



## Message from the Chief Audit Executive

On behalf of UWF Internal Auditing & Management Consulting [IAMC], it is my pleasure to present the Annual Report for 2011/12. Our mission is to assist the University leaders in fulfilling their fiduciary responsibilities. Our team is committed to providing independent, objective assurance services. Within this Report we intend to demonstrate our accountability to you that the internal auditing function is operating as intended.



Like many UWF departments, in July 2011 we suffered downsizing (.75 position) with the university's budget reduction. We hired two part-time employees (both CPAs) to work approximately 10 hours/week, collectively, to assist in some audit engagements.

We've been busy. This year we were able to complete 5 audits, 30 PCard departmental audits, 27 consulting projects (Management Advisory Services), and 1 large investigation which was successfully prosecuted. We also implemented two audit software applications: Audit Leverage (audit management software) and IDEA (data mining software). These tools helped increase productivity by 21% over the last year for three functions: audits, investigations, and management advisory services. In spring 2012, we had a Quality Assurance Validation team spend a week examining our work, interviewing the Board of Trustees and senior management, and making an overall assessment of "generally conforms," the highest rating that can be issued.

Our department's accomplishments would not have been possible without the dedication and professionalism of the employees in IAMC. I thank them for their efforts. I also would like to thank the UWF management for their cooperation and responsiveness. Finally, I thank you for your continued support of IAMC.

A handwritten signature in black ink that reads "Betsy Bowers".

Betsy Bowers, CIA, CFE, CGFM, CIG  
Associate Vice President

## 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.

## Table of Contents

Mission & Objectives .....	2
Audits .....	2-3
Follow-ups.....	3
Management Advisory Services .....	4
Quality Assurance Review .....	4
Audit & Operations Committee .....	5
Internal Audit Staff.....	5

## 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.

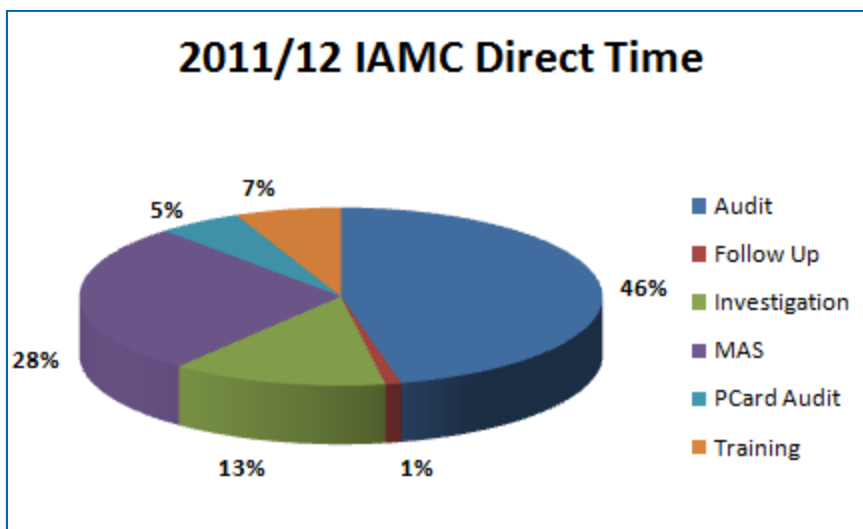
## AUDITS

Audits comprise the largest portion of our direct time, about 51% including PCard audits.

Eight audits were scheduled for 2011/12; one was deferred. We also had two audits that were started in the 2010/11 fiscal year and completed in 2011/12. Accordingly, we completed five (5) during the year.

### • Educational Research Center for Child Development

In this audit, we reviewed financial activities, property and inventory, management oversight, safety and security, and compliance. Improvements were recommended for the approval of revenue-generating contracts, collections reconciliation processes, documentation required by Florida Department of Children and Families, and security over building access. Most fees charged to parents of children were approved and published on the ERCCD website, we recommended that all fees be approved by the Board of Trustees and appear in their entirety on the departmental website.



(Continued on page 3)

- **Institutes and Centers**

This audit focused on both University-created and state-wide institutes and centers, excluding their sponsored research accounts. Our basic objective was to confirm compliance with applicable laws, regulations, and policies, and to determine whether department managers had implemented appropriate business practices. Some minor modifications were needed to data-compiling processes for Board of Governors' submission. Some areas were found to need periodic program reviews, written policies and procedures, and formalization of revenue-generating agreements.

- **Revenue Generating Contracts**

We audited several revenue-generating contracted services managed by Business & Auxiliary Services. We examined compliance to the contracts and the controls related to the commission payments remitted to the university. We recommended the need for more policies & procedures for Business & Auxiliary Services and that commission checks be electronically or directly transferred to the Cashier's Office.

- **Telecommunications**

Our goals were to determine whether internal controls were adequate over management oversight, finances, security, compliance, and economy and efficiency. The department was found to have great corporate knowledge as a result of several key long-term staff members. More fully-developed, written procedures were recommended for the Telecommunications Specialists' duties. It was also recommended that consideration be given to a new model for charge-back for telecommunications services provided to internal users.

- **The Voyager**

As a result of a consulting review in 2010, we decided to review The Voyager more closely. The student press department, organized under the guidance of the Communication Arts department, required tighter fiscal controls, specifically the audit trail over its advertising revenue. We also found that students were paid from an off-campus bank account, with no consideration to tax consequences. We recommended the bank account be closed and all monies be accounted for in the University accounts.

### PCard Audits

With a recent PCard fraud resulting in prosecution of the PCardholder, our office revamped its PCard audit activity. We used part-time help from two CPAs to perform the majority of these audits along with our two internal auditors. During FY 2011/12, we were able to complete 30 PCard audits.

Presently, UWF has 376 cardholders in 144 departments. PCard expenditures for FY 2011/12 total \$11,285,454 to 3,043 vendors.

## Audit Follow-Ups

Division	Implemented	Not Implemented			Total Audit Findings
		Partially Implemented	Not Scheduled for Follow-Up Yet	Followed Up—Not Implemented	
<b>Academic Affairs</b>	-	1	2	1	4
<b>Administrative Services</b>	10	5	2	1	18
<b>Research</b>	-	1	-	1	2
<b>Student Affairs</b>	5	5	4	8	22
<b>Division Totals</b>	<b>15</b>	<b>12</b>	<b>8</b>	<b>11</b>	<b>46</b>



## 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 25 MAS projects.



### Quality Assurance Review

Who audits the auditor? Every five years, the proverbial question surfaces. The Institute of Internal Auditors *International Standards for Professional Practice of Internal Auditing* (IIA Standards) requires that internal audit operations undergo a quality assessment review (QA). In June 2012, UWF IAMC underwent its quality assurance review (or peer review as it is colloquially called). The QA review team was Robert Berry, CPA, CIA, CISA, CCEP, Director of Internal Audit, University of North Florida, Jacksonville, FL and Vijay Patel, CPA, CIA, CISA, CFE, CICA, Director-Office of Internal Audit, University of Southern Mississippi, Hattiesburg, MS. After a week of examining IAMC's working papers, validating our self assessment documentation, and interviewing UWF senior management, the hours of preparation by UWF IAMC paid off. The QA validators (Berry and Patel) issued a 'generally conforms' opinion, the highest rating and indication of our compliance to the international *Standards*. A copy of this report has been provided to the UWF Board of Trustees Audit & Operations Committee and the President; copies may be obtained from UWF IAMC. The next QA review is scheduled for 2017.

These activities included serving on interdivisional task forces, high-profile search committees, researching policies and regulations, technology assistance, workflow evaluations, and quality assurance reviews for other institutions.

#### • Banner Student

Since 2003, UWF has used Banner for its financial accounting, human resources, and research systems. In June 2011, the Cabinet chose to go forward with the Banner Student module and purchased all components for implementation at UWF. Anticipated completion of this will be by July 2013. Most modules will roll out prior to Spring 2013 onset. Internal Auditing team members are serving on various subcommittees.

#### • Search Committees

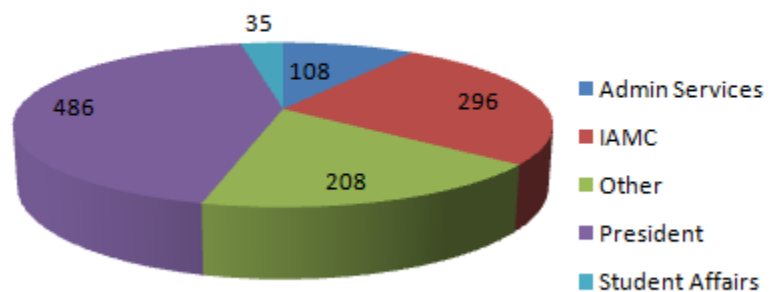
IAMC participated in two high-profile search committees this year. IAMC AVP Betsy Bowers served as the co-chair of the General Counsel search and the chair of the AVP Human Resources search. Activities included evaluating

the applicants' strengths and limitations, selecting candidates for interview, and providing the names of the finalists to the division leadership, who then selected a candidate for hire.

#### • Quality Assurance Reviews—FGCU, FSU, Ga. Tech

Like the quality assurance review conducted on our own audit department, IAMC AVP Betsy Bowers worked with colleagues from other institutions to conduct similar reviews of the internal audit shops at FGCU, FSU, and the Georgia Institute of Technology. Not only did this benefit the host institutions, but it also provided us with insight as to how work is structured and performed in other shops. This helped us to learn and build onto our own audit methodologies so we can better serve our university community.

### 2011/12 MAS Hours by Unit



#### • Training for Deans, Directors, and Department Heads

IAMC has developed with the Controller a manual with the intent of providing a resource to Deans, Directors, and Department Heads, concerning various financial and business aspects of their responsibilities, and compliance with UWF policies and procedures. Some face-to-face training may also be provided along with the manual. This is expected to launch Fall 2013.

## UWF BOARD OF TRUSTEES Audit & Operations 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. In December 2011, BOT Committees were restructured to create the Audit & Operations Committee (A&O), to which our office functionally reports. The new A&O Committee Charter and the new Internal Auditing Charter were approved in March 2012 by the UWF BOT. Our audit committee is presently composed of three Trustees: Susan O'Connor, Dr. Pam Dana, and Garrett Walton.



**Susan O'Connor, Chair**, is president of The O'Connor Management Group that oversees JLO, Inc. which owns local McDonald's franchisees. She has a Bachelors in Accounting.



**Dr. Pam Dana** is Senior Strategic Analyst for the Institute of Human and Machine Cognition. Her PhD is in International Development and Education.



**Garrett Walton** is a retired tax attorney from the law firm of Emmanuel, Sheppard & Condon. He is currently self-employed primarily in the real estate development and investment areas.

## PROFESSIONAL ACTIVITIES

IAMC staff participate as members and leaders in myriad professional activities:

- Institute of Internal Auditors (IIA)\*
- Association for College and University Auditors (ACUA)
- Association of Certified Fraud Examiners (ACFE)\*
- American Institute of Certified Public Accountants (AICPA)
- Southern Association of College and University Business Officers (SACUBO)
- National Association of College and University Business Officers (NACUBO)
- Society for Corporate Compliance and Ethics (SCCE)
- Society for College and University Planning (SCUP)
- State University Auditors Council (SUAC)
- American Association of University Women (AAUW)
- Toastmasters International, Ellyson Park\*

\*IAMC staff held a leadership position



### Contact Us

Internal Auditing &  
Management Consulting

11000 University Parkway  
Building 20 West  
Pensacola, FL 32514

Phone: (850) 474-2636  
Fax: (850) 474-2877

[www.uwf.edu/iame](http://www.uwf.edu/iame)



**Betsy Bowers, CIA, CFE, CGFM, CIG**  
Associate Vice President  
(Chief Audit Executive)

**Cindy Bookout, CPA**  
Internal Auditor III

**Greg Hale, CPA**  
Internal Auditor I

**Amy Bueno**  
Student Program Assistant

*Photo (left to right):  
Amy, Cindy, Betsy, Greg*