Minutes
Audit & Compliance Committee Meeting
UWF Board of Trustees
March 1, 2016

CALL TO ORDER

Chair Susan O’Connor called the meeting to order on at 9:02 a.m. Trustees Dick Baker and Bob Jones were in attendance.

Other trustees in attendance: Mort O’Sullivan, Suzanne Lewis, Dave Cleveland, Bentina Terry, Ted Fox, Garrett Walton, Jay Patel, LuTimothy May, and Daniel McBurney. Chair Lewis Bear, Jr. was unable to attend.

Others in attendance: Dr. Judy Bense, President; Dr. Martha Saunders, Provost; Dr. Kevin Bailey, VP Student Affairs; Dr. Steven Cunningham, VP Finance & Administrative Services; Pat Lott, General Counsel, Ms. Betsy Bowers, AVP Internal Auditing; Dr. George Ellenberg, Vice Provost; Dr. Jim Hurd, AVP Student Affairs; Ms. Cynthia Talbert, Internal Auditing; Mr. Dan Bevel, Internal Auditing; Ms. Ellen Till, Director, Business Affairs & Auxiliary Services; Dr. Michael Huggins, Dean, CASSH; Dr. Steve Brown, Dean, CEPS; Dr. Steve Crawley, Dean, COPS; Dr. Erma Lynn Kiehl, Dean, COH; Dr. Ed Ranelli; Dr. Jay Clune, Dean, Graduate School; Dr. Kim LeDuff, Chief Diversity Officer; Dr. Joffery Gaymon, AVP Enrollment Affairs; Dr. LuSharon Wiley, Senior Associate Dean of Students; Dr. Tim O’Keefe, Dean, College of Business; Ms. Mica Hughes-Harrell, Director Wellness Services; Dr. Vanee Cao-Nguyen, Director SDRC; Dr. Bob Dugan, Dean, Library Studies; Dr. Sarah Luczyk, AVP, Student Affairs; Mr. Peter Robinson, Director, Environmental Health & Safety; Dr. Brandon Frye, AVP, Dean of Students; Dr. James Barnett, Interim CEO, UWF BEI; Ms. Megan Gonzalez, University Communications; Ms. Martha Lee Blodgett, University Advancement; Ms. Karen Rentz, Director, Office of EOC; Ms. Robin Zimmern, Assistant Dean of Students; Ms. Sandra Thompson, Director, ITS; Ms. Melanie Haveard, Director, ITS; Dr. Jenae Burhart, ITS; Dr. Michael White, ASPIRE; Mr. William Coleman, ITS; Mr. Tony Nguyen, Athletics; Mr. David Scott, Athletic Director; Ms. Lisa Berneau, Assistant General Counsel; Mr. James Felder, Asst General Counsel; Ms. Lauren Loeffler, Director Career Center; Mr. Keith King; Ms. Jamie Sprague, Asst Director Human Resources; Ms. Angela Jones, Director, Procurement and Contracts; Dr. Claudia Stanny, Director, CUTLA: Mr. Daniel Lucas, Chief Financial Officer, UWF Foundation; Dr. William Healey, Director, Recreation and Sports Services; Dr. Chris Pomery, Professor, Biology; Dr. Rebecca Kennedy, AVP Counseling Center; Andrew Romer, Executive Specialist; Eric Ingerman, Sound Specialist; Becky Luntsford, Executive Specialist; and Andrew Herridge, BOT Graduate Assistant.
CHAIR’S GREETING

Chair O’Connor extended a special welcome to Trustee Dick Baker and congratulated him on his appointment by the Board of Governors to the UWF BOT and the Audit & Compliance Committee. She welcomed everyone in attendance.

ACTION ITEMS

1. Adoption of Amended BOT Audit & Compliance Committee Charter was presented by Betsy Bowers, Associate Vice President Internal Auditing.

   With the creation of an UWF Compliance Office, it is necessary to revise the Board of Trustees committee charter to reflect this new activity. Accordingly, the Audit and Operations Committee, which from the Finance, Administration and Audit Committee in December 2011, is being changed to the Audit and Compliance Committee. The Operations aspect of this committee is being moved to the Finance and Facilities Committee (which will become the Finance, Facilities, and Operations Committee). Other resources used in developing the committee’s charter include the Association of Governing Boards, the Institute of Internal Auditors, and the Society for Corporate Compliance and Ethics.

   The Audit and Compliance Committee’s primary purpose will be to assist the Board of Trustees in its oversight responsibilities relating to: the integrity of the University’s financial reporting processes, the systems of internal control, the University’s compliance with legal and regulatory requirements, the independence and performance of the audit and compliance processes, and UWF’s process for monitoring compliance with laws, regulations, rules, and code of conduct.

   In conjunction with General Counsel and Associate Vice President, Internal Auditing and Compliance, revised the charter to reflect these changes and is attached. The committee’s composition and required number of meetings are described in the charter.

   A motion was made to Recommend the full Board, at its March 24th meeting, approve the adoption of the BOT Audit & Compliance Committee charter.

   Motion by: Trustee Robert Jones
   Seconded by: Trustee Dick Baker
   Motion passed.

2. Approval of Updated Department Charter for Internal Auditing and Compliance Operation was presented by Betsy Bowers, Associate Vice President Internal Auditing.

   To comply with the Institute of Internal Auditing (IIA) Standards (internal auditing professional standards, the UWF internal auditing function must have in place an internal auditing charter. With the creation of an UWF Compliance Office as part of Internal
Auditing, it is necessary to revise the charter for the Internal Auditing and Compliance Office to reflect this new activity. Accordingly, the department is renamed from Internal Auditing and Management Consulting. The charter was last updated in March 2012. Other resources used in developing the committee’s charter include the Institute of Internal Auditors, the Society for Corporate Compliance and Ethics, the Association of Certified Fraud Examiners and ISACA\textsuperscript{1}.

Changes made to the charter are as follow:

- Change of name of the Board of Trustees committee from Audit and Operations to Audit and Compliance.
- Incorporate compliance activities as a separate section in the charter.
- Adopt enhanced language regarding coordination with external auditors and services provided to Direct Support Organizations.
- Incorporate operational facets related to investigations and complaints.
- Incorporate verbiage consistent with pertinent professional standards.

In conjunction with General Counsel and Associate Vice President, Internal Auditing and Compliance, the charter was prepared.

A motion was made to Recommend the full Board, at its March 24\textsuperscript{th} meeting, approve the updated department charter for internal auditing and compliance operation.

Motion by: Trustee Robert Jones
Seconded by: Trustee Dick Baker
Motion passed.

3. Adoption of BOG Required Internal Audit Report: Performance Funding Data Integrity 2015 was presented by Betsy Bowers, Associate Vice President Internal Auditing.

Internal Auditing & Management Consulting (IAMC) completed the BOG-required audit for the period October 1, 2014-September 30, 2015: Performance Funding Data Integrity. Below is synopsis of the report with the full report as an attachment to this agenda item. The audit report was issued December 15, 2015.

Results:
The audit report included two findings as follows:

1. Management identified an error in application of the BOG definition/rule for calculating University GPA. The programming algorithm included prior and current semester credit hours instead of prior term credit hours only, as BOG definition prescribes. If a correction had been made prior to the submission, the Academic
Progress Rate, Metric 5, would have resulted in one additional point for UWF in the 2014-15 reporting period; however, it would have not affected the overall ranking of UWF among the SUS institution or the amount of funding received by any of the SUS institutions. We recommended coding related to BOG metrics should be reviewed for accuracy and independently validated prior to submission. During our audit, management implemented an independent, dual validation procedure prior to submission.

2. Two resubmissions occurred during our audit period as a result of misinterpretation and miscommunication. The Student Instruction File was found to be in error for three reporting periods due to misinterpreting a data element and resulted in three resubmissions to BOG (August 2014, January 2015, and May 2015). The second resubmission related to miscoding the expenses of Florida Virtual Campus (FLVC) in the Operating Budget File as Public Service and thereby included in the university’s Cost to Degree calculation. These expenses should have been included as an institute and research center and would not have been part of the Cost to Degree calculation. We recommended a thorough review of coding related to BOG metrics occur at least once a year and independent validations prior to submission. During our audit, management worked with the Board of Governors for clarifications regarding data submissions and management implemented an independent, dual validation procedure prior to submission.

A motion was made to recommend the full Board, at its March 24th meeting, Approve the acceptance of the internal auditing report: Performance Funding Data Integrity 2015.

Motion by: Trustee Dick Baker  
Seconded by: Trustee Robert Jones  
Motion passed.

4. Approval of Internal Auditing PCard Audit Reports for 2nd Quarter (October 2015 – December 2015) was presented by Betsy Bowers, Associate Vice President Internal Auditing.

Results for Quarter 2 included twelve (12) departments encompassing 30 cardholders were examined on a sample basis. Individual reports were distributed to department heads and Procurement & Contracts upon completion of the audits. The totals below show the volume of activity occurring for these twelve departments and the amount tested. All reports are available from Internal Auditing.

The most common findings for Quarter 2 included:

1. The Department Head did not review and sign the monthly reconciliation reports.
2. The monthly reconciliation reports were not completed timely.
3. Sales tax was paid and a refund not requested.
Internal Auditing will follow up to determine if adequate corrective actions occurred.

A motion was made to recommend the full Board, at its March 24th meeting, Approve the acceptance of the internal auditing report: Performance Funding Data Integrity 2015.

Motion by: Trustee Dick Baker  
Seconded by: Trustee Robert Jones  
Motion passed.

5. **Approval of Revision of University Policy HR-18.00-2004/07 Hours of Work and Benefits** was presented by Jeff Comeau, Associate Director of Human Resources.

The University’s *Hours of Work and Benefits* policy was originally adopted by the Board of Trustees in July 2004. On February 15, 2016, a change in the text of this policy was circulated to the University community for comment. No comments related to the proposed changes have been received to date. There is a 30-day comment period for proposed amendments to University policies. The comment period will not be completed by March 1, 2016, but will be completed by March 24, 2016, the date of the full BOT meeting.

The proposed changes relate to the timing of payment for unused annual leave for employees who convert from leave accruing positions to non-leave accruing positions and for employees who convert from annual leave accruing positions to OPS positions. The proposed language would allow for payment of unused annual leave at the time the employee separates from the University for those who convert to non-leave accruing positions, at the rate of pay the employee earned at the time of the transition. The proposed language would allow for payment of unused annual leave at the time of conversion for employees who convert to OPS positions. In either case, employees would be permitted to take an annual leave payout only one time during their employment with the University.

A motion was made to recommend approval of the revision of University Policy HR-18.00-2004/07 Hours of Work and Benefits by the full Board at its March 24th meeting.

Motion by: Trustee Dick Baker  
Seconded by: Trustee Robert Jones  
Motion passed.

**INFORMATION ITEMS**

1. **External Audit: Financial Exam of Florida SBDC Network** was presented by Betsy Bowers.
2. **External Audit: Intercollegiate Athletics Financial Statement Audit** was presented by Betsy Bowers.

3. **WUWF-FM Financial Audit** was presented by Betsy Bowers.

4. **Internal Auditing Update** was presented by Betsy Bowers.

**OTHER COMMITTEE BUSINESS**

None

**ADJOURNMENT**

With no further Audit & Operations items to discuss, the meeting was adjourned at 9:44 a.m.

Respectfully submitted,
Becky Luntsford, recording secretary