



UWF Internal Auditing & Management Consulting Annual Report 2020/21

Message from the Chief Audit Executive

It is our pleasure to present the 2020/21 Annual Report for UWF Internal Auditing & Management Consulting. Our staff was able to seamlessly transition to remote work locations last year, but are happy to be back in the face to face environment once again. We were able to complete 7 traditional audits, 11 Purchasing Card audits, 5 management advisory services, and 2 investigations of complaints, while following up on audit recommendations and participating on University committees.

IAMC activities conform to the Standards for the Institute of Internal Auditing, which require an annual confirmation of independence to the Board of Trustees. IAMC 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.

Cynthia Talbert
CFE, CIA, CPA, CRMA

The IAMC Team

Cindy Talbert, Lauren Alidor, Elizabeth Mrachek



Our current staff includes a Chief Audit Executive and two Auditors. Traditional audits, Purchasing Card audits, investigation of complaints, management advisory services, and follow up on prior audit recommendations are assigned to staff members as available.

All staff are required to complete continuing education hours each year and participate in the local chapter of the Institute of Internal Auditors.



Audits Completed

Performance Based Funding Data Integrity 2020: This is an annual audit required by the Board of Governors. We evaluated the completeness, accuracy, and timeliness of data file submissions to the Board of Governors, from which ten Performance Metrics are computed. Controls were found to be strong in all areas involved in the production and review of data, and no material errors were noted in our tests of the data. There were no audit findings or recommendations.

Campus Keys and Building Access Controls: This audit evaluated controls over physical keys for buildings and residence halls, swipe card and electronic access on campus, and the highest risk areas on campus to determine the strength of controls over physical security. Controls over all processes were generally strong. We recommended that vendor access be reviewed and modified as needed, including consideration of background screenings, and that Facilities Maintenance perform a key inventory and collect all unauthorized keys, a process to be performed annually.

CashNet and Student Refunding: Our objectives were to evaluate controls over collections and disbursements; bank reconciliations; security; external party software applications; customer service; reporting; taxes; and compliance with applicable laws, rules, and regulations. We found that controls were generally strong. We recommended that the Controller's Office conduct a review of contractual agreements for critical software applications in use by Student Financial Services, and that they develop and formalize in writing procedures for the periodic review of staff user access to CashNet, BankMobile, and Banner Student, identifying compensating controls for any unavoidable combinations of duties that create risk.

Financial Aid Business Processes: Our objectives were to evaluate internal controls over cash management; awarding of financial aid; award corrections; disbursement of financial aid; determining eligibility and verification; training of financial aid counselors; effectiveness of communication and collaboration with the Controller's Office and the Registrar's Office; quality of customer service; conflicts of interest; and business continuity. Internal controls were found to be generally strong. We recommended that the Office of Financial Aid and Scholarships (OFAS) formalize a policy and corresponding procedures requiring employees to recuse themselves from processing financial aid awards for related parties; that Academic Affairs select appropriate memberships for the Financial Aid Policy and Advisory Committee and the Scholarship Allocation Committee and coordinate periodic meetings as set forth in University regulation; and that OFAS, the Registrar's Office, and the Controller's Office establish a standing committee to address matters requiring collaboration between these three critical functions.

Title IX Compliance: The objectives were to evaluate current practices for receiving and resolving complaints of Title IX sexual harassment, and to determine if the University complied with Title IX rules and regulations and University policies and procedures. Controls over these processes were generally strong. We recommended that UWF Policy P-14.03 *Sexual Harassment and Misconduct* be updated to specify that Title IX records will be maintained for a minimum of 7 years, and that the department formalize its standard policies and procedures in writing, periodically review them for updates and document the dates when reviews are conducted.

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Audits Completed (continued)

Center for Cybersecurity: Our objectives were to identify and evaluate the adequacy and effectiveness of controls related to operations, financial activities, grants, and contractual agreements, and to review compliance with applicable laws, rules, and regulations as well as contractual and grant agreements. Internal controls were found to be generally strong. We recommended that the Center develop a written attractive assets policy, to include a procedure for inventorying their assets annually, that they develop a procedure for tracking compliance with University training requirements, and that management 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.

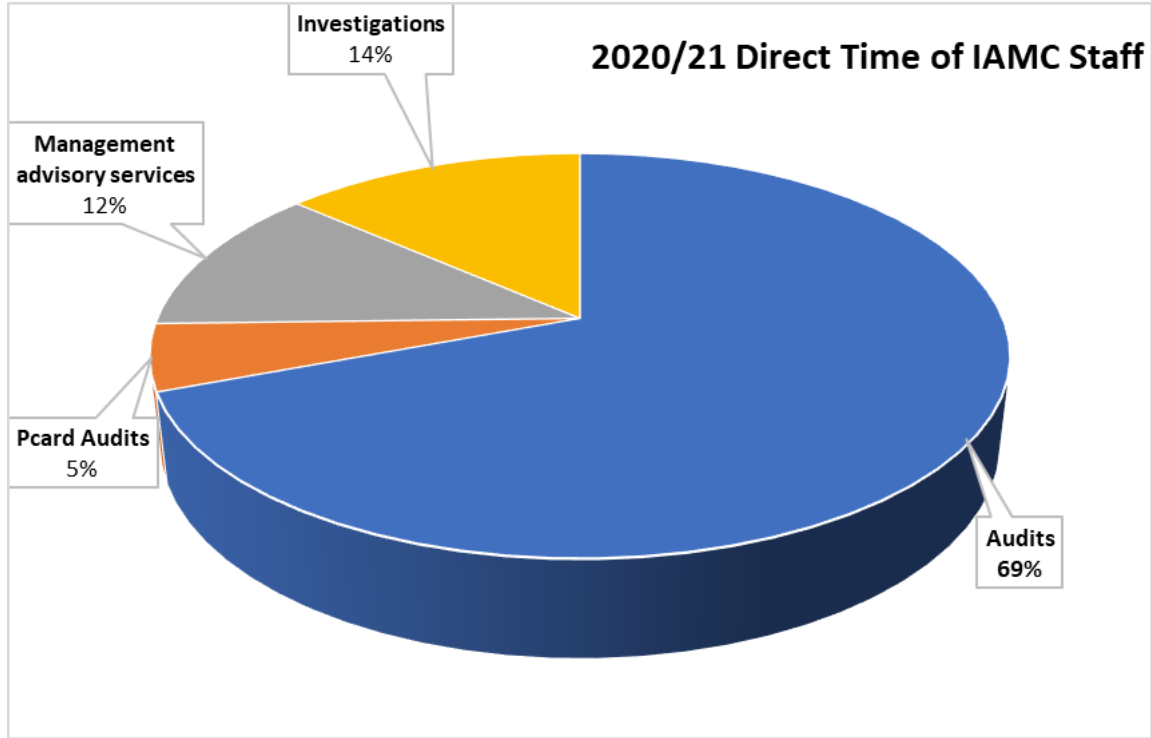
Use of Humans and Animals in Research: Our objectives were to evaluate internal controls over formalization of critical policies and procedures in writing (e.g., charter, bylaws); compliance with charter and any bylaws; documentation of communications, required discussion items, and required committee activities; and compliance with federal regulations and University requirements. Controls were found to be moderate in strength. We recommended that the Institutional Research Board for Human Participants Protection (IRB) and the Institutional Animal Care and Use Committee (IACUC) review their Charters on a time schedule that is in accordance with their own requirements; 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; that the IRB and IACUC implement periodic review of policies and procedures to ensure compliance with federal regulations or other authoritative regulations; that information documented by IACUC as a result of semiannual inspections be thoroughly and consistently recorded; that the IRB and IACUC monitor research projects to ensure that time extensions and final reports are received and stored in the project files in Research Administration and Engagement (RAE); and that RAE establish a systematic procedure for the retaining of critical IRB and IACUC documentation.

Management Advisory Services

We completed two major advisory services at the request of management during the fiscal year. Our Review of Split-Funded Payrolls was requested by the Vice President of Finance and Administration. Results were that for the payroll of 79 employees with payroll costs charged to multiple budgets, each Financial Manager was able to provide adequate justification for the budgets used for payroll charges. We also conducted a review of compliance with federal requirements related to the Coronavirus Aid, Relief, and Economic Security Act, for both student and institutional aid. Overall compliance was very good, although a recommendation was made to reimburse a minor amount of student aid made in error.



**UWF Internal Auditing & Management Consulting
Annual Report 2020/21**



PCard Audits

Our PCard audits are conducted by a staff member with an extensive knowledge of PCard regulations and best practices. Statistics related to the 11 PCard audits issued during fiscal year 2020/21 are displayed in the table below. PCard 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—9 Good—2 Fair—0 Poor—0

Departments receiving a rating of Fair or Poor are required to submit a remediation plan to the Board of Trustees.

PCard Statistics

PCard audits	11	Cardholder departments	112
Cardholders audited	64	Total cardholders	320
Dollars tested	\$643,932	Total charges for depts. audited	\$1,137,881
Transactions tested	410	Total transactions for depts. audited	2020



**UWF Internal Auditing & Management Consulting
Annual Report 2020/21**

Budgetary Information

IAMC is supported primarily by Education & General funding provided by the President's Division. In 2020/21, we were also provided with \$20,000 in Auxiliary funding to support PCard auditing activities. We expended the following amounts from E&G and Auxiliary funding:

Salary and wages	\$291,095
Office supplies	141
Telephone	995
Statewide security application	1,078
Dues and memberships	1,070
Training	3,815
	<u>\$298,194</u>

Key Performance Indicators	20/21	19/20	18/19	17/18	Comments
% of audit plan completed by year-end	71%	56%	57%	88%	Completed 5 out of 7 audits
Number of audits completed	7	7	4	9	Completed 3 from 19/20 work plan and 4 from 20/21
Average Score: Post-Audit Client Satisfaction Surveys	4.8	4.9	4.9	4.9	Out of 5 points
Percentage of effort spent on audits	69%	76%	70%	76%	Internal Audit and PCard audit hours compared to the total Direct Time of IAMC auditors
Number of Management Advisory Services completed	5	4	5	9	2 MAS projects were in progress at year end
Number of PCard audits	11	24	36	35	
Number of follow-ups on audit findings	26	64	35	49	
Number of investigations completed	2	9	8	7	
Number of certifications held by staff	5	5	9	8	2-CPA, 1-CIA, 1-CFE, 1-CRMA
Average number of years of audit experience	17	16	18	16	19 yrs. (CAE), 3 yrs. (Auditor), and 28 yrs. (Auditor)



UWF Internal Auditing & Management Consulting Annual Report 2020/21

Guidelines

The activities of our office are designed to comply with:

- Our Charter, approved by the Board of Trustees,
- Board of Governor's Regulation 4.002 "State University System Chief Audit Executives", and
- The Standards of the Institute of Internal Auditors.

Charter Review

We are required to review and make necessary modifications to our department Charter at least every 3 years. This was completed and approved by the Board of Trustees during 2020/21.

Quality Assurance Program

IAMC has established a Quality Assurance and Improvement Program. This includes a peer review every 5 years. Our next review is scheduled for late summer of 2021. Ongoing monitoring is incorporated into our routine practices, for example, by workpaper review and frequent interaction between auditors and the CAE.

Audit Follow Up

Prior audit recommendations are followed up on periodically during the year. IAMC performed 26 follow up activities this year on 38 recommendations. By year-end, 16 recommendations were found to be implemented and 8 were not implemented. 14 others had not reached their targeted implementation dates yet. IAMC is working with department staff to ensure that resolutions are reached.

Professional Activities

During the year, IAMC staff participated as members of:

- Institute of Internal Auditors
- Association for College and University Auditors
- Association of Certified Fraud Examiners
- State University Audit Council

University Hotline

UWF uses a variety of mechanisms to receive complaints, including a hotline for faculty and staff. Communications from the EthicsPoint **Integrity Helpline** are coordinated through an outside party. A UWF resource group assigns complaints for investigation as necessary. Financial-related complaints and miscellaneous matters are handled by IAMC. In 2020/21, our office received and resolved one hotline complaint.