

ANNUAL REPORT 2012/13

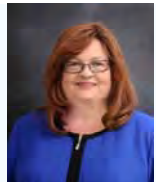
Internal Auditing & Management Consulting



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Message from the Chief Audit Executive



It is my pleasure to present the Annual Report for 2012/13 for UWF Internal Auditing & Management Consulting (IAMC). 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. Additionally, we tied our activities to the UWF Strategic Plan 2012-2017.

Productivity has been high, despite turnover of an internal auditor position. We completed eight (8) audits, 35 PCard departmental audits, and 15 consulting projects (Management Advisory Services). This is the second year of our new audit software applications: Audit Leverage (audit management software) and IDEA (data mining software), which continued to enhance our overall productivity. As noted in 2011/12 Annual Report, IAMC experienced an external validation (peer review) and received the rating of "generally conforms," the highest rating that can be issued.

UWF continues to meet strategic objectives, while being exposed to a barrage of risks facing many of its peers in higher education: changing regulations and increased scrutiny, regulatory and operational risks, enterprise system implementation (Banner Student) and ongoing changes to IT infrastructure, safety of students, staff, and others on campus, challenges associated with restructuring and downsizing (including maintaining effective control), and increased risk of fraud. UWF Internal Auditing's role is to proactively work with management to navigate these risks and provide assurance that existing internal controls and processes are in place and optimized for effective and efficient risk mitigation. Our report will highlight outcomes of key activities of UWF IAMC.

The dedication and professionalism of the employees in IAMC led to the successes our department experienced this year. 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.

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

Cindy Talbert, CPA
Internal Auditor III

Dan Bevil, MBA
Internal Auditor II

**Elizabeth Mrachek,
CPA**
PCard Auditor

Brandon Heppler
PCard Auditor

Amy Bueno
Student Program Assistant

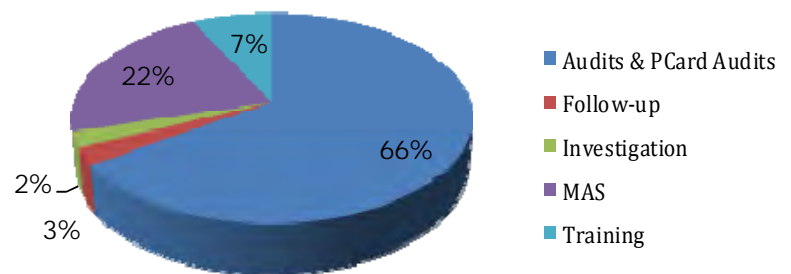
Betsy Bowers, CIA, CFE, CGFM, CIG, CRMA
Associate Vice President

AUDITS

UWF Strategic Priority 4.A “Support and sustain the high-quality services needed to achieve identified UWF priorities.”

Audits comprise the largest portion of our direct time, about 66% including PCard audits. Six (6) audits were scheduled for 2012/13, with two deferred (IT General Application Controls and Attractive Assets). We also had four (4) audits that were started in the 2011/12 fiscal year and completed in 2011/12. Accordingly, we completed eight (8) during the year.

2012/13 IAMC Direct Time



Aquatic Center/Natatorium Operations

Two Notable Strengths were identified: a) comprehensive services offered which included swim lessons to approximately 3,200 children during 2011/12 and b) staff in Aquatics are recognized as pre-hospital Professional emergency Medical Responders. Improvements were recommended for eight (8) areas: contract execution, swim club activities, emergency training documentation, cash receipting procedures, outside bank account, timely invoicing for use of facilities, sales tax collection, and separation of duties enhancement.

Differential Tuition

Florida Statute 1009.24(16) and BOG Regulation 7.001(14) include specific provisions for need-based financial aid and performance accountability, and it set an upper limit of all tuition and fees at the national average for public universities. The funds generated are to be used to invest in undergraduate instruction and undergraduate student support services. UWF began assessing differential tuition in 2009. There were no audit findings. Two Notable Strengths were identified: strong oversight of the differential tuition assessment, collection, and reconciliation and b) enhanced accountability, tracking and auditing of transactions by creating distinct accounting indexes.

Health, Leisure, & Science Facilities Operations

The operational and compliance audit identified two Notable Strengths related to their preventative maintenance program and their newly implemented customer service training (based upon the Seattle fish market model). Four findings were included in the report regarding the following areas: gift certificate accountability, service agreements for activities provided to other UWF departments, sales tax calculations and collection, and attendance rosters and subsequent reconciliations to collections.

Major Construction

This audit focused upon the College of Business Phase II construction. Five operational enhancements were identified within the Facilities Development & Operations: financial policies and procedures formalization, segregate duties involving familial relationships, UWF policy update, notification and approval of construction management key personnel, and licensure of subcontractors verified.

Postal Services

UWF operates a contract station post office; the contract is with the United States Postal Service. One Notable Strength was identified related to customer service and the long tenure of each postal employee. Improvements were identified for three areas: policies and procedures update, job descriptions update, and alternative revenue sources to be able to provide additional services customers desire (e.g. use of credit cards at post office).

Recreation & Sport Services Operations

Two Notable Strengths were identified relating to a) being the first SUS institution to create a risk management program and b) expanded internship opportunities which led to offering more activities for UWF students. Six areas of improvement were identified: IT security, contractual relationships, document retention, cash collections, attractive assets inventory, and community donations to the program.

Student Affairs Vice President's Office

This departmental audit was a self-assessment with internal audit validation. Thirty one (31) areas related to administrative aspects of the VP Student Affairs Office were examined. Two minor enhancements were recommended: a) finalization of internal operations procedures and b) periodic reminders to division staff regarding not accepting gifts.

Study Abroad

This audit focused upon UWF's procedures related to UWF students studying outside the USA. Two Notable Strengths were identified related to customer service and preparing the student during the international learning experience. Seven findings were included on these topics: student medical insurance, training of UWF faculty traveling with students, policies and procedures related to financial aid, separation of duties, scholarship oversight, and use of accumulated monies.

PCARD AUDITS

Along with our two internal auditors, PCard Audits are performed by two part-time employees (one is a CPA). These part time employees each work 15-20/hours per week. During FY 2012/13 we were able to complete 35 PCard audits and tested \$1,249,030 in PCard expenses. Presently, UWF has 389 cardholders in 160 departments. PCard expenditures for FY 2012/13 total \$10,784,688 to 3,127 vendors. In addition to aligning with UWF Strategic Priority 4.c, we identified our use of a graduate student as a PCard Auditor aligns with **UWF Strategic Priority 1.a**. *“Foster student learning and development to include knowledge, skills and dispositions that optimize students’ prospects for personal and professional success.”*

Number of Departments Reviewed	Number of Cardholders	Number of Transactions Occurring	Number of Transactions Tested	Total PCard expenses for these Depts.	Total PCard transactions Tested
35	158	5,746	1,069	\$ 2,628,195	\$ 1,249,030 (48%)

Audit Opinion for the PCard Audit				
Excellent	Good	Fair	Poor	Total
12	17	5	1	35

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, researching policies and regulations, technology assistance, workflow evaluations, and quality assurance reviews for other institutions. Accordingly we identified these efforts to align with **UWF Strategic Priority 4.b.ii** *“Assess and enhance operational efficiencies and effectiveness to support UWF’s mission, vision, and values.”*

KEY PERFORMANCE INDICATORS

During 2012/13, key performance indicators were established. This was a recommendation made during our peer review in 2011/12. We found alignment with **UWF Strategic Priority 4.c**. *“Maximize the deployment of resources and strategically align and integrate planning, budget, assessment, and continuous improvement efforts.”* Below is our first reporting of KPIs. Future years will have comparative information.

KPI	Metric	Comments
Percentage of audit plan completed	80%	(4 carryover +6 planned -- 8 completed; 2 in process)
Number of Audits completed	8	See above
Average Score –Post Audit Client Satisfaction Survey	4.9	On a scale of 1 (poor) to 5 (Excellent)
Average number of days for an audit	80	Calculated in business days for each audit, then averaged.
Average report turnaround time (days)	10	Calculated as # days between Exit conference and final report
Percentage of effort spent on Audits	66%	Internal Audits and PCard audits compared to the total Direct Time of IAMC auditors
Number of Management Advisory Services	15	
Number of PCard Audits	35	
Number of Follow-ups on Audit Findings	48	
Number of certifications held by staff	6	2-CPA, 1-CIA, 1-CFE, 1-CIG, 1-CGFM, and 1-CRMA
Average number of years of audit experience per auditor	16	31 yrs. (AVP) + 11 yrs. (Auditor III) + 3 yrs. (Auditor II) +20 yrs. (PCard Auditor)

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

UWF Strategic Priority 3.a. "Develop, cultivate, assess, and sustain a network of mutually beneficial community partnerships" IAMC staff participate as members and leaders in myriad professional activities in our efforts to make others aware of UWF.

- 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

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