Committee Chair, Trustee Bob Jones called the meeting to order at 10:30 a.m.

Trustee Bob Jones and Bob Sires were in attendance.

Trustees Dick Baker and Greg Britton joined by telephone.

Other trustees in attendance: Mort O’Sullivan, Brandon Malone, Alonzie Scott, Jill Singer, Suzanne Lewis, Dave Cleveland and David Ramsey.

President Martha Saunders joined by video conferencing.

Others attending:
Dr. George Ellenberg, Provost and Senior Vice President; Ms. Betsy Bowers, IVP Administrative Services; Dr. Pam Northrup, VP, Innovation and Strategic Research; Dr. Joffery Gaymon, Vice President Enrollment & Student Affairs; Dr. Kimberly McCorkle, Interim Vice Provost; Dr. Kim LeDuff, Vice President, Academic Engagement; Mr. Howard Reddy, Vice President for Advancement; Ms. Pam Langham, General Counsel; Ms. Janice Gilley, AVP External Affairs; Mr. Dave Scott, Athletic Director; Dr. Melinda Bowers, Director, Emerald Coast Campus; Ms. Cynthia Talbert, Internal Auditor III; Mr. Matt Packard, Compliance Officer Dr. Jenae Burkart, Faculty Technology Support Specialist, ITS; Ms. Sandra Thompson, Director, ITS; Dr. Brandon Frye, Dean of Students, Mr. Ross Dahlstrom, Network Engineer; Mr. Chase Green Technology Engineer, ITS; Mr. Eric Ingerman, Sound Engineer and Production Services; Ms. Becky Luntsford, Assistant Corporate Secretary to the Board of Trustees.

**CHAIR’S GREETING**
Chair Jones welcomed all those present and gave a special welcome to Trustee Bob Sires who had been newly appointed to the Audit and Compliance Committee.

Chair Jones explained there were nine action items and two information items on the agenda.
ACTION ITEM

1. **Acceptance of UWF Internal Auditing Reports Issued: Mobile Devices/Bring Your Own Device.** Ms. Cindy Talbert, Internal Auditing and Compliance Interim Director presented the item.

   Internal Auditing & Compliance (IAC) completed one audit during the period January 1, 2018, through April 30, 2018: Mobile Devices/Bring Your Own Device.

   The audit period was July 1, 2017 through December 31, 2017 and was part of the approved work plan for 2017/18. IAC issued the audit report on March 21, 2018. The audit’s objectives were to evaluate internal controls over personal mobile devices belonging to faculty, staff, and students that are connected to UWF systems, including 1) whether existing related policies and procedures were adequate and address risks and 2) whether mechanisms exist to enforce established policies.

   IAC found that security policies, procedures, and practices in place were adequate to reduce risks to an acceptable level, and reasonable mechanisms were in place to help ensure enforcement of policies. Risks related to the privacy and security of data, and intrusion of malware, will continue despite the use of strong controls, due to the difficulties inherent in mobile device security. There were no audit findings and IAC made no recommendations.

   Chair Jones asked for a motion recommending the full Board, at its June 5, 2018 meeting, accept the UWF Mobile Devices/Bring your Own Device Internal Audit Report.

   Motion by: Trustee Bob Sires
   Seconded by: Trustee Bob Jones
   Motion passed unanimously.


   Results for Quarter 3 (January – March 2018) showed 5 departments encompassing 51 cardholders were examined on a sample basis. 2,558 transactions occurred, 796 transactions were tested, total PCard expenditures were $1,072,648 and total PCard transactions tested totaled $810,099. Two departments scored excellent, three scored good; zero scored fair; and zero scored poor.

   Individual reports were distributed to department heads and Procurement & Contracts upon completion of the audits. All reports are available from Internal Auditing.
Chair Jones asked for a motion recommending the full Board, at its June 5, 2018 meeting, accept the Internal Auditing PCard Audit Report for the Third Quarter of Fiscal Year 2017-2018.

Motion by: Trustee Bob Sires
Seconded by: Trustee Bob Jones
Motion passed unanimously.


On February 12, 2018, the State of Florida Auditor General released its report on the statewide audit of the Federal funds for fiscal year 16/17, which ended June 30, 2017, and includes the University of West Florida. The report includes the results of the audit of the State of Florida's financial statements with regard to compliance and internal control over financial reporting and their audit of the State's Federal awards programs. The audit pertains to State agencies, universities, and community colleges and was conducted in accordance with applicable professional standards and federal award regulations. A printed copy of the audit report and Summary Schedule of Prior Audit Findings was provided to each State Agency Inspector General, University Presidents, State University Chief Audit Executive or designated audit liaison, and Florida Community College Presidents.

UWF had no findings in this audit report. UWF is mentioned on the following pages in the report:

- Pg. 347 related to an NIH grant
- Pg. 434 for a note about indirect cost rate

**Prior Audit Findings/Current Status**

- No findings in the prior year audit

Chair Jones asked for a motion recommending the full Board, at its June 5, 2018 meeting, accept the Internal Auditing PCard Audit Report for the Third Quarter of Fiscal Year 2017-2018.

Motion by: Trustee Bob Sires
Seconded by: Trustee Bob Jones
Motion passed unanimously.
4. **Adoption of Amended Charter for BOT Audit and Compliance Committee.** Ms. Cindy Talbert, Internal Auditing and Compliance Interim Director presented the item.

In November 2016, the Board of Governors implemented Regulation 4.003 “State University System Compliance and Ethics Programs.” In accordance with the requirements described in this regulation, UWF has developed a Compliance function within Internal Auditing.

Regulation 4.003 further requires that, by November 2018, a Chief Compliance Officer be designated, who reports functionally to the Board of Trustees and administratively to the President. In order to facilitate this change for budgeting and reporting purposes, the date of July 1, 2018 was selected to establish the Office of Compliance & Ethics as an entity independent of Internal Auditing. The Charter of the BOT Audit & Compliance Committee needs revisions to reflect name changes and to describe specific responsibilities with respect to the Office of Compliance & Ethics.

Chair Jones asked for a motion recommending the full Board, at its June 5, 2018 meeting, adopt the amended charter for the Board of Trustees Audit and Compliance Committee as presented.

Motion by: Trustee Bob Sires
Seconded by: Trustee Bob Jones
Motion passed unanimously.

5. **Adoption of Amended Departmental Charter for Internal Auditing and Management Consulting.** Ms. Cindy Talbert, Internal Auditing and Compliance Interim Director presented the item.

The current department title of Internal Auditing & Compliance was established in March 2016 to reflect the Compliance function that had been created and housed within Internal Audit. Board of Governors Regulation 4.003 “State University System Compliance and Ethics Programs” was issued in November 2016. This regulation specified that Compliance functions would report functionally to the Board of Trustees and administratively to the President by November 2018. Our plan is to establish an Office of Compliance & Ethics, independent of Internal Audit, on July 1, 2018. This necessitates certain revisions to the Internal Audit Charter, including reverting to its previous name, Internal Auditing & Management Consulting. The amended Charter will also reflect the establishment of Compliance & Ethics as an independent function.
Chair Jones asked for a motion recommending the full Board, at its June 5, 2018 meeting, approve the amended department charter for Internal Auditing and Management Consulting as presented.

Motion by: Trustee Bob Sires  
Seconded by: Trustee Bob Jones  
Motion passed unanimously.

6. **Approval of 2018/19 Work Plan for UWF Internal Auditing.** Ms. Cindy Talbert, Internal Auditing and Compliance Interim Director presented the item.

The International Standards for the Practice of Internal Auditing (Standard #2020) states: “The chief audit executive must communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to senior management and to the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.”

To comply with this standard, attached is the proposed Work Plan for UWF Internal Auditing for fiscal year 2018/19. A tentative Work Plan for fiscal year 2019/20 is also presented on the attachment. Our proposal was developed as the result of an analysis of strategic, operational, financial, compliance, and reputational risks. Among other research activities, UWF senior leadership and other key personnel were personally interviewed to obtain their input on risks. As a result, we propose the following:

1. Conduct 7 internal audits: Performance Based Funding Metrics (required by the Board of Governors), Financial Aid Business Processes, Scholarships, IT Data Governance, Dive Safety, Student Health, Wellness, and Counseling Services, and PCard Audits.
2. Conduct various management advisory (consulting) services, including participation on the PCard Program revamp committee.
3. Follow-up of Federal, State and internal audit findings.

This Work Plan is a living document. It may be revisited at any point during the fiscal year and modified accordingly.
Chair Jones asked for a motion recommending the full Board, at its June 5, 2018 meeting, approve the 2018/19 Work Plan for UWF Internal Auditing.

Motion by: Trustee Bob Sires  
Seconded by: Trustee Bob Jones  
Motion passed unanimously.

7. **Approval of 2018/19 Work Plan for UWF Internal Auditing.** Mr. Matthew Packard, UWF Compliance Officer, presented the item.

In November 2016, the Board of Governors implemented Regulation 4.003 “State University System Compliance and Ethics Programs.” In accordance with the requirements described in this regulation, UWF developed a Compliance function within Internal Auditing.

Regulation 4.003 further requires that, by November 2018, a Chief Compliance Officer be designated, who reports functionally to the Board of Trustees and administratively to the President. In order to facilitate this change for budgeting and reporting purposes, the date of July 1, 2018 was selected to establish the Office of Compliance & Ethics as an entity independent of Internal Auditing. The proposed Charter defines the mission, scope of work, duties and responsibilities, and other aspects of this newly established department.

Chair Jones asked for a motion recommending the full Board, at its June 5, 2018 meeting, approve the proposed department charter for the Office of Compliance and Ethics as presented.

Motion by: Trustee Bob Sires  
Seconded by: Trustee Bob Jones  
Motion passed unanimously.

8. **Approval of 2018/19 Program Plan for UWF Office of Compliance and Ethics.** Mr. Matthew Packard, UWF Compliance Officer, presented the item.

The Society for Corporate Compliance and Ethics, Code of Ethics for Compliance Professionals (Principle II, Rule 2.4) states: “CEPs [Compliance and Ethics Professionals] shall keep senior management and the highest governing body informed of the status of the compliance and ethics program, both as to the implementation of the program and about areas of compliance risk.”

Additionally, Board of Governors Regulation 4.003, State University System Compliance and Ethics Programs (Section (7)(a)) states: “The president and board of trustees shall be
knowledgeable about the Program and shall exercise oversight with respect to its implementation and effectiveness. The board of trustees shall approve a Program plan and any subsequent changes.”

To comply with these standards, attached is the proposed Compliance Program Plan for fiscal year 2018/19. The Program Plan outlines and documents the role of the UWF Compliance and Ethics Program. Specifically, the Plan communicates the roles and actions the Program undertakes in an effort to detect and deter noncompliance, promote ethical behavior, and increase the efficiency of the University’s efforts in undertaking its compliance obligations.

Chair Jones asked for a motion recommending the full Board, at its June 5, 2018 meeting, approve the proposed 2018/19 Program Plan for UWF Office of Compliance and Ethics.

Motion by: Trustee Bob Sires
Seconded by: Trustee Bob Jones
Motion passed unanimously.

9. Approval of 2018/19 Work Plan for UWF Internal Auditing. Ms. Colleen Asmus, Associate Vice President for Finance presented the item.

On February 16, 2018, 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, 2017. The Executive Summary included in the audit report contains the following:

Summary of Report on Financial Statements
Our audit disclosed that the basic financial statements of the University of West Florida (a component unit of the State of Florida) were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

Summary of Report on Internal Control and Compliance
Our audit did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

The results of our 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.

Chair Jones asked for a motion recommending the full Board, at its June 5, 2018 meeting, approve the University of West Florida’s audited financial statements, notes and

Motion by: Trustee Bob Sires
Seconded by: Trustee Bob Jones
Motion passed unanimously.

INFORMATION ITEM

1. Internal Auditing Update on Activities. Ms. Cindy Talbert, Internal Auditing and Compliance Interim Director presented the item.

2. Compliance Update on Activities. Mr. Matthew Packard, UWF Compliance Officer, presented the item.

ADJOURNMENT

With no further Academic Affairs items to discuss, the meeting was adjourned at 11:28 a.m.

Respectfully submitted,
Becky Luntsford, Assistant Corporate Secretary