Chair Bob Jones called the meeting to order at 1:31 p.m. with committee member Dick Baker present.

Other trustees in attendance: Mort O’Sullivan, Dave Cleveland, Jay Patel, Suzanne Lewis, Kishane Patel, Ted Fox, Lewis Bear, Jr., Jay Patel, Greg Britton and Bob Sires.

Dr. Martha Saunders, President; Dr. George Ellenberg, Interim Provost; Dr. Steve Cunningham, VP Administrative Services; Dr. Pam Northrup, VP, Innovation and Strategic Research; Dr. Kevin Bailey, Vice President Student Affairs; Dr. Meredith Brunen, Interim Vice President University Advancement; Ms. Anita Schonberger, Deputy General Counsel; Dr. Jay Clune, Interim Vice Provost; Dr. Michael Huggins, Dean CSEH; Dr. Tim O'Keefe, Dean COB; Dr. Ed Ranelli, Faculty Emeritus; Dr. William Crawley, Dean CEPS; Dr. Steve Brown, Dean CASSH; Dr. Ermalynn Kiehl, Dean College of Health; Dr. Bob Dugan, Dean University Libraries; Dr. Kim LeDuff, Dean/AVP of University College; Dr. Brandon Frye, Dean of Students; Ms. Colleen Asmus, AVP Financial Services; Ms. Betsy Bowers, Internal Auditing & Compliance; Dr. Joffery Gaymon, AVP Enrollment Management; Dr. David Ramsey, Associate Professor, Government; Ms. Megan Gonzalez, Executive Director, University Communications; Dr. Melinda Bowers, Director, Emerald Coast Campus; Ms. Jamie Sprague, Associate Director, Human Resources; Dr. Jim Hurd, SVP Student Affairs; Dr. Ruth Davison, Director Housing & Residence Life; Ms. Rachel Blakesley, Asst Director, Residence Life; Dr. Mica Harrell, Director, Wellness Services; Ms. Lauren Loeffler, Director, Career Services; Ms. Robin Zimmerman, Assoc. Dean of Students; Dr. Jim Arruda, Psychology; Ms. Kelley Brundage, University Registrar; Dr. Rebecca Kennedy, Director, Health & Wellness Services; Mr. Pat Crawford, Director, WUWF Public Media; Mr. Zach Jenkins, Director, HAAS Center; Ms. Amy Newburn, Asst Director, HAAS Center; Ms. Allison Romer, Economic Development Coordinator, HAAS Center; Dr. Karen Rasmussen, Asst Provost, Innovation Institute; Mr. Chris Middleton, Director of Strategic Innovation; Innovation Institute; Mr. Andrew Romer, Senior Executive Specialist, Governmental Relations; Mr. Christian Garman, Storylab Outreach Manager, Innovation Institute; Ms. Cynthia Talbert, Internal Auditor III; Ms. Lauren Alidor, Administrative Specialist, Internal Auditing; Mr. Matt Packard, Compliance Officer, Internal Auditing; Mr. Dan Bevil, Internal Auditor II; Mr. Dan Lucas, CFO, UWF Foundation; Mr. John Warren, Chief of Police; Dr. Mark Roltsch, Asst. VP Research; Ms. Karen Rentz, Director, Title IX Programs; Mr. Chip Chism, Parking & Transportation Services Director; Dr. Jenae Burkart, Faculty Technology Support Specialist, ITS; Mr. Chuck Bell, Telecommunications Specialist, ITS; Mr. Peter Robinson, Director, Environmental Health & Safety; Dr. Vannee Cao-Nguyen, Director, SDRC; Dr. Claudia Stanny, Director, CUTLA; Ms. Sandra Thompson, Director, ITS; Ms. Melanie Haveard, Exec Director and CTO, ITS; Mr. Ross
CHAIR’S GREETING

Chair Jones welcomed everyone in attendance and explained that there were five action items and two information items on the committee’s agenda.

ACTION ITEMS

1. Approval of the University of West Florida Annual Financial Report for 2015-2016 was presented by Colleen Asmus, Associate VP, Finance.

On February 22, 2017, 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, 2016. 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 29, 2017 meeting, Approve the University of West Florida Annual Financial Statement Report for 2015-2016 as presented.

Motion by: Trustee Dick Baker
Seconded by: Trustee Bob Jones
Motion passed unanimously.
2. Approval of State of Florida Compliance and Internal Controls over Financial Reporting and Federal Awards for Fiscal Year Ended 2016 Audit Report was presented by Associate Vice President for Internal Auditing & Compliance, Betsy Bowers.

On March 30, 2017, the State of Florida Auditor General released its report on the statewide audit of the Federal funds for fiscal year 15/16, which ended June 30, 2016, 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. 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. 482 US Dept. Interior Grant-showing expenses for FY 2016
- Pg. 485 NASA grant--showing expenses for FY 2016
- Pg. 490 HHS grant--showing expenses for FY 2016

**Prior Audit Findings/Current Status** (as included in the SSPAF [Summary Schedule of Prior Audit Findings] Report)

- UWF had four prior findings in the 2014-15 audit, all of which have been fully corrected. This is shown on pages 53-55 of the report.

After Ms. Bowers’ presentation, Chair Jones asked for a motion recommending the full Board, at its June 29th meeting, Approve the State of Florida Compliance and Internal Controls over Financial Reporting and Federal Awards for Fiscal Year Ended 2016 Audit Report.

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

3. **Approval of 2017/2018 Work Plan for UWF Internal Auditing & Compliance** was presented by Associate Vice President for Internal Auditing & Compliance, Betsy Bowers.

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 & Compliance for fiscal year 2017/18. A two-year Work Plan is being presented for 2017/18 and 2018/19. 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 surveyed and/or personally interviewed to obtain their input on risks. As a result, we propose the following:

1. Conduct 10 internal audits: Performance Based Funding Metrics (required by the Board of Governors), Affiliation Agreements, Departmental Audit-College of Business, Departmental Audit-Hal Marcus College of Engineering and Science, IT: Bring Your Own Device, Innovation Institute, Library Operations, Outside Activities/Conflict of Interest, Petty Cash and Change Funds, and PCard Audits
2. Conduct various management advisory (consulting) services.
3. Follow-up of Federal, State and internal audit findings.
5. Enhance and grow the Compliance function for UWF.

This Work Plan is a living document. The Plan 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 29, 2017 meeting, approve the 2017/2018 Work Plan for UWF Internal Auditing & Compliance.

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

4. **Acceptance of Quality Assurance Review Validator Report 2016** was presented by Associate Vice President for Internal Auditing & Compliance, Betsy Bowers.

As per BOG Regulation 4.003, all SUS internal auditing functions are required to follow the practices espoused by the Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards).* As described by the IIA, a quality assurance and improvement program enables an evaluation of an internal audit activity's conformance with the official definition of internal auditing and an evaluation of whether internal auditors apply the profession’s *Code of Ethics*. The quality assurance and improvement
program also assesses the efficiency and effectiveness of an internal audit activity and identifies opportunities for improvement.

All internal audit activities must maintain a quality assurance and improvement program that contains both internal and external assessments. External assessments enhance value, as they enable an internal audit activity to evaluate conformance with the Standards, internal audit and audit committee charters, the organization’s risk and control assessment, the effective use of resources, and the use of successful practices. An internal audit activity must obtain an external assessment at least every five years and have an independent validation.

In the summer 2016, UWF Internal Auditing & Compliance (IAC) performed a self-assessment of its operations and the results were evaluated by a validation team in November 2016. Their validation report was received on March 30, 2017. UWF received the highest rating, “generally conforms.”

Positive attributes

- Development of staff, both personally and professionally.
  - Staff has degrees from accredited universities. IAC Associate Vice President encourages staff to obtain relevant certifications. Staff is also encouraged to participate in relevant professional organizations such as the IIA, Association of College and University Auditors and Toastmasters.
- Utilizing technology to increase staff efficiency
  - IAC uses data analysis software to monitor/audit PCard transactions.
  - IAC developed an audit management system that allows them to be more efficient in performing audit work.
  - IAC developed a compliance system database that allows IAC to identify, track and monitor compliance risks.
- Partnering with management
  - IAC participates in campus committees, provides business consulting services to management, and includes management in its annual risk assessment.
- Leadership
  - IAC AVP stepped into a management role (CFO) at management’s request while a search for a new VP was ongoing. This demonstrates the value UWF management places on IAC.

Opportunities for Improvement

1. Audit committee does not formally participate in the performance evaluation of the AVP Internal Auditing. The president performs the evaluation. *(Response: Input from the chair of the Audit & Compliance Committee will be sought prior to the AVP’s performance evaluation. Implementation date: October 2017.)*
2. IAC doesn’t explicitly disclose its organizational and engagement independence and objective to the Board of Trustees annually. (Response: The IAC Annual Report will include a section on independence and objectivity and note if there is any potential impairment, actual impairments or no impairments. This will be presented to the BOT Audit & Compliance Committee. Implementation Date: September 2017)

Chair Jones asked for a motion recommending the full Board, at its June 29, 2017 meeting, Accept the Quality Assurance Review Validator Report 2016.

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


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

Background
Internal Auditing has been charged with auditing PCard holder and approver activity as well as departmental activities and internal controls. The objectives of these audits were to determine if departments complied with UWF PCard policies and procedures, as well as to evaluate the level of understanding of PCard policies among PCard holders and approvers. UWF presently has 442 PCard holders distributed across 149 departments.

Notable Strengths
Files were well organized. Staff was well trained in PCard procedures. There was strong separation of duties.

Results for Quarter 3 (January 2017 – March 2017)
Eight (8) departments encompassing 55 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 eight departments and the amount tested. All reports are available from Internal Auditing.
Most Common Finding for Quarter 3 (January – March 2017)

JP Morgan bank statement not reviewed during the reconciliation process.

Chair Jones asked for a motion recommending the full Board, at its June 29, 2017 meeting, Accept the Internal Auditing PCard Audit Report for Quarter Three.

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

INFORMATION ITEMS

1. Internal Auditing Update – An update on Internal Auditing activities was presented by Betsy Bowers.

2. Compliance Update – An update on Compliance activities was presented by Matt Packard, Compliance Officer.

OTHER COMMITTEE BUSINESS

None

ADJOURNMENT

With no further Audit & Compliance items to discuss, Chair Jones adjourned the meeting at 1:51 p.m.

Respectfully submitted,  
Becky Luntsford, Assistant Corporate Secretary