

University of West Florida Internal Auditing & Management Consulting 2010/11 Annual Report



Message from the Chief Audit Executive

Our 2010/11 year was challenging, like many UWF departments. We had turnover of our two full-time internal auditor positions as well as losing one 3/4 time position due to budget cuts. Our team spent nearly 6,200 hours conducting a variety of scheduled audits, management advisory services, and special requests. We served UWF as the team responsible for filing with BP regarding the oil spill. In addition, we served on university committees, participated in several UWF organizations, engaged in academic outreach, and volunteered for campus events.



L-R: Cindy Bookout, CPA, Internal Auditor; Betsy Bowers, CIA, CFE, CGFM, CIG, Associate Vice President; Amy Bueno, Student Assistant; and Gregory Hale, Internal Auditor

The purpose of this annual report is to provide information on the benefits and effectiveness of the internal auditing function at the University of West Florida. Our primary objective is to assist management in all levels of the University and members of the UWF Board of Trustees in the effective discharge of their duties.

The 2011/12 year promises to be busy and exciting. We are implementing Audit Leverage (automated auditing software) data mining software (IDEA) to achieve efficiencies in our daily work. We are also working with UWF departments to implement a continuous monitoring program.

I want to thank the President, the UWF Board of Trustees Finance Administration & Audit Committee for their continued support of Internal Auditing & Management Consulting. I would also like to thank the IAMC staff for all their hard work, dedication to the practice of internal auditing, and commitment to their professional careers. Finally, I would like to thank UWF management for their insight, cooperation and responsiveness.

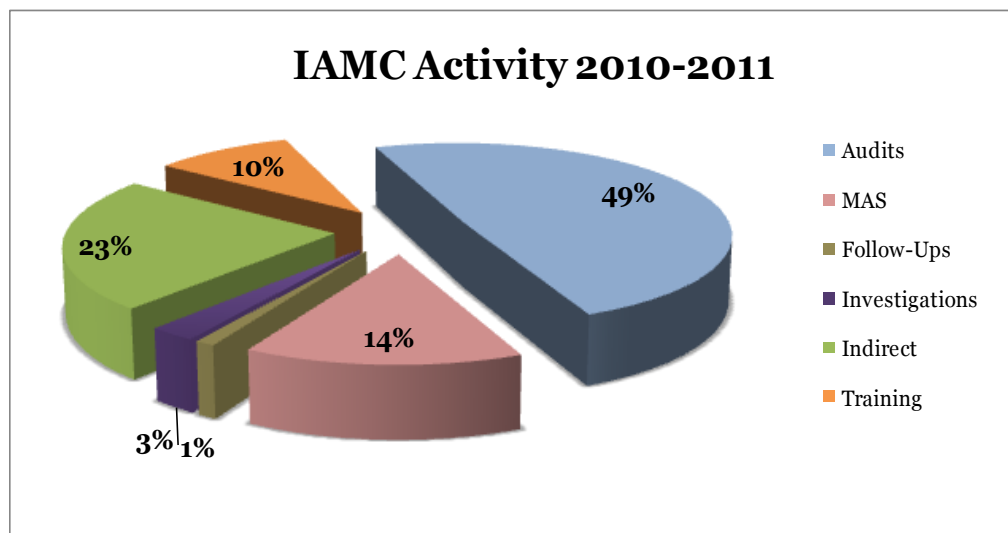
Betsy Bowers

Audits

Five audits were scheduled for 2010/11; one was deferred. We also had two audits that were started in the 2009/10 fiscal year and completed in 2010/11. Accordingly, we completed five (5) during the year despite significant staff turnover within the department. Highlights are as follows:



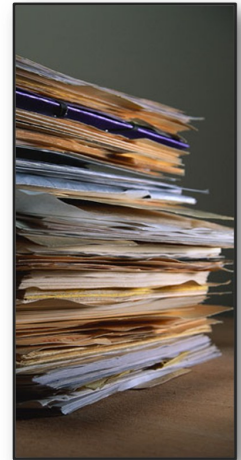
- **Auxiliaries:** The scope of this audit focused upon operations (internal controls, policies/procedures, classification, and rates assessed to departments). Five findings were included in this report which primarily dealt with the need to create an Auxiliary Oversight Board to handle policy and procedural issues as well as develop a formal Auxiliary Policy. Management is working toward accomplishing these goals in FY 2011/12.
- **American Recovery and Reinvestment Act (ARRA):** UWF received \$4,548,843 of ARRA monies via the Florida Department of Education's "State Fiscal Stabilization Fund." ARRA federal monies were an effort to alleviate the effects of unemployment and other financial issues resulting from the US sluggish economy. Our audit focused upon the uses of the monies and the procedures for administering and reporting fund usage. We had no findings.
- **Parking & Transportation Services:** With more than 9,700 parking decals, approximately \$250,000 revenues, and \$250,000 in parking fines annually, we conducted a financial and operational audit. Five (5) findings were included in the report which dealt with office management, data entry methods, and internal controls. Management has addressed these areas and is working toward full implementation in FY 2011/12.
- **Treasury Management:** In 2001, when devolution from the Board of Regents occurred, UWF's treasury management significantly increased (e.g. all payroll paid locally and reported under UWF's FEIN). Our audit focused upon the internal controls, policies and procedures, wire transfer activities, investments, and credit card industry standards. Our audit had three findings which were related to the need for an Investment policy, rotation of bank reconciliation duties, and some payment card industry best practices. Management is addressing each item and will have them implemented in 2011/12.
- **Vending:** This audit scope included the financial, operational and contractual compliance aspects with our vending providers for food, snacks, laundry services, and amusement devices. We had two findings relating to enhancing internal controls. Implementation of the recommendations will be achieved in FY 2011/12.



Management Advisory Services

UWF's staff, students and customers are excellent resources for us to expand our consulting activities. We believe this shows we are considered a constructive resource for campus rather than "fault finders." Accordingly, during this year, senior management sought our expertise presenting opportunities for 15 MAS projects.

These activities included serving on interdivisional task forces, high profile search committees, researching policies/rules/regulations, technology assistance, workflow evaluations, and Oil Spill financial recovery. For the Oil Spill recovery, this office was responsible for filing claims with BP. We spent 258 hours in 2010/11 working with BP Government Claims office and university personnel. To date, UWF was able to recover \$174,000 of the \$345,000 spent.



UWF Board of Trustees Finance, Administration and Audit Committee

Effective July 1, 2001, in accordance with the provisions of Chapter 2001-170, Laws of Florida (2001), the Board of Regents of the State University System of Florida was abolished. The University of West Florida is now governed by the University of West Florida Board of Trustees, a public body corporate of the State of Florida. According to Section 229.082, Florida Statutes, the president of the university serves as chief executive officer of the university and corporate secretary of the UWF Board of Trustees [BOT]. The bylaws of the UWF BOT created the Finance, Administration, and Audit Committee to which our office functionally reports. The Finance, Administration and Audit Charter was approved in 2005/06 by the UWF BOT. Our audit committee is presently composed of three Trustees:



Mort O'Sullivan, Chair, is Managing Partner of O'Sullivan Creel, LLP, a Certified Public Accounting firm.



Bentina Terry is Vice President – External Affairs and Corporate Services for Gulf Power Company, in Pensacola.



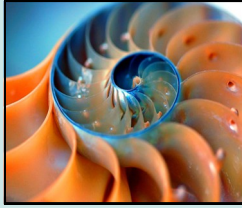
Susan O'Connor is president of the O'Connor Management group in Pensacola.

Objectives for UWF Internal Auditing & Management Consulting

We serve as an independent internal control device through which UWF management is assured of the extent to which UWF's:

- Operational plans and budgets are carried out effectively and efficiently;
- Policies and procedures are observed;
- Standards of performance are effective; and
- Records and reports are reliable (data integrity).

To this end internal auditing will furnish management with analyses, recommendations, counsel, and information concerning the activities reviewed.



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IAMC Staff

Betsy Bowers, CIA, CFE, CGFM, CIG

ASSOCIATE VICE PRESIDENT
(Chief Audit Executive)

Cindy Bookout, CPA

INTERNAL AUDITOR III

Greg Hale

INTERNAL AUDITOR I

Amy Bueno

STUDENT PROGRAM ASSISTANT

Vision Statement

Achieving institutional excellence by facilitating continuous improvement through innovative problem solving and shifting paradigms.

Mission Statement

The University of West Florida (UWF) Internal Auditing and Management Consulting Department (IAMC) is an independent appraisal function within the State University System and UWF. The overall mission of the IAMC Department is to help UWF achieve greater effectiveness and efficiency by performing three (3) primary functions: audits, investigations, and proactive projects.

Other Internal Auditing Activities

All members of the Internal Auditing team participate in a variety of regularly scheduled meetings as an attendee, participant, presenter, or when not a conflict of interest, a committee member. Discussions at these events relate to current or future potential audits or management advisory services for our office. They also play a significant role in our ongoing risk assessment. By participating in these meetings, it gives Internal Auditing an opportunity to identify, in the early stages, potential unexpected impacts of decisions made. Furthermore, it gives us an opportunity for us to let colleagues know the value and assistance we can be to their activities and operations, as well as address special topics as they arise.

For the past six years, we have participated in teaching the White Collar Crime course for the School of Justice Studies. It is an upper division course, and we invite area practitioners into the classroom to share their day-to-day experiences.

