



University of West Florida Internal Auditing & Compliance 2016/17 Annual Report



Message from the Chief Audit Executive

It is our pleasure to present the Annual Report for UWF Internal Auditing & Compliance. Fiscal year 2016/17 was a very productive year for us, as we:

- ◆ Completed five operational/compliance audits
- ◆ Provided more than 20 management advisory services
- ◆ Followed up on 69 audit findings
- ◆ Conducted 10 investigations
- ◆ Achieved the highest rating on a quality assurance review
- ◆ Launched an anonymous hotline, the “Integrity Helpline”

IAC reports functionally to the UWF Board of Trustees and administratively to the President. The BOT Audit & Compliance Committee continues to provide tremendous support, enabling our department to serve as an effective, independent resource. During the past year, the Florida Board of Governors enacted regulations that brought consistency to the audit and compliance functions in the State universities and that we believe will strengthen our overall operation. Our staff continues to grow professionally, attaining additional professional certifications and augmenting their information technology skills by attending comprehensive training. We are well-equipped for another successful year in 2018!



Betsy Bowers, CIA, CFE, CGFM, CRMA, CICA
Associate Vice President/Chief Audit Executive

Professional Activities

IAC staff participate as members and/or leaders in:

- Institute of Internal Auditors
- Association for College and University Auditors
- Association of Certified Fraud Examiners
- Association of Governmental Accountants
- Institute for Internal Controls
- Southern Association of College and University Business Officers
- National Association of College and University Business Officers
- Society for Corporate Compliance and Ethics
- Society for College and University Planning
- State University Auditors Council
- American Association of University Women
- IT Gulf Coast

The Rest of the Team

Cynthia Talbert, CPA, CIA
Internal Auditor III

Dan Bevil, MBA, CIA, CICA
Internal Auditor II

Matthew Packard, CCEP
Compliance Officer

Elizabeth Mrachek, CPA
PCard Auditor

Samuel Boyd
PCard Auditor

Lauren Alidor
Administrative Specialist

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Audits

Much of our project time this year was devoted to audit work. We completed six major audits of:

Performance Metrics: At the request of the Board of Governors (BOG), we evaluated the completeness, accuracy and timeliness of data file submissions to the BOG. We found that some staff had unnecessary capability to update student Social Security Numbers and recommended that appropriate action be taken.

Confucius Institute: This is an operation funded by the Office of Chinese Language Council International headquartered in China. We recommended that policies and procedures for Confucius Institute activities be formalized in writing and that a more detailed, approved budget document be obtained from the agency in China.

Internal Audit Self-Assessment: The IIA requires that a self-assessment be performed every 5 years. One finding resulted, related to enhancing IT audit skills. See below for further information on the related peer review.

College of Arts, Social Sciences and Humanities Dean's Office: This was a self-assessment with internal audit validation. We audited 39 areas of risk, resulting in two audit recommendations; that IT goals be documented and that reports of outside activity/conflict of interest forms be submitted and approved by administration prior to the activity commencing.

College of Education and Professional Studies Dean's Office: This was also a self-assessment with internal audit validation. We recommended that IT goals be documented and that security controls for network user privileges be enhanced.

Research and Sponsored Programs: We evaluated the award approval process, compliance with export control regulations, and fiscal management of the department. We recommended that the Division collaborate with other support departments to develop a plan to increase research funding; that foreign visitor access to research labs be approved in advance by the Dean or Provost; that a complete file of properly approved grant proposal form be maintained in RSP; and that procedures be enhanced to ensure that all research new hires are screened through the federal E-Verify application.



Quality Assurance Review

In conjunction with the self-assessment project described above, a group of very qualified, independent peers from other institutions conducted a Quality Assurance Review of the IAC operation. This type of review is required every five years to assess our compliance with standards of the Institute of Internal Auditors. The team issued an opinion that our operation "Generally Conforms" with the standards; the highest rating available.

Other Services

The adjacent chart shows that IAC maintained a good balance between audits, management advisory services, and investigations during the year. The ability to offer advisory services to management provides IAC with a constructive way to assist managers in strengthening internal controls in their department's activities, without the trepidation that audits might create.

One investigation concluded this year with the perpetrator being convicted and paying restitution.

PCard Audits

Most of our PCard audits are conducted by two part-time employees, including an experienced CPA and a student auditor. Statistics related to the 33 PCard audits issued during fiscal year 2016/17 are displayed in the adjacent table. Audit reports are issued to department management with a rating assigned, based on the level of compliance with University PCard policies, as determined by the audit work. Ratings assigned were:

Excellent—10 Good—15 Fair—7 Poor—1

Departments receiving a rating of Poor are required to personally submit a remediation plan to the Board of Trustees. Departments with cardholders are audited on approximately a 2 year cycle. In addition, we engage in “continuous monitoring” of PCard activity, a process that quickly identifies unusual or obviously unauthorized purchases.



PCard Statistics

PCard Audits	33
Dollars tested	\$963k
Cardholders audited	133
Cardholders	410
Cardholder Depts	114
Total PCard charges	\$15 mil
Vendors	3,584
# of Transactions	37k

KPI	16/17	15/16	14/15	13/14	Comments
Percentage of audit plan completed	63%	100%	67%	100%	
Number of audits completed	6	7	5	9	
Average Score –Post Audit Client Satisfaction Survey (out of 5)	4.9	4.9	4.9	4.9	
Average report turnaround time (days)	10	10	11	12	Calculated as # days between Exit conference and final report
Percentage of effort spent on audits	63%	53%	72%	69%	Internal Audits and PCard audits compared to the total Direct Time of
Number of Management Advisory Services	21	19	11	20	
Number of PCard audits	33	34	32	34	
Number of follow-ups on audit findings	69	33	21	38	
Number of certifications held by staff	11	10	7	6	2-CPA, 3-CIA, 1-CFE, 1-CGFM, 1 CCEP, 1-CRMA and 2-CICA
Average number of years of audit experience per auditor	19.5	18	17.5	17	33 yrs. (AVP) + 15 yrs. (Auditor III) + 6 yrs. (Auditor II)+24 yrs. (PCard Auditor)
Average number of years of compliance experience per compliance professional	3	2	1	-	3 years (Compliance Officer)

2017/17 Annual Compliance Report

UWF Integrity Helpline

Our office recently launched the University's first telephone and web based incident reporting system. Employees, students, or community members can anonymously submit concerns through our Integrity Helpline, which is managed by EthicsPoint, a third party vendor. Complaints are routed to the appropriate UWF department for investigation, including IAC.

The compliance horizon for higher education is massive. To help manage the myriad requirements, we created a searchable database and delegated authority to 63 "compliance partners." We also developed other tools to help coordinate this massive system: a compliance calendar and accountability matrices, designed to assist our employees with compliance-related responsibilities to meet their obligations. These tools include critical State, Federal, and SACSCOC reporting deadlines, designating the appropriate divisional vice president, an accountable individual, and an associated department. Useful resources for regulations are hyperlinked throughout each of these tools.



Higher Education Opportunity Act

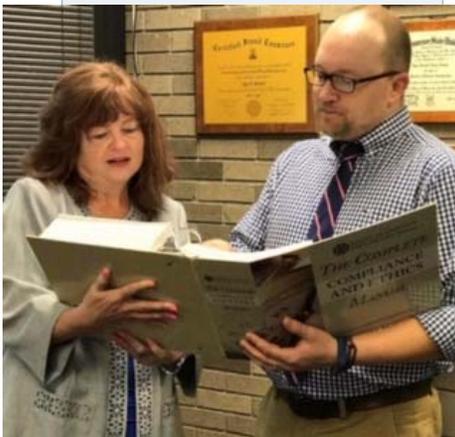
One key federal regulation with many requirements of universities is the Higher Education Opportunity Act (HEOA). Our office maintains the required HEOA public disclosure requirements on the UWF Consumer Information webpage. The webpage provides a centralized access point for prospective students, employees, and other interested persons to view statistics and information about the operation and performance of the University.

Payment Card Industry Data Security Standards

Another project keeping the Compliance Office busy is the PCI DSS (Payment Card Industry Data Security Standards) that relate to our credit card acceptance sites, both physical and online. We assisted in the creation of the Credit Card Processors (CCP) Group, a CCP training/certification program that has certified 55 UWF employees. Other notable achievements include: PCI DSS policy development, an assessment of six merchant accounts, developing a UWF PCI DSS web presence, and the implementation of a sustainable mobile payment solution.

SUS Compliance Consortium

No compliance office works alone. We are a member of the SUS Compliance Consortium that exists for the Florida universities to support the development of effective compliance and ethics programs within the SUS.



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