

3DRAFT Minutes

Audit and Compliance Committee Meeting via Zoom Webinar

UWF Board of Trustees

August 20, 2020

Committee Chair, Trustee Bob Jones called the meeting to order at 9:03 a.m.

Trustees Bob Jones, Dick Baker and Bob Sires were in attendance.

Other trustees in attendance: Dave Cleveland, Suzanne Lewis, Greg Britton, Lewis Bear, Jr., Jill Singer, Sherry Schneider, Alonzie Scott, Jordan Negrón and Stephanie White.

Others attending:

President Martha Saunders; Dr. George Ellenberg, Provost and Senior Vice President; Howard Reddy, VP, University Advancement; Dr. Kim LeDuff, VP Academic Engagement; Pam Langham, General Counsel; Ms. Betsy Bowers, VP, Finance & Administration; Dr. Melinda Bowers, Director, Facilities Operations & Emerald Coast Campus; Dr. Ed Ranelli, AVP, External Affairs; Mr. Chase Green, BOT IT; Mr. Cody Thurber, BOT IT and Ms. Becky Luntsford, Recording Secretary.

CHAIR'S GREETING

Chair Jones welcomed all those present and explained there were four action items and two information items on the agenda.

ACTION ITEMS

1. Approval of the 2020 Florida Educational Equity Act Report. Executive Director for the Office of Equity and Diversity, Ms. Karen Rentz, presented this item.

The Florida Education Equity Act Report is completed annually by each Florida public university and includes information on the University's progress in implementing strategic initiatives related to equity and access in academic services, programs, and student enrollment; equity in athletics; and equity in

employment as required by Regulation 2.003 Equity and Access. Each University's Florida Educational Equity Act Report is approved by the Board of Trustees and is submitted to the Board of Governors. The Student Enrollment and Employment reporting focuses on females and members of specified racial/ethnic groups. The Athletics portion of the report focuses on gender equity on the basis of Accommodation of Interests and Abilities. The 2020 Florida Education Equity Report is based on 2018-2019 data.

Following Ms. Rentz's presentation, Chair Jones asked for a motion recommending the full Board, at the September 9, 2020 meeting, approve the 2020 Florida Educational Equity Act Report as presented.

Motion by: Trustee Bob Sires
Seconded by: Trustee Dick Baker
Motion passed unanimously.

2. Approval of the Office of Compliance and Ethics Annual Work Plan. Mr. Matthew Packard, UWF's Chief Compliance Officer presented this action item.

Mr. Packard explained that the annual work plan provides the Trustees with a basic framework of how the office plans to meet the requirements established in BOG Regulation 4.003, State University System Compliance and Ethics Programs. He went on to present highlights from the plan and ask for the Committee's approval.

Chair Jones asked for a motion recommending the full Board, at the September 9, 2020 meeting, approve the Office of Compliance and Ethics Annual Work Plan as presented.

Motion by: Trustee Dick Baker
Seconded by: Trustee Bob Sires
Motion passed unanimously.

3. Acceptance of Internal Auditing PCard Audit Reports: Results for Quarter 4 (April – June 2020) and the Annual Update (July 2019 – June 2020). Associate Vice President and Chief Audit Executive, Ms. Cindy Talbert presented the item.

Ms. Talbert presented a summary of PCard audit results for the most recent quarter (four), and for the entire fiscal year of 2019-2020. She explained the main objective is to report the status of PCard audits and any issues or findings requiring action. UWF presently has approximately 379 PCard holders distributed across 145 departments. For the fiscal year, \$13,401,480 in expenses was paid via UWF PCards to 2,778 vendors (in 28,734 transactions).

Ms. Talbert explained the strengths of this audit were the cardholders consistently signed transaction documentation, and there were no findings involving missing documentation. She went on to report that the files were organized and account codes were consistently documented on the receipts. Internal control processes such as strong separation of duties, passwords remaining confidential, and PCard records accessible only to the approved users were observed. She added that the Concur system provided a digital audit trail of the transactions including who accessed the records.

Ms. Talbert presented the results for Quarter 4 covering the time period of April – June 2020. She said that by using the capabilities provided by the new electronic PCard system (SAP “Concur”), PCard charges were reviewed across all departments, with closer scrutiny of anomalies and a judgmentally selected test sample. This sample included transactions encompassing 91 cardholders from 46 departments. The table below shows the volume of activity occurring during this time period and the amount tested. The detailed PCard report is available from Internal Auditing & Management Consulting.

Number of Departments Reviewed	Number of Cardholders	Number of Transactions Occurring	Number of Transactions Tested	Total PCard Expenditures for these Depts.	Total \$ PCard Transactions Tested
46	91	1,387	642 (46%)	\$681,692	\$276,031 (40%)
Audit Opinion for the PCard Audit					
EXCELLENT					

The summary of the PCard audit results for Fiscal Year 2019/20 was provided showing a total of twenty-four PCard audit reports were issued including twenty-three individual departments and the 4th quarter campus-wide audit. Individual reports were distributed to department heads and Procurement upon completion of the audits. The totals below show the volume of activity occurring for these departments and the amount tested.

Number of PCard audits performed	Number of Cardholders Reviewed	Number of Transactions Occurring	Number of Transactions Tested	Total PCard expenses for these Depts.	Total \$ PCard Transactions Tested
24	212 ¹	6,176	1,719 (28%)	\$2,717,331	\$1,450,641 (53%)
Audit Opinion for the PCard Audit ²					
EXCELLENT	GOOD	FAIR	POOR	Total	
19	5	0	0	24	

Ms. Talbert explained that the most common findings in the fiscal year were:

1. The department head did not sign the PCard reconciliation.
2. The business purpose of the transaction was not clearly documented.

Chair Jones asked for a motion recommending the full Board, at the September 9, 2020 meeting, accept the Internal Auditing PCard Audit Reports: Results for Quarter 4 (April – June 2020) and the Annual Update (July 2019 – June 2020).

Motion by: Trustee Dick Baker
 Seconded by: Trustee Bob Sires
 Motion passed unanimously.

4. Acceptance of Agreed Upon Procedures by Saltmarsh, Cleaveland & Gund, CPAs and Consults for the Complete Florida Plus Program.

Ms. Talbert provided background information stating that annually, the Complete Florida Plus Program Director provides a report on the Program to the Legislature. This report is sent directly to the Board of Governors and the Florida Department of Education by the Program Director. On Sept. 12, 2019, the University of West Florida received an allegation of potential mismanagement of funds and accounting issues related to the Program and this report. The information in the report and other information provided by the Program Director had erroneously explained the fluctuations in indirect cost. The UWF administration immediately examined the management and accounting of this program.

UWF and the Board of Governors jointly selected Saltmarsh, Cleaveland & Gund to conduct an independent, third-party review relating to the financial management of the Program with oversight provided by the Board of Governors' Inspector General. UWF and the Board of Governors collaborated on a list of specific procedures for SMC&G to perform called the "Agreed-Upon Procedures," that covered a five-year period.

The Agreed-Upon Procedures covered the period 2014/15 through 2018/19. There were two Phases to the review. Phase One included review of regulations, policies, and documents, and interviews of University staff. It was determined that a Phase Two set of objectives would be developed by a collaboration between the Board of Governors and the University. SMC&G performed these procedures and, on July 24, 2020, we received a final written report for Phase One and Phase Two (the report is dated July 10, 2020).

Nine University and BOG administrators were initially interviewed by SMC&G, to obtain background information related to CFPP activities. Phase Two also included:

- Interview of 13 University employees;
- Determining whether payroll costs were charged to appropriate budgets;
- Determining whether travel, lease, or any other types of expenditures were appropriately charged to CFPP budgets;
- Evaluating whether financial reports submitted to the Board of Governors and the House-Senate over the five-year period were accurate; and
- Determining whether administrative overhead costs taken from CFPP were within the allowable amount.

Ms. Talbert stated that the Agreed-Upon Procedures showed that the University did not overcharge the Program. In fact, the University undercharged the program \$1.6 million.

The Agreed-Upon Procedures also showed that although accounting errors were made, they were not to the detriment of the Program's financial position. To minimize potential future errors in external reporting, Presidential Policy FIN-11.01-04/20 "Financial Reporting" was created. This requires all external financial reporting to be vetted by the Vice President of Finance & Administration.

Chair Jones asked for a motion to accept the results of agreed-upon procedures by Saltmarsh, Cleveland and Gund, CPAs and Consultants for the Complete Florida Plus Program with a request that university staff further examine communications with the Board of Governors and make a recommendation at the September Board of Trustees meeting indicating what UWF's response should be moving forward.

Motion by: Trustee Dick Baker

Seconded by: Trustee Bob Sires

Following a lengthy and robust discussion among the Committee members, university staff and other trustees in attendance, the motion passed unanimously.

INFORMATION ITEMS

- 1. Ms. Talbert provided an update on Internal Auditing and Management Consulting's Activities.**
- 2. Office of Compliance and Ethics Informational Update.** Mr. Matthew Packard provided this update.

ADJOURNMENT

With no further Audit & Compliance Committee items to discuss, the meeting was adjourned at 9:52 a.m.

Respectfully submitted,
Becky Luntsford, Assistant Corporate Secretary