Minutes
Audit and Compliance Committee Meeting
UWF Board of Trustees
August 17, 2016

Committee member, Bob Jones called the meeting to order at 9:01 a.m. with the following committee members present: Greg Britton and Bob Jones.

Committee Chair, Dick Baker was unable to attend.

Other trustees in attendance: Lewis Bear, Jr., Mort O’Sullivan, Jay Patel, Bentina Terry, Suzanne Lewis, Ted Fox, Bob Sires, and Lutimothy May.

Others in attendance: Dr. Judy Bense, President; Dr. Martha Saunders, Executive Vice President/Provost; Dr. Kevin Bailey, VP Student Affairs; Dr. Steven Cunningham, VP Finance & Administration; Dr. Brendan Kelly, VP University Advancement; Pat Lott, General Counsel; Ms. Betsy Bowers, AVP Internal Auditing; Dr. George Ellenberg, Vice Provost; Ms. Cynthia Talbert, Internal Auditor III, Internal Auditing; Mr. Dan Bevil, Internal Auditor II, Internal Auditing; Mr. Matt Packard, Compliance Officer, Compliance; Ms. Ellen Till, Director, Business Affairs & Auxiliary Services; Dr. Michael Huggins, Dean, CSE; Dr. Ed Ranelli Senior Advisor and Consultant, COB; Dr. Steve Brown, Dean, CASSH; Dr. William Crawley, Dean, CEPS; Dr. Rick Harper, AVP, CREO; Dr. Ermalynn Kiehl, Dean, COH; Dr. Jay Clune, Dean, Graduate School; Dr. Kim LeDuff, AVP, Dean, University College; Dr. Joffery Gaymon, AVP Enrollment Affairs; Dr. Jim Arruda, Associate Dean, COH; Chief John Warren, University Police; Dr. Tim O’Keefe, Dean, COB; Dr. Vanee Cao-Nguyen, Director SDRC; Dr. Bob Dugan, Dean of Libraries; Dr. Brandon Frye, AVP, Dean of Students; Ms. Megan Gonzalez, Executive Director, University Marketing and Communications; Ms. Colleen Asmus, AVP/Controller, Financial Services; Dr. Vannee Cao Nguyen, Executive Director, Office for Equal Opportunity and Accessibility; Ms. Kelley Brundage, University Registrar; Dr. Brice Harris, AVP, Haas Center; Dr. Rebecca Kennedy, Director, Health, Counseling and Wellness Center; Mr. Billy Pollard, Senior Associate Controller, Financial Services; Mr. Chip Chism, Director, Parking & Transportation Services; Ms. Karen Rentz, Director, Title IX and Equal Opportunity Programs; Ms. Robin Zimmern, Associate Dean, Student Affairs; Ms. Sandra Thompson, Director, ITS; Ms. Melanie Haveard, Executive Director and CTO, ITS; Dr. Jenae Burkart, Faculty Technology Support Specialist,ITS; Mr. William Coleman, Lead Classroom Technology Engineer, ITS; Mr. Pat Crawford, Executive Director, WUWF Public Media; Mr. David Scott, Athletic Director; Mr. Tony Nguyen, Associate Athletic Director; Ms. Lisa Berneau, Assistant General Counsel; Ms. Lauren Loeffler, Director Career Services; Ms. Jamie Sprague, Assoc. Director, Human Resources; Ms. Angela Jones, Director, Procurement and Contracts; Dr. Claudia Stanny, Director, CUTLA: Mr. Daniel Lucas, Assistant Vice President, University Advancement; Mr. Kishane Patel, SGA; Eric Ingerman, Production and Tech. Services Coordinator, University Commons; and Becky Luntsford, Assistant Corporate Secretary to the Board of Trustees.
CHAIR’S GREETING

Trustee Jones welcomed everyone in attendance.

ACTION ITEMS

1. Approval of Internal Auditing PCard Audit Reports for 4th Quarter (April 2016 – June 2016) and Annual Report was presented by Betsy Bowers, Associate Vice President Internal Auditing.

The PCard Audit Reports provide UWF Senior leadership a short, clear overview of the PCard audits completed during the quarter and highlight results. The main objective of the reports is to report the status of PCard audits and any issues or findings requiring action.

Internal Auditing & Compliance (IAC) has been charged with auditing PCardholder and approver activity as well as departmental activities and internal controls. The objectives of these audits determine if departments comply with UWF PCard policies and procedures, as well as evaluate the level of understanding of PCard policies among PCard holders and approvers. UWF presently has 432 PCard holders distributed across 141 departments.

In Quarter 4 (April – June 2016) Eleven (11) departments encompassing 43 cardholders were examined on a sample basis. Individual reports were distributed to department heads and Procurement & Contracts upon completion of the audits. All reports are available from Internal Auditing. Ratings: 2-Excellent, 3-Good, 5-Fair and 1-Poor. For the Poor rating a remediation plan has been submitted; the department chair was present to answer any questions.

For the year 34 audits were completed, 135 PCardholders reviewed, and $2 million of the $2.9 million transactions were tested. UWF PCards were used with 3,532 vendors resulting in a total spending of $14.2 million.

Notably this year: files were well organized, staff was well trained in PCard procedures; and a strong separation of duties was noted.

Most common findings for the year were:
1. The Department Head did not review and sign monthly reconciliation reports.
2. The monthly reconciliation reports were not completed in a timely manner.
3. The bank statement was not reviewed during the reconciliation process.
4. PCard files were returned to the PCardholder and not maintained by the approver/reconciler.

Ms. Bowers also reported a PCard fraud investigation had recently been completed and an arrest warrant issued for the perpetrator, a former UWF employee. A motion was made to recommend acceptance of the IAC PCard Reports for Quarter 4 (April - June 2016) and the Annual Report by the full Board, at its September 30th meeting.
Motion by: Trustee Greg Britton  
Seconded by: Trustee Bob Jones  
Motion passed.

2. Approval of Acceptance of the UWF Internal Auditing Reports Issued: Surplus Property 15/16-006 and Sustainable Economic Development Initiative UWF 15/16-007 was presented by Betsy Bowers, Associate Vice President Internal Auditing.

Internal Auditing & Compliance (IAC) completed two audits during the period May 1, 2016 through June 30, 2016: Surplus Property and Sustainable Economic Development Initiative (SEDI).

The Surplus Property audit’s objective was to ascertain the internal controls over the disposition of surplus assets for UWF. Property is a major investment for UWF. Currently, UWF has more than 11,000 pieces of property worth in excess of $6 million.

A notable strength was that the auctioneer staff had developed strong internal controls to ensure accurate collections from the sale of property and security of assets during the auction. This audit included three recommendations:
1. A contract between UWF and the auctioneer house had expired; a new contract needed to be developed.
2. Processes should be reviewed to determine the requirements for creating a new electronic routing application or perform updates to the current system.
3. A thorough inspection of property should be completed prior to auction to remove all UWF identifying marks.

Management has developed a plan to address the issues noted in the report; all will be implemented no later than December 16, 2016 (the IT programming item).

The SEDI audit period was July 1, 2014-December 31, 2015. The audit report was issued June 10, 2016. The objectives were to evaluate controls over compliance and internal controls over compliance with the terms of the agreement with the State Department of Economic Opportunity (DEO). In 2011, DEO executed a grant agreement with UWF Office of Economic Development and Engagement (OEDE) to provide $30 million in funding over a three-year period to the eight counties disproportionately affected by the 2010 Deepwater Horizon oil spill. The initial three-year period ended June 30, 2014; however, not all funding had been awarded at that time due to a lack of qualified applicants. DEO and OEDE signed an extension agreement dated June 30, 2014, for continued awarding of the funds until all are expended. As of May 22, 2016, a total of $9,324,803 remains to be spent/expended.

One Notable Strength identified was the collaborative team composed of staff from OEDE, Research and Sponsored Programs (RSP), and General Counsel that work continuously to refine
and enhance the contractual requirement in such a way that facilitates ongoing contract compliance and monitoring and provides additional protection for funding.

The audit had two recommendations.
1. OEDE should consult with DEO Budget Chief to determine the DEO authority to whom an annual reporting should be made, or obtain written verification that no reporting is necessary.
2. If any additional funding is needed for administrative costs going forward, OEDE, RSP, and General Counsel should collaborate on a proposal that describes the need for financial support from the grant for these expenses, and submit the proposal to DEO.

Management will discuss items with the Florida Department of Economic Opportunity and decisions should be reached October 2016.

A motion was made to recommend the full Board, at its September 30th meeting, to approve the UWF Internal Auditing Reports: Surplus Property 15/16.006 and Sustainable Economic Development Initiative 15/16.007.

Motion by: Trustee Greg Britton
Seconded by: Trustee Robert Jones
Motion passed.

3. Approval of Florida Auditor General Statewide Bright Futures Audit for Fiscal Years 2013/14 – 2014/15 was presented by Betsy Bowers, Associate Vice President Internal Auditing.

The Florida Bright Futures Scholarship Program was established by the Florida Legislature to provide lottery-funded scholarships to reward Florida high school graduates who merit recognition of their academic achievement and enroll in an eligible Florida public postsecondary educational institution within three years of high school graduation. The Florida Auditor General conducted an operational audit of the administration of the Florida Bright Futures Scholarship Program for Florida’s public universities and colleges. Florida Statute 1009.53 outlines the Florida Bright Futures program. The Florida Bright Futures Scholarship Program consists of three types of awards: The Florida Academic Scholarship, the Florida Medallion Scholarship and the Florida Gold Seal Vocational Scholarship. Monies for these programs are allocated from the state’s Education Enhancement Trust Fund (lottery).

The Florida Auditor General’s most recent statewide audit was completed for fiscal years ending June 30, 2014, and June 30, 2015. There were no findings for UWF.
For fiscal year 2013/14, statewide, disbursements to students enrolled in Florida’s 12 public universities and 28 public colleges were $237,608,151 and $32,152,403, respectively for a total of $269,760,554. For fiscal year 2014/15, statewide, public universities received $208,645,765 and public colleges received $19,919,821 totaling $228,565,586. UWF’s Bright Futures Program received $5,640,490 for FY 2013/14 and $4,214,784 for FY 2014/15.

Motion by: Trustee Greg Britton
Seconded by: Trustee Robert Jones
Motion passed.

4. Approval of 2016 Florida Equity Report was presented by Ms. Karen Rentz, Interim EO Officer.

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 2016 Florida Education Equity Report is based on 2014-2015 data.

A motion was made to recommend the full Board, at its September 30th meeting, approve the 2016 Florida Educational Equity Act Report.

Motion by: Trustee Greg Britton
Seconded by: Trustee Bob Jones
Motion passed.

INFORMATION ITEMS


The Florida Auditor General performed a single audit (OMB Circular A-133) for the period July 1, 2013, through June 30, 2014. This report and the associated findings went to the US Department of Education for final determination concerning the portions of the audit report that related to the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§1070 et seq. (Title IV, HEA programs aka Federal Financial aid and grants).
UWF had two findings in this report.

Finding #2014-048 and 049: IT Access and Monitoring Controls related to IT access of certain employees to be able to view, change or delete data. UWF was in the midst of transitioning to the Banner Student module that was being piloted in the Office of Financial Aid during the audit. Our corrective action plan indicated that the Banner financial aid system was complete, and the details of the corrective action were not detailed in the formal report because they are sensitive and security-related. No further action is required, as per the U.S. Department of Education.

Finding 2014-051: Incorrect Enrollment Status: Per Federal Financial Aid regulations, students should not receive Title IV (e.g., Pell, Subsidized Federal Direct Loan and Unsubsidized Federal Direct Loan) money for courses that do not apply toward their designated program of study. UWF had been reviewing enrollment as to full or part time, but not if the particular courses were in the student’s designated program of study. Per the Federal regulations, if a student is enrolled in courses that do not count toward his/her degree, certificate, or other recognized credential, they cannot be used to determine enrollment status unless they are eligible for remedial courses. As part of our corrective action, UWF:

- Reviewed all students with 90 or more credits who enrolled in courses not applicable to the degree. [UWF reviewed enrollment status for 2013-14 and found 897 Title IV recipients were enrolled in courses outside of their degree program.]
- Upon review, various academic departments determined if the particular course could be used as a substitution and fulfill a student’s degree requirement.
- The Financial Aid Office adjusted the enrollment status and Title IV awards for all courses that did not meet the student’s degree requirement.
- Over awards of Title IV monies would be returned to the US Department of Education.

The Final Determination from US Department of Education was as follows:

a. Repay $855,839 in Pell Grant overpayments; this was repaid on July 27, 2016.
b. Reimburse the US Department of Education $13,108 for interest/cost of funds (COF); this was repaid on July 27, 2016 a total of $868,947 being reimbursed to US Department of Education on July 27, 2016.
c. Repay $10,301 for our default rate rather than the entire amount of over awards for the Federal Direct Loans. This was repaid on July 27, 2016.
d. UWF is required to correct its method to determine student enrollment status at the time Title IV aid is disbursed. UWF corrected this and has in place a warning system that alerts the student within 24 hours if they register for a course that is outside their program of study; they are asked to meet with their advisor to resolve the issue. On the University’s side, a flag in our registration and financial aid systems is placed preventing the disbursement of financial aid until the issue is resolved.

Trustee Greg Britton requested that UWF staff continue to monitor the Title IV warning system implemented and report back to the Audit & Compliance Committee, any funding issues identified in regular spot checks. Ms. Bowers assured the Committee this will be done.
2. **Internal Auditing & Compliance Update** was presented by Betsy Bowers.

Ms. Bowers provided the Committee with an overview of activities within Internal Auditing & Compliance including the status of audits in process, status of advisory/consulting activities, the Compliance operation, and other miscellaneous items.

**OTHER COMMITTEE BUSINESS**

None

**ADJOURNMENT**

With no further Audit & Compliance items to discuss, the meeting was adjourned at 9:42 a.m.

Respectfully submitted,

Becky Luntsford, recording secretary