connor
Motion passed unanimously.

Audit of Direct Support Organization presented by Colleen Asmus.

The BEI audited financial statements were approved by the UWF BOT Audit & Operations Committee on November 13, 2013. However, since that date, final interpretation of an accounting pronouncement (GASB 60) occurred resulting in the need to update the BEI financial statements. BEI’s external auditors audited the updated financial statements and gave an unqualified opinion.

Financial Highlights:

- Initially it was determined that the dining services contract and the amendment to the Bookstore Operating Agreement met the criteria as established in GASB No. 60 Accounting and Financial Reporting for Service Concession Arrangements for classification as service concession arrangements. Subsequent to the issuance of BEI’s audited financial statements, the state Auditor General received a response to a technical inquiry on the subject from the Governmental Accounting Standards Board which indicated these agreements did not in fact meet one of the four required criteria for classification as service concession arrangements. As such, BEI’s audited financial statements have been reissued to reflect this change, which amounted to a reclassification of amounts reported as inflows under service concession arrangements to current and long term unearned service and management arrangement income on the face of the Statement of Net Position. Net position as of June 30, 2013 and the change in net position for the year ended June 30, 2013 were not affected.

- The $1.1 million signing incentive paid to BEI from the dining services vendor and used to purchase Scenic Hills Country Club and the $600,000 signing bonus paid to BEI from the bookstore vendor as well as all capital improvements made and to be made under these agreements are recorded as unearned service and management arrangement income and will be amortized to revenue over the remaining life of the agreements.

- Capital improvements made by the vendors under these agreements with BEI become the property of the University.

- To recognize the transfer of ownership of these assets, BEI reported a donation to the University in the amount of $978,950 for the year ended June 30, 2013, which along with the associated revenue from the amortization of unearned service and
management arrangement income resulted in a decrease in BEI’s net position at June 30, 2013.

- BEI received commissions based on sales from the dining services and bookstore vendors.

A motion was made to recommend acceptance of the Updated Financial Statement Audit for Business Enterprises, Inc. by the full Board on June 12, 2014.

Motion by: Trustee Dana
Seconded by: Trustee O’Connor
Motion passed unanimously.


On March 24, 2014, the State of Florida Auditor General released the report on the audit of the financial statements of the University of West Florida for the fiscal year ended June 30, 2013. The audit disclosed that the University’s basic financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards. The audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. The results of tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards issued by the Comptroller General of the United States.

A motion was made to recommend approval of the University’s audited financial statements, notes, and management’s discussion and analysis as published in the Annual Financial Report by the full Board on June 12, 2014.

Motion by: Trustee Dana
Seconded by: Trustee O’Connor
Motion passed unanimously.

Information Items:

1. Annual Internal Control Review was presented by Betsy Bowers.

2. Internal Auditing Update on Activities was presented by Betsy Bowers and Matt Packard, Compliance Auditor.

With no further Audit & Operations items to discuss, the meeting was adjourned at 9:56 a.m.

Respectfully submitted,
Becky Luntsford, recording secretary