Minutes
Audit and Operations Committee Meeting
UWF Board of Trustees
February 25, 2014

Chair Susan O’Connor called the meeting to order at 9:04 a.m.

Committee members present: Susan O’Connor and Garrett Walton. Dr. Pam Dana was unable to attend.

Other trustees in attendance: BOT Chair, Lewis Bear, Jr., Robert Jones and Dr. Richard Hough

Others in attendance: Dr. Judy Bense, President; Dr. Martha Saunders, Provost; Dr. Susan Stephenson, VP & CFO, Business, Finance and Facilities; Dr. Kim Brown, VP for President’s Division and Chief of Staff Dr. Brendan Kelly, IVP for University Advancement; Dr. Kevin Bailey, VP for Student Affairs; Ms. Janice Gilley, AVP Government and Community Relations; Dr. Jim Hurd, AVP for Students Affairs; Betsy Bowers, AVP Internal Auditing; Ms. Pat Lott, Interim General Counsel; Cindy Faria, AVP Human Resources; Ms. Colleen Asmus, AVP, Financial Services; Dr. Dottie Minear, SAVP, ASPIRE; Ms. Valerie Moneyham, AVP Budget and Financial Planning; Dr. George Ellenberg, Vice Provost; Mr. Jeffrey Djerlek, Assistant Controller; Mr. Pat Crawford, Executive Director, WUWF; Mr. Peter Robinson, Director, Environmental Health & Safety; Dr. Joffrey Gaymon; AVP, Enrollment Management; Dr. Tim O’Keefe, Interim Dean, College of Business; Dr. Kim LeDuff, AVP Chief Diversity Officer; Mr. Andrew Romer, Executive Specialist; Ms. Charina Narciso, Program Assistant; and Ms. 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. and welcomed all guests present.

Action Item(s):

1. **UWF Internal Auditing and Management Consulting – Internal Auditing Reports Issued.** Ms. Betsy Bowers explained that UWF Attractive Assets – UWF 13/14-004 and OEDE SEDI Grant – UWF 13/14-005 audits were part of the internal audit work plan approved by the BOT at its June 2013 meeting. The audit period was July 1, 2012 through June 30, 2013.

   The Attractive Assets audit focused upon a) internal controls regarding safeguarding and accounting for attractive assets (items costing less than $5,000 and b) departmental procedures in place regarding attractive assets. The audit report was issued December 20, 2013.
The audit included two findings:
1. Several departments within the University community failed to follow the attractive asset guidance provided by UWF Financial Services in the Property Manual.
2. Three departments in particular should take steps to strengthen controls over attractive assets, due to items that could not be located during the audit.


UWF management will address all weaknesses identified in the Attractive Assets audit report by May 2014.

Trustee Walton emphasized the importance of thoroughly addressing the finds/recommendations with respect to this audit. He requested updates be brought back to the next committee meeting.

The OEDE SEDI Grant audit focused upon a) compliance with terms in the agreements, b) documentation maintained and submitted to state agencies, c) amount and type of administrative expenses incurred, and d) internal controls related to processing and monitoring the contracts within SEDI. The audit report was issued on December 11, 2013.

The audit included two findings/recommendations:
1. Written procedures for critical SEDI-related activities should be formalized in writing.
2. Resources should be identified to support the ongoing compliance function five, ten and fifteen years out after the contract ending date.

http://uwf.edu/trustees/Feb25_14/OEDESEDIGrantInternalAuditReport.pdf

Ms. Bowers and Chair O’Connor invited Ms. Janice Gilley to provide more information on the audit and recommendations. Ms. Gilley explained that OEDE is grateful for the audit and the recommendations that came forth. She stated that compliance is a very important component of the SEDI Grant. She thanked the UWF audit team, Office of Research and Sponsored Programs and General Counsel who have worked diligently to create a compliance process that will be used with every single contract going out the door. To date, eight contracts have been executed and eleven are pending. Ms. Gilley explained that with economic development clients, every contract is different and each company has different needs and expectations. She reported that OEDE has now created a Compliance Calendar for each contract. Ms. Gilley went on to give an example of one of their clients, Navy Federal. The Navy Federal contract specified creation of “x” number of jobs and required those jobs be retained for three years. Navy Federal is ahead of schedule and has met the number of jobs created goal. Now, OEDE staff will continue to verify that those jobs are retained for the three years specified in their contract.

UWF management will address all weaknesses identified in the report by May 2014.
Chair O’Connor thanked Ms. Gilley for the explanation and asked for a motion to recommend approval of the Acceptance of the Internal Auditing Reports: Attractive Assets (UWF-13/14-004), and the Office of Economic Development & Engagement (OEDE) SEDI Grant (UWF-13/14-005) by the full Board at the March 26th meeting.

Motion by: Trustee Garrett Walton
Seconded by: Trustee Susan O’Connor
Motion passed unanimously.

2. **Financial Statement Audit of WUWF-FM presented by Betsy Bowers.** Ms. Bowers reported that annually, an external audit firm conducts a financial audit of UWF WUWF Public Media. This is to comply with the Corporation of Public Broadcasting (CPB) community service grant requirements. The Station experienced an increase in non-operating revenue due to gains on investments.

The external auditors made no audit recommendations or management letter items. No further actions are warranted. [http://uwf.edu/trustees/Feb25_14/WUWF-FMFinancialStatementAudit.pdf](http://uwf.edu/trustees/Feb25_14/WUWF-FMFinancialStatementAudit.pdf)

Chair O’Connor asked for a motion to recommend Acceptance of the External Audit Report for WUWF-FM for fiscal year ending June 30, 2013 by the full Board at the March 26th meeting.

Motion by: Trustee Garrett Walton
Seconded by: Trustee Susan O’Connor
Motion passed unanimously.

3. **NCAA Agreed-Upon Procedures Engagement of Intercollegiate Athletics presented by Ms. Betsy Bowers.** Ms. Betsy Bowers reported that the once every three years, NCAA Bylaw 6.2.3.1.1 requires institutions to have external audit firms to perform certain agreed-upon procedures related to the Statement of Revenues and Expenses.

NCAA has two requirements for reporting financial data. One requires the Agreed-Upon Procedures report be submitted to the chief executive officer and the other requires online reporting financial data to NCAA. These are two separate and distinct processes. The Agreed-Upon Procedures engagement’s scope of work includes reporting of revenue, expenses and capital improvements in the NCAA financial reporting information.

This engagement was performed for UWF for the fiscal year ending June 30, 2013.

Key points to the report:
- There were no findings.
- No deficiencies were identified in the internal controls over financial reporting that were considered to be material weaknesses.
• Results of testing disclosed no instances of noncompliance or other matters that are required to be reported.


A motion was made to recommend Acceptance of the engagement performed for UWF for the fiscal year ending June 30, 2013 by the full Board at the March 26th meeting.

Motion by: Trustee Garrett Walton
Seconded by: Trustee Susan O’Connor
Motion passed unanimously.

4. **Internal Auditing PCard Audit Reports presented by Betsy Bowers.** Ms. Bowers reported the results for the second quarter of fiscal year 2013-14. Sixteen departments encompassing 61 cardholders were examined on a sample basis. Individual reports were distributed to department heads and Procurement & Contracts upon completion of the audits.

Most common findings for quarter 2 (October-December 2013)
1. The business purpose of the transaction was not clearly noted on the receipt.
2. Sales Taxes were paid and a refund was not requested from vendors.
3. Transactions were allowed to auto-post after the 14-day approval period.

For PCard audit reports issued during the second quarter (October-December 2013), 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 Approval to accept the Internal Auditing PCard Reports for the Second (2nd) Quarter of Fiscal Year 2013-14 by the full Board at the March 26th meeting as presented.

Motion by: Trustee Garrett Walton
Seconded by: Trustee Susan O’Connor
Motion passed unanimously.

5. **UWF Operational Audit by the Florida Auditor General presented by Ms. Betsy Bowers** who explained every three years an operational audit is conducted by the university’s external auditors, Florida Auditor General. Our most recent audit was completed for fiscal year ending June 30, 2013.

We had five findings; each is in the process of being remedied or has been remedied.
1. UWF needed to strengthen its procedures to ensure that potential conflicts of interest are identified and evaluated. Implementation Date: March 14, 2014.
2. The Board needed to adopt written policies and procedures relating to electronic funds transfers. Implementation Date: December 13, 2013.

3. The University needed to improve controls over its purchasing card (PCard) program. Implementation Date: Spring 2014.

4. The University did not always provide written notification to individuals when their social security numbers were collected, contrary to Section 119.071(5)(a), Florida Statues. Implementation Date: June 2014 and ongoing reminders.

5. The University’s information technology security controls related to user authentication and data loss prevention needed improvement. Implementation Date: July 2014 and December 2014.


After discussion, Chair O’Connor asked for a motion to recommend acceptance of the Auditor General Operational Audit Report for fiscal year ending June 30, 2013 and the University’s Implementation Plan for corrective action by the full Board at the March 26th meeting.

Motion by: Trustee Garrett Walton
Seconded by: Trustee Susan O’Connor
Motion passed unanimously.

Information Item(s):

1. Internal Auditing Update was presented by Betsy Bowers who provided the committee with an overview of activities within Internal Auditing and Management Consulting including 1) status of audits in process; 2) status of advisory/consulting activities; 3) external audits performed by outside parties; and 4) miscellaneous items.

Chair O’Connor reminded everyone that the full Board of Trustees is scheduled to meet on March 26th at 9 am at the UWF Fort Walton Beach Emerald Coast Campus. During that meeting she will provide a report to the full Board of the actions that were taken today.

Chair O’Connor concluded if there were no further items to discuss the meeting was adjourned at 9:51 a.m.