



**AGENDA**

**THE UNIVERSITY OF WEST FLORIDA  
BOARD OF TRUSTEES**

**Audit & Compliance Committee Meeting  
November 6, 2019**

**University of West Florida  
UWF Conference Center, Bldg. 22  
11000 University Parkway, Pensacola, FL 32514**

**Call to Order/Roll Call. . . . . Robert Jones, Chair**

**Chair's Greeting . . . . . Robert Jones**

**Action Items:**

1. Approval of the Office of Compliance and Ethics Annual Report 2018-19
2. Acceptance of UWF Internal Auditing Reports Issued: Police Department 18-19 006; Parking & Transportation Services 19-20 001
3. Acceptance of Internal Auditing PCard Audit Reports Quarter 1 Update (July - September 2019)
4. Acceptance of External Audit of Financial Statements of Direct Support Organization: West Florida Historic Trust, Inc.

**Information Items:**

1. Internal Auditing and Management Consulting Update on Activities
2. Office of Compliance and Ethics Update on Activities

**Other Committee Business:**

**Adjournment**

**UWF Board of Trustees Meeting**  
Audit & Compliance Committee  
November 6, 2019

**Issue:** Office of Compliance & Ethics Annual Report 2018-19

**Proposed action:** Approval

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**Background Information:**

This report was developed to fulfill the requirement set forth in Florida Board of Governors Regulation 4.003, State University System Compliance and Ethics Programs (7)(g)(8), which states that each member institution must “Report at least annually on the effectiveness of the Program. Any Program plan revisions, based on the chief compliance officer’s report shall be approved by the board of trustees. A copy of the report and revised plan shall be provided to the Board of Governors.”

The following annual report provides an overview of the achievements and effectiveness of the UWF Compliance and Ethics function. It *does not* propose any program plan revisions.

**Recommendation:** Approval of the Office of Compliance and Ethics 2018-19 Annual Report

**Implementation:** None

**Fiscal Implications:** Fiscal oversight by the UWF Board of Trustees

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**Prepared by:** Matthew Packard, Chief Compliance Officer, 850-857-6070, mpackard@uwf.edu

**Presenter:** Matthew Packard



**EXECUTIVE SUMMARY**

We audited University Police Department operations for the period May 1, 2018 – April 30, 2019. This audit was included as part of our approved audit work plan for 2018-2019. The primary objective of the audit was to evaluate the adequacy and effectiveness of the department’s controls in place for managing campus safety, including emergency/critical response.

Other specific objectives of this audit included evaluating controls for:

- Ammunition, weapons, and equipment controls;
- Compliance with applicable federal, state, and University regulations;
- Evidence handling/processing;
- Internal investigations controls;
- Officer supervision and training;
- Policies and procedures adequacy;
- Revenue and expense controls;
- Safeguarding of confidential information, and
- Reporting

Audit fieldwork began on May 6, 2019, and ended on August 7, 2019. Our audit was conducted in accordance with the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* and generally accepted auditing standards.

**RESULTS**

Overall, we noted controls were strong; however, we noted improvement opportunities existed for 1) creating desktop procedures to document the activities needed for preparing and submitting the Combined Annual and Fire Safety Report (Clery Act) to the Department of Education (DOE), and Uniform Crime Reports submitted to the Florida Department of Law Enforcement (FDLE), and 2) implementing a periodic review process for evaluating the rate in place for charging campus departments for requested patrol officer safety support provided at campus events.

**BACKGROUND**

The Police Department’s mission is to advance UWF’s mission, vision, and priorities by providing a safe environment through professional service to the campus community. Police customers include students, faculty, staff, visitors, and guests.

The Police department operates 24 hours a day, is within the Division of Finance and Administration, and reports to the Division’s Vice President. The Police Department staff consists of the following positions:

Function	Staffing Numbers
Chief, Assistant Chief, Captain*	3
Crime Prevention/Training Officer: *	1
Investigator: Sergeant (Srgt.) *	1
Patrol: Srgt. (3), Corporal (3), Officer (10)*	16
Administration	2
Communications:	8
- Sr. Communications Operator	
- Communications Operator (7)	
<b>Total Department Staff</b>	<b>31</b>
* Sworn Officer(s)	

Key department statistical information for 2018-2019 included:

Arrests	21
Blue Light Alarms	291
Crimes Reported	103
Criminal Cases Closed	49
Escorts	644
Fire Alarms	44
Criminal & Non-Criminal Incident Reports Filed	366
Public Interaction Cards	3,936
Security Alarms	511
Service Calls	528
Student Referrals	41
Traffic Crash Reports	56
Traffic Warnings	685
Unlocks	911

Police Department staff are located on the main campus in two separate buildings. Patrol officers operate mainly out of building 93, and all other Police staff operate out of building 94.



## Internal Auditing & Management Consulting

Audit: Police Department

Report # UWF18-19\_006

Date: September 26, 2019

Police patrol staff work 12-hour shifts to provide 24-hour campus coverage. Each shift assigned includes a minimum of three officers, including one supervisor.

The department is in process of seeking accredited status through the Commission for Florida Law Enforcement Accreditation. They have recently obtained Power DMS software, a key tool supporting accreditation.

Police communications (dispatch) staff provide 24-hour support for police and campus radio, fire/panic/security alarms, Guardian alarms, and walk-in customers. They operate campus switchboard services, police phone lines, internal and external public address systems, and manage access to security camera footage.

### SCOPE OF REVIEW – INCLUDED:

- Interviewing department staff;
- Identifying extent of campus safety support;
- Identifying controls for authorizing, accounting, and tracking of ammunition, weapons, and equipment;
- Identifying/reviewing controls in place for managing compliance requirements;
- Observing evidence collection and storage areas, and controls for chain of custody;
- Reviewing internal investigative processes, procedures, controls, and case files to confirm police investigations were performed in compliance with department policy;
- Reviewing records, procedures, and activities supporting officer supervision and training;
- Reviewing the extent of policies and procedures in place for supporting department operations;
- Confirming revenues properly collected, administered, deposited, and recorded, and expenses properly authorized, supported with documentation, and necessary/appropriate for operation of a police department;
- Reviewing access and information technology (IT) controls to internal and external systems containing confidential information; and
- Confirming key crime reports prepared and submitted timely to the DOE and FDLE, and backed by department incident report data.

### Notable Strengths

#### Campus Safety

UWF was recently identified as one of the Safest Colleges in America by the National Council on Home Safety and Security.

We reviewed the extent of the department's activities and efforts supporting campus safety, and determined them to be substantial. Examples identified included:

- All five campus zones are covered by patrol officers;
- Broadcasting capability into classroom/office spaces;
- Building emergency coordinators assigned;
- Campus care and risk management team participation;
- 24 hours a day coverage for campus patrol, and communications (dispatch), including the UWF switchboard;
- Conducted active shooter trainings;
- Crime prevention/personal safety classes taught;
- Distribute safety alerts and notices;
- Emergency Blue Lights exist throughout campus;
- Oversight of emergency management plans;
- Guardian mobile safety app (voluntary) for students implemented;
- Lightning and Public Areas Sirens exist;
- Mobile/desktop alerts implemented to relay emergency information;
- Panic button and security camera monitoring/support exist;
- Patrol of university events by sworn/certified officers;
- Police vehicle's camera recorded traffic stops;
- Published and notified campus of crime and fire statistics;
- Published safety tips on website;
- Safety escorts provided/available 24 hours a day;
- Supported building access/key requests; and
- Traffic and campus vehicle speed control enforced.



## CONTROLS FOR OTHER AUDIT OBJECTIVES

### Ammunition, Weapons, and Equipment

We reviewed activities in place for the authorizing, accounting, and tracking of ammunition, weapons, and equipment (AWE) issued to officers. This included confirming requirements were met to receive and use AWE, and that AWE was inventoried, physically secured, and tracked by location. We noted adequate controls in place for AWE. Examples included:

- Ammunition inspection/replacement as needed;
- Annual inventory taken - officer equipment;
- Logs completed to track weapons;
- Ammunition issued is fixed/limited, discharged ammunition is required to be reported;
- Secured AWE in locked areas/access limited;
- Weapons inventoried, issuance documented, location tracked, and personal weapons approval required by Chief; and
- Weapons training required to be certified.

### Compliance

We reviewed department control activities in place to monitor compliance with key Federal, State, and University Regulations. This included discussions with staff from the Police Department and the Office of Compliance and Ethics, and review of reports and records. We noted key compliance requirements were met, and that officers were made aware of key compliance requirements applicable for various potential situations they might encounter. We noted control activities in place to support compliance with Federal, State, and University Regulations were adequate. Examples included:

- Annual crime statistics reporting (Clery Act);
- Bi-annual Uniform Crime Reporting (FDLE);
- Certifying dispatcher access to crime databases;
- Following FDLE rules for evidence collection and Law Enforcement Officers' Bill of Rights;
- Mandatory reporters - child abuse/neglect;
- Periodic collaboration with the Office of Compliance and Ethics; and
- Sworn Officer certification/training

### Evidence Handling/Processing

We observed controls over evidence collection, packaging, storage, security, and transfer. This included review of documentation completed to evidence chain of custody. We determined evidence controls were adequate. Examples of key controls for supporting evidence handling/processing included:

- Annual inventory of evidence reported to Chief;
- Case tracking form completed for evidence transfer;
- Evidence log maintained in evidence room;
- Evidence log supported by police case reports;
- Evidence transfers from lockers to storage is only completed by Assistant Chief or Captain;
- Followed FDLE evidence handling regulations;
- If evidence needs to be destroyed, it gets issued, recorded, and signed for by Escambia County or Santa Rosa County Sheriffs' offices;
- Property receipts completed to document chain of custody for evidence collected;
- Secure intake lockers used to initially store evidence;
- Secure room used to subsequently store evidence – special features include a bolted window and a 1-inch crawl space between ceiling tiles;
- Special packaging materials in place; and
- Standard Operating Procedure (SP-200-10) for Evidence).

### Internal Investigations Controls

We reviewed department internal investigative processes. This included staff interviews and reviewing case files. We noted control processes to conduct and oversee internal investigations were adequate, based on procedures being followed, documentation completed and retained, and investigative reviews being completed timely with due diligence applied. Examples of control activities identified for internal investigations included:

- Chief reviewed all informal and formal complaints received, and decided if an investigation was needed;



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- Chief provided notification of investigation to the Assistant Chief;
- Case files kept in secured area;
- Case files were noted to be inclusive of evidence gathering, interviews of witnesses, and required disclosure or oath forms. Also, the investigative report was noted to require summary, narrative, conclusion, and findings be documented;
- Investigative reports provided to the Chief who determined if disciplinary action necessary through consultation with Human Resources;
- Memorandum sent to the Investigator from the Assistant Chief to notify of investigation assigned;
- Notification of impending investigation sent by the Investigator to subject;
- Recording of citizen complaints received; and
- Standard Operating Procedures (SOP 500-8) existed for providing guidance on completing investigations.

### **Officer Supervision and Training**

We evaluated control activities for officer supervision and training, and noted them to be adequate. Key activities included:

- Assignment of patrol officer schedules and zones;
- Assignment/issuance of weapons by shift supervisor;
- Command staff reviewed incident reports;
- Officer job performance evaluated annually;
- Monitored outside activities of sworn officers;
- Monitored officer compliance with FDLE and department training requirements;
- New officers completed a 12-week field training program supervised by a field training officer (FTO), and completion must be supported by FTO recommendation to the Chief, Chief provides approval before training status can be removed;
- New online training system recently implemented;
- Sworn officers certified by the State of Florida; and
- Training includes high liability topics - use of force, firearms, vehicle operations, and first aid.

### **Policies and Procedures Adequacy**

We reviewed the extent of department Standard Operating Procedures in place to guide and support officers, dispatchers, an administrative staff in carrying out their job responsibilities. We determined the written procedures in place to guide department staff were extensive/adequate. Examples of topics addressed by department procedures included:

- Crime prevention, campus crime reporting;
- Crisis intervention, emergency and threats, incidents;
- Investigations;
- Public Records;
- Safety, security, and training;
- Traffic enforcement;
- Use of crime databases; and
- Weapons

### **Revenue and Expense Controls**

We reviewed controls over department operating revenues and expenses, with a focus on non-payroll expenses. No exceptions were noted. See results below:

**Miscellaneous auxiliary revenues** (index 130493) are derived from providing copies of campus crash and case incident reports to external parties (e.g. insurance companies). These receipts average approximately \$1,500 per year. We noted these transactions were properly receipted and deposited.

**Interdepartmental chargeback (index 130493) operating revenues** are derived from patrol officer security support provided at UWF events. These revenues total approximately \$25,000 per year. We sampled multiple chargeback revenue transactions to confirm the underlying services were requested, approved, worked, supported with time records, and charged back to requesting departments in compliance with Police Department procedures, including its established hourly rate. We noted no exceptions to the processes followed. However, we noted an opportunity (See "Key Observations") existed for performing more frequent review of the hourly chargeback rate.



**Department operating (non-payroll) expenditures** for Police (index 2960) average approximately \$75,000 per year, and average approximately \$3,500 per year for Communications/Dispatch (index 2961). Examples of Police expenditures include automobile gas and repairs, general supplies, printing, travel, training, and uniforms. Communications/Dispatch charges consisted mainly of telephone equipment and line charges. We sampled expenditures from both indexes, and noted they were properly approved, procured, and supported with transaction documentation, such as receipts or invoices. We also noted the expenditures were considered reasonable and necessary for performing the responsibilities of a police department.

#### **Safeguarding Confidential Information**

We noted department staff encounter confidential information through use of both the internal (Automated Records Management System – ARMS) an external (State/Federal databases) systems utilized to carry out their job responsibilities.

We reviewed the extent of the department’s activities in place to safeguard confidential information. This included interviews of Police and Department of Information Technology (ITS) staff to understand efforts in place to secure confidential information, verification that written procedures were in place to address confidentiality, staff completion of required training and certifications, and identification of general IT controls in place to secure/protect confidential information.

We noted control efforts/activities in place to secure confidential information was adequate. Examples included:

- Access to crime and driver record databases limited/controlled;
- Crime and driver database access certifications for Dispatchers & Officers;
- Criminal history checks/queries through databases are logged and tracked, monitored by the Dispatch Supervisor, and audited internally and externally.

- Dual authentication required to access vehicle laptops;
- ITS staff supporting Police cleared through FDLE;
- Dispatchers and officers completed training courses for both Data Security & Privacy, and the Family Educational Rights and Privacy Act (FERPA). They also completed the Statement of Understanding Regarding Confidentiality;
- Building and room security/limited physical access to external databases;
- SOP’s existed for accessing crime databases;
- Password/user ID’s issued to access systems;
- Procedures existed to authorize system users;
- Physical security over terminals limited to access databases;
- Police network was separate - not on University servers;
- Police network application (ARMS) backed up daily or more frequently;
- Police server cannot be reached from outside world – only through the vehicle laptops - VPN in place; and
- VPN users added only by one IT staffer through authorization of Police command staff.

#### **Reporting**

We noted the key external reporting requirements included:

1. Combined Annual Security and Fire Safety; and
2. Uniform Crime Reporting

**The Combined Annual Security and Fire Safety Report** is prepared by campus police and submitted online to the Department of Education (DOE) by October 17, and is required to be distributed to the campus by October 1, in order to comply with the Jean Clery Act of 1998. The report includes various statistics on crime offenses, violence against women, disciplinary actions, arrests, fires, and fire safety efforts. We sampled statistical data in the 2018-2019 report (calendar year 2017 data) to ensure it was supported by detailed subsystem records, such as the police incidents reports residing in ARMS. Our review noted the report was backed by reliable supporting data, and was submitted timely to campus and the DOE.



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**Uniform Crime Reports (UCR)** are prepared by campus police and submitted online to the FDLE, both semi-annually and annually. The reports are due one month after the reporting period(s) end. Reports submitted to FDLE aid the agency in producing statewide crime statistics. We confirmed the monthly crime reporting data rolled up to the semi-annual, and annual data reported. We also confirmed the data reported was supported by (reconcilable to) incident reports stored in ARMS.

Although we noted the reports were properly supported and submitted timely, we did note an improvement opportunity for creating desktop procedures to detail report preparation and submission steps—See “Key Observations” below.

### **KEY OBSERVATIONS**

**We noted that internal controls in general over these activities were strong; however, the following opportunities for strengthening controls were identified:**

1. The hourly rate used to charge departments for requested officer security support at events had not been reviewed or adjusted within the last four years. Typically, labor and fringe benefit (and overhead) costs rise over time. Therefore, periodic review of the costs making up (labor, fringe, overhead) the rate, will help to ensure it's in line with costs incurred.
2. The department did not have completed desktop procedures in place to identify in detail, the instructions for preparation and submission of its two key required reports: 1) Combined Annual Security and Fire Safety Report (aka Clery Report) submitted annually to the U.S. DOE, and 2) UCR submitted annually and biannually to the FDLE. The staff members completing and submitting the reports have done so for multiple years. However, backups were not fully trained to step in and complete these responsibilities in cases of unforeseen or extenuating circumstances such as extended absences, accidents, or staff turnover. The department had begun developing the desktop procedure for the Clery reporting process during the course of this review.

### **RECOMMENDED MANAGEMENT ACTIONS**

This included:

1. The department conduct periodic (suggest annual) evaluation of costs incurred for providing officer support at UWF events, in order to determine if the hourly chargeback rate is in line with costs incurred.
2. The department complete its development of desktop procedures to instruct on how to produce and submit both the Clery Report and Uniform Crime Reports, and have backups assigned and trained to be able to complete and submit the reports timely, if required.

We appreciate the cooperation, professionalism, and responsiveness of the Police Department who provided support to our staff during the completion of this audit.

Respectfully submitted,

**John “Vito” Hite MBA, CPA (Maryland), CIA, CFE**



**Internal Auditing & Management Consulting**  
**Audit: Police Department**  
**Report # UWF18-19\_006**  
**Date: September 26, 2019**

**REPORT PROVIDED TO THE FOLLOWING:**

Dr. Martha Saunders, President  
Mort O'Sullivan, Chair BOT  
Bob Jones, Chair Audit & Compliance Committee  
Dick Baker, Audit & Compliance Committee  
Robert Sires, Audit & Compliance Committee  
Betsy Bowers, Vice President Finance & Administration  
Marc Cossich, Police Chief  
Melanie Haveard, ITS Executive Director and CTO  
Matthew Packard, Chief Compliance Officer  
Jaime Hoelscher, Manager, FL Auditor General  
Ken Danley, Supervisor, FL Auditor General  
Julie Leftheris, BOG Chief Inspector General  
Lori Clark, BOG Compliance and Audit Specialist  
Rebecca Luntsford, BOT Liaison



## **MANAGEMENT RESPONSES TO RECOMMENDATIONS**

### **Recommendation #1**

Management Response: Annually, the Police Department will meet with Human Resources to review and determine if any changes are needed in the hourly chargeback rate.

Responsible Party: Police Captain

Targeted Implementation Date: December 2019, and the evaluation will be conducted in August of every year.

### **Recommendation #2**

Management Response: Desktop procedures covering the Clery Report and the Uniform Crime Reports will be documented. These desktop procedures will be reviewed annually in July to document any changes to the reporting requirements for the Clery Report and the Uniform Crime Report.

Responsible Party: Prime responsibility is the Office Manager, and backup is the Police Captain

Targeted Implementation Date: January 2020



Office of  
Compliance and Ethics  
UNIVERSITY *of* WEST FLORIDA



# Annual Report

## 2018-2019

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Prepared by: Matthew W. Packard, CCEP  
*Chief Compliance Officer, Office of Compliance & Ethics*

## Executive Summary:

In May 2018, the University of West Florida (“UWF” or “University”) Board of Trustees (“BOT”) Audit and Compliance Committee approved the formation of UWF’s first dedicated compliance and ethics program, The Office of Compliance and Ethics (“OCE”). Its mission is to establish and maintain a centralized compliance and ethics function and promote a system-wide culture of compliance, integrity, and ethical behavior throughout the UWF system. The OCE achieves this through firm adherence to the elements of an effective compliance and ethics program originally established in Chapter 8 § 8B2.1, Effective Compliance and Ethics Programs, of the U.S. Federal Sentencing Guidelines and set forth in the Florida Board of Governors (“BOG”) Regulation 4.003, State University System Compliance and Ethics Programs.

Subsequently, the following annual report is presented within the context of these elements. Since their introduction in the 1991 edition of the Federal Sentencing Guidelines, these program elements have gained widespread recognition as foundational requirements of a holistic and operable compliance and ethics program. These elements are as follows:

1. Governing Oversight and Accountability
2. Establish Policies and Procedures
3. Training and Education
4. Auditing and Monitoring
5. Response and Prevention
6. Incentives and Discipline
7. Measure Program Effectiveness

From these universal standards, UWF’s compliance and ethics program is continuously tailored in order to meet the unique needs of our organization. By doing so, the OCE hopes to empower our staff and faculty to act with integrity, provide risk deterrence, and firmly establish an ethical and inclusive working environment.

Lastly, I would like to give special thanks to the many individuals who have made this possible. None of the following achievements could have been reached without the dedication and effort of countless individuals spread across the entirety of UWF. Because in the end, compliance is collective effort, which goes far beyond the actions of the OCE. Therefore, I would like offer my sincerest appreciation to all the UWF Compliance Partners, Vice Presidents, the University President, and the Board of Trustees (“BOT”) Audit and Compliance Committee for their energy and effort in helping us establish an effective and valued compliance and ethics program. Go Argos!

Respectfully yours,

A handwritten signature in blue ink that reads "Matthew Packard". The signature is fluid and cursive, with the first name being more prominent than the last.

Matthew Packard, CCEP

# Annual Report

2018-2019

*The Office of Compliance and Ethics*

## Program Benefits:

- Building an ethical culture and a positive workplace environment
- Proactively protecting the University through risk reduction and mitigation
- Increasing operational efficiency through employee engagement



## Report Highlights:

Inaugural Compliance and Ethics Program Established

Two New Policies Developed

OCE receives Nautilus Excellence Award

Full Compliance with BOG/REG 4.003 achieved

CCO Presents at 2018-19 Employee Symposium

OCE spearheads the 2018-19 Systemwide Risk Assessment

# Governance & Oversight

Appropriate access, authority and accountability are central features of a successful compliance and ethics program. Without access to leadership and the ongoing support of the BOT and the Office of the President, the OCE would never be able to carry out its mission effectively.

It is a belief in this supposition that help to determine the OCE's place within UWF's organizational structure. Accordingly, UWF designated Matt Packard UWF's first Chief Compliance Officer ("CCO") to oversee the OCE. The CCO reports functionally to the BOT Audit and Compliance Committee and administratively to the UWF University President. Enabling the OCE to efficiently carry out its operational responsibilities and revise the program as appropriate.

This governance structure, formalized in 2018 with the BOT's approval of the OCE and the BOT Audit and Compliance Committee charters, helps ensure that the mission of the OCE gets incorporated into that of the University—and vice versa.

The OCE also enjoys partnerships with a wide array of departments across our campus. Over the past year alone, the OCE identified and partnered with over 50 Compliance Partners. This level of collaboration makes certain that the office has adequate representation across the University. Which is something of particular importance as it increases the overall footprint of the OCE, yielding the office greater influence to promote compliance and ethics systemwide.

Additional governance and oversight responsibilities of the CCO established over the past year include being designated as:

- Vice Chair of the Risk and Compliance Council;
- the EIT Accessibility Advisory Committee Chair;
- a founding member of the Data Governance workgroup; and
- a member of the InfoSys Committee.



## Florida Collaboration

The State University System (SUS) of Florida consists of the state's 12 public institutions of higher education and is nationally recognized as one of the country's best secondary education systems, recently receiving a #1 ranking in higher education in the U.S. News & World Report for the third consecutive year.

One of the great benefits of working within this touted system is a shared dedication to inter-institution collaboration. For compliance professionals, this is done via the State University System Compliance and Ethics Consortium ("SUSCEC"). Founded in 2013, the SUSCEC provides an avenue for member institutions to discuss the development and improvement of compliance and ethics programs, new federal and state regulations, best practices, and the ad hoc issues we face on a day to day basis.

The SUSCEC has proven to be an invaluable asset to the OCE, providing a wide range of insight and support. Including access to a figurative vault of "*lessons learned*" that make navigating the complex regulatory and legal environment of higher education far more practicable than it would be otherwise.

*...Just another example of how Florida is leading the way!*



*“The Nautilus Excellence Award for substantial contributions and outstanding performance”*

## Nautilus Excellence Award

In April 2019, Chief Compliance Officer, Matt Packard, received the Nautilus Excellence Award for his collaboration with UWF's Internal Auditing and Management Consulting department. This award recognizes employees for substantial contributions and outstanding performance and professionalism impacting operations, service excellence, inter-departmental effectiveness, and community involvement.

## Policies & Standards

In order to firmly establish a culture of compliance and ethical behavior, the University is committed to maintaining a system of policies and procedures that satisfactorily address risk and can be readily incorporated into the day-to-day activities of our community. Over the past year the OCE contributed to the creation of two new UWF policies:

- 1.) P-17.01 Copyright Infringement, and
- 2.) P-18.01 Accessible Electronic Information and Technology

**Copyright Infringement:** The aim of the Copyright Infringement policy is to provide UWF protection from online copyright infringement exposure. Specifically, it establishes the preconditions required to comply with the “safe harbor” provision of the Digital Millennium Copyright Act (“DMCA”). A process that led to the designation of the OCE as UWF’s official DMCA Agent under the U.S. Copyright Office.

In this role, the OCE is formally responsible for responding to potential instances of copyright infringement that are reported on the uwf.edu domain. By taking

these preventative measures and establishing the Copyright Infringement Policy, UWF significantly reduces exposure to online copyright infringement liability.

**Accessible Electronic Information and Technology (“EIT”):** This policy serves to re-affirm UWF’s long-standing commitment to provide equal access to services, programs, and activities in an all-inclusive learning environment. P-18.01, Accessible EIT, provides oversight to the development, procurement, and maintenance of accessible electronic information and technology (“EIT”) and strengthens our internal controls making sure accessible products and services are fully integrated into the framework of our institution.

In addition, to meeting our regulatory requirements and avoiding discrimination complaints, assuring accessible accommodations has a multitude of benefits for the University, such as;

- Increasing Search Engine Optimization (“SEO”) leading to increased web traffic
- Enabling UWF to reach a wider audience
- Creating more usable and user-friendly websites

# Training, Education & Awareness

When it comes regulation, there are few industries that are faced with the expansive challenges that we face in higher education. The hundreds of overlapping rules and regulations make it imperative that our employees have access to effective training and education programs that help navigate this environment.

Accordingly, UWF offers a variety of options available both

in-person and online. In addition to standard New Hire Orientation, there are a variety of professional development opportunities and internal certifications available.

The OCE is responsible for the oversight of the Credit Card Processor (CCP) training group, establishing basic compliance and ethics training, and for awareness

of the Florida Code of Ethics for Public Officers and Employees.

Looking forward to 2020, OCE is rolling out two new training programs; the New Supervisor Boot Camp Training Series, and the integration of a targeted training program, which identify and work with personnel in high-risk positions to help strengthen oversight of UWF's more significant risk areas.

# Auditing, Monitoring & Risk Assessment

The OCE works across the UWF system to identify and continuously monitor known risks and verify the efficacy of our risk mitigation controls. One of the most effective structures for this type of work is the University's Risk and Compliance Council.

In 2018-19, CCO, Matt Packard, was named Vice-Chair of the Council and spearheaded the Council's annual Risk Assessment

for the third consecutive year. This year's assessment identified a record 269 risks spread across 12 distinct risk categories.

The top ten risks of 2018-19:

1. Deterioration of Athletic facilities
2. Export controls
3. Clinical Trial Research Program
4. External relations

5. Drugs and potential Marijuana legalization
6. Campus Master Plan
7. Inadequate lab processes and practices
8. Employee Retention
9. NCUR
10. [Three-Way Tie]
  - a. Deferred maintenance;
  - b. Performance Metrics (changes);
  - c. Continued Freeze on Tuition

# Response, Prevention & Enforcement

A cornerstone of the compliance and ethics program is our anonymous reporting mechanism, the UWF Integrity Helpline. Established in 2017, the Helpline provides UWF's employees with the alternative option to bring forward concerns anonymously. Last year, the Helpline experienced approximately one report per month (down from an annual cumulative average of 1.5 per month). The majority of cases involved Human Resources (45.5%), followed by Academics (27.27%), *\*The relatively low number of reports received during*

*this period (11) should be taken into consideration when reviewing the 2018-19 Helpline statistics.*

2018-19 Helpline activity baseline reporting level continues to be comparably lower than the average reporting rate. E.g., UWF records 0.36 reports per 100 employees, compared to a global average of 1.4 reports per 100 employees [Source: NAVEX Global Ethics and Compliance Hotline and Incident Management Benchmark Report].

Another key facet to the prevention of wrongdoing at UWF is our proactive hiring practices. Implementing a stringent screening process, UWF policy maintains that no job finalist will ever receive an offer of employment without first clearing a background screening. Even more, those applying for elevated positions of "Special Trust" are required to undergo fingerprint background check as an additional precaution.

# Incentives & Discipline

Over the past year, the OCE enjoyed collaborative alliances with the offices of Human Resources and General Counsel. Working together to employ an appropriate and consistent disciplinary and reporting system. Key to this effort is coordinating prompt investigations and achieving principled outcomes to Integrity Helpline reporting.

To proliferate our culture, values, and expectations, CCO, Matt Packard, presented at the 2018-19 UWF Employee

Symposium on the topic of “Ethics in the Workplace.” A theme that encompassed the Florida Code of Ethics and the emphasized the importance of reporting wrongdoing.

Lastly, in an effort to ensure employee contributions don’t go unnoticed, the OCE continuously promotes ethical behavior by highlighting exemplary units in its public reporting to the BOT and through its regular communications with UWF leadership.



# Measure Program Effectiveness

The success of our program relies heavily on our ability to be adaptive to the unique and often shifting regulatory environment in which we operate. Accordingly, the periodic process of evaluating program effectiveness is vital to ensuring our program addresses risk in a satisfactory manner.

Acting under this hypothesis, the OCE adopts the “Plan, Do, Check, Act Method” of program management. This four-step approach entails:

- 1.) Establishing an initial program structure/objective (“Plan”);
- 2.) Implementing these elements (“Do”);
- 3.) Assessing program performance/progress (“Check”);
- 4.) Taking corrective action when/ where it is warranted (“Act”).

As OCE is still in its infancy, its only had the opportunity to define program goals and implement initial controls (i.e., the “Plan” and “Do” stages).

As our program matures and enters the “Check” and “Act” stages, the effectiveness of our preliminary attempts will be assessed to identify areas where improvements are possible and implement corrective actions.

Moving forward, the OCE will continue to expand its collaborative relationships, introduce new program elements, and do away with elements deemed to be ineffective. Always working towards a program, which is finely attuned to our unique environment and adaptable to sudden regulatory changes.



*“UWF Operates with Integrity in all Matters:  
Doing the Right Thing for the Right Reason.”*

# Office of Compliance and Ethics

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**See us at:**

*[uwf.edu/compliance-and-ethics](http://uwf.edu/compliance-and-ethics)*



**UWF Board of Trustees Meeting**  
Audit & Compliance Committee  
November 6, 2019

**Issue:** UWF Internal Auditing Reports Issued

**Proposed action:** Acceptance

---

**Background information:**

Internal Auditing & Management Consulting completed two audits during the period July 1, 2019 through September 30, 2019: 1) Police Department, and 2) Parking and Transportation Services.

**Police Department: 18-19\_006**

Our audit period was May 1, 2018, through April 30, 2019, and was part of the approved work plan for 2018/19. We issued the audit report on September 26, 2019. The audit's primary objective was to evaluate the adequacy and effectiveness of the department's controls in place for managing campus safety, including emergency/critical response. Additional objectives included evaluating controls over: ammunition/weapons/equipment, compliance with applicable regulations, evidence handling/processing, internal investigations, officer supervision and training, policies and procedures adequacy, revenues/expenses, safeguarding confidential information, and reporting requirements.

**Results:**

We noted controls were strong; however, we made the following recommendations:

- The department conduct periodic (suggest annual) evaluation of costs incurred for providing officer support at UWF events, in order to determine if the hourly chargeback rate is in line with costs incurred; and
- The department complete its development of desktop procedures to instruct on how to produce and submit both the Clery Report and Uniform Crime Reports, and have backups assigned and trained to be able to complete and submit the reports timely, if required.

Management's Actions: Management has outlined courses of action with implementation by December 2019, and January 2020, respectively.

**Recommendation:** Acceptance of the Internal Auditing report.

**Implementation:** None.

**Fiscal Implications:** Fiscal oversight by the UWF Board of Trustees

**Parking & Transportation Services: 19-20\_001**

Our audit period was July 2, 2018 through June 30, 2019, and was part of the approved work plan for 2019/20. We issued the audit report on October 7, 2019. The audit’s objectives were to evaluate internal controls over departmental administration, financial management, Parking operations, contractual agreements, information technology, maintenance and repairs, and compliance with University policies and State regulations.

**Results:**

We noted that internal controls over most Parking & Transportation Services’ (PATS) processes were strong. Well-written, thorough policy and procedure manuals were in place. Activities seemed designed to facilitate the needs of students and employees. Controls over information technology were appropriate. The staff was trained and physical security was good. Although controls were strong, the following recommendations were provided:

- PATS limit access to the truck keys to persons that are authorized to drive it. We also recommend that they perform a periodic review of driver’s licenses and driving violations, which are available to the public on the internet;
- PATS use a Tableau report of financial holds on the Banner Student module, and periodically use an electronic spreadsheet function to quickly identify any missing financial holds; and
- Patrollers’ ability to void citations be removed on Flex, and that they be required to contact the central staff at PATS for review, approval, and processing of any voids.

Management’s Actions: Management has outlined courses of action with implementation by October 11, 2019.

**Recommendation:** Acceptance of the Internal Auditing report.

**Implementation:** None.

**Fiscal Implications:** Fiscal oversight by the UWF Board of Trustees

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**Supporting documents**

UWF 18-19\_006 Police Department

UWF 19-20\_001 Parking & Transportation Services

**Prepared by:** John “Vito” Hite, Chief Audit Executive, white@uwf.edu, 850-474-2637

**Presenter:** John “Vito” Hite



## **EXECUTIVE SUMMARY**

We audited Parking & Transportation Services for the period of July 1, 2018 through June 30, 2019. This audit was included as part of our 2019/20 audit work plan. Our objectives were to evaluate internal controls over:

- Departmental administration;
- Financial management;
- Parking operations, including permit control and distribution, special event parking, training of parking enforcement staff, ticketing, and booting;
- Contractual agreements;
- Information technology;
- Maintenance and repairs; and
- Compliance with University policies and State regulations.

Audit fieldwork began on July 23, 2019, and ended on September 30, 2019. Our audit was conducted in accordance with the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* and generally accepted auditing standards.

## **BACKGROUND**

The availability of a convenient and safe place to park a vehicle is an expectation of students, faculty, staff and visitors. The mission of Parking & Transportation Services (PATS) is to ensure that this benefit is consistently available. The main campus of the University of West Florida may serve more than 5,000 vehicles during high demand time periods of the year. There are 39 parking lots with a variety of restrictions and special parking arrangements, all designed to serve the campus community in the most effective manner.

Nearly all students and employees are required to purchase parking permits (decals or hangtags) by the semester or academic year. Permit prices range from \$57 for a Remote space, and up to \$363 for a Reserved

space. Most visitors park for free after requesting a temporary parking pass. There are certain classifications of persons who receive free parking permits, for example, Aquatic Center members, Dual Enrollment students, Continuing Education students, and most adjunct faculty.

Parking permits are sold through an online portal that is connected to an external vendor's software application. Buyers can pick up their permit at the PATS office in Building 91 or request that it be mailed to them. No collections are made at PATS, but are made through the online portal or by payroll deduction. Collections for permits during fiscal year 2018/19 were \$793,178. These collections are utilized to pay for administrative costs of the PATS office, as well as some parking lot repairs and maintenance.

Parking Patrollers monitor the parking lots to search for compliance with parking regulations. They use handheld devices (adapted cell phones) to check permits and license tags. These devices are connected to the parking software and have the ability to print citations on the spot. Whenever a third citation is issued, drivers may get a boot on their vehicle and risk being towed. Collections from citations and boot fees in fiscal year 2018/19 were \$241,195. These collections are utilized to pay administrative costs of the PATS office.

PATS makes an annual transfer to the UWF Police Department to compensate them for security services provided to parking services, such as issuing tickets after hours, assisting with boots, and lot blocking; in 2018/19 this transfer was \$74,999.

Charges for permits and citations are not recorded in the Banner Student system, although collections are received through the UWF Cashiering System. A "hold" is placed on the students' accounts receivable record until charges are paid; this prevents them from



registering for classes or, in some cases, from obtaining an academic transcript.

Students enrolled in main campus courses are assessed a per-credit-hour Transportation Fee of \$8. Collections of this fee during fiscal year 2018/19 were \$1,305,314 (less fee waivers of \$105,792). Transportation Fees are used primarily for trolley and bus services provided through a memo of understanding with Escambia County Area Transit, and for PATS’ administrative costs. During fall and spring semesters, four trolleys offer transportation without additional charge at 20 stops. Limited trolley service is also provided during the summer semester.

During fiscal year 2018/19, a cash transfer of \$2,121,652 was made from the UWF direct support organization Business Enterprises, Inc., as responsibility for this function was moved to PATS.

Changes in permit prices, citation assessments, and Transportation Fees must be approved by the UWF Board of Trustees.

Cash balances available to PATS at June 30, 2019 were:

Description	Amount
Transportation	\$4,372,000
Parking Services	1,883,585
Parking Improvements-Fixed Capital Outlay	21,875
Parking Repairs and Reserves	740,000
Design & Construction Reserve	293,194
<b>Total Cash Balance</b>	<b>\$7,310,654</b>

The Transportation account accumulated a reserve during a multi-year period when UWF began raising the fee in anticipation of constructing a parking garage to meet the needs of expected increased enrollment and on-campus housing. While the immediate need for a garage does not exist, financial planning for a future garage is in place as well as plans for other improvements and technological upgrades to the overall parking system.

The PATS staff consists of a Director, a Program Manager, an Office Administrator, six Parking Patrollers, and five other employees who work varying hours in the PATS office or in the UWF Visitor’s Center. PATS is under the supervision of Business & Auxiliary Services.

**Notable Strength**

Prior to 2014, PATS utilized a mainframe internal application to record the underlying data for parking permits (UWFID, license plates, history of parking violations, etc.). Hard copies of documentation related to parking violations was retained. Citations were handwritten by Patrollers. These inefficient processes required significant manual entry and handling of physical documents. In 2014, PATS purchased a software subscription from “T2 Systems” for electronic management of parking activities. The use of T2 has automated practically all of PATS’ operations. Information underlying permits, citations, appeals, collections, and refunds is readily available with very little training required for staff. The central PATS’ staff members who we interviewed during the audit work were enthusiastic about the software, and eager to describe the advantages that accrued to the department from its implementation. We commend management for making this beneficial and cost-effective conversion.

**AUDIT METHODOLOGY**

We conducted interviews of key personnel, examined written policies and procedures and other documentation, and performed audit testing on PATS’ activities, including assets, revenue, payroll, refunds, financial holds, and expenditures.

**KEY OBSERVATIONS**

**We found that internal controls over most Parking & Transportation Services’ processes were strong.** Well-written, thorough policy and procedure manuals were in place. Activities seemed designed to facilitate the needs of students and employees. Controls over



information technology were appropriate. The staff was trained and physical security was good. Although controls were strong, the following improvements could be made:

1. PATS owns a 2005 Chevrolet truck that is primarily used for on-campus transportation. The truck keys were kept in a central location. All 14 of the staff were authorized to use the truck as needed.

University Policy ES-07.02-06/15 "Risk Management for University Automobiles" provides guidance with regard to authorized drivers. It states that departments who authorize persons to drive a UWF vehicle must develop appropriate procedures for ongoing verification that authorized drivers have valid and appropriate driver's licenses. We found that PATS had not established such a procedure.

2. Charges to students, primarily for parking citations, are entered on the PATS' "Flex" system. Until these charges are paid, a hold is placed on the students' University accounts receivable record. This prevents them from registering for classes and, in some cases, obtaining an academic transcript. We conducted a test to trace 2,346 unpaid charges recorded on Flex to a financial hold placed on Banner student accounts by PATS. We found that 57 student accounts did not have these holds placed on them. These discrepancies appear to be primarily related to human error, due to the large volume of holds that must be processed. A report of holds on Banner is available, that can be used to verify the accuracy of hold input.

3. PATS employs six Patrollers who have the ability to write citations as they conduct inspections of parking lots. Some of these employees are considered to have a level of experience that authorizes them to void a citation. An example might be when a Patroller processes a citation, only to immediately note that he incorrectly entered the permit number. The justification for allowing them to void their own citations is to expedite the correction, and to minimize the chance that a student will see it before it is corrected. This ability for a Patroller to both write and void citations allows a single person control over a financial transaction. This methodology reflects a lack of separation of duties, a control vulnerability/weakness.

### **Recommended Management Actions**

1. We recommend PATS limit access to the truck keys to persons that are authorized to drive it. We also recommend that they perform a periodic review of driver's licenses and driving violations, which are available to the public on the internet.
2. We recommend PATS use a Tableau report of financial holds on the Banner Student module, and periodically use an electronic spreadsheet function to quickly identify any missing financial holds.
3. We recommend the Patrollers' ability to void citations be removed on Flex, and that they be required to contact the central staff at PATS for review, approval, and processing of any voids.

We appreciate the cooperation, professionalism, and responsiveness of the Parking & Transportation Services, Business & Auxiliary Services, and Controller's Office employees who were involved in the audit.

Respectfully submitted,

**John "Vito" Hite MBA, CPA (Maryland), CIA, CFE**  
**Associate Vice President, Chief Audit Executive**



**Internal Auditing & Management Consulting**  
**Audit: Parking & Transportation Services**  
**Report # UWF19-20\_001**  
**Date: October 7, 2019**

**REPORT PROVIDED TO THE FOLLOWING:**

Dr. Martha Saunders, President  
Mort O'Sullivan, Chair BOT  
Bob Jones, Chair Audit & Compliance Committee  
Dick Baker, Audit & Compliance Committee  
Robert Sires, Audit & Compliance Committee  
Betsy Bowers, Vice President, Finance & Administration  
Ellen Till, Director, Business & Auxiliary Services  
Chip Chism, Director, Parking & Transportation Services  
Peter Robinson, Director, EH&S  
Jaime Hoelscher, Manager, FL Auditor General  
Ken Danley, Supervisor, FL Auditor General  
Julie Leftheris, BOG Chief Inspector General  
Lori Clark, BOG Compliance and Audit Specialist  
Rebecca Luntsford, BOT Liaison



**Internal Auditing & Management Consulting**

**Audit: Parking & Transportation Services**

**Report # UWF19-20\_001**

**Date: October 7, 2019**

**MANAGEMENT RESPONSES TO RECOMMENDATIONS**

**Recommendation #1**

Management Response: PATS agrees with this recommendation. Staff will evaluate and reduce the number of authorized drivers based on operational needs. PATS staff will also conduct an annual review to ensure that authorized drivers have valid and appropriate driver's licenses and do not have driving violations.

Responsible Party: Parking & Transportation Services Director Chip Chism

Targeted Implementation Date: October 11, 2019

**Recommendation #2**

Management Response: PATS agrees with this recommendation. Staff has obtained credentials necessary to run the report "Banner Student Holds" which shows both Registration Holds and Transcript Holds. Staff will run the report every Friday afternoon to verify hold validity and consistency with what is displayed in FLEX.

Responsible Party: Parking & Transportation Services Director Chip Chism

Targeted Implementation Date: October 11, 2019

**Recommendation #3**

Management Response: PATS agrees with this recommendation and will remove void privileges from patroller accounts. When errors are made in the field, the patroller will radio and request an administrative override. The Program Manager, the Office Administrator, and the Director of Parking and Transportation Services will have void rights.

Responsible Party: Parking & Transportation Services Director Chip Chism

Targeted Implementation Date: October 11, 2019

**UWF Board of Trustees Meeting**  
 Audit & Compliance Committee  
 November 6, 2019

**Issue:** Internal Auditing PCard Audit Reports  
 Quarter 1 Update (July – September 2019)

**Proposed action:** Acceptance

**Purpose**

To provide UWF Senior leadership an overview of audit results for the PCard review completed during the quarter. 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 395 PCard holders distributed across 144 departments.

**Notable Strengths**

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

**Results for Quarter 1 (July – September 2019)**

Eight departments<sup>1</sup> encompassing 28 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.

Number of Departments Reviewed	Number of Cardholders	Number of Transactions Occurring	Number of Transactions Tested	Total PCard Expenditures of Depts.	Total PCard Transaction \$ Tested
8	28	1,210	293 (24%)	\$516,578	\$344,998 (67%)
<b>Audit Opinion for the PCard Audit<sup>1</sup></b>					
<b>EXCELLENT</b>	<b>GOOD</b>	<b>FAIR</b>	<b>POOR</b>	<b>Total</b>	
5	3	0	0	8	

<sup>1</sup> Departments audited (listed by audit opinion): **Excellent** – General Counsel; Innovation Institute; Military and Veterans Resource Center; Research and Strategic Innovation; Workforce and Industrial Innovation; **Good** – Emerald Coast Administration; Student Wellness Services, Health, and Counseling; VP Academic Engagement and Student Affairs.

**Recommendation:**

Acceptance of the Internal Auditing PCard Reports for the First Quarter of Fiscal Year 2019-2020.

**Fiscal Implications:** Fiscal oversight by the UWF Board of Trustees

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**Prepared by:** Elizabeth Mrachek, PCard Auditor, emrachek@uwf.edu, 850-474-2639

**Presenter:** John "Vito" Hite, Chief Audit Executive, vHITE@uwf.edu, 850-474-2638

**UWF Board of Trustees Meeting**  
Audit & Compliance Committee  
November 6, 2019

**Issue:** External Audit of Financial Statements of Direct Support Organization—West Florida Historic Trust, Inc.

**Proposed action:** Acceptance

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**Background information:**

Pursuant to Florida Statute 1004.28<sup>1</sup>, BOG Regulation BOG-9.011(4)<sup>2</sup> and the agreement between UWF and West Florida Historic Trust, Inc. affiliated entities (aka Direct Support Organizations) must be certified annually by the University of West Florida. West Florida Historic Preservation, Inc. (dba UWF Historic Trust) is such an entity and has been audited for the fiscal year ending June 30, 2019.

Agreement provision between UWF and WFHPI: Section 13 of the agreement between the University of West Florida and the West Florida Historic Preservation, Inc., (WFHPI), dated July 1, 2001, requires UWF shall certify on an annual basis, after consideration of the information provided by the Corporation (WFHPI) that the corporation is complying with the terms of this agreement and in a manner consistent with the goals and purposes of UWF and in the best interest of the State. Such certification shall be made annually and reported in the minutes of the meeting of the Board of Trustees of UWF.

**Results:**

To ensure compliance with the agreement, the Chief Audit Executive of Internal Auditing & Management Consulting performed a cursory review of the documents and determined the West Florida Historic Trust met the requirements.

The West Florida Historic Trust received a clean unqualified opinion. The audit was performed in accordance with auditing standards generally accepted in the United States and in accordance to *Government Auditing Standards*. The audit report did not identify any material weaknesses in the internal control system. Additionally, no instances of non-compliance were reported.

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<sup>1</sup> 1004.28(5)(a) "Each direct support organization shall provide for an annual financial audit of its accounts and records to be conducted by an independent certified public accountant in accordance with the rules adopted by the Auditor General pursuant to s. 11.45(8) and by the university board of trustees. The annual audit report shall be submitted, within 9 months after the end of the fiscal year to the Auditor General and Board of Governors for review."

<sup>2</sup> 9.011(4) "Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees or designee, the Board of Governors, and the Auditor General for review."

## Significant Financial Highlights

Overall, the financial results were comparable to the prior year. Highlights included:

- Change in Net Position decreased (\$368,405)
- The Trust's deposits and investments increased \$54,134
- The Trust's bank balance increased \$46,998

**Recommendation:** Acceptance

**Implementation Plan:** None

**Fiscal Implications:** Fiscal oversight by the UWF Board of Trustees of organizations affiliated with or through the University of West Florida.

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## Supporting documents:

- Financial Statement Audit Report for the West Florida Historic Trust, Inc., for fiscal year ending June 30, 2019

**Prepared by:** John "Vito" Hite, Chief Audit Executive, 474-2637 vwhite@uwf.edu

**Presenter:** John "Vito" Hite

**WEST FLORIDA HISTORIC PRESERVATION, INC.  
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST**

**(A COMPONENT UNIT OF  
THE UNIVERSITY OF WEST FLORIDA)**

**PENSACOLA, FLORIDA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

**WEST FLORIDA HISTORIC PRESERVATION, INC.  
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST**

**(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)**

**PENSACOLA, FLORIDA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
West Florida Historic Preservation, Inc.  
d/b/a University of West Florida Historic Trust  
Pensacola, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the entity-wide activities of West Florida Historic Preservation, Inc. d/b/a University of West Florida Historic Trust ("the Trust"), (a component unit of the University of West Florida), which collectively comprise the statements of net position and governmental fund balance sheets as of June 30, 2019 and 2018, and the related statements of activities and governmental fund revenues, expenditures, and changes in fund balance/net position for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

Board of Directors  
West Florida Historic Preservation, Inc.  
d/b/a University of West Florida Historic Trust  
Pensacola, Florida

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of the governmental activities and the entity-wide activities of the Trust as of June 30, 2019 and 2018, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2019, on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.



Pensacola, Florida  
August 21, 2019

**WEST FLORIDA HISTORIC PRESERVATION, INC.  
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST  
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019 AND 2018**

The following is a narrative overview and analysis of the West Florida Historic Preservation, Inc. d/b/a University of West Florida Historic Trust's ("the Trust") significant financial activities for the fiscal year ended June 30, 2019.

**Operational Highlights**

- We cut ribbon on Museum Plaza in February 2019, which includes the Linda Evans Educational Pavilion, the Early Learning Playground and the Rose Garden Storytelling Circle. All of these elements were funded through donations and/or grants.
- With a \$50,000 grant from the Florida Division of Historical Resources, we renovated and opened the Simpson House and Arcadia Homestead.
- We received a Foo Foo Festival Grant this year for \$97,120 to host the Cubed Luminous: Outdoor Digital Art Festival in the Museum Plaza. We also brought in an additional \$27,000 in sponsorships from local community members and businesses in support of this event, which spanned four days and attracted more than 5,000 visitors to our site.
- We worked with a local architect on plans for renovations at the Museum of Commerce to design usable makers' spaces within the existing footprint and exhibitions in place. Renovations will be done in partnership with the University's Art Department, Engineering Department, and Sea3D Lab.
- We reduced payroll by \$43,500 by transitioning a portion of staff salaries to be paid by University funds.
- We have had an increase in overall site visitation of 5% this fiscal year. Short-term rental income is up 25%, ticket sales are up 2%, long term lease income is up 22%. Overall, our numbers are strong and continued to rise.

**WEST FLORIDA HISTORIC PRESERVATION, INC.  
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST  
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019 AND 2018**

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Trust's basic financial statements. They are: 1) entity-wide and governmental fund financial statements and 2) notes to the financial statements.

Entity-wide financial statements are designed to provide readers with a broad overview of the Trust finances in a manner similar to a private-sector business. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found starting on page 8 of this report.

**Summary of Financial Condition**

**West Florida Historic Preservation, Inc.  
d/b/a University of West Florida Historic Trust  
Net Position**

	<b>2019</b>	<b>2018</b>
Total assets, excluding capital assets	\$ 2,032,262	\$ 1,958,268
Capital assets	4,739,327	5,141,184
Total assets	\$ 6,771,589	\$ 7,099,452
Current liabilities	\$ 87,928	\$ 47,386
Invested in capital assets	4,739,327	5,141,184
Reserved	145,151	144,211
Designated	38,620	38,542
PMA designated	117,575	112,802
Undesignated	1,642,988	1,615,327
Total fund balance/net position	6,683,661	7,052,066
Total liabilities and net position	\$ 6,771,589	\$ 7,099,452

**WEST FLORIDA HISTORIC PRESERVATION, INC.  
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST  
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019 AND 2018**

**Summary of Financial Condition (Continued)**

**West Florida Historic Preservation, Inc.  
d/b/a University of West Florida Historic Trust  
Revenues, Expenses, and Changes in Net Position**

	<b>2019</b>	<b>2018</b>
Program revenues	\$ 1,020,176	\$ 1,105,356
General revenues	88,145	131,681
Total revenues	1,108,321	1,237,037
Historic Pensacola Village and museum activities	40,557	65,247
Historic preservation and education programs	349,237	198,364
Pensacola Museum of Art	265,969	336,521
Management and general	412,931	378,766
Depreciation	408,032	318,928
Total expenditures/expenses	1,476,726	1,297,826
Change in net position	\$ (368,405)	\$ (60,789)

**Capital Assets**

The Trust's investment in capital assets totaled \$4,739,327 (net of accumulated depreciation of \$1,798,992). Capital assets include land, buildings and improvements, and furniture, fixtures and equipment.

**Economic Factors**

Budgetary constraints of state and local governments can affect the Trust's funding.

**Requests for Information**

Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the following address:

West Florida Historic Preservation, Inc.  
d/b/a University of West Florida Historic Trust  
Attn: Executive Director  
P.O. Box 12866  
Pensacola, FL 32591-2866

**WEST FLORIDA HISTORIC PRESERVATION, INC.  
DBA UNIVERSITY OF WEST FLORIDA HISTORIC TRUST  
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)  
STATEMENTS OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEETS  
JUNE 30, 2019 AND 2018**

	2019			2018		
	General Fund	Adjustments (Note 1)	Statement of Net Position	General Fund	Adjustments (Note 1)	Statement of Net Position
<b>Assets:</b>						
Cash	\$ 193,708	\$ -	\$ 193,708	\$ 139,793	\$ -	\$ 139,793
Certificates of deposit	179,071	-	179,071	178,852	-	178,852
Due from UWF Foundation	1,173,507	-	1,173,507	1,238,296	-	1,238,296
Grants and local support receivable	143,582	-	143,582	72,346	-	72,346
Accrued interest receivable	131	-	131	130	-	130
Inventory	115,076	-	115,076	116,645	-	116,645
Prepaid assets	10,748	-	10,748	10,290	-	10,290
Historical properties, antiques and collections	215,605	-	215,605	201,082	-	201,082
Deposits	834	-	834	834	-	834
Capital assets -						
Non-depreciable	-	1,010,660	1,010,660	-	1,010,660	1,010,660
Depreciable, net of accumulated depreciation	-	3,728,667	3,728,667	-	4,130,524	4,130,524
<b>Total Assets</b>	<u>\$ 2,032,262</u>	<u>\$ 4,739,327</u>	<u>\$ 6,771,589</u>	<u>\$ 1,958,268</u>	<u>\$ 5,141,184</u>	<u>\$ 7,099,452</u>
<b>Liabilities:</b>						
Accounts payable	\$ 24,623	\$ -	\$ 24,623	\$ 15,663	\$ -	\$ 15,663
Deferred revenue	63,305	-	63,305	31,723	-	31,723
Total liabilities	<u>87,928</u>	<u>-</u>	<u>87,928</u>	<u>47,386</u>	<u>-</u>	<u>47,386</u>
<b>Fund Balance/Net Position:</b>						
Invested in capital assets	-	4,739,327	4,739,327	-	5,141,184	5,141,184
Nonspendable	342,263	(342,263)	-	328,851	(328,851)	-
Restricted/reserved	145,151	-	145,151	144,211	-	144,211
Assigned/designated	38,620	-	38,620	38,542	-	38,542
PMA assigned/designated	117,575	-	117,575	112,802	-	112,802
Unassigned/undesignated	1,300,725	342,263	1,642,988	1,286,476	328,851	1,615,327
Total fund balance/net position	<u>1,944,334</u>	<u>4,739,327</u>	<u>6,683,661</u>	<u>1,910,882</u>	<u>5,141,184</u>	<u>7,052,066</u>
<b>Total Liabilities and Fund Balance/Net Position</b>	<u>\$ 2,032,262</u>	<u>\$ 4,739,327</u>	<u>\$ 6,771,589</u>	<u>\$ 1,958,268</u>	<u>\$ 5,141,184</u>	<u>\$ 7,099,452</u>

The accompanying notes are an integral  
part of these financial statements.

**WEST FLORIDA HISTORIC PRESERVATION, INC.  
DBA UNIVERSITY OF WEST FLORIDA HISTORIC TRUST  
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)  
STATEMENTS OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE/NET POSITION  
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019			2018		
	General Fund	Adjustments (Note 1)	Statement of Activities	General Fund	Adjustments (Note 1)	Statement of Activities
<b>Program Revenues:</b>						
Grants and local support	\$ 397,957	\$ -	\$ 397,957	\$ 499,758	\$ -	\$ 499,758
Admissions, including tours, Pensacola Museum of Art and school programs	292,840	-	292,840	291,557	-	291,557
Rents and leases	309,792	-	309,792	296,362	-	296,362
Museum store income, net	19,587	-	19,587	17,679	-	17,679
Total program revenues	<u>1,020,176</u>	<u>-</u>	<u>1,020,176</u>	<u>1,105,356</u>	<u>-</u>	<u>1,105,356</u>
<b>General Revenues:</b>						
Interest and dividends	23,923	-	23,923	21,514	-	21,514
Miscellaneous	29,939	-	29,939	14,688	-	14,688
Realized/unrealized gains	34,283	-	34,283	95,479	-	95,479
Total general revenues	<u>88,145</u>	<u>-</u>	<u>88,145</u>	<u>131,681</u>	<u>-</u>	<u>131,681</u>
Total revenues	<u>1,108,321</u>	<u>-</u>	<u>1,108,321</u>	<u>1,237,037</u>	<u>-</u>	<u>1,237,037</u>
<b>Expenditures/Expenses:</b>						
Historic Pensacola Village and museum activities	40,557	-	40,557	65,247	-	65,247
Historic preservation and education programs	349,237	-	349,237	198,364	-	198,364
Pensacola Museum of Art	265,969	-	265,969	336,521	-	336,521
Management and general	412,931	-	412,931	378,766	-	378,766
Depreciation	-	408,032	408,032	-	318,928	318,928
Capital outlay	6,175	(6,175)	-	388,208	(388,208)	-
Total expenditures/expenses	<u>1,074,869</u>	<u>401,857</u>	<u>1,476,726</u>	<u>1,367,106</u>	<u>(69,280)</u>	<u>1,297,826</u>
Change in fund balance/net position	33,452	(401,857)	(368,405)	(130,069)	69,280	(60,789)
<b>Fund Balance/Net Position, Beginning of Year</b>	<u>1,910,882</u>	<u>5,141,184</u>	<u>7,052,066</u>	<u>2,040,951</u>	<u>5,071,904</u>	<u>7,112,855</u>
<b>Fund Balance/Net Position, End of Year</b>	<u>\$ 1,944,334</u>	<u>\$ 4,739,327</u>	<u>\$ 6,683,661</u>	<u>\$ 1,910,882</u>	<u>\$ 5,141,184</u>	<u>\$ 7,052,066</u>

The accompanying notes are an integral  
part of these financial statements.

**WEST FLORIDA HISTORIC PRESERVATION, INC.  
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST  
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization and Purpose:*

West Florida Historic Preservation, Inc. (“WFHPI”), formerly Historic Pensacola, Inc., was organized as a not-for-profit corporation under Section 266.0018, Florida Statutes, to engage in the restoration and exhibition of historical landmarks in the vicinity of Pensacola, Florida. In 2001, Section 266.0018, Florida Statutes was repealed, at which time the legislature transferred the historic preservation responsibilities to the University of West Florida (“UWF”). On July 1, 2001, WFHPI was designated as a direct support organization of UWF under Section 267.1732, Florida Statutes, in order to assist UWF in carrying out its dual historic preservation and historic preservation education purposes and responsibilities. In November 2013, West Florida Historic Preservation, Inc. changed its name to West Florida Historic Preservation, Inc., d/b/a University of West Florida Historic Trust (“the Trust”).

The general operating authority of the Trust is contained in Section 267.1732, Florida Statutes (Chapter 2001-199, Laws of Florida). The Trust operates under an operating agreement with UWF and is considered a component unit of UWF.

Expenses paid by the Trust to renovate or modify property controlled by UWF and leased by the Trust are capitalized and reflected in buildings and improvements in these financial statements. The Trust assists UWF in operating, preserving and maintaining various historical properties owned by the State of Florida and controlled by UWF. Certain expenses related to these activities are directly paid by UWF and are not included in these financial statements. Those expenses, which are not reflected in these financial statements, are as follows:

	<u>2019</u>	<u>2018</u>
Telephone	\$ 7,964	\$ 7,950
Operating supplies	30,791	17,750
Office equipment rental	12,861	9,574
Electricity	168,333	173,456
Natural gas	33,003	-
Other utilities	74,846	102,007
Repairs and maintenance	50,912	30,882
Equipment	781	22,336
Contractual services	19,430	32,772
Professional services	22,731	18,368
Security	18,765	19,449
Insurance	11,371	11,175
Other	<u>13,016</u>	<u>7,432</u>
Totals	<u>\$ 464,804</u>	<u>\$ 453,151</u>

**WEST FLORIDA HISTORIC PRESERVATION, INC.  
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST  
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Organization and Purpose (Continued):*

Salaries of UWF employees who staff the Trust are paid directly by UWF. These in-kind salaries amounted to \$1,438,206 and \$1,391,064 for the years ended June 30, 2019 and 2018, respectively, and are not reflected in the books of the Trust. Additionally, UWF donates office space in the Bowden Building located at 120 Church Street in downtown Pensacola, Florida to the Trust. Management estimates the fair value of this donated office space to be \$178,304 for the years ended June 30, 2019 and 2018.

In November 2013, the Trust entered into a Memorandum of Understanding (“MOU”) with the University of West Florida Foundation (“UWFF”), a direct service organization of UWF, where all membership income is handled and recorded by UWFF. Membership income held by UWFF amounted to \$38,270 and \$33,250 as of June 30, 2019 and 2018, respectively.

Each state university board of trustees is authorized to permit the use of property, facilities, and personal services at any state university by any university direct support organization per Section 1004.28, Florida Statutes. Administrative and fiscal services, office space, and other miscellaneous support services are provided to UWF direct support organizations by UWF at no cost. Estimated fair values are recorded if determinable. No value is assigned to administrative and fiscal services in the accompanying statements of activities and governmental fund revenues, expenditures, and changes in fund balance/net position, since there is no objective basis for determining the value.

*Pensacola Museum of Art:*

On July 1, 2016, the assets of the Pensacola Museum of Art (“PMA”), an independent not-for-profit corporation, became part of UWF. On that date, UWFF was gifted a historic building, land, a fine arts collection, furniture and equipment, cash and cash equivalents, a permanent endowment, and other current assets from the dissolving entity totaling approximately \$4.2 million. UWFF transferred the historic building and land to UWF and the fine arts collection, furniture and equipment, and all other assets were transferred to the Trust, with the exception of the permanent endowment. The Trust maintains a management agreement with UWF covering the preservation of historic properties for UWF. UWFF will continue to steward the endowment for purposes of the PMA, now a division of the Trust. The new PMA division has a non-governing advisory board that reports to the Trust’s board of directors. Under the agreement, UWFF will handle all and record all membership income for the PMA. PMA membership income held by UWFF amounted to \$34,884 and \$26,359 as of June 30, 2019 and 2018, respectively.

**WEST FLORIDA HISTORIC PRESERVATION, INC.  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Measurement Focus, Basis of Accounting and Financial Statement Presentation:*

These financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (“GASB”). The Trust utilizes the following fund type:

- General Fund, a governmental fund, is used to account for all revenues and expenditures applicable to the general operations of the Trust that are not required either legally or by accounting principles generally accepted in the United States of America (“GAAP”) to be accounted for in another fund.

*Government-Wide Financial Statements:*

The government-wide financial statements (i.e., the statements of net position and governmental fund balance sheets and the statements of activities and governmental fund revenues, expenditures, and changes in fund balance/net position) report information on all of the activities of the Trust. Governments typically report activities as either governmental activities, which are supported by grants and other intergovernmental revenues, or business-type activities, which rely to a significant extent on fees and charges for support. The Trust reports its activities as governmental activities.

Because the Trust reports only governmental activities and only one program, it is considered to be a special-purpose government for financial reporting purposes under GAAP. As such, the government-wide financial statements are presented together with the governmental fund financial statements with an adjustment column presented to reconcile the two sets of statements.

The Trust has one governmental fund type, which is the General Fund. The General Fund is used to account for all resources and operations. Governmental funds are accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

**WEST FLORIDA HISTORIC PRESERVATION, INC.  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Governmental Funds:*

The General Fund is accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; that is, when they are measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Trust considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when the related liability is incurred. Primary revenues consist of charges for services, licenses, and permits. All of these revenues are susceptible to accrual.

*Use of Estimates:*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Inventory:*

Inventory consists of merchandise held for resale in the museum gift shops. Inventory is stated at lower of cost or market and is accounted for under the first-in, first-out method.

*Capital Assets:*

Property and equipment are recorded at cost. Donated capital assets are recorded at their estimated fair market value on the date of contribution. Expenditures which equal or exceed \$5,000 that materially increase values, change capacities, or extend useful lives are capitalized. Repairs and maintenance costs are charged to operations when incurred.

Depreciation is computed using the straight-line method. Estimated useful lives of property and equipment range as follows:

Buildings and improvements	10 - 40 years
Furniture, fixtures and equipment	5 - 10 years

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Historical Properties, Antiques, and Collections:*

Purchased historical properties, antiques, and collections that are held for educational and curatorial purposes are recorded at cost. Donated items are not capitalized but are recorded both as revenue and expense in the government-wide statement of activities. Whether purchased or donated, each item is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously.

Historical properties, antiques, and collections are acquired for purposes of preservation and display. Management considers these items to be historically significant and should be preserved perpetually. Accordingly, depreciation is not recorded for these items.

*Program Revenue:*

Program revenue from local governments and government grants is recorded based upon the terms of the grantor allotment which generally provides that revenue is earned when the allowable costs of the specific grant provisions have been incurred or the performance of the services has been rendered. Such revenue is subject to audit by the grantor. If the examination results in a deficiency of allowable expenses, the Trust will be required to refund any deficiencies.

*Income Taxes:*

The Trust is exempt from federal income taxes under Internal Revenue Service Code Section 501(c)(3). As a result, there is no provision for taxes in the accompanying financial statements.

*Donated Services, Materials, and Facilities:*

The Trust receives donated services from a variety of unpaid volunteers assisting in the museum and education programs. No amounts have been recognized in the accompanying statements of activities for these donated services.

As discussed previously, UWF pays certain expenses and donates office space to the Trust.

**WEST FLORIDA HISTORIC PRESERVATION, INC.  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Adjustments Between Governmental Fund Balance Sheets and Statements of Net Position:*

Capital assets are not financial resources and therefore are not reported in the governmental fund. Adjustment is made to include capital assets in the entity-wide statements of net position.

Designations of net position are considered to be an internal constraint on resources and, therefore, are not reported in the entity-wide statements of net position. Adjustment is made to remove designations of net position from the entity-wide statements of net position.

*Adjustments Between Governmental Fund Statements of Revenue, Expenditures, and Changes in Fund Balances and Statements of Activities:*

Because capital assets are not reported in the governmental fund, no depreciation is recognized in the governmental fund statements of revenues, expenditures, and changes in fund balances. Instead, capital outlays are reported as expenditures. Adjustment is made to include depreciation expense and remove capital outlays in the entity-wide statements of activities.

Donated collections do not increase net position in the statements of activities and accordingly, do not appear in the governmental fund because they are not financial resources. Adjustment is made to include donated collections as both revenue and expense in the entity-wide statements of activities.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The Trust's deposits and investments consist of demand deposits and certificates of deposit. The carrying amount of the Trust's deposits and investments at June 30, 2019 and 2018 was \$371,144 and \$317,010, respectively, and the bank balance was \$401,193 and \$354,195, respectively. The Trust's cash balances held by financial institutions are insured by the Federal Deposit Insurance Corporation up to certain limits.

**WEST FLORIDA HISTORIC PRESERVATION, INC.  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 3 - DUE FROM UWF FOUNDATION**

In March 2013, the Trust entered into a MOU with UWFF, where the Trust may transfer current cash assets to UWFF to invest on the Trust's behalf. These funds are invested as a Quasi-Endowment with UWFF and will be part of the overall investment pool subject to spending and investment policies of UWFF as agreed to in the MOU. The Trust's investment with UWFF amounted to \$1,173,507 and \$1,238,296 at June 30, 2019 and 2018, respectively.

**NOTE 4 - CAPITAL ASSETS**

Capital assets consist of the following:

<b>June 30, 2019:</b>	Beginning Balance	Increases	Decreases	Ending Balance
<u>Historic Pensacola Village</u>				
Land	\$ 1,010,660	\$ -	\$ -	\$ 1,010,660
Buildings and improvements	5,034,337	6,175	-	5,040,512
Furniture, fixtures and equipment	9,916	-	(1,904)	8,012
<u>Barkley House</u>				
Furniture, fixtures and equipment	17,489	-	-	17,489
<u>Pensacola Museum of Art</u>				
Furniture, fixtures and equipment	25,001	-	-	25,001
<u>General and Administrative</u>				
Furniture, fixtures and equipment	449,158	-	(12,513)	436,645
	<u>6,546,561</u>	<u>6,175</u>	<u>(14,417)</u>	<u>6,538,319</u>
Less accumulated depreciation	<u>1,405,377</u>	<u>408,032</u>	<u>(14,417)</u>	<u>1,798,992</u>
	<u>\$ 5,141,184</u>	<u>\$ (401,857)</u>	<u>\$ -</u>	<u>\$ 4,739,327</u>

**WEST FLORIDA HISTORIC PRESERVATION, INC.  
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST  
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 4 - CAPITAL ASSETS (Continued)**

<b>June 30, 2018:</b>	Beginning Balance	Increases	Decreases	Ending Balance
<u>Historic Pensacola Village</u>				
Land	\$ 1,010,660	\$ -	\$ -	\$ 1,010,660
Buildings and improvements	4,358,263	683,006	(6,932)	5,034,337
Furniture, fixtures and equipment	23,959	-	(14,043)	9,916
Construction in process	289,139	-	(289,139)	-
<u>Barkley House</u>				
Furniture, fixtures and equipment	14,003	3,486	-	17,489
<u>Pensacola Museum of Art</u>				
Furniture, fixtures and equipment	25,001	-	-	25,001
<u>General and Administrative</u>				
Furniture, fixtures and equipment	461,265	-	(12,107)	449,158
	<u>6,182,290</u>	<u>686,492</u>	<u>(322,221)</u>	<u>6,546,561</u>
Less accumulated depreciation	<u>1,110,386</u>	<u>318,928</u>	<u>(23,937)</u>	<u>1,405,377</u>
	<u>\$ 5,071,904</u>	<u>\$ 367,564</u>	<u>\$ (298,284)</u>	<u>\$ 5,141,184</u>

Depreciation expense was \$408,032 and \$318,928 for the years ended June 30, 2019 and 2018, respectively.

**NOTE 5 - DEFERRED REVENUE**

Rental revenue is considered earned when the event has occurred or the performance of the services has been rendered. Amounts received by the Trust in advance of the date of the event or performance of services are recorded as deferred revenue until the event has occurred or services are rendered.

Total deferred revenue amounted to \$63,305 and \$31,723 at June 30, 2019 and 2018, respectively.

**WEST FLORIDA HISTORIC PRESERVATION, INC.  
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(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 6 - FUND BALANCE/NET POSITION**

In the financial statements, fund balances/net position are classified as follows:

*Nonspendable Fund Balance:*

Nonspendable fund balance represents amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Nonspendable fund balances as of June 30, 2019 and 2018 are presented as follows:

	<u>2019</u>	<u>2018</u>
Nonspendable -		
Inventory	\$ 115,076	\$ 116,645
Prepaid assets and deposits	11,582	11,124
Historical properties, antiques and collections	<u>215,605</u>	<u>201,082</u>
	<u>\$ 342,263</u>	<u>\$ 328,851</u>

*Restricted Fund Balance / Reserved Net Position:*

Restricted fund balance or reserved net position represent amounts that can be spent only for specific purposes required by law or other externally imposed conditions by grantors or creditors. Restricted fund balances/reserved net position as of June 30, 2019 and 2018 are presented as follows:

	<u>2019</u>	<u>2018</u>
Restricted -		
Old Christ Church fund	\$ 140,451	\$ 140,311
Donations and memorials	3,900	3,900
Historic Marker fund	<u>800</u>	<u>-</u>
	<u>\$ 145,151</u>	<u>\$ 144,211</u>

**WEST FLORIDA HISTORIC PRESERVATION, INC.  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 6 - FUND BALANCE/NET POSITION (Continued)**

*Assigned Fund Balance / Designated Net Position:*

Assigned fund balance or designated net position represent amounts that are designated by the Board of Directors, under authorization governed in the Trust's By-Laws, for a particular purpose but not spendable until a majority vote of approval by the Board of Directors. The assigned fund balance/designated net position of \$38,620 and \$38,542 as of June 30, 2019 and 2018, respectively, represents the remaining cash balance in the Veal Education Fund.

PMA assigned fund balance or designated net position represents amounts that are designated by the Board of Directors but are not spendable until a majority vote of approval. In 2017, the Pensacola Museum of Art received a BP claim and the Board of Directors approved to designate these funds for future purchases of art work and collections to be held at the museum. The assigned fund balance/designated net position of \$117,575 and \$112,802 as of June 30, 2019 and 2018, respectively, represents the remaining designated BP funds.

*Use of Restricted Resources:*

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Trust's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Trust's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications, committed and then assigned fund balances, if any, before using unassigned fund balances.

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

*Dependency on Government Support:*

The Trust receives a substantial amount of support from UWF, and state and local government agencies. A reduction in the level of future support from these entities could have a substantial effect on the Trust's programs and activities.

*UWF Agreement:*

As discussed in Note 1, the Trust is committed to assist UWF under an operating agreement which extends for an indefinite term.

**WEST FLORIDA HISTORIC PRESERVATION, INC.  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 8 - RISK MANAGEMENT**

The Trust is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Trust is insured for these risks. There were no insurance losses related to these risks in excess of insurance coverage in any of the three prior fiscal years. The Trust is not aware of any liabilities related to these risks as of June 30, 2019.

## **OTHER REPORTS**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
West Florida Historic Preservation, Inc.  
d/b/a University of West Florida Historic Trust  
Pensacola, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of West Florida Historic Preservation, Inc., d/b/a University of West Florida Historic Trust (“the Trust”), (a component unit of the University of West Florida), which comprise the statement of net position and governmental fund balance sheet as of June 30, 2019, and the related statement of activities and governmental fund revenues, expenditures, and changes in fund balance/net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 21, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Trust’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Trust’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board of Directors  
West Florida Historic Preservation, Inc.  
d/b/a University of West Florida Historic Trust  
Pensacola, Florida

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pensacola, Florida  
August 21, 2019

**UWF Board of Trustees Meeting**  
Audit & Compliance Committee  
November 6, 2019

**Issue:** Internal Auditing and Management Consulting- Update on Activities  
**Proposed action:** Informational

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To provide the Committee with an overview of activities within Internal Auditing & Management Consulting.

1. Status of audits in process
2. Upcoming Audit
3. External Audits
4. Miscellaneous Items

**Recommendation:** Information only

**Implementation:** None

**Fiscal Implications:** Fiscal oversight by the UWF Board of Trustees

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**Prepared by:** John "Vito" Hite, Chief Audit Executive, 850-474-2637, vwhite@uwf.edu

**Presenter:** John "Vito" Hite

**UWF Board of Trustees Meeting**  
Audit & Compliance Committee  
November 6, 2019

**Issue:** Office of Compliance & Ethics - Update on Activities  
**Proposed action:** Informational

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**Background Information:**

To provide the Audit and Compliance Committee with an overview of activities.

1. Office of Compliance and Ethics update on activities

**Recommendation:** Information only

**Implementation:** None

**Fiscal Implications:** Fiscal oversight by the UWF Board of Trustees

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**Prepared by:** Matthew Packard, Chief Compliance Officer, 850-857-6070, mpackard@uwf.edu

**Presenter:** Matthew Packard