



AGENDA

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

**Audit & Compliance Committee Virtual Meeting via Zoom Webinar
August 19, 2021**

**University of West Florida
11000 University Pkwy. Pensacola, FL
The Alumni Room, Bldg. 12**

*To join this virtual public board meeting, please follow these Zoom Webinar instructions:
<https://uwf.zoom.us/j/83316991591?pwd=OGZ2RU9NcUlwZlNjbElyWjhvblcwZz09> Passcode: 003386*

Call to Order/Roll Call. Bob Jones, Chair

Chair’s Greeting Bob Jones

Action Items:

1. Acceptance of Internal Audit Reports Issued: Use of Humans and Animals in Research #20-21 003; and Center for Cybersecurity #20-21 005
2. Acceptance of Internal Auditing PCard Audit Reports & Quarter 4 Update (April – June 2021)
3. Approval of the Office of Compliance and Ethics Office Charter Renewal
4. Approval of the Office of Compliance and Ethics Annual Report

Information Items:

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

Other Committee Business:

Adjournment

UWF Board of Trustees Meeting
 Audit & Compliance Committee
 August 19, 2021

Issue: UWF Internal Auditing Reports Issued

Proposed action: Acceptance

Background information:

Internal Auditing & Management Consulting completed two audits during June 2021: 1) the Use of Humans and Animals in Research and 2) the Center for Cybersecurity.

Use of Humans and Animals in Research #20-21_003

Our audit period was July 1, 2019 through December 31, 2020. The audit was part of the approved work plan for 2020/21. We issued the audit report on June 18, 2021. The audit's objectives were to evaluate controls over:

- Formalization of critical policies and procedures in writing (e.g., charter, bylaws);
- Compliance with charter and any bylaws;
- Documentation of communications, required discussion items, and required committee activities; and
- Compliance with federal regulations and University requirements.

Results:

We found that internal controls over the activities audited were moderately strong. We noted six opportunities for improvement. We recommended that:

- The IRB and IACUC review their Charters on a time schedule that is in accordance with their own requirements;
- The IRB and IACUC ensure that members are appointed in accordance with procedures set forth in their respective Charters, with supporting documentation retained on file;
- The IRB and IACUC implement periodic review of policies and procedures to ensure compliance with federal regulations or other authoritative regulations, and document such review;
- Information documented as evidence of semiannual inspections be thoroughly and consistently recorded, including building numbers, room/lab numbers, inspection date, and the name of the person who performed the inspection;
- The IRB and the IACUC monitor research projects to ensure that time extensions and final reports are received and stored in the project files in RAE; and
- RAE establish a systematic procedure for the retaining of critical IRB and IACUC documentation.

Management agreed to have these recommendations implemented by November 15, 2021.

Recommendation: Acceptance of the Internal Auditing report.

Implementation: None.

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees

Center for Cybersecurity #20-21_005

Our audit period was January 1, 2020 through December 31, 2020, and was part of the approved work plan for 2020/21. We issued the audit report on June 24, 2021. The audit's primary objectives were to:

- Identify and evaluate the adequacy and effectiveness of controls related to operations, financial activities, grants, and contractual agreements; and
- Review compliance with applicable laws, rules, and regulations as well as contractual and grant agreements.

Results:

We noted that internal controls were generally strong; however, we recommended that:

- The Center develop a written attractive assets policy, to include a procedure for inventorying their assets annually;
- The Center develop a procedure for tracking compliance with University training requirements; and
- They evaluate the benefits and costs of utilizing an off-site or cloud-based Cyber Range backup in addition to the onsite backup to ensure no interruption in programming as a result of a catastrophic event.

Management agreed to have all recommendations implemented by January 2022.

Recommendation: Acceptance of the Internal Auditing report.

Implementation: None.

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees

Supporting documents

20-21_003 Use of Humans and Animals in Research audit report

20-21_005 Center for Cybersecurity audit report

Prepared by: Cindy Talbert, Chief Audit Executive, ctalbert@uwf.edu, 474-2638

Presenter: Cindy Talbert

SCOPE AND OBJECTIVES

We audited the Center for Cybersecurity for the period of January 1, 2020 through December 31, 2020. This audit was included as part of our 2020/21 audit work plan, determined by our annual risk assessment. Our objectives were to:

- Identify and evaluate the adequacy and effectiveness of controls related to operations, financial activities, grants, and contractual agreements; and
- Review compliance with applicable laws, rules, and regulations as well as contractual and grant agreements.

Audit fieldwork began on February 12, 2021, and ended on May 4, 2021. 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

Cyber-attacks and data breaches continue to be a threat in our world, placing information and infrastructure at risk. The Center for Cybersecurity (“Center”) exists to advance cybersecurity knowledge and expertise and to develop innovative cybersecurity solutions to address these risks. The Center was established in 2014 under the provisions of Florida Board of Governors Regulation 10.015. The Center’s primary focus is to conduct innovative teaching, research, and training for students, professionals, and partners.

The Center is located organizationally under the Division of Academic Affairs and is comprised of a team of 12 employees including an Associate Vice President, Associate Director, Assistant Director, System Server Administrator, Program Managers, Community and Public Relations Director, Business

Manager, and Administrative Assistant. These employees along with faculty work together to promote educational and research initiatives.

UWF serves as the National Security Agency (NSA) Centers of Academic Excellence (CAE-C) Regional Hub for the Southeast. The Southeast CAE-C Regional Hub supports national cybersecurity objectives and builds a stronger cybersecurity community by hosting events, faculty professional development workshops and student competitions, and facilitating outreach and collaborations among CAE-C institutions and government partners across the region. The Center is currently overseeing a coalition to develop a nationally scalable and sustainable national security workforce program of qualified cybersecurity professionals through a NSA grant.

UWF is a member of the National CyberWatch Center which is a consortium of higher education institutions, businesses, and government agencies collaborating to advance cybersecurity education and strengthen the cybersecurity workforce. UWF offers multidisciplinary Cybersecurity degree programs and certificates at the undergraduate and graduate levels. Currently, there are four undergraduate and six graduate programs along with four certifications in the area of cybersecurity. Additionally, the “Cybersecurity for All” program provides businesses, governments, and defense organizations with cybersecurity training programs to enhance cybersecurity expertise.

In 2019, the Center relocated from the University of West Florida’s main campus to downtown Pensacola where it resides in the Studer Community Institute Building. This location houses the Center’s cyber operations and educational training, as well as the Florida Cyber Range. The Florida Cyber Range is a virtual environment that provides advanced hands-on training and testing solutions through

customizable modules.

NOTABLE STRENGTH

UWF has been designated as a National Center of Academic Excellence in Cyber Defense Education by the National Security Agency. Institutions are awarded this distinction based on their robust degree programs and close alignment to specific cybersecurity-related skills. The Center serves as the NSA Centers of Academic Excellence Regional Hub for the Southeast, one of five such hubs across the country. The Center is leading a coalition of ten institutions to develop and manage the National Cybersecurity Workforce Development Program.

AUDIT METHODOLOGY

We reviewed internal policies and procedures, job descriptions, website information, contracts, and grant information related to the Center. Key personnel were interviewed in order to gain a better understanding of departmental activities and to identify necessary internal controls. Controls were assessed, including information technology controls, and appropriate audit testing designed based on these risks.

We conducted audit tests to evaluate the extent of staff training, compliance with conflicts of interest policies, and controls over property, attractive assets, and employee leave. Key requirements in grant and contractual agreements as well as State financial reports were identified and reviewed for compliance.

KEY OBSERVATIONS

We found that internal controls over these processes were generally strong. We make the following observations:

1. The University provides guidance for monitoring lower cost (attractive asset) items in its UWF Property Guide: *“Due to their sensitive, portable, or theft-prone natures, certain items with a value less than \$5,000 will be subject to control...Methods of tracking these attractive assets are at the discretion of the Division Head, Dean, or Department Head.”* Although departments are given the flexibility of designing their own system for controlling attractive assets, some type of system is required. Our review found that certain attractive assets were not being tracked and periodically inventoried by the department.
2. The University has mandatory professional development requirements for its employees, including Certified Knowledge Worker (which ensures an understanding of Family Educational Rights and Privacy Act, a federal law) and Harassment and Discrimination Prevention. Our review showed that four Center employees were not compliant with these University training requirements.
3. The Florida Cyber Range is a platform of multiple training range systems developed by the Center to provide hands-on cybersecurity education, training, operations, and research. Due to the activities for which the Cyber Range was designed, UWF’s Chief Information Security Officer has determined that it is too risky to intermingle the Cyber Range with UWF’s Enterprise systems and thus is not backed up with UWF’s Enterprise systems. Although integral to their objectives, the Center has an on-site backup but does not currently have an off-site or virtual backup established to ensure minimal disruption in case a man-made or

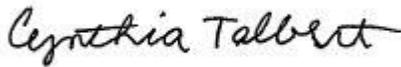
natural disaster impacts the Center.

Recommended Management Actions

1. We recommend that the Center develop a written attractive assets policy, to include a procedure for inventorying their assets annually. Documentation should be retained as evidence of this periodic accounting.
2. We recommend that the Center develop a procedure for tracking compliance with University training requirements.
3. We recommend that the Center evaluate the benefits and costs of utilizing an off-site or cloud-based Cyber Range backup in addition to the on-site backup to ensure no interruption in programming as a result of a catastrophic event.

We appreciate the cooperation, professionalism, and responsiveness of the Center for Cybersecurity employees who were involved in the audit.

Respectfully submitted,



Cindy Talbert, CFE, CIA, CRMA, CPA
Associate Vice President/ Chief Audit Executive

REPORT PROVIDED TO THE FOLLOWING:

Dr. Martha Saunders, President
 David E. Cleveland, Chair BOT
 Bob Jones, Chair Audit & Compliance Committee
 Dick Baker, Audit & Compliance Committee
 Jill Singer, Audit & Compliance Committee
 Dr. George Ellenberg, Provost/Sr. Vice President
 Dr. Eman El-Sheikh, Associate Vice President
 Geissler Golding, CISO
 Jaime Hoelscher, Manager, FL Auditor General
 Ken Danley, Supervisor, FL Auditor General
 Julie Leftheris, BOG Inspector General
 Rebecca Luntsford, BOT Liaison

MANAGEMENT RESPONSES TO RECOMMENDATIONS

Recommendation #1

Management Response: The Center for Cybersecurity developed and has been using an inventory tracking procedure and database for IT equipment since 2019. During this audit it was brought to our attention that some attractive assets, with a value less than \$5000, were not being fully incorporated or documented as part of the process. The procedure was updated in April 2021 to remedy this issue and has been documented in the Center's Guidelines and Procedures.

Responsible Party: Dr. Eman El-Sheikh, Associate Vice-President

Targeted Implementation Date: January 2022

Recommendation #2

Management Response: The Center for Cybersecurity tracked training compliance based on the required training listed in the relevant UWF Tableau Report and University-issued email notification of training requirements. This resulted in a few employees not having completed all required training at the time of the audit. To remedy this, a new procedure has been developed and documented in the Center's Guidelines and Procedures Confluence. All new employees will be continually monitored until they are in full compliance. Required training for all Center for Cybersecurity employees will be reviewed and tracked each semester. In addition, all Center employees have since completed all required training.

Responsible Party: Dr. Eman El-Sheikh, Associate Vice-President

Targeted Implementation Date: January 2022

Recommendation #3

Management Response: The Center for Cybersecurity backs up all core production system data to an onsite Network Attached Storage (NAS) appliance. The virtual systems and data that exist on the Florida Cyber Range are ephemeral in nature and contain no critical information to operations. Therefore, only limited essential data (master virtual machine images) is backed up to the onsite NAS. The Center was also using a cloud solution through the UWF Google storage to backup critical operational data and systems until recently. This solution is no longer available. The Center is actively pursuing other avenues for an offsite backup solution. The data to be backed up and where it is to be backed up is updated annually in the Center's Continuity of Operations Plan (COOP) and will continue to be updated regularly.

Responsible Party: Dr. Eman El-Sheikh, Associate Vice-President

Targeted Implementation Date: January 2022

SCOPE AND OBJECTIVES

We audited the Use of Humans and Animals in Research for the period of July 1, 2019, through December 31, 2020. This audit was included as part of our 2020/21 audit work plan, determined by our annual risk assessment. Our objectives were to evaluate internal controls over:

- Formalization of critical policies and procedures in writing (e.g., charter, bylaws);
- Compliance with charter and any bylaws;
- Documentation of communications, required discussion items, and required committee activities; and
- Compliance with federal regulations and University requirements.

Audit fieldwork began on February 19, 2021, and ended on May 10, 2021. 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

Research Administration and Engagement (RAE) is the central hub of University research activities. Housed within the Division of Academic Affairs, RAE assists the University's researchers, including faculty, students, and staff, in finding funding opportunities, preparing grant proposals, and managing grant budgets and related audits. RAE is also responsible for overseeing research compliance, by way of the Institutional Review Board for Human Research Participants Protection (IRB), and the Institutional Animal Care and Use Committee (IACUC), and policies related to research misconduct and conflict of interests.

The IRB is a federally mandated committee (Code of Federal Regulations Title 45 Part 46 – Protection of Human Subjects). Its purpose is to protect the rights and welfare of all persons recruited to participate in research activities associated with the University of West Florida (UWF). UWF policy requires that all educational, training, or research activities involving human participants be reviewed by the IRB prior to commencing the research activity. This requirement applies to all research-related activities involving human participants at any UWF campus or conducted by any UWF faculty, staff, or student.

The IRB is charged with two specific responsibilities. According to their Charter, the IRB is responsible for *“[assuring] the University that human participants used in research or educational programs are not at undue risk and that the participants are informed of any risks.”* Secondly, the IRB is required to advise *“on the University’s compliance with federal guidelines and University policy and procedures regarding the protection of human participants, and to certify that any research project or activity involving human participants has been reviewed and approved by the IRB.”*

Code of Federal Regulations Title 45 Part 46 has strict IRB membership requirements to ensure that it is both diverse and sufficiently qualified through the experience and expertise of its members. At a minimum, the IRB must include at least five members. There must be at least one member whose primary concerns are in scientific areas, and at least one member whose primary concerns are in non-scientific areas. The IRB must also include at least one member who is not otherwise affiliated with the University. Currently, UWF’s IRB is

comprised of 11 members who oversee the ethical conduct of research involving human participants.

The IACUC is also a federally mandated committee (through the National Institutes of Health – Office of Laboratory Animal Welfare, established by the U.S. Department of Health & Human Services). Its purpose is to oversee UWF’s compliance with the care and use of animals. Much like the IRB, UWF policy requires that all educational, training, or research activities involving vertebrate animal subjects, at any UWF campus or by any UWF faculty, staff, or student, must be approved prior to commencing the research activity.

The Public Health Service Policy on Humane Care and Use of Laboratory Animals outlines strict IACUC membership requirements. There must be at least five members. At a minimum, the IACUC requires at least one faculty member from each department using vertebrate animals in its research, one member whose primary concerns are in a non-scientific area, one practicing scientist, one Doctor of Veterinary Medicine, and one member who is not otherwise affiliated with the University in any way other than in their service to the IACUC.

The IACUC’s Charter sets forth specific functions the Committee must perform in the fulfillment of their duties. The Committee must meet at least once during each fall and spring semester. The IACUC must review the University’s program for humane care and use of animals. Semiannual program reviews allow the IACUC to evaluate their compliance with all federal, state, and University guidelines. In these reviews, the Committee is looking specifically at institutional policies and responsibilities and veterinary medical care. The IACUC also performs semiannual animal facility

inspections. The inspection process allows them to perform visual examinations of the physical aspects of the program. The results of both the program reviews and the animal facility inspections are reported to the Assistant Vice President of Research Administration and Engagement.

Notable Strength

To support University research, RAE recently employed a fulltime Research Compliance Officer (RCO). The responsibilities of this position were previously managed by personnel already employed within RAE, who were also performing their primary duties simultaneously. The RCO oversees the IRB, the IACUC, and export control program. The RCO acts as the communications liaison for applicants and researchers and the respective committees. She performs the initial application review, schedules the committees’ required meetings, and oversees the administrative operations (e.g., policy reviews and updates, recordkeeping) of both committees. Having the RCO position staffed fulltime now affords RAE the ability to centralize the administrative responsibilities to better serve University research efforts.

AUDIT METHODOLOGY

We reviewed internal policies and procedures, job descriptions, website information, federal regulations, Charters, facility inspection reports, and other documentation for the IRB and IACUC. We identified key controls, assessed the associated risks, and developed a plan for audit testing.

We conducted audit testing to evaluate training, compliance with governing documentation, research participant compensation, reporting of outside activities and conflicts of interest, research activities, and animal facility inspections.

KEY OBSERVATIONS

We found that internal controls over the activities audited were moderate in strength. We make the following observations:

1. According to the Charters for both the IRB and the IACUC, an annual review is required for any necessary updates. We found that neither charter had been reviewed since 2006. It seems reasonable to assume that this should have been carried out by the Committee Chairpersons with copies of revised charters provided to RAE for the file.
2. Each Charter details specific committee appointment requirements. In general, the process begins with a nomination letter for a specific person, which is then approved by the President or the Provost. In order to evaluate compliance with the criteria set forth for committee members, we obtained a list of current members and requested supporting documentation. Although RAE was able to provide some documentation for past appointments, they were unable to provide comprehensive documentation for all current appointments. This documentation should have been kept on file by RAE, but it appears to have been overlooked due to turnover in key staff positions throughout past years.
3. We found that the IRB and the IACUC had formalized their policies and procedures in writing. The IRB had created a "Practice and Procedures Manual" and an "IRB Handbook." The IACUC had developed a "Policy and Procedures" document. Documenting this information serves to ensure consistency and compliance; however, there was no record that any of the documents had been reviewed for necessary updates in recent years, for example, to ensure synchronization with federal regulations that had been revised.
4. The IACUC is required to submit a Semiannual Report of the Program Review and Facility Inspection to the University's Institutional Official (IO). Submission of this documentation to the IO is a condition of UWF's Animal Welfare Assurance with the NIH Office of Laboratory Animal Welfare (OLAW). While we were provided some evidence that these inspections were being performed, the associated documentation for the inspections was not thorough or consistent enough to demonstrate compliance with OLAW's requirements. Noncompliance could affect the availability of future research funding.
5. The Code of Federal Regulations has set forth specific requirements for research activities involving human participants. We selected various criteria and conducted audit testing to determine whether these research activities were in compliance. Research involving humans requires that a statement of "informed consent" be signed by the participant, or a designate, unless an exemption is granted for the research activity; however, we were unable to obtain copies of such statements for all the research activities selected for audit testing. Additionally, neither the IRB nor the IACUC were able to provide documentation of approved extensions of time or final reports on research projects (to show that research activities had concluded). These documents should have been available in the Committee's files housed in RAE. Non-compliance could affect the availability of future research funding.

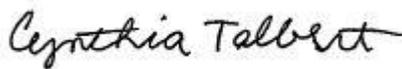
6. Throughout audit fieldwork, multiple documentation requests were made. These requests varied in nature, from administrative (committee operations) to procedural (research protocols). We found that neither the IRB nor the IACUC had developed a systematic procedure for the retaining of critical documents. It could be that some of these critical documents are saved outside the protected UWF servers, and such handling increases the risk that important data could be lost.
3. We recommend that the IRB and IACUC implement periodic review of policies and procedures to ensure compliance with federal regulations or other authoritative regulations, and document such review.
4. We recommend that information documented as evidence of semiannual inspections be thoroughly and consistently recorded, including building numbers, room/lab numbers, inspection date, and the name of the person who performed the inspection.

Recommended Management Actions

1. We recommend that the IRB and IACUC review their Charters on a time schedule that is in accordance with their own requirements.
2. We recommend that the IRB and IACUC ensure that members are appointed in accordance with procedures set forth in their respective Charters, with supporting documentation retained on file.
5. We recommend the IRB and the IACUC monitor research projects to ensure that time extensions and final reports are received and stored in the project files in RAE.
6. We recommend that RAE establish a systematic procedure for the retaining of critical IRB and IACUC documentation.

We appreciate the cooperation, professionalism, and responsiveness of the RAE employees and Committee members who were involved in the audit.

Respectfully submitted,



Cindy Talbert, CFE, CIA, CPA, CRMA
Associate Vice President/Chief Audit Executive

REPORT PROVIDED TO THE FOLLOWING:

Dr. Martha Saunders, President
Dave Cleveland, Chair BOT
Bob Jones, Chair Audit & Compliance Committee
Dick Baker, Audit & Compliance Committee
Jill Springer, Audit & Compliance Committee
Dr. George Ellenberg, Provost/Sr. Vice President
Dr. Matthew Schwartz, AVP RAE
Matt Packard, Chief Compliance Officer
Dr. Carla Thompson, IRB Chair
Dr. Scott Taylor, IACUC Chair
Julie Leftheris, BOG Inspector General
Jaime Hoelscher, Manager, FL Auditor General
Ken Danley, Supervisor, FL Auditor General
Rebecca Luntsford, BOT Liaison

MANAGEMENT RESPONSES TO RECOMMENDATIONS

Recommendation #1

Management Response: The charters for the IRB and IACUC will be revised and approved by the board. Charters will be reviewed annually over the summer.

Responsible Parties: IRB Chair, Dr. Scott Taylor, Dr. Matthew Schwartz

Targeted Implementation Date: November 15, 2021

Recommendation #2

Management Response: Updated renewal letters will be sent to board/committee members as are needed so that all will have current letters on file. Term limits will be tracked and renewal letters will be sent timely going forward.

Responsible Party: Dr. Matthew Schwartz

Targeted Implementation Date: September 15, 2021

Recommendation #3

Management Response: UWF Handbooks/Manuals for both the IRB and IACUC will be updated to ensure compliance with federal regulations. Annual review will be conducted by the UWF IRB and IACUC.

Responsible Parties: IRB Chair, Dr. Scott Taylor, Dr. Matthew Schwartz

Targeted Implementation Date: November 15, 2021

Recommendation #4

Management Response: The Semiannual Report and checklists will be updated to reflect current regulations. Animal Care and Use Facility locations will be updated on an ongoing basis.

Responsible Parties: Dr. Scott Taylor, Dr. Matthew Schwartz

Targeted Implementation Date: September 15, 2021

Recommendation #5

Management Response: The IRB and IACUC will monitor research projects to ensure that time extensions and final reports are received and stored in the project files in RAE. New software will be utilized for IRB management. Final reports will be required for all IACUC research going forward.

Responsible Parties: IRB Chair, Dr. Scott Taylor, Dr. Matthew Schwartz

Targeted Implementation Date: November 15, 2021

Recommendation #6

Management Response: RAE will collaborate with the IRB and IACUC to ensure that important committee documentation is consistently retained in a central repository.

Responsible Party: Dr. Matthew Schwartz

Targeted Implementation Date: November 15, 2021

UWF Board of Trustees Meeting
Audit & Compliance Committee
 August 19, 2021

Issue: Internal Auditing PCard Audit Reports: Results for Quarter 4 (April-June 2021) and the Annual Update (July 2020-June 2021)

Proposed action: Acceptance

Purpose

To provide UWF senior leadership a summary of PCard audit results for the most recent quarter (four), and for the entire fiscal year of 2020-2021. Our main objective is to report the status of PCard audits and any issues or findings requiring action.

Background

Internal Auditing & Management Consulting 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 has approximately 320 PCard holders distributed across 112 departments. For the fiscal year, \$9,196,703 in expenses was paid via UWF PCards to 2,995 vendors in a total of 17,683 transactions.

Notable Strengths

The Concur system provided a digital audit trail of transactions including who accessed the records. Electronic receipts and a documented business purpose were required for each transaction processed in Concur and there were no findings involving missing documentation. Internal control processes such as strong separation of duties, passwords remaining confidential, and required supervisory approval of transactions were noted.

Results - Quarter 4 (April – June 2021)

Three departments encompassing 41 cardholders were examined on a sample basis. Individual reports were distributed to department heads and Procurement & Contracts upon completion of the audits. The table below shows the volume of activity occurring for these departments and the amount tested. The detailed PCard reports are available from Internal Auditing & Management Consulting.

| Number of Departments Reviewed | Number of Cardholders | Number of Transactions Occurring | Number of Transactions Tested | Total PCard Expenditures of Depts. | Total PCard Transaction \$ Tested |
|---|-----------------------|----------------------------------|-------------------------------|------------------------------------|-----------------------------------|
| 3 | 41 | 1,368 | 242 (18%) | \$745,106 | \$361,876 (49%) |
| Audit Opinion for the PCard Audits | | | | | |
| EXCELLENT | GOOD | FAIR | POOR | Total | |
| 2 | 1 | 0 | 0 | 3 | |

| Departments Audited 4 th Quarter: | | |
|--|-----------|---------------------|
| Intercollegiate Athletics | Chemistry | HMCSE Dean's Office |

Results - Fiscal Year 2020/2021 (July 2020 – June 2021)

This is a summary of the PCard audit results for Fiscal Year 2020/21. A total of eleven PCard audit reports were issued. Individual reports were distributed to department heads and Procurement upon completion of the audits. The totals below show the volume of activity occurring for these departments and the amount tested. All reports are available from Internal Auditing & Management Consulting.

| Number of PCard audits performed | Number of Cardholders Reviewed | Number of Transactions Occurring | Number of Transactions Tested | Total PCard expenses for these Depts. | Total \$ PCard Transactions Tested |
|--|--------------------------------|----------------------------------|-------------------------------|---------------------------------------|------------------------------------|
| 11 | 64 | 2,020 | 410 (20%) | \$1,137,881 | \$643,932 (57%) |
| Audit Opinion for the PCard Audit ¹ | | | | | |
| EXCELLENT | GOOD | FAIR | POOR | Total | |
| 9 | 2 | 0 | 0 | 11 | |

Recommendation: Acceptance of the Internal Auditing PCard Reports for the 4th Quarter and Fiscal Year Summary of PCard Audits for FY 2020/21.

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees

Prepared by: Elizabeth Mrachek, PCard Auditor, emrachek@uwf.edu, 850-474-2636

Presenter: Cindy Talbert, Chief Audit Executive, ctalbert@uwf.edu, 850-474-2637

¹ **Excellent:** Procurement and Contracts, Educational Research Center for Child Development, FPAN, Movement Sciences, SBDC UWF, University Libraries, Center for Cybersecurity, Intercollegiate Athletics, and Hal Marcus College of Science and Engineering Dean's Office; **Good:** Equity and Diversity, Chemistry.

Action Item

UWF Board of Trustees Meeting
 Audit & Compliance Committee
 August 19, 2021

Issue: Office of Compliance & Ethics Office Charter Renewal
Proposed action: Approval

Background Information:

Board of Governors Regulation 4.003, SUS Compliance and Ethics Programs stipulates that the OCE charter is required to be re-evaluated for applicability and consistency on a three year rolling basis. Since there have been no changes to the office structure and/ or mission, Chief Compliance Officer, Matt Packard is recommending the Audit and Compliance Committee approve the existing charter, without revision, for another three year period.

1. Approval of Compliance and Ethics Office Charter

Recommendation: Approval of the Office of Compliance & Ethics Office Charter
Implementation: None
Fiscal Implications: Fiscal oversight by the UWF Board of Trustees

Prepared by: Matthew Packard, 857-6070, mpackard@uwf.edu
Presenter: Matthew Packard

UWF OFFICE OF COMPLIANCE & ETHICS CHARTER

Introduction

The Office of Compliance and Ethics (the “Compliance Office”) provides centralized oversight for the University of West Florida’s (“UWF” or the “University”) compliance activities. The Compliance Office seeks to promote and implement a university-wide compliance and ethics Program as a point for coordination of and responsibility for activities that promote ethical conduct and maximize compliance with applicable laws, regulations, rules, policies, and procedures. The Compliance Office will accomplish these goals through the establishment and continuous appraisal of effective policies and procedures, education and training, communication, monitoring, reporting, and risk-reduction activities.

Mission

Establish and maintain a centralized compliance and ethics function that promotes a university-wide culture of compliance, integrity, and ethical conduct.

Scope of Work

Fulfill the requirements of Florida Board of Governors Regulation 4.003, State University System Compliance and Ethics Programs, and Chapter 8 §8B2.1, Effective Compliance and Ethics Program, of the U.S. Federal Sentencing Guidelines. The Compliance Office will operate consistent with the Code of Ethics for Public Officers and Employees contained in Part III, Chapter 112, Florida Statutes and other applicable codes of ethics in fulfilling their mission to optimize its effectiveness in preventing or detecting non-compliance, unethical behavior, and criminal conduct.

Organization, Independence, and Authority

The UWF Board of Trustees Audit & Compliance Committee and the University President approve the appointment, reassignment, replacement, or dismissal of the Chief Compliance Officer (“CCO”) to ensure the administration of a comprehensive Compliance and Ethics Program for UWF. The Chief Compliance Officer will report functionally to the Audit & Compliance Committee of the Board of Trustees and administratively to the University President in accordance with the Florida Board of Governors Regulation 4.003.

The Compliance Office is authorized full and unrestricted access to the extent provided by law to all University areas, activities, records, property, information sources, and personnel, including those records or activities exempt from the Public Records laws, as required to fulfill its responsibilities. Any documents and information obtained by the Compliance Office are handled in the same prudent manner as by those employees normally accountable for them.

The Compliance Office is responsible for effective coordination with the Florida Board of Governors Office of the Inspector General and the State University System Compliance and Ethics Consortium. The Compliance Office may also provide compliance services to University Direct

UWF OFFICE OF COMPLIANCE & ETHICS CHARTER

Support Organizations and entities under the control and direction of UWF at the request of management or the Board of Trustees.

Professional Standards

The Compliance Office will govern itself by adherence to the Florida Code of Ethics for Public Officers and Employees, and the Society of Corporate Compliance and Ethics' Code of Professional Ethics for Compliance and Ethics Professionals. The Compliance Office shall comply with all federal and state laws, the Florida Board of Governors' Regulations, the University of West Florida Regulations and Policies.

The Compliance Office has a responsibility to the interests of those they serve and should refrain from entering into any activity that may create a conflict of interest. Compliance Office staff members have an obligation of self-discipline that go beyond the fundamental requirements of laws and regulations. Staff members should uphold and demonstrate qualities of integrity, honesty, morality, dignity, and confidentiality consistent with professional standards. The Society for Corporate Compliance and Ethics, Florida Board of Governor's Regulation 4.003, State University System Compliance and Ethics Programs, and Chapter 8 §8B2.1 of the U.S. Federal Sentencing Guidelines shall constitute the operating procedures of the Compliance Office.

Duties and Responsibilities

The Compliance Office has primary responsibility for developing and implementing programs that support a system-wide culture of ethical conduct and compliance with all laws, regulations, and University policies. Compliance Office personnel shall:

- Monitor and promote University compliance with federal and state requirements, as well as all applicable policies, procedures, rules and regulations.
- Inform, train, and educate the University community in compliance matters, policies, procedures, ethical obligations, and Standards of Conduct.
- Manage, maintain, and operate the University's Compliance Database.
- Facilitate and promote a culture of compliance at the University.
- Participate in periodic risk assessments.
- Develop a program plan based on the accepted requirements for an effective compliance program.
- Provide oversight and assistance for compliance activities across the UWF community by serving as an institutional resource for compliance matters.
- Annually report on the effectiveness of the UWF Compliance Program. This report shall require BOT approval and a copy will be sent to the Florida Board of Governors Office of Inspector General.
- Obtain an external review of the Compliance and Ethics Program at least every five years.
- Manage oversight and awareness campaigns for the UWF Integrity Helpline.

UWF OFFICE OF COMPLIANCE & ETHICS CHARTER

The Office of Compliance and Ethics is responsible for performing its duties with due professional care, including having the appropriate education, certification, experience, professionalism, personal integrity, and attitude of service, while producing relevant, timely, and quality work.

Dr. Martha Saunders
President

Mort O'Sullivan
UWF BOT Trustees, Chair

Bob Jones
BOT Audit and Compliance Committee

Approved: May 24, 2018

UWF Board of Trustees Meeting
Audit & Compliance Committee
August 19, 2021

Issue: Office of Compliance & Ethics Annual Report
Proposed action: Approval

Background Information:

The OCE annual report provides stakeholders information on program effectiveness with an emphasis on compliance with the regulatory requirements established in *Board of Governors Regulation 4.003, SUS Compliance and Ethics Programs*.

1. Approval of Compliance and Ethics Annual Report

Recommendation: Approval of the Office of Compliance & Ethics Annual Report
Implementation: None
Fiscal Implications: Fiscal oversight by the UWF Board of Trustees

Prepared by: Matthew Packard, 857-6070, mpackard@uwf.edu
Presenter: Matthew Packard



Office of
Compliance and Ethics
UNIVERSITY *of* WEST FLORIDA



Annual Report

2020-2021

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

Executive Summary:

Since its inception in May of 2018, the University of West Florida (“UWF”) Office of Compliance and Ethics’ (“OCE”) core mission has been **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 strives to achieve this mission through firm adherence to the elements of an effective compliance and ethics program that were originally set forth in *Chapter 8 § 8B2.1, Effective Compliance and Ethics Programs*, of the U.S. Federal Sentencing Guidelines and later granted regulatory authority via the *Florida Board of Governors (“BOG”) Regulation 4.003, State University System Compliance and Ethics Programs*.

Since their introduction in the 1991 edition of the Federal Sentencing Guidelines, these program elements have gained global recognition as fundamental requirements of an effective compliance and ethics program. In recognition of these guiding principles, the OCE annual report is presented within the context of these elements, which are as follows:

- Oversight and Accountability
- Code of Conduct, Policies, and Procedures
- Education, Awareness, and Communication
- Auditing, Monitoring, and Risk Assessment
- Delegation of Authority
- Enforcement, Incentives, and Discipline
- Measure Program Effectiveness

Lastly, special thanks go out to the many individuals who help make this mission a reality. The Office of Compliance and Ethics strives to facilitate a culture of compliance and ethical behavior; however, it is the actions and efforts of individual employees throughout the Argo Nation that are responsible for making UWF the amazing community of learners that we are today. None of the following achievements could have been achieved without the dedication and effort of countless individuals spread across the entirety of the UWF community. Compliance is collective effort, which goes far beyond the actions of the OCE. I 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 time, energy, and effort in helping us establish an effective and valued compliance and ethics program. Go Argos!

Respectfully yours,



Matthew Packard, CCEP

Annual Report

2020-2021

The Office of Compliance and Ethics

Program Benefits:

- Building an ethical culture and a positive workplace environment that promotes “doing the right thing”
- Identifies key risk areas through established risk assessment processes
- Empowers employees to report fraud/ wrongdoing



Report Highlights:

OCE Takes the Lead in SUS Program Effectiveness Peer Reviews

Improved Conflicts of Interest & Outside Activity Monitoring

Updated Policies & Procedures

OCE Expands its Footprint

Brand New Top Ten Risks

Oversight & Accountability

Before a compliance and ethics function can even begin to operate effectively it must be structured for success within the organization. This means access to all information and personnel and the authority to escalate compliance matters to the highest levels.

In order to ensure this organizational structure is in place at UWF, Matt Packard has been designated as Chief Compliance Officer (“CCO”) who is tasked with carrying out the Office of Compliance and Ethics Charter. This includes the sole responsibility for designing, implementing, overseeing and monitoring the compliance function.

At the institutional scale, the CCO reports functionally to the BOT Audit and Compliance Committee and administratively to the UWF University President. This organizational structure allows for the CCO to efficiently carry out operational responsibilities of the OCE without obstruction. Furthermore, this structure of governance helps to ensure the independence of the function.

The OCE also enjoys partnerships with a wide array of departments across our campus and across the State University System. As an office of limited size, this is of particular importance as it increases the overall footprint of the OCE, yielding greater influence to promote compliance and ethics systemwide.

Additional governance and oversight groups:

- Risk and Compliance Council, Vice-Chair
- Electronic Information Technology ("EIT") Accessibility Workgroup, Advisory Committee Chair
- Data Governance Workgroup
- InfoSys Committee Member
- SACSCOC Accreditation Workgroup
- Extended Cabinet
- Coordinator PCI DSS Compliance Program
- State University System Compliance and Ethics Consortium, UWF Rep
- GDPR Workgroup



SUS Compliance & Ethics Consortium: Working Together

The Florida State University System Compliance and Ethics Consortium (“SUSCEC”) was Founded in 2013, and 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.

This year, CCO, Matt Packard, initiated the first quinquennial C&E program effectiveness review. Required by Board of Governors Regulation 4.003, the external review element is just one piece of a wide scale statewide initiative to ensure all Florida SUS schools meet the high standards that the Florida SUS system has come to expect.

In 2021, the SUSCEC continues to be an invaluable asset to the OCE, providing a wide range of insight and support. Including access to the plethora of "lessons learned" that have been collected by professional compliance officers will decades of collective compliance and ethics experience within higher education. Such support makes navigating the complex regulatory and legal environment of higher education far more achievable objective.



“UWF is committed to providing equal access to its programs, services, and activities through electronic information technology (EIT).”

Digital Accessibility for All

At the University of West Florida, we believe in the power of higher education to drive change. We see that impact on campus, in our region, across the state and around the world. This means developing and providing only products and services that are fully accessible to all persons regardless of ability.

The Office of Compliance and Ethics is proud to be a part of UWF’s EITA initiative by carrying out dozens of contract reviews each quarter to ensure every Argo has full and equal access to all product offerings.

Code of Conduct, Policies & Procedures

One of the most common challenges facing compliance is the development and implementation of impactful policies and procedures. Organizational policies are a reflection of an organizations overarching ethical attitude and are developed with specific outcomes in mind. UWF takes considerable time and effort to ensure our policy library adequately address our unique institutional pressures, both internal and external.

One way UWF carries out this obligation is through periodic policy reviews. This includes new policy development, existing policy adaptations, and when necessary, policy deletion or removal of specific passages. Because the only thing worse than no policy, is a policy that is not followed.

P-01.03-12.17 University Policy Development and Issuance Process, establishes that every UWF policy will be reviewed on a 5-year rolling basis to determine continued applicability.

Additionally, policies are reviewed, adapted, and/ or removed based on current events and potential exposure to risk(s).

One policy of particular significance, is *FIN-13.01-06/21, University Policy on Internal Controls*, which establishes key internal control activities and provides

for reasonable assurance across the UWF system with a focus on Enterprise Risk Management practices.

The following is a list of the policies that were developed and/ or updated over the previous year.

- *P-20.01-08/20, Distribution of Written Material*
- *P-19.02-06/21, Animals on Campus*
- *P-14.03-10/20, Sexual Harassment and Misconduct Policy*
- *HR-21.02-12/20, Separations from Employment*
- *HR-04.01-07/20 Reasonable Accommodation and Compliance with ADA/ ADAAA*
- *FIN-09.04-10/20, Procurement Card Policy*
- *AC-26.03-06/21, Study Abroad Policy*
- *BOT-09.03-7/20, Investment Policy*
- *FIN-13.01-06/21, University Policy on Internal Controls*
- *HR-23.01-07/21, Outside Activities and Conflicts of Interest*

Training, Education & Awareness

When it comes to regulation, there are few industries that are faced with the complex challenges that we face in higher education. With a myriad of hundreds of overlapping rules and regulations that span the risk portfolio from banking/ financial compliance to ensuring the safety of minors on campus, and everything in between. Therefore, it is imperative that our employees are provided an adequate understanding about the responsibilities

of their job role within this complex risk environment.

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

UWF Standard Training Offerings:

- Knowledge Worker (IT, Data Security)
- Harassment & Discrimination
- FERPA
- At-Risk Simulation
 - i.e., Kognito, BOG training program
- Employee Orientation
- Public Records
- Reporting Abuse
- Covid-19
- PCI DSS (Certified Credit Card

Auditing, Monitoring & Risk Assessment

Continuous improvement is a baseline requirement across the compliance industry. This is due to the fact that we operate in a constantly evolving regulatory environment, where static programs will inevitably fail to keep up with demand. Accordingly, continuous monitoring is central to the OCE mission.

In addition to ad-hoc monitoring and auditing, at the start of each new year the OCE coordinates the Risk and Compliance Council's annual Risk Assessment of the

UWF system. This process involves working with subject matter experts to map out UWF's current risk environment, define mitigating controls, and allows for UWF to proactively address risks in a systematic and transparent method.

The top ten risks (2020-2021):

1. Compression of wages/faculty and staff
2. Deferred maintenance
3. Continued freeze on tuition and fees

4. Professional liability claims
5. Unfunded mandates from the state
6. Employee Recruitment
7. Employee turnover/ loss of support positions
8. Challenging Policy-making environment toward higher education
9. Football sustainability
10. Succession Challenges

Response, Prevention & Enforcement

UWF has established a multifaceted system of response, prevention and enforcement activities. This involves a formal interview and employee screening process that helps identify employees whose ethical values align with those of the University. This includes requiring everyone in a potential position of trust to undergo a level 2 background check.

Central to UWF's response and prevention efforts is the UWF Integrity Helpline. OCE established this anonymous employee reporting option in 2017 and represents a cornerstone of UWF's

compliance and ethics function. The Helpline is administered by the Chief Compliance Officer and supported by the Chief Audit Executive and General Counsel.

According to reliable benchmarking data, the UWF Helpline has consistently reported lower than average reporting rates for an institution of our size. This trend was further exacerbated over 2020-21, as UWF experienced the lowest reporting levels to date.

It is the opinion of the OCE, that these low reporting levels are associated with the shift to a remote workplace. As much of

the previous Helpline activity is related to employee grievances, it makes sense that reporting would be less active when people are not working in a shared space.

The Helpline remains a key tool for in identifying bad actors and ensuring appropriate prevention and enforcement measures are carried out. Additional marketing and awareness campaigns are slated for the Fall and Spring.

Incentives & Discipline

UWF implements a progressive discipline program for all employees with key policies related to dealing with ethical infractions, non-compliance, and the corresponding disciplinary consequences. Among these are:

- BOT 07.01-03/08 Code of Conduct
- HR 13.00-2004/07 Changes in Duties, Reassignment, Demotion, and Transfer
- HR 15.04-07/21 Employee Code of Conduct
- HR 21.01-12/20 Separations from Employment

- HR 22.00-2004/07 Standards of Conduct
- HR 16.00-2004/07 Employee Recognition Program
- HR 15.03-07/20 Employee Code of Conduct, Outside Activity and Conflict of Interest Notice

Also, in an effort to ensure employee contributions towards UWF's culture of compliance 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

One of the most fundamental challenges of the Office of Compliance and ethics is to remain adaptable in the face of an ever-changing regulatory environment. Unfortunately, higher education represents one of the more volatile regulatory environments that are particularly susceptible to external influences. Accordingly, the OCE reports, at least quarterly, to the Board of Trustees Audit and Compliance Committee and the University President to report on the ongoing activities and actions of the OCE. Additionally, the OCE publishes out a program plan, annual work plan and annual report to keep stakeholders abreast of the current direction and scope of the OCE.

The Florida Board of Governors recognizes the importance of measuring program effectiveness. Static programs will inevitably fall behind and will quickly become liability to their institutions.

For this reason, the State University System of Florida established a provision in Board of Governors Regulation 4.003, which requires all state compliance and ethics programs to undergo an external effectiveness review every 5 years.

2021 signals the first round of these program reviews, to which the OCE is happy to announce it's been selected to lead the first peer review. In June 2021, with the aid of Florida State University's Chief Compliance Officer, Robin Blank, CCO, Matt Packard, began the comprehensive review of the New College of Florida's compliance and ethics program. The program review is expected to be completed in August 2021.

OCE's external review is scheduled for 2022.



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

2828

Office of Compliance and Ethics

11000 University Parkway
Building 10, Room 119
Pensacola, FL 32514

PHONE:

(850) 857-6070

E-MAIL:

oce@uwf.edu

mpackard@uwf.edu

We're on the Web!

See us at:

uwf.edu/compliance-and-ethics



Office of
Compliance and Ethics
UNIVERSITY of WEST FLORIDA

UWF Board of Trustees Meeting
Audit & Compliance Committee
August 19, 2021

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

Background Information:

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

1. Office of Compliance and Ethics update on activities

Recommendation: Informational Item
Implementation: None
Fiscal Implications: Fiscal oversight by the UWF Board of Trustees

Prepared by: Matthew Packard, 857-6070, mpackard@uwf.edu
Presenter: Matthew Packard



Office of
Compliance and Ethics
UNIVERSITY *of* WEST FLORIDA

Audit & Compliance Committee

August 19, 2021

Presented by Matt Packard, Chief Compliance Officer

Action Items

1. OCE Charter

- Board of Governors requires triannual review of the office charter to ensure applicability and appropriateness in the current regulatory environment
- No changes necessary at this time
- Recommend approval

2. OCE Annual Report

- Annual baseline report provides data to help evaluate program effectiveness over time
- Recommend approval

SUSCEC Peer Review : New College of Florida

- Progressing on schedule
- Final report to be delivered to New College and Board of Governors in August

Reporting is still trending downward

- Expectation was for a bump in reporting following back to work trend
- Email blast scheduled for August
- Increase in reporting still expected

Foreign Influence Regulation

- HB 7017
- Proposed Board of Governors Regulation 9.012, Foreign Influence
- UWF Foreign Influence Workgroup Established
- Research Integrity Office/ Officer
- Statewide Collaboration

UWF Board of Trustees Meeting
Audit & Compliance Committee
August 19, 2021

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

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

1. Status of audits in process
2. Audit follow up
3. Status of advisory/consulting activities
4. Miscellaneous items

Recommendation: Information only
Implementation: None
Fiscal Implications: Fiscal oversight by the UWF Board of Trustees

Supporting Document:
Department of Veterans Affairs Letter of Findings dated June 10, 2020

Prepared by: Cindy Talbert, Associate VP/Chief Audit Executive, 474-2638, ctalbert@uwf.edu
Presenter: Cindy Talbert



Internal Auditing & Management Consulting
Quality Assurance Review – Self Assessment
Report #MAS20-21_006
Date: August 11, 2021

SCOPE AND OBJECTIVES

We conducted a Self-Assessment of Internal Auditing & Management Consulting (IAMC) as part of a mandatory five-year Quality Assurance Review. The review encompassed:

- Internal Audit Governance,
- Internal Audit Staff,
- Internal Audit Management, and
- Internal Audit Process.

We used a methodology provided in the Institute of Internal Auditors' *"Quality Assurance Manual for the Internal Audit Activity"* (2017). This review covered the period July 1, 2016 through June 30, 2021.

Background

The International Institute of Internal Auditors (IIA) is the flagship professional organization for the practice of internal auditing throughout the world. Since the establishment of the IIA in 1941, they have developed a body of standards that contribute to consistency and excellence in the field of internal auditing.

Florida Board of Governor's Regulation 4.002 *"Chief Audit Executives"* requires that university audit engagements be performed in accordance with the IIA International Professional Practices Framework. This framework includes "mandatory guidance" and "recommended guidance." Mandatory guidance includes:

- The Core Principles for the Professional Practice of Internal Auditing,
- The Standards,
- The Code of Ethics, and
- The Definition of Internal Auditing.

IIA Standard 1312 *"External Assessments"* states: "External Assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization." The IIA interprets this as follows: "External Assessments may be accomplished through a full external assessment, or a self-assessment with independent validation."

We elected to use the Self-Assessment with Independent Validation option. Two independent external validators were vetted and approved by the President and the Chair of the Board of Trustees' Audit & Compliance Committee in May 2021. The external validators have agreed to complete their review and issue a report of their results by October 31, 2021.

The results of the external validation will assign one of the following ratings to IAMC:

- Generally Conforms
- Partially Conforms
- Does Not Conform

Description and Results of Self-Assessment

A brief description of the IIA's primary Standards is shown below. Extensive documentation has been provided to the external validators in support of these results.

(Governance) Standard 1000 – Purpose, Authority, and Responsibility: The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices



Internal Auditing & Management Consulting
Quality Assurance Review – Self Assessment
Report #MAS20-21_006
Date: August 11, 2021

Framework. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.

Our results: Verbiage within our charter complies with the Standard. The charter was reviewed, revised, and approved by the Board of Trustees (BOT) in 2021. We are in compliance.

(Governance) Standard 1100 – Independence and Objectivity: The internal audit activity must be independent, and internal auditors must be objective in performing their work.

Our results: The Chief Audit Executive reports functionally to the BOT and administratively to the President, an ideal reporting structure to ensure independence. No impairments to independence have occurred, confirmed each year to the BOT through our Annual Report. The auditors confirm independence with respect to each audited entity, in writing. The auditors recently began signing an annual Code of Ethics affirmation. We noted other instances in which IAMC can improve compliance:

IIA Standard 1110 “*Organizational Independence*” provides specific examples that illustrate functional independence of the chief audit executive. One of these is board approval of the CAE’s remuneration. Another example is approval by the board of the internal auditing budget and resource plan.

Actions Planned: The BOT Audit & Compliance Committee Charter will be revised to 1) require the BOT to approve the remuneration of the CAE and 2) require the BOT to approve the IAMC budget and resource plan.

(Governance) Standard 1300 – Quality Assurance and Improvement Program: The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.

Our results: The Standards require both periodic and ongoing internal assessments of performance components of the Quality Assurance and Improvement Program, plus periodic external assessments. The current review by the external validators meets the requirement for periodic external assessments. Engagement-specific internal practices, such as the use of client surveys and documented review of audit workpapers, fulfill the requirement for ongoing monitoring. Other internal practices fulfill the requirement for periodic internal monitoring, including review of procedures manuals for revisions and the annual computation of performance metrics.

Standard 1320 “*Reporting on the Quality Assurance and Improvement Program*” requires that the results of the ongoing and periodic self-assessments be communicated to the board. This is not currently being done by IAMC.

Action Planned: IAMC should report annually to the BOT Audit & Compliance Committee on the results of self-assessments of quality.

Standard 1321 “*Use of Conforms with the International Standards for the Professional Practice of Internal Auditing*” provides verbiage for the statements to be used in audit reports. This includes “...conforms with the Standards.” IAMC audit reports currently state “...our audit was conducted in accordance with...” Our



Internal Auditing & Management Consulting
Quality Assurance Review – Self Assessment
Report #MAS20-21_006
Date: August 11, 2021

verbiage should reflect the verbiage provided by the Standard.

Action Planned: The “conforms” statement will be used in future audit reports.

(Staff) Standard 1200 – Proficiency and Due Professional Care: Engagements must be performed with proficiency and due professional care.

Our results: We have developed a small but highly effective audit team. Staff are required to obtain continuing professional education each year. Collectively, all necessary competencies are available to fulfill our responsibilities. Legal and information technology resources are available to the internal audit function from contacts within the University. Review processes have been established to ensure that best practices are followed in audit work. We are in compliance.

(Management) Standard 2000 – Managing the Internal Audit Activity: The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organization.

Our results: The Chief Audit Executive, with input from the BOT and senior management, is free to develop risk-based audit work plans each year. Coordination with the State auditor occurs to ensure that there is no duplication of effort. Internal policies and procedures are formalized in writing and provided to staff. IAMC has been provided with all necessary resources required to support audit activities. We are in compliance.

(Management) Standard 2100 – Nature of Work: The internal audit activity must evaluate and contribute to the improvement of the organization’s governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.

Our results: We contribute to the improvement of governance, risk management, and control processes through routine advice provided to the President and the BOT Audit & Compliance Committee; through roles and responsibilities that are defined within the IAMC and BOT Audit & Compliance Committee charters; participation on the Risk & Compliance Council; in considerations taken in developing our annual audit work plan; in our role as liaison with external auditors; in routine interaction with the Compliance & Ethics Officer; in the performance of information technology audits that include governance issues; and by conducting internal control evaluations within each audit engagement. We are in compliance.

(Management) Standard 2450 – Overall Opinions: When an overall opinion is issued, it must take into account the strategies, objectives, and risks of the organization; and the expectations of senior management, the board, and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant, and useful information.

Our results: We do not issue overall opinions. We are in compliance.



Internal Auditing & Management Consulting
Quality Assurance Review – Self Assessment
Report #MAS20-21_006
Date: August 11, 2021

(Management) Standard 2600 – Communicating the Acceptance of Risks:

When the chief audit executive concludes that management has accepted a level of risk that may be unacceptable to the organization, the chief audit executive must discuss the matter with senior management. If the chief audit executive determines that the matter has not been resolved, the chief audit executive must communicate the matter to the board.

Our results: This circumstance has not arisen; however, our charter states that if management elects to accept a level of risk that seems unacceptable, the CAE must communicate this matter to the BOT. We are in compliance.

(Process) Standard 2200 – Engagement Planning: Internal auditors must develop and document a plan for each engagement, including the engagement’s objectives, scope, timing, and resource allocations. The plan must consider the organization’s strategies, objectives, and risks relevant to the engagement.

Our results: We consult with members of auditee management in the initial phase of audit work in order to clarify risks and the scope, objectives, and timing of the audit. A planning meeting is held within IAMC to discuss resources, strategies, and other pertinent issues. The results of these meetings are documented. In the second phase of the audit work, risks and controls are identified and evaluated. We are in compliance.

(Process) Standard 2300 – Performing the Engagement: Internal auditors must identify, analyze, evaluate, and document sufficient

information to achieve the engagement’s objectives.

Our results: Standardized audit workpapers have been developed to ensure consistency and thoroughness for audit engagements; however, the audit program is tailored for each engagement. Periodic independent reviews of workpapers are conducted throughout the audit engagement. Workpapers are maintained on a secure server and retained indefinitely. We are in compliance.

(Process) Standard 2400 – Communicating Results: Internal auditors must communicate the results of engagements.

Our results: Audit findings are always discussed with auditees in advance of issuing a report, so that the process is properly viewed as a collaboration. Auditees are provided with a draft copy of the audit report for comment and possible edits, prior to the final audit meeting. Standard elements have been established for the content of our audit reports, which are reviewed to be sure that content is clear, accurate, and objective. All audits result in the issuance of a written report, presented to the BOT for acceptance, with copies provided to senior administration and other stakeholders. We are in compliance.

(Process) Standard 2500 – Monitoring Progress: The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.

Our results: We monitor the disposition of audit recommendations when the targeted



**Internal Auditing & Management Consulting
Quality Assurance Review – Self Assessment
Report #MAS20-21_006
Date: August 11, 2021**

implementation date has been reached and document these follow up activities. Should the recommendation not be implemented by that date, the department head is asked to provide an update on the status of the implementation at the next BOT Audit & Compliance Committee. We are in compliance.

Conclusion

We have provided detailed documentation to the external validators to demonstrate our compliance with the standards summarized above. The external validators will conduct surveys and interviews of Trustees and senior and operational management, and select specific audit engagement documentation for further examination. Once they have completed their review, their evaluation of our compliance with the IIA Standards will be issued in a report that may contain additional recommendations designed to further improve our compliance. We look forward to working with them, consistent with our desire to achieve a level of excellence that is characteristic of the University of West Florida.

Respectfully submitted,

A handwritten signature in black ink that reads 'Cynthia Talbert'.

**Cynthia Talbert, CFE, CIA, CPA, CRMA
Associate VP/Chief Audit Executive**



**Internal Auditing & Management Consulting
Quality Assurance Review – Self Assessment
Report #MAS20-21_006
Date: August 11, 2021**

REPORT PROVIDED TO THE FOLLOWING:

President Martha Saunders
Suzanne Lewis, Chair BOT
Bob Jones, Chair Audit & Compliance Committee
Dick Baker, Audit & Compliance Committee
Jill Singer, Audit & Compliance Committee
Kristina Davis, Quality Review Team Leader
Mike Hill, Quality Review Team Member
Julie Leftheris, BOG Inspector General
Rebecca Luntsford, BOT Liaison