



Board of Trustees
UNIVERSITY of WEST FLORIDA

Audit and Compliance Committee Meeting
Thursday, November 16, 2023
Zoom Webinar

[Zoom Webinar](#) | Passcode: 473331

Agenda

- | | |
|--|-------------------|
| I. Call to Order | Dick Baker, Chair |
| II. Roll Call | Anna Lochas |
| III. Greeting | Dick Baker, Chair |
| IV. Public Comment | Anna Lochas |
| V. Approval of Minutes | Dick Baker, Chair |
| a. August 17, 2023 : Committee Meeting Minutes | |
| VI. New Business | Dick Baker, Chair |
| a. Action Items | |
| i. AUD-1 : Acceptance of Internal Audit Reports | |
| ii. AUD-2 : Acceptance of PCard Quarter 1 Audit Report | |
| iii. AUD-3 : Acceptance of BEI Audited Financial Statements 2023 | |
| iv. AUD-4 : Acceptance of UWF Historic Trust Audited Financial Statements 2023 | |
| b. Information Items | |
| i. INFO-1 : IAMC Quality Assurance Review - Annual Self-Assessment 2023 | |
| ii. INFO-2 : Internal Auditing and Management Consulting Update | |
| iii. INFO-3 : Office of Compliance & Ethics - Update on Activities | |
| VII. Announcements | Dick Baker, Chair |
| VIII. Adjournment | Dick Baker, Chair |

**Audit and Compliance Committee
August 17, 2023
Zoom Webinar
DRAFT Minutes**

Table of Contents

Committee Meeting 1

 I. Call to Order 1

 II. Roll Call 2

 III. Greeting..... 2

 IV. Public Comment 2

 V. New Business..... 2

 A. Action Item 2

 1. AUD-1: Acceptance of the Internal Auditing PCard Reports and Annual Report 2

 2. AUD-2: Approval of the Office of Compliance & Ethics Annual Report 3

 3. AUD-3: Approval of the Office of Compliance & Ethics Work Plan..... 3

 B. Information Item 4

 1. INFO-1: Office of Compliance & Ethics – Update on Activities 4

 2. INFO-2: Internal Auditing and Management Consulting – Update on Activities 4

 VI. Other Business 4

 VII. Adjournment 4

Committee Meeting

9:30 a.m.

The public was provided with information to join this virtual public meeting on the UWF Board of Trustees website.

I. Call to Order

- A. The meeting of the UWF Board of Trustees Audit and Compliance Committee was called to order at 9:30 a.m. by committee Chair Dick Baker.

II. Roll Call

- A. Chair Baker asked Anna Lochas to conduct roll call. Trustees Dick Baker, Alonzie Scott, and Jill Singer were in attendance.
- B. Other Trustees in attendance included:
 - 1. Suzanne Lewis, Stephanie White, Ariauna Range, Paul Hsu, Bob Sires, and Susan James.
- C. Others in attendance included:
 - 1. Martha Saunders, President; Gary Liguori, Provost & Senior Vice President; Gregory Tomso, Vice President of Academic Engagement & Student Affairs; Howard Reddy, Vice President of University Advancement; Betsy Bowers, Vice President of Finance and Administration; Dave Scott, Associate Vice President for Athletics; Jamie Sprague, Chief Human Resource Officer; Susan Woolf, General Counsel; Anamarie Mixson, Assistant Vice President for the Office of the President; Cindy Talbert, Chief Audit Executive; Matt Packard, Chief Compliance Officer; Michelle Williams, Vice Provost; Matthew Schwartz, Associate VP, Research Administration and Engagement; Dan Lucas, Associate Vice President for Advancement; Jeffrey Djerlek, Associate Vice President of Finance and Controller; Christophe Lizen, Director of Institutional Research; Michael Wyatt, Assistant General Counsel; Aurora Osborn, Interim Director, Campus Culture and Access; Allan Pierce, Lead Help Desk Analyst; and Anna Lochas, BOT Liaison.

III. Greeting

- A. Chair Baker welcomed everyone to the meeting and noted that there were 3 action items and 2 information items on the Audit and Compliance Committee agenda.

IV. Public Comment

- A. Chair Baker opened the floor for public comment. There were none.

V. New Business

- A. Action Item
 - 1. AUD-1: Acceptance of the Internal Auditing PCard Reports and Annual Report
 - a. Chair Baker moved to the first agenda item which was presented by Cindy Talbert, Chief Audit Executive.
 - b. Ms. Talbert explained Internal Auditing & Management Consulting has been charged with auditing PCard holder and approver activity as well as departmental activities and internal controls. She further explained that UWF has 323

PCard holders distributed across 112 departments. Ms. Talbert identified that for the fourth quarter (April – June 2023) of FY 2022/23 five departments encompassing 17 cardholders were examined on a sample basis. Four of the departments received an excellent rating on their audit and one department received the rating of good. Individual reports were distributed to department heads and Procurement & Contracts upon completion of the audits. Ms. Talbert also summarized the PCard audit results for Fiscal Year 2022/23 which included a total of 20 PCards audit reports. These audits included 13 departments receiving a rating of excellent, 5 departments receiving a rating of good, and 2 departments receiving a rating of fair.

- c. Chair Baker asked for motion to accept the Internal Auditing PCard Reports for the 4th Quarter and Fiscal Year Summary of PCard Audits for fiscal year 2022/2023.
 - i. Motion by: Trustee Singer
 - ii. Seconded by: Trustee Scott
 - iii. Motion passed unanimously.
2. AUD-2: Approval of the Office of Compliance & Ethics Annual Report
- a. Chair Baker moved to the second action item which was presented by Matthew Packard, Chief Compliance Officer.
 - b. Mr. Packard explained that each year, the Office of Compliance and Ethics develops an annual report to provide stakeholders with a general update on the program activities with a strategic emphasis on program activities that help satisfy the regulatory requirements established in Board of Governors Regulation 4.003, State University System Compliance and Ethics Programs.
 - c. Chair Baker asked for a motion to approve the 2022/2023 Office of Compliance and Ethics Annual Report.
 - i. Motion by: Trustee Scott
 - ii. Seconded by: Trustee Signer
 - iii. Motion passed unanimously.
3. AUD-3: Approval of the Office of Compliance & Ethics Work Plan
- a. Chair Baker asked Mr. Packard to present the third and final action item.
 - b. Mr. Packard presented the updated Office of Compliance and Ethics Work Plan and explained that the Compliance

and Ethics Work Plan supplements the annual report and provides stakeholders with the current compliance framework for meeting the requirements of Board of Governors Regulation 4.003, State University System Compliance and Ethics Programs.

- c. Chair Baker asked for a motion to approve the updated Office of Compliance and Ethics Work Plan.
 - i. Motion by: Trustee Singer
 - ii. Seconded by: Trustee Scott
 - iii. Motion passed unanimously.

B. Information Item

- 1. INFO-1: Office of Compliance & Ethics – Update on Activities
 - a. Chair Baker moved to the first information item which was presented by Mr. Packard. Mr. Packard provided an update on the activities of the Office of Compliance and Ethics.
- 2. INFO-2: Internal Auditing and Management Consulting – Update on Activities
 - a. Chair Baker asked Ms. Talbert to present the second information item. Ms. Talbert provided an update on the activities of the Office of Internal Auditing and Management Consulting.

VI. Other Business

- A. Chair Baker identified that all agenda items had been discussed. Chair Baker asked if the committee members had any additional business to discuss. No other business was discussed.

VII. Adjournment

9:48 a.m.

- A. Chair Baker thanked those in attendance for their participation. With no other business to discuss, Chair Baker adjourned the meeting at 9:48 a.m.

**Board of Trustees
Audit and Compliance Committee
November 16, 2023**

Acceptance of Internal Audit Reports

Recommended Action:

Accept the Internal Audit Reports for Nautilus Card; Foundation Business Processes; Student Accessibility Resources, Title IX, and Equal Opportunity Departmental Audit; Applied Behavior Analysis Revenue and Expenditures; IT Incident Response Management; and Student Activity and Service Fees.

Background Information:

- Nautilus Card #22-23_006: The report was issued on May 19, 2023. There were two recommendations related to 1) security over the passcode for the safe and 2) approval of accounts receivable adjustments by a supervisor.
- Foundation Business Processes #22-23_007: The report was issued on May 23, 2023. There were three recommendations related to 1) mandatory anti-harassment training, 2) required Payment Card Industry training, and 3) an annual physical inventory of the Tanglewood property assets.
- Student Accessibility Resources, Title IX, and Equal Opportunity #22-23_008: The report was issued on June 12, 2023. There were four recommendations related to 1) review of user access to the Student Case Management software, 2) central review of the Student Conduct Management application contract, 3) renewal of efforts to ensure that all UWF employees take annual anti-harassment training as required, and 4) renewal of efforts to ensure timely resolution of EOO complaints.
- IT Incident Response Management #23-24_001: The report was issued on October 6, 2023. There were three recommendations related to 1) Executive approval and off-line storage of the Incident Response Plan, 2) development of criteria to be included in incident work tickets, and 3) periodic testing of the disaster recovery plan.
- Applied Behavior Analysis Revenue and Expenditures #23-24_003: The report was issued on September 11, 2023. Internal controls were found to be strong and we made no recommendations.
- Student Activity and Service Fees: The report was issued on October 19, 2023. There were two recommendations related to 1) student travel insurance coverage and 2) timeliness of posting of important SGA documents and other information too the SGA website.

Implementation Plan:

None.

Fiscal Implications:

Fiscal oversight by the UWF Board of Trustee.

Relevant Authority:

BOG Regulation 4.002

Supporting Documents:

1. Internal Audit Report - Nautilus Card
2. Internal Audit Report - Foundation Business Processes
3. Internal Audit Report - Student Accessibility Resources, Title IX, and Equal Opportunity Department Audit
4. Internal Audit Report - Applied Behavior Analysis Revenue and Expenditures
5. Internal Audit Report – IT Incident Response Management
6. Internal Audit Report – Student Activity and Service Fees

Prepared by:

Cindy Talbert, Chief Audit Executive, IAMC, President's Division, x2638, ctalbert@uwf.edu

Presenter:

Cindy Talbert, Chief Audit Executive, IAMC, President's Division



Internal Auditing & Management Consulting

Audit: Nautilus Card Office

Report # UWF22-23_006

Date: May 19, 2023

SCOPE AND OBJECTIVES

We audited Nautilus Card Office activities for the period of July 1, 2021, through December 31, 2022. This audit was included as part of our 2022/23 audit work plan, determined by our annual risk assessment. Our objectives were to review the adequacy and effectiveness of internal controls over:

- Security of critical software applications and data;
- Financial transactions and reconciliations;
- Financial reporting;
- Refunds;
- Inventory;
- Contractual agreements;
- Unclaimed property;
- Customer service; and
- Training of personnel.

Audit fieldwork began on January 5, 2023, and ended on May 3, 2023. Our audit conforms to the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* and generally accepted auditing standards.

BACKGROUND

The Nautilus Card is the University of West Florida's official identification card. It also functions as a library card, meal plan card, access card, and declining balance card. It provides convenience to the campus community for a variety of uses.

Nautilus Cards may be used to make purchases from:

- Dining Services;
- University Bookstore;
- Postal Services;

- Vended snacks and beverages;
- Student printing;
- Laundry;
- Copies/scans; and
- FAX services.

Nautilus Cards may be used to gain access to:

- On-campus communities;
- Labs and select classrooms;
- Fitness and Aquatic Centers;
- Campus events;
- Online library databases; and
- The local area network.

When used as a declining balance card, card holders may make deposits online, in-person using the Automatic Deposit Machine, with cash or check at the Commons Service Desk, and via the TouchNet360u application. Funds deposited can then be used to make purchases on campus.

When used as a meal plan card, card holders select the meal plan that best suits their needs and use their Nautilus Card to redeem their meals. Each meal "swipe" is deducted from their meal plan.

Orientation is a two-day event for incoming freshmen each semester, in which students are assigned to groups to learn about University services and resources, and to receive guidance to help them acclimate to college life. During Orientation, they are routed through the Nautilus Card Office to learn about essential campus services, sign their Nautilus Card agreement, and obtain their Nautilus Card.

Students and employees are strongly encouraged to obtain a Nautilus Card. Students must be currently registered for classes in order to receive or use the



Internal Auditing & Management Consulting

Audit: Nautilus Card Office

Report # UWF22-23_006

Date: May 19, 2023

Card. Employees typically obtain their Card early in the employment onboarding process.

The Nautilus Card program is overseen by the Nautilus Card Office, which includes an Assistant Director, a Program Manager, a Coordinator, and a student worker. In order to facilitate the Card’s many uses, Nautilus Card staff perform a number of different tasks to ensure that students and employees are able to enjoy all of the services associated with their Nautilus Card.

Organizationally, the Nautilus Card Office is housed within Business and Auxiliary Services, in the Division of Finance and Administration.

OneCard is the software platform underlying the Nautilus Card. It is this software that allows the Nautilus Card to function. The OneCard system is used to add and monitor door accesses, load meal plans to accounts, and it houses applicable student and employee information.

The table below highlights the primary collections processed through the Nautilus Card on behalf of students and employees for fiscal year 2021-2022:

Nautilus Card Collections – FY 2021/22	
Meal Plans	\$3,086,979
Card Administrative Fees	\$89,960
Replacement Card Fees	\$7,895
Vending Services - Food	\$8,823
Vending Services - Beverages	\$18,400

Notable Strength

In an office with a small staff, it becomes critically important that staff members have the ability to provide back up if an employee leaves the department. The Nautilus Card Office had such turnover during the audit period. They were able to transition through this period because of extensive cross-training that had taken place. Furthermore, policies and procedures had been formalized in

writing, which greatly assisted during staff vacancies and for the training of new hires.

AUDIT METHODOLOGY

We reviewed departmental policies and procedures, website information, job descriptions, financial information, and pertinent contractual agreements. We interviewed key personnel and reviewed Federal, State, Board of Governors, and University policies and regulations. We identified key controls, assessed associated risks, and developed a plan for audit testing.

We conducted audit testing to evaluate compliance with Unclaimed Property requirements, the “Grow Your Money” scholarship promotion, end-of-month reporting, issuance and inventory of Nautilus Cards, deposits, refunds, adjustments, meal plans and reconciliations.

KEY OBSERVATIONS

We found that internal controls over the activities reviewed were generally adequate and effective. We make the following observations:

1. Departments that receive collections must maintain security over them until arrangements can be made to deposit them with the Cashier’s Office. The Nautilus Card Office receives such collections. We reviewed their procedures for cash management and in general found them to be adequate; however, we also noted an exposure related to a passcode. This exposure created the risk that collections could be accessed by unauthorized persons. The details of this situation were fully discussed with the Assistant Director and corrective action was taken.



Internal Auditing & Management Consulting

Audit: Nautilus Card Office

Report # UWF22-23_006

Date: May 19, 2023

2. Balances available on student OneCard accounts must at times be adjusted for a variety of reasons. This might include a meal plan or general fund balance that is eligible for refund, to correct an error made at a point-of-sale, or a year-end administrative adjustment. All Nautilus Card Office staff have the ability to increase or decrease a Card holder's balance on their OneCard account. Without adequate oversight of these adjustments, the risk is

created that an unauthorized adjustment or an error might occur.

Recommended Management Actions

1. We recommend that the Nautilus Card Office continue to adequately secure the passcode related to the storage of collections on hand.
2. We recommend that all OneCard account adjustments be reviewed by a supervisor with documentation retained to evidence this review.

We appreciate the cooperation, professionalism, and responsiveness of the employees who were involved in the audit.

Respectfully submitted,

Cynthia Talbert, CFE, CIA, CRMA, CPA
Chief Audit Executive

REPORT PROVIDED TO THE FOLLOWING:

Dr. Martha Saunders, President
Suzanne Lewis, Chair BOT
Dick Baker, Chair Audit & Compliance Committee
Jill Singer, Audit & Compliance Committee
Betsy Bowers, Vice President of Finance and Administration
James Adams, Director, Business & Auxiliary Services
Pamela Newton, Assistant Director, Nautilus Card Office
Jaime Hoelscher, Manager, FL Auditor General
Ken Danley, Supervisor, FL Auditor General
Julie Leftheris, BOG Inspector General
Anamarie Mixson, Director President's Office



MANAGEMENT RESPONSES TO RECOMMENDATIONS

Recommendation #1

Management Response: The Nautilus Card Office will continue to adequately secure the passcode related to the storage of collections on hand. We will continue the practice of keeping the passcode in a separate, locked location.

Responsible Party: Pamela Newton, Assistant Director, Nautilus Card Office

Targeted Implementation Date: May 19, 2023

Recommendation #2

Management Response: The Nautilus Card Office will include the OneCard Account Adjustment report with the current end-of-month reporting process to begin July 2023. This report will include the monthly monetary adjustments made by each terminal in the Nautilus Card Office and each meal plan swipe adjustment made to an account. The reports will be reviewed by the Assistant Director of the Nautilus Card Office and the Director of Business & Auxiliary Services on a monthly basis.

Responsible Parties:

Pamela Newton, Assistant Director, Nautilus Card Office

James Adams, Director, Business & Auxiliary Services

Targeted Implementation Date: July 1, 2023



SCOPE AND OBJECTIVES

We audited the Business Processes at the University of West Florida Foundation for the period of July 1, 2021, through September 30, 2022. This audit was included as part of our 2022/23 audit work plan, determined by our annual risk assessment. Our objectives were to evaluate the adequacy and effectiveness of controls over:

- Cash handling and management;
- Accounts payable;
- Formalization of business procedures in writing;
- Cross-training of staff;
- Timeliness of completion of financial activities with the University;
- Timeliness of gift acknowledgements;
- Allocation of payroll costs;
- Compliance with contractual obligations;
- Information security; and
- General effectiveness and efficiency.

Audit fieldwork began on January 30, 2023, and ended on May 4, 2023. Our audit conforms to the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* and generally accepted auditing standards.

The scope of our audit excluded University Housing and University Advancement Services except for activities that were directly related to other Foundation cycles. The Pensacola Museum of Art was also excluded from the scope of this audit.

BACKGROUND

The University of West Florida Foundation, Inc. (Foundation), is a direct support organization of the University of West Florida that was created in 1965. It has been designated by the Internal Revenue

Service as a 501(c)(3) organization, exempt from federal income tax. It exists primarily to encourage, manage, and administer private resources to support the mission and priorities of the University.

The roles and responsibilities between the Foundation and the University have been formalized in a Memorandum of Understanding.

A Board of Directors provides guidance for the Foundation. There are currently 21 Board Members, selected by the University President, the Alumni Association, or by the Directors. The appointment of all Board Members is subject to approval by the University Board of Trustees. Standing committees include the Audit/Budget Committee, the Executive Committee, the Grant Committee, the Investment Committee, and the Nominating Committee.

The Foundation reports organizationally to the Vice President for University Advancement. A Chief Financial Officer provides oversight for a Director, an Associate Director, an Assistant Director, a Senior Accountant, two Accountants, a Coordinator, and a Program Specialist.

The Foundation is required by section 1004.28(5), Florida Statutes, to have an annual financial audit conducted by an independent certified public accountant. This is required to be submitted within nine months of fiscal year-end to the State of Florida Auditor General and the Florida Board of Governors. The audited financial statement issued for the fiscal year ending June 30, 2022, reflected a Net Position of \$135.9 million. Investments were reported at a fair value of \$117 million. Unrestricted funds were reported at \$3.2 million with restricted funds of \$122 million.



The Foundation owns and manages student housing. Rent revenue and expenses related to residence halls are reported on the Foundation's financial statements, along with liabilities for bonds and other bond-related accounts. The Student Housing System was reported on June 30, 2022, at a cost of \$79.3 million less accumulated depreciation of \$43 million. Bonds payable, net of unamortized premiums, were reported at \$35.2 million.

Scholarships dollars expended from the Foundation in fiscal year 2021/22 were reported at \$1.8 million.

Notable Strength

The Foundation staff engages in a wide variety of business processes, for example:

- The processing of gift collections that come in a range of forms (mail, lockbox, online, etc.);
- The processing of scholarship payments;
- Fiduciary management on behalf of the Student Housing System;
- Processing of requests for expenditure from the University departments;
- Investment of funds on hand; and
- The computation of an assortment of revenue, gains and losses, service charges, and allocations related to investments.

Despite this dynamic and complex business environment, we found staff to be cross-trained and very knowledgeable, written procedures to be extensive, and records requested were found to be readily on hand and organized. They are to be commended for maintaining such an orderly environment, which serves to minimize a range of risks.

AUDIT METHODOLOGY

We reviewed written policies and procedures, departmental website information, and job descriptions. We interviewed key personnel in the Foundation and University Housing. We reviewed State, Board of Governors, and University policies and regulations. Audit testing was performed related to petty cash, bank reconciliations, investments, endowments, property, payroll and other expenditures, insurance coverage, foreign gifts reporting, mandatory training, performance evaluations, conflicts of interest, and taxes.

KEY OBSERVATIONS

We found that internal controls over the activities reviewed were generally adequate and effective. We make the following observations:

1. The Foundation staff members are University employees who are subject to the same regulations applied by Human Resources to all employees. In 2019, the President's Office issued a memorandum requiring all faculty and staff to complete anti-harassment and discrimination prevention training every two years.

We generated a report from training records in order to determine if Foundation employees and the Advancement employee who provides IT support to the Foundation had taken the required training during the prior two-year period. Out of 10 employees tested, 4 had not taken the training as required.

2. The Payment Card Industry Security Standards Council has issued a set of security standards that apply to all entities that store, process, or transmit cardholder data. If these standards are not followed, consequences may include



penalties from Visa, MasterCard, Discover, and AMEX, legal action, and damaged reputation, among other negative consequences. Annual security training for entities that utilize credit cards is required for all staff.

We generated a report from training records in order to determine whether Foundation staff had taken the required annual security training. We found that 4 employees had out-of-date Payment Card Industry - Data Security Standards training.

3. Good internal controls require that property items should be periodically confirmed as still on hand, by a non-custodial person.

There are approximately 200 inventoried items at the "Tanglewood" property owned by the Foundation. The value of the assets at Tanglewood has been estimated at \$455,000 for furniture and equipment and \$1.1 million for Works of Art & Historical Treasures. A caretaker lives at the property and therefore has knowledge of the continued existence of the assets; however, no independent person

performs a physical inventory of these assets periodically. Generally, such verifications are expected to take place on an annual basis.

This lack of periodic verification increases the risk that assets could be lost, stolen, or damaged.

Recommended Management Actions

1. We recommend that Foundation management periodically determine whether all staff have taken the mandatory anti-harassment and discrimination prevention training as required.
2. We recommend that Foundation management periodically determine whether employees have taken the required annual Payment Card Industry - Data Security Standards training.
3. We recommend that an annual physical inventory of Tanglewood property be performed and documented by a non-custodial person. Assistance has been offered to the Foundation by the Division of Finance and Administration on this matter.

We appreciate the cooperation, professionalism, and responsiveness of the employees who were involved in the audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Cynthia Talbert".

Cynthia Talbert, CFE, CIA, CRMA, CPA
Chief Audit Executive



REPORT PROVIDED TO THE FOLLOWING:

Dr. Martha Saunders, President
Suzanne Lewis, Chair BOT
Dick Baker, Chair Audit & Compliance Committee
Jill Singer, Audit & Compliance Committee
Howard Reddy, Vice President of University Advancement
Betsy Bowers, Vice President of Finance and Administration
Dan Lucas, CFO Foundation
Jeffrey Djerlek, Controller
Jaime Hoelscher, Manager, FL Auditor General
Ken Danley, Supervisor, FL Auditor General
Julie Leftheris, BOG Inspector General
Anamarie Mixson, Director President's Office



MANAGEMENT RESPONSES TO RECOMMENDATIONS

Recommendation #1

Management Response: As of May 19, 2023, all employees have completed their anti-harassment and discrimination prevention training. Moving forward, management will monitor to ensure that their direct reports complete their training on a timely basis.

Responsible Party: Howard Reddy, Vice President

Targeted Implementation Date: May 19, 2023

Recommendation #2

Management Response: As of May 19, 2023, all employees who are required to complete PCI-DSS training had done so. Moving forward, management will monitor to ensure that their direct reports complete their training on a timely basis.

Responsible Party: Howard Reddy, Vice President

Targeted Implementation Date: May 19, 2023

Recommendation #3

Management Response: The Foundation will arrange an annual verification of the Tanglewood assets independent of the caregiver on site.

Responsible Party: Dan Lucas, UWF Foundation CFO

Targeted Implementation Date: October 31, 2023



SCOPE AND OBJECTIVES

We audited the Student Accessibility Resources, Title IX, and Equal Opportunity Departments for the period of July 1, 2022, through December 31, 2022. This audit was included as part of our 2022/23 audit work plan, determined by our annual risk assessment. Our objectives were to:

- Evaluate internal controls over financial activities, contractual agreements, and management oversight;
- Evaluate general effectiveness and efficiency of operations; and
- Review compliance with University policies and procedures and applicable laws, rules, and regulations.

Audit fieldwork began on February 2, 2023, and ended on May 3, 2023. Our audit conforms to the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* and generally accepted auditing standards.

BACKGROUND

The Offices of Student Accessibility Resources, Title IX, and Equal Opportunity are organizationally situated within the Division of Academic Engagement and Student Affairs (DAESA), which is dedicated to supporting the personal development and academic success of all University students. The Division houses a broad range of programs and student support services designed to achieve these goals.

Student Accessibility Resources

Student Accessibility Resources (SAR) offers a variety of accommodations and services for students with documented disabilities, including

learning disabilities, deaf/hard of hearing, blind/low vision, mobility limitations, ADHD, psychiatric and medical conditions.

SAR is committed to working collaboratively with students, faculty, and staff to ensure full inclusion of students with disabilities as mandated by the Americans with Disabilities Act and Section 504 of the Rehabilitation Act. Some of the accommodations provided by SAR include:

- Testing accommodations;
- Sign language interpreting;
- Notetaking services;
- Campus orientation; and
- Assistance with screen reading software and other assistive technology.

Students requesting accommodation services must submit appropriate documentation to verify disability and need for accommodations. SAR staff meet with the student and formalize an accommodation plan specific to the student's needs. These services are documented in the Symplicity accommodation software which is accessible to both the student and faculty.

Oversight for the SAR Office is provided by the DAESA Associate Vice President and an Associate Director, along with support from an Assistant Director, a Coordinator, an Administrative Specialist and several part-time student aides.

Title IX Office

The Title IX Office manages complaints of sexual misconduct (such as stalking and sexual harassment), sexual violence (such as dating violence and sexual assault/rape) and gender-based



Internal Auditing & Management Consulting

Audit: Student Accessibility Resources, Title IX, and Equal Opportunity Departments

Report # UWF22-23_008

Date: June 12, 2023

discrimination (differential treatment based on someone's gender or sex).

"Title IX" refers to a Federal Civil Rights law passed as part of the Education Amendments of 1972. The Title IX Office operates under the guidance of this Federal regulation as well as University Policy P-14.03-10 "Sexual Harassment and Misconduct Policy," which prohibits discrimination based on sex and/or gender in federally funded programs or activities.

Any University student, faculty, or staff may file a report of sexual misconduct, sexual violence, or gender-based discrimination against any University student or employee under the University's Title IX policy. There are specific rules regarding what qualifies as a Title IX complaint.

The Title IX Office reviews allegations and initiates investigations as warranted. They also provide supportive measures to the involved parties to limit the negative effects of the alleged conduct during the investigation period. Once the investigation is completed, the case file is forwarded to the Office of Students Rights and Responsibilities or Human Resources (depending on whether the respondent to the claim is a student or an employee) and a hearing is coordinated.

The Title IX Office provides training to the campus community and communicates the resources available to students, faculty, and staff regarding Title IX.

Oversight for the Title IX Office is provided by the DAESA Associate Vice President and the Title IX Associate Director, with support from a Program Coordinator. The University also has designated Deputy Title IX Coordinators including the Equal

Opportunity Officer, Associate Athletic Director, Associate Vice President of Human Resources, the Dean of Students, and the Vice Provost.

Equal Opportunity Office

The Equal Opportunity Office (EEO) provides members of the University community with resources and processes to enable the filing of complaints related to discrimination, harassment, and retaliation in accordance with Federal Equal Opportunity laws.

The University is committed to ensuring that faculty, staff, and students are permitted to work and learn in an environment which is free of discrimination and harassment based on protected classes. These protected classes include age, color, disability, gender identity, sex, sexual orientation, marital status, national origin, race, religion, and veteran status. The EEO receives and investigates complaints regarding allegations of discrimination, harassment, and/or retaliation related to these protected classes. At the conclusion of the investigation, a report is prepared and submitted to the appropriate Dean, Director, or Vice President for review.

The EEO provides training for the prevention of discrimination, harassment, and retaliation. All University employees are required to complete training at least every other year. The EEO also provides training opportunities for student organizations and departments on a wide range of topics including behaviors that create a healthy social, work, and academic environment.

The EEO is responsible for the preparation of the Florida Educational Equity Accountability Report per Florida Board of Governors' Regulation 2.003



and the Affirmative Action Plan which is required by Federal Executive Order 11246.

Oversight for EOO is provided by the DAESA Associate Vice President and an Associate Director/ Equal Opportunity Officer.

Notable Strength

Thorough and well-written procedure manuals were found to be available for SAR, Title IX, and EOO. These manuals outline the steps necessary for the departments to provide services to the University community and help ensure that those services are offered in a consistent manner, in compliance with University, State, and Federal regulations.

AUDIT METHODOLOGY

We reviewed written policies and procedures, departmental website information, and job descriptions. We interviewed key personnel in SAR, Title IX, and EOO. We reviewed authoritative guidelines, contracts, and financial data to gain a better understanding of departmental activities. We identified key controls, assessed the associated risks, and developed a plan for audit testing.

Audit testing was performed on SAR, Title IX, and EOO case files to determine the adequacy of documentation and compliance with written policies and regulations. Testing was also performed on software user access, conflicts of interest, submission of required reports, and completion of mandatory training. Eligibility and compliance with the Johnson Scholarship were also reviewed.

KEY OBSERVATIONS

We found that internal controls over the activities reviewed were generally strong. We make the following observations:

1. Access control is a data security process designed to help manage who is authorized to view or access data. Computer software access controls should be reviewed and updated regularly to ensure that a user's access is appropriate and authorized. We conducted a test to determine whether user access to the Student Case Management application utilized by the Title IX Office (along with the Dean of Students office) appeared to be appropriate. We found that the list had not been purged since Fall 2021, which increases the risk that individuals who no longer require access to sensitive data, for example, employees who have transferred to other departments, could access the system.
2. Prior to executing a contract for services, the contract should undergo the University's "KREQ" process, which enables Procurement & Contracts, General Counsel, and Information Technology Services to review a proposed agreement and ensure that its terms are appropriate and adequately protect University interests. The Student Conduct Management software utilized by the Title IX Office is based on a contract that was originally executed in 2011 which preceded the implementation of the KREQ formalized review process. Although the contract has a provision for an annual renewal, it has not undergone the same comprehensive review that is now standard in the KREQ process.
3. Preventing and remedying discrimination, harassment, and sexual violence on our campus is essential for staff and faculty to be productive and for students to live and learn to their full potential. In view of this goal, executive management has instructed all employees to attend Anti-Harassment and Discrimination



Internal Auditing & Management Consulting

Audit: Student Accessibility Resources, Title IX, and Equal Opportunity Departments

Report # UWF22-23_008

Date: June 12, 2023

Prevention training every two years. This course is now available online and can be completed within a short time period.

We conducted an audit test designed to evaluate compliance with this training requirement. We found that 285 employees had not completed the required course within the last two years. Although EOO stated that they consult with department heads concerning compliance, they partially attributed the lack of compliance to the belief that some types of employees were not required to take the course, for example, adjunct faculty and student workers.

4. The EOO receives and investigates complaints of discrimination, harassment, and retaliation. The EOO procedure manual states that the investigation shall be concluded within 90 calendar days of the filing of the complaint, if practicable. An investigative report is completed at the conclusion of the investigation with a summary of the complaint, a description of the investigation, and a recommendation regarding whether a violation of University policies occurred.

During our audit we reviewed a sample of cases from the case log that tracked the status of complaints. The complaints appeared to be thoroughly investigated with an effort to resolve and address concerns even when there was not a final conclusion of discrimination, harassment, or retaliation; however, we noted that the length of time to completion of an investigation and to prepare a final report was

protracted in multiple instances, with some cases taking over a year for final resolution. Discussion with EOO staff indicated that staffing shortages and turnover contributed to the delays.

Recommended Management Actions

1. We recommend that the Title IX Office and Dean of Students review and update user access to the Student Case Management software at least once each semester.
2. We recommend that the contract for use of the Student Conduct Management application be put through the University's routine review process for new contracts prior to renewing the software agreement.
3. We recommend EOO renew their initiative to educate employees on the requirement to complete the Anti-Harassment and Discrimination Prevention training. We also recommend that the EOO monitor training records on a quarterly basis to identify employees who are not in compliance with the training requirement and to facilitate compliance.
4. We recommend a renewed effort by the EOO to ensure complaints are investigated and resolved as efficiently and promptly as practicable. We also recommend an evaluation of staffing to ensure adequate resources are committed to the EO function.



Internal Auditing & Management Consulting

Audit: Student Accessibility Resources, Title IX, and Equal Opportunity Departments

Report # UWF22-23_008

Date: June 12, 2023

We appreciate the cooperation, professionalism, and responsiveness of the employees who were involved in the audit.

Respectfully submitted,

A handwritten signature in black ink that reads 'Cynthia Talbert'.

Cynthia Talbert, CFE, CIA, CRMA, CPA
Chief Audit Executive

REPORT PROVIDED TO THE FOLLOWING:

Dr. Martha Saunders, President
Suzanne Lewis, Chair BOT
Dick Baker, Chair Audit & Compliance Committee
Jill Singer, Audit & Compliance Committee
Alonzie Scott, Audit & Compliance Committee
Dr. Greg Tomso, Vice President DAESA
Dr. Greg Ligouri, Provost and Sr. Vice President
Bety Bowers, Vice President F&A
Howard Reddy, Vice President Advancement
Dr. Vannee Cao-Nguyen, Associate Vice President DAESA
Aurora Osborne, Associate Director EOO
Dawn Rockey, Associate Director SAR
Anhar Bekhet, Assistant Dean of Students
Jenny Hamilton, Associate Director Title IX
Jaime Hoelscher, Manager, FL Auditor General
Ken Danley, Supervisor, FL Auditor General
Julie Leftheris, BOG Inspector General
Anna Lochas, BOT Liaison



MANAGEMENT RESPONSES TO RECOMMENDATIONS

Recommendation #1

Management Response: The Assistant Dean of Students will write and implement an office procedure document regarding the regular review and management of Maxient accounts including deletion of accounts as needed. The proposed plan is to conduct a review at the beginning and end of each Fall and Spring semester to determine necessary actions and respective departmental needs.

Responsible Party: Anhar Bekhet, Assistant Dean of Students, Student Rights & Responsibilities

Targeted Implementation Date: October 1, 2023

Recommendation #2

Management Response: The Dean of Students staff will submit the Maxient contract for review through the University's KREQ contract process and follow any proposed recommendations.

Responsible Party: Dr. Alicia Pugh, Associate Dean of Students

Targeted Implementation Date: October 1, 2023

Recommendation #3

Management Response: The EOO will continue to regularly post an announcement in the @uwf newsletter reminding UWF employees of their obligations to complete the anti-harassment training every other year. The EOO will develop a written plan and monitor compliance status each quarter to ensure departments are as close to full compliance as possible. Regarding the 285 employees who are currently out of compliance, the DAESA Vice President will promptly address the non-compliance with the other Vice Presidents and/or executive leaders.

Responsible Party: Aurora Osborn, Equal Opportunity Officer

Targeted Implementation Date: October 1, 2023

Recommendation #4

Management Response: The EOO will develop a timeline rubric for investigation processing which will target a completion time of 90 days. The EOO will review the rubric with the Vice President on an ongoing basis.

Responsible Party: Aurora Osborn, Equal Opportunity Officer

Targeted Implementation Date: October 1, 2023



SCOPE AND OBJECTIVES

We audited the Applied Behavior Analysis (ABA) Program for the period of July 1, 2022, through June 30, 2023. The scope of the audit included revenue and expenditures related to the “for-credit” courses leading to certification as a Board Certified Behavior Analyst (BCBA) or a Qualified Behavior Analyst (QBA), that are part of the Master of Arts Exceptional Student Education – Behavior Analysis Specialization. This audit was included as part of our 2023/24 audit work plan, determined by our annual risk assessment. Our objectives were to evaluate the adequacy and effectiveness of internal controls over:

- Revenue collected from program activities;
- Expenditures made from program collections; and
- Compliance with University policies and procedures and Board of Governors Regulations.

Audit fieldwork began on June 29, 2023, and ended on August 16, 2023. Our audit conforms to the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* and generally accepted auditing standards.

BACKGROUND

Board of Governors Regulation 8.002, “*Self-Supporting and Market Tuition Rate Program and Course Offerings*,” was issued in 2011 to provide State University System institutions with guidelines for the creation of a new type of academic program. This allowed for certificate programs that were supported directly by tuition revenues alone, rather than receiving support from Education & General funding provided by the State. One benefit of this new arrangement included the ability to accumulate

seed money to provide for enhancements to the program or to develop other self-supporting programs.

Around 2004, the University established the on-line ABA certificate program with a self-supporting per-credit-hour tuition rate. Currently two ABA certificate programs are offered. These programs prepare students to obtain BCBA and QBA certification from the National Commission for Certifying Agencies. The current self-supporting tuition charged for both programs is \$384.60 per credit hour.

Revenue and expenditures from these programs operate through one budget center. The chart below reflects revenue, expenditures, and cash balances over the past three fiscal years:

	FY 20/21	FY 21/22	FY 22/23
Cash at beg. of year	\$410,198	\$539,256	\$628,522
Revenue	\$3,059,468	\$3,552,613	\$4,012,724
Expenditures	(\$976,682)	(\$1,193,264)	(\$1,467,102)
Transfers Out	(\$1,946,322)	(\$2,266,899)	(\$2,378,877)
Adjustments	(\$7,406)	(\$3,184)	(\$6,152)
Cash at end of year	\$539,256	\$628,522	\$789,115

Expenditures are primarily for administrative staff and adjunct faculty payroll costs. At the end of each fiscal year, residual cash is transferred to a centralized budget and plans are made to re-invest the funding into program enhancements or into new programs for which a demand has been demonstrated. Residuals for the past three fiscal years totaled to \$3,856,607.

The Director of the Center for Behavior Analysis provides academic oversight for the programs. The



Internal Auditing & Management Consulting
Audit: Applied Behavior Analysis Revenue and Expenditures
Report # UWF23-24_003
Date: September 11, 2023

Center has a written agreement with the Division of Continuing Education to provide administrative services, such as program planning, student course registration, fiscal management, and marketing. Continuing Education is located organizationally under the Division of Academic Affairs.

An Annual Report prepared by staff, for internal purposes, reflected a headcount of 1,410 for academic year 2022/23.

AUDIT METHODOLOGY

We reviewed written policies and procedures, departmental website information, and job descriptions. We interviewed key personnel in Academic Affairs, Continuing Education, the Center

for Behavior Analysis, and the Controller's Office. We reviewed State, Board of Governors, and University policies and regulations. Audit testing was performed related to revenue, operating expenditures, payroll, waivers, scholarships, residuals, Continuing Education administrative fees assessed, employee financial disclosures, and accuracy of data reported in the ABA Program Annual Report.

KEY OBSERVATIONS

We found that internal controls over the activities reviewed were adequate and effective. We have no recommendations to make.

We appreciate the cooperation, professionalism, and responsiveness of the employees who were involved in the audit.

Respectfully submitted,

A handwritten signature in black ink that reads 'Cynthia Talbert'.

Cynthia Talbert, CFE, CIA, CRMA, CPA
Chief Audit Executive



Internal Auditing & Management Consulting
Audit: Applied Behavior Analysis Revenue and Expenditures
Report # UWF23-24_003
Date: September 11, 2023

REPORT PROVIDED TO THE FOLLOWING:

Dr. Martha Saunders, President
Suzanne Lewis, Chair BOT
Dick Baker, Chair Audit & Compliance Committee
Jill Singer, Audit & Compliance Committee
Alonzie Scott, Audit & Compliance Committee
Dr. Gary Liguori, Provost/Sr. Vice President
Betsy Bowers, Vice President of Finance and Administration
Dr. Leasha Barry, Director, Center for Behavior Analysis
Shelly Blake, Associate Vice President for Budget, Academic Affairs
Dacia Larin, Assistant Vice President, Continuing Education
Jaime Hoelscher, Manager, FL Auditor General
Ken Danley, Supervisor, FL Auditor General
Julie Leftheris, BOG Inspector General
Anna Lochas, BOT Liaison



SCOPE AND OBJECTIVES

We audited Information Technology Incident Response Management for the period of July 1, 2022, through June 30, 2023. This audit was included as part of our 2023/24 audit work plan, determined by our annual risk assessment. Our objectives were to determine whether the University is engaging in best practices for incident response management, including:

- Formalization of Incident Response Plan in writing;
- Assignment of roles and responsibilities;
- Training and awareness;
- Monitoring and detection;
- Containment, eradication, and recovery;
- Communications;
- Evidence preservation;
- Post-event adjustments; and
- Reporting.

Audit fieldwork began on July 1, 2023, and ended on September 12, 2023. Our audit conforms to the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* and generally accepted auditing standards.

BACKGROUND

Every organization's Internet presence creates a plethora of security threats that require constant and comprehensive vigilance to neutralize or minimize. Although the entity may employ the most experienced professionals, utilize premium security software, and implement strong security practices, these measures will not prevent all intrusions or breaches. Many thousands of hackers from countries around the world, and indeed even international governments, are striving constantly to identify a weak point in an information system that can be swiftly exploited.

The University's Information Technology Services (ITS) department has been assigned primary responsibility for developing safeguards against intrusions. Among other things, this includes the development of an Incident Response Plan, a document that helps the organization before, during and after a confirmed or suspected security incident. It includes assignments of roles and responsibilities, guidance on key activities, and a list of personnel who may be needed during a crisis.

ITS uses many tools in the fight against breaches. Some examples of these tools are:

- Multi-factor authentication;
- Firewalls;
- Endpoint detection system;
- Data leakage protection; and
- Network segmentation.

ITS is managed by an Executive Director (who is also the Chief Information Officer and Chief Information Security Officer). He has delegated responsibility for taking action to resolve most security issues to the ITS Director of Infrastructure Services/Chief Technology Officer. A Security Incident Response Team (SIRT), composed of 13 of the department's most experienced personnel from diverse technology backgrounds, is assigned responsibility for investigating and taking appropriate action for all potential security breaches reported. All incidents are documented in a work ticket system, to which all SIRT members have access. Relevant information is added to each work ticket as an investigation progresses and is ultimately resolved.

The Executive Director prepares an annual security report for the Provost, detailing certain security-



related metrics for the past year. The December 2022 report noted that 112 incident work tickets including 44 intrusion detection events were handled with no resulting compromises.

Notable Strength

We reviewed the education, credentials, and work experience of the Security Incident Response Team members. The team includes the Executive Director, the Director of Infrastructure Services, the Help Desk Assistant Manager, and 10 other ITS staff members with backgrounds in network administration, help desk assistance, systems engineering, web servers, databases, and computer programming. SIRT members total experience within the ITS department is 192 years. Expertise within the team provides a great resource in responding to security incidents.

AUDIT METHODOLOGY

We reviewed written policies and procedures, departmental website information, and job descriptions. We interviewed key personnel in ITS. We reviewed Federal, State, Board of Governors, and University policies and regulations. Audit testing was performed related to elements of the Incident Response Plan, characteristics of the response team, adequacy of and documentation for responses, timing of responses, adequacy of communications, existence of a disaster recovery plan, and general awareness of the University community on how and when to report a potential incident.

KEY OBSERVATIONS

We found that internal controls over the activities reviewed were generally adequate and effective. We make the following observations:

1. Best practices require that an IT Incident Response Plan include certain criteria, including goals, approval by executive administration, defined roles and responsibilities, descriptions of incidents and associated responses, flexibility, communication to stakeholders, and off-line storage.

We found that although the Incident Response Plan included many “best practices,” it did not include approval by executive administration, nor was a copy stored off-line.

This creates the risk that executive administration may not be knowledgeable of the response plan or be in agreement with it; and increases the risk that University staff cannot access the plan in the event of a system failure.

2. Each incident reported should result in a thorough, written record of all relevant information related to the incident, including how it was resolved.

We selected 6 out of 180 incidents that had been resolved during fiscal year 2022/23. We searched for appropriate data recorded within the related record in the work ticket system. It was noted that relevant documentation was retained for all of the incidents; however, we noted that in one incident the ITS staff member whose user identification triggered an alert was also the SIRT member who investigated the incident. This reflects a lack of segregation of duties (and possible conflict of interest) in resolving the issue.

It was also noted during our audit testing that the work tickets did not have a consistent



structure, but were rather built in a free-form style that might include screenshots of chats and comments made by SIRT members. Such inconsistency might create the risk that all critical information is not retained to document the resolution of the issue.

3. A disaster recovery plan is a document that describes how an entity can quickly resume activities after an unplanned incident. Its objectives include minimizing data loss and recovering system functionality to that it can perform in the aftermath of an incident.

ITS has developed an “ITS Hurricane and Emergency Plan” that is considered to be their disaster recovery plan. We reviewed this document and it seemed thorough and well-written.

Best practices dictate that testing of the plan take place periodically, at least once a year. The Executive Director stated that although no formal testing occurs, he feels that through

routine resolution of various types of incidents, they in essence perform testing. Periodic testing of the plan by targeting specific elements, roles and responsibilities, and risks would provide better confirmation of the plan’s effectiveness.

Recommended Management Actions

1. We recommend that the Provost or President acknowledge agreement with the Incident Response Plan in writing. We also recommend that the plan be stored in an off-line location with ITS staff informed of its location.
2. We recommend that ITS develop a list of elements to be considered for inclusion in the work tickets, and prohibit SIRT members from investigating work tickets for which they have a connection.
3. We recommend that ITS perform testing on targeted elements of the ITS Hurricane and Emergency Plan at least annually.

We appreciate the cooperation, professionalism, and responsiveness of the employees who were involved in the audit.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Cynthia Talbert'.

Cynthia Talbert, CFE, CIA, CRMA, CPA
Chief Audit Executive



Internal Auditing & Management Consulting
Audit: IT Incident Response Management
Report # UWF23-24_001
Date: October 6, 2023

REPORT PROVIDED TO THE FOLLOWING:

Dr. Martha Saunders, President
Suzanne Lewis, Chair BOT
Dick Baker, Chair Audit & Compliance Committee
Jill Singer, Audit & Compliance Committee
Alonzie Scott, Audit & Compliance Committee
Dr. Gary Liguori, Provost/Sr. Vice President
Betsy Bowers, Vice President of Finance and Administration
Geissler Golding, ITS Executive Director, CIO and CISO
Jaime Hoelscher, Manager, FL Auditor General
Ken Danley, Supervisor, FL Auditor General
Julie Leftheris, BOG Inspector General
Anna Lochas, BOT Liaison



MANAGEMENT RESPONSES TO RECOMMENDATIONS

Recommendation #1

Management Response: We have set the special label “dr-useful” on the Incident Response Plan (and sub-pages) and verified it’s being copied to Google Drive as expected by the automatic process we established. Key personnel in each area will print out a physical copy to keep for reference in case of an emergency which disables our network. CISO will prepare a short memo to summarize and obtain official Executive acceptance of the Incident Response Plan.

Responsible Party: ITS Executive Director, CIO, and CISO Geissler Golding

Targeted Implementation Date: December 8, 2023

Recommendation #2

Management Response: We will gather local feedback and consult some cybersecurity resources to arrive at a properly tailored list of ‘minimum details’ for a SIRT ticket, and put in place some controls to ensure the standard is followed.

Responsible Party: ITS Executive Director, CIO, and CISO Geissler Golding

Targeted Implementation Date: March 29, 2024

Recommendation #3

Management Response: We will select reasonable pieces of the ITS Hurricane and Emergency Plan and perform testing to ensure the results conform with our expectations. We will capture these tests under an “Epic” Jira ticket in the “INSEC” project (Infrastructure Security Due Diligence Tasks) and label it “dr-test” in order to properly track our progress.

Responsible Party: ITS Executive Director, CIO, and CISO Geissler Golding

Targeted Implementation Date: April 30, 2024



SCOPE AND OBJECTIVES

We audited Student Activity and Service Fees for the period of July 1, 2022, through June 30, 2023. This audit was included as part of our 2023/24 audit work plan, determined by our annual risk assessment. Our audit objectives were to review the adequacy and effectiveness of internal controls over:

- Formalization of policies and procedures;
- The budgeting process;
- Expenditures;
- Allocation of fee revenue; and
- Compliance with State laws, BOG Regulations, and University policies.

Audit fieldwork began on June 15, 2023, and ended on September 25, 2023. Our audit conforms to the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* and generally accepted auditing standards.

BACKGROUND

Each institution within the State University System has been authorized by law to establish fees to be collected as a component part of tuition and fees. Section 1009.24, Florida Statutes, states that each Board of Trustees shall establish a Student Activity and Service Fee. The statute further defines limitations on the amount of the fee. This funding is required to benefit the student body in general, including duly recognized student organizations, the membership of which is open to all students at the university. The allocation and expenditure of the funding must be determined by the Student Government Association of the university, except that the President may veto any line item within the budget. Unexpended funds remaining at the end of

a fiscal year must be available for re-allocation during the next fiscal year.

Entities at the University of West Florida (UWF) that are eligible for Activity and Service Fee funding are Registered Student Organizations, the Sports Club Council, and several departments that provide services to students, for example, Recreation and the Educational Research Center for Child Care. To become registered, a group must submit an application and meet several criteria, such as having bylaws and a constitution.

At UWF, the budget allocation process for these fees begins each year during Fall Semester (for funds to be distributed in the subsequent academic year), coordinated by the Student Government Association (SGA) Budget and Allocations Committee. Budget hearings are held by the SGA. Based on the budget requests received, an Annual Budget Bill is presented to the SGA Senate for approval. After the President gives final approval, the Budget and Allocations Committee Chair notifies awardees of their allocations.

There are three types of funding available to UWF students, organizations, and departments:

- **Annual Budget funding** is used for programs and initiatives that support and promote student life. Registered Student Organizations, Student Organizations with a sponsoring UWF department, and traditionally-funded UWF departments are eligible to apply.
- **Project Grant funds** are used for activities that promote the mission of an organization and/or enhance University-wide student programming.



This grant is not available for organizations or departments who received an Activity and Service Fee Annual Budget.

- **Travel Grant funds** are used for travel that advances the educational experience for non-academic bearing activities and UWF Study Abroad activities. This grant is not available for organizations or departments who received an Activity and Service Fee Annual Budget and must be an individual or group of UWF degree-seeking students.

UWF assesses an Activity and Service Fee of \$13.57 per credit hour. An increase has not been implemented since academic year 2014/15. This assessment level seems well below the average for the institutions in the State University System, which has a range of \$10.18 to \$19.06. Fee increases are required by law to be recommended by a Student Fee Committee.

Collections of Activity and Service Fees for the past three fiscal years are:

2020/21: \$3,497,202
2021/22: \$3,390,826
2022/23: \$3,398,583

The SGA is comprised of a President and other elected officers, Senators, and various Committees. Working closely with them on budgeting, allocation, and other financial processes are units with the Division of Academic and Student Engagement: the Office of Student Engagement and the Division Budget Manager.

Notable Strength

UWF has over 100 active student organizations, which require intensive administrative support.

In July 2022, Student Engagement implemented a new platform for the “Argo Pulse application.” Argo Pulse provides a user-friendly application for students to explore and engage with student organizations. Among Argo Pulse’s other administrative uses, it can track the financial activities of all student organizations, including budgets, and approval of purchases and reimbursement requests. Use of Argo Pulse has streamlined operations and increased efficiencies.

AUDIT METHODOLOGY

We reviewed departmental policies and procedures, website information, job descriptions and financial information. We interviewed key personnel and reviewed pertinent Federal, State, Board of Governors, and UWF policies and regulations. We identified key controls, assessed associated risks, and developed a plan for audit testing.

We conducted audit testing related to the accuracy of budget allocations, compliance with spending guidelines, student organization funding eligibility, student travel and insurance, reserve accounts, ticket revenue, transfers, and reallocations.

KEY OBSERVATIONS

We found that internal controls over the activities reviewed were generally adequate and effective. We make the following observations:

1. According to the UWF Office of Environmental Health and Safety, all employees are covered by worker’s compensation, general liability, and auto liability when acting on behalf of UWF;



however, unless students are also employed by UWF, they are not covered by State insurance. Students often travel on excursions that are related to an academic program, sports events, academic enrichment, and Study Abroad. In most cases, departmental administrators work with Environmental Health and Safety to obtain accident insurance for student-travelers. This insurance is available from our vendor at a very low cost ranging between 10 and 35 cents per day of travel.

We performed a test of student travel events that were funded with Activity and Service Fees. Out of 21 events tested, we found that 4 students were not covered by the accident insurance available through UWF. Inquiry with Student Engagement staff indicated that at times students travel at their own cost, then seek reimbursement from Activity and Service Fee funding afterwards. This approach does not provide the opportunity for a departmental administrator to ensure that the required insurance is obtained before travel takes place.

We consulted with Student Engagement and Environmental Health and Safety staff in an effort to identify a control that would ensure that no student travel occurs without accident insurance being obtained. Recently, SGA's Spending Guidelines were updated to include the following provision, "SGA Budget & Allocations Committee will deny all travel grant requests if the trip has already taken place." Although this restriction should tend to reduce the frequency of un-insured travel, it may not be effective in all cases.

2. The SGA utilizes a website within the UWF domain that provides an array of information to students and others. Readers can keep informed on its purpose, function, resources, and legislative activities. Information about the uses of funding from Activity and Service Fees should appear on this website, as well as Senate Meeting minutes and the Annual Budget Bill.

We reviewed the website in order to determine whether students were being informed on a timely basis of funding and other related SGA activities. We noted that important information was not being posted timely, for example, Senate Meeting minutes had not been posted since September 30, 2022.

Recommended Management Actions

1. We recommend that UWF employees responsible for coordinating travel ensure that student-travelers have the appropriate insurance prior to their travel event, and that continuing efforts are made to communicate the importance of obtaining travel insurance to students engaging with SGA. In circumstances in which the student is also an employee of UWF, Environmental Health & Safety should be consulted to assist in making a determination on the need for insurance.
2. We recommend that SGA timely update their website to ensure the most current information is available to keep the campus community informed, including budget, allocation, and other financial-related information such as that found in Senate Meeting minutes.



We appreciate the cooperation, professionalism, and responsiveness of the employees who were involved in the audit.

Respectfully submitted,

A handwritten signature in black ink that reads 'Cynthia Talbert'.

Cynthia Talbert, CFE, CIA, CRMA, CPA
Chief Audit Executive

REPORT PROVIDED TO THE FOLLOWING:

Dr. Martha Saunders, President
Suzanne Lewis, BOT Chair
Dick Baker, Audit & Compliance Committee Chair
Jill Singer, Audit & Compliance Committee
Alonzie Scott, Audit & Compliance Committee
Dr. Gary Liguori, Provost/Sr. Vice President
Dr. Greg Tomso, Vice President of DAESA
Dr. Michelle Williams, Vice Provost
Dr. Mary Anderson, Dean of Students
Dr. Lindsey Woods, Director of Student Engagement
Michael Cobb, Director of EH&S
Jaime Hoelscher, Manager, FL Auditor General
Ken Danley, Supervisor, FL Auditor General
Julie Leftheris, BOG Inspector General
Anna Lochas, BOT Coordinator



MANAGEMENT RESPONSES TO RECOMMENDATIONS

Recommendation #1

Management Response:

We will develop additional procedures designed to ensure that students who travel using A&S Fee funding or expecting to receive A&S Fee funding are covered by travel insurance. This will include keeping EH&S staff informed, to ensure that travel insurance is obtained when needed.

Responsible Party:

Director of Student Engagement Lindsey Woods

Targeted Implementation Date:

January 1, 2024

Recommendation #2

Management Response:

We will ensure that current SGA documents and other information are loaded onto the SGA website on a timely basis.

Responsible Party:

Director of Student Engagement Lindsey Woods

Targeted Implementation Date:

November 1, 2023

**Board of Trustees
Audit and Compliance Committee
November 16, 2023**

Acceptance of PCard Quarter 1 Audit Report

Recommended Action:

Accept the PCard Quarter 1 Audit Report.

Background Information:

Until 4th Quarter 2022/23, IAMC performed PCard audits by Department. Audit activities for 1st Quarter 2023/24 focused more on an across-the-board approach. The results of audit testing showed generally good results.

Implementation Plan:

N/A

Fiscal Implications:

Fiscal oversight by the Board of Trustees

Relevant Authority:

BOG Regulation 4.002

Supporting Documents:

1. PCard 1st Quarter Audit Report 2023/24.

Prepared by:

Cindy Talbert, Chief Audit Executive, IAMC, President's Division, x2638, ctalbert@uwf.edu

Presenter:

Cindy Talbert, Chief Audit Executive, IAMC, President's Division



SCOPE AND OBJECTIVES

We audited PCard activities for the period of July 1, 2023, through September 30, 2023. This audit was included as part of our 2023/24 audit work plan. Our objectives were to determine the extent of compliance with University PCard requirements by Cardholders and Approvers.

Audit fieldwork began on August 1, 2023, and ended on October 19, 2023. Our audit conforms to the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* and generally accepted auditing standards.

BACKGROUND

Internal Auditing & Management Consulting (IAMC) has issued departmental PCard audits since fiscal year 2006/07, with ratings of Excellent, Good, Fair, or Poor assigned to the individual departments. With the implementation of the Concur software application to facilitate and automate PCard activities, the need for a different auditing methodology has arisen.

The Controller's Office assisted IAMC in developing reports that highlight certain PCard activities; the timeliness of actions to be taken by the Cardholder and Approver. Charge data is transmitted from J. P. Morgan Bank to Concur within a few days of the transaction. At this time, the Cardholder receives an automated notification from Concur to submit an electronic copy of their receipt/invoice to Concur. At some point during the accounting period, the Cardholder should create a Concur Report and assign a group of receipts/invoices to it. After this group of receipts/invoices is assigned, the Cardholder must electronically submit the Report to the designated Approver. The Approver is notified by Concur that a Report is available to review and

approve. In general, the approval of a charge should take place by the 21st day of the month after the end of the J. P. Morgan Bank accounting period, which is the 4th day of each month.

The University currently has 340 Cardholders. During the three-month audit period, there were \$3,581,781 PCard charges posted to the University's financial system.

AUDIT METHODOLOGY

We extracted charge transaction information from the University's Concur software application and from the J. P. Morgan Bank database. General ledger account numbers and vendor names were examined in an attempt to identify unusual transactions. We searched for duplicate transactions, those with invalid sales taxes added, and charges that might be split into smaller amounts in order to circumvent spending limits for individual cardholders.

Based on data from a Concur report for charges posted for the August/September accounting period, we searched for Cardholders and Approvers who had not taken timely action as required by PCard policies.

KEY OBSERVATIONS

1. We noted that, as of October 19, 2023, 12 Cardholders had not submitted their charges to the Approver for the August/September accounting period. This represented 70 charges. An email was sent to the Cardholders from IAMC, reminding them to take the necessary actions. Four departments had single Reports that had not been approved, while 1 department had 8 unapproved Reports.



2. We sorted PCard charges posted to the University’s financial system during Quarter 1 by vendor, merchant category code, Cardholder total, and individual dollar amount. This was done in order to facilitate the judgmental selection of transactions on which to conduct audit tests. We selected 39 charges to test, with the following results:

For each of the exceptions noted in the table, we contacted the Cardholder or Approver to resolve the issues. We did not find a pattern of non-compliance for any employee or department.

Follow Up Action by IAMC

We plan to continue using this methodology for audit testing in Quarter 2. Departments that demonstrate a pattern of noncompliance with PCard policies will be contacted and identified in the audit report.

Test Criteria	Exceptions
Was a valid receipt submitted?	0
Was the business purpose clarified?	0
Were appropriate account and budget codes applied to the charge?	0
Was the charge “split” to avoid spending limits?	0
Was the item prohibited from purchase?	0
Was sales tax inadvertently paid?	1
Was the receipt reviewed?	11
Was the designated Approver an appropriate person (such as the Cardholder’s supervisor)?	0

We appreciate the cooperation, professionalism, and responsiveness of the employees who were involved in the audit.

Respectfully submitted,

Cynthia Talbert, CFE, CIA, CRMA, CPA
Chief Audit Executive



REPORT PROVIDED TO THE FOLLOWING:

Dr. Martha Saunders, President
Suzanne Lewis, Chair BOT
Dick Baker, Chair Audit & Compliance Committee
Jill Singer, Audit & Compliance Committee
Alonzie Scott, Audit & Compliance Committee
Dr. Greg Liguori, Provost and Senior Vice President
Dr. Greg Tomso, Vice President Academic Engagement and Student Affairs
Betsy Bowers, Vice President of Finance and Administration
Howard Reddy, Vice President of Advancement
Christine Miller, Director Procurement
Jaime Hoelscher, Manager, FL Auditor General
Ken Danley, Supervisor, FL Auditor General
Julie Leftheris, BOG Inspector General
Anna Lochas, BOT Coordinator

Board of Trustees
Audit and Compliance Committee
November 16, 2023

Acceptance of Business Enterprises, Inc. Audited Financial Statements 2023

Recommended Action:

Accept the Business Enterprises, Inc. financial statements for June 30, 2023, audited by James Moore & Company.

Background Information:

Pursuant to Florida Statute 1004.28¹ and BOG Regulation 9.011(5)², organizations affiliated with or through the University of West Florida (aka Direct Support Organizations) must be audited annually and presented to the University of West Florida Board of Trustees. The financial statements of Business Enterprises, Inc. have been audited by independent certified public accountants for the fiscal year ending June 30, 2023.

Master Management Agreement dated July 6, 2021, between the University of West Florida and UWF Business Enterprises, Inc. (BEI) Section 5 of the agreement states: *“Financial and Other Reports. The Corporation shall provide the University such reports and audits as are required by the Act or the MOU for Operations between the Parties.”*

The auditors found that these financial statements present fairly, in all material respects, the financial position of BEI as of June 30, 2023, and they found no instances of noncompliance. Financial Highlights: Dining services commissions have continued to grow over the past few years. BEI received its largest commission yet of \$323,572 in 2023. Bookstore sales have been in decline over the last several years; however, this is considered beneficial to UWF students since this decline is due to the increased availability of lower-cost course material options to students. Commissions grew to \$301,690 in 2023 mostly due to increased bookstore merchandise sales. Argonaut Village had full occupancy in 2023.

¹ 1004.28(5)(a) “Each direct support organization shall provide for an annual financial audit of its accounts and records to be conducted by an independent certified public accountant in accordance with rules adopted by the Auditor General pursuant to s. 11.45(8) and by the university board of trustees. The annual audit report shall be submitted, within 9 months after the end of the fiscal year to the Auditor General and Board of Governors for review.”

² 9.011(5) “Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees for review.”

Implementation Plan:

N/A

Fiscal Implications:

Fiscal oversight by the Board of Trustees

Relevant Authority:

Section 1004.28 Florida Statutes; BOG Regulation 9.011

Supporting Documents:

1. Business Enterprises, Inc. Audited Financial Statements 2023
2. BEI, Inc. Management Representation Letter 2023

Prepared by:

Cindy Talbert, Chief Audit Executive, IAMC, President's Division, x2638, ctalbert@uwf.edu

Presenter:

Cindy Talbert, Chief Audit Executive, IAMC, President's Division

**UWF BUSINESS ENTERPRISES, INC.
FINANCIAL STATEMENTS**

JUNE 30, 2023 AND 2022

UNIVERSITY OF WEST FLORIDA BUSINESS ENTERPRISES, INC.
TABLE OF CONTENTS
JUNE 30, 2023 AND 2022

	<u>Page(s)</u>
Independent Auditors' Report	1 – 3
Management's Discussion and Analysis	4 – 11
Financial Statements	
Statements of Net Position	12
Statements of Revenues, Expenses and Changes in Net Position	13
Statements of Cash Flows	14
Notes to Financial Statements	15 – 22
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	23 – 24
Supplemental Information	25
Schedule of General and Administrative Expenses	26
Schedule of Argonaut Village Expenses	27



INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
UWF Business Enterprises, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of UWF Business Enterprises, Inc. ("BEI"), a direct-support organization and component unit of the University of West Florida, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise BEI's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UWF Business Enterprises, Inc. as of June 30, 2023 and 2022, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UWF Business Enterprises, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

BEI's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UWF Business Enterprises, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UWF Business Enterprises, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UWF Business Enterprises, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

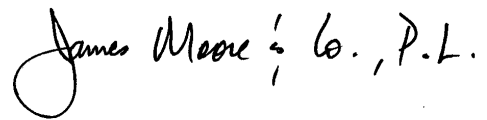
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

The schedule of general and administrative expenses and schedule of Argonaut Village expenses are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the general and administrative expenses and schedule of Argonaut Village expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated on August 24, 2023 our consideration of UWF Business Enterprises, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UWF Business Enterprises, Inc.'s internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
August 24, 2023

**UNIVERSITY OF WEST FLORIDA BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2023, 2022, AND 2021**

This section of the UWF Business Enterprises, Inc.’s (“BEI”) annual financial report presents our discussion and analysis of the financial performance of BEI for the fiscal years ended June 30, 2023, 2022, and 2021. This discussion has been prepared by management.

Because the information contained in the Management’s Discussion and Analysis (“MD&A”) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the Basic Financial Statements.

Reporting Entity

At the September 23, 2011, University of West Florida (“the University”) Board of Trustees meeting, a motion was passed unanimously by Board members to establish a new Direct Support Organization of the University under Florida Statute Section 1004.28 and University Regulation 5.016. BEI was established as a Florida not-for-profit corporation.

On October 18, 2011, BEI’s Articles of Incorporation were filed under the laws of the State of Florida, and were certified by the Florida Department of State Division of Corporations on October 19, 2011.

BEI received official notice from the IRS of tax-exempt status under Section 501(c)(3) of the Internal Revenue Code on April 17, 2012. UWF Business Enterprises Inc. received tax-exempt status under code section 170(b)(1)(A)(v) as a governmental unit political subdivision.

BEI was established to build and manage public-private partnerships, create new services and businesses to support the University campus community, and enhance current auxiliaries and businesses to increase alternate sources of revenue for the University.

BEI is focused on entrepreneurial ideas that will enhance academic training and enhance university-community life, allowing the University to continue to develop and grow, and increase revenue from alternate sources to further the University’s strategic priorities.

In May 2018 the University appointed Dr. Edward Ranelli, Dean Emeritus and Professor of the UWF College of Business, to serve as CEO. Previously, Dr. Ranelli was appointed as the President’s Designee to the BEI Board of Directors and then effective May 8, 2017, was elected to serve as BEI Board Treasurer.

In November 2022, the BEI Board of Directors approved a revision of the BEI Bylaws. The revised bylaws were approved by the UWF General Counsel in December 2022. The purpose of the revision included reducing the number of BEI board members. An election of officers was held in April 2023 and the number of BEI Board members decreased to three with a Chairperson, Vice Chairperson, and Secretary-Treasurer.

UNIVERSITY OF WEST FLORIDA BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2023, 2022, AND 2021

Overview of the Financial Statements

The basic financial statements presented herein include all activities of BEI, as prescribed by statements of the Government Accounting Standards Board ("GASB"). BEI is a component unit of the University, from inception on October 18, 2011, through the period end, June 30, 2023.

The statement of net position presents information on all BEI's assets and liabilities. Assets less liabilities equal the organization's net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of BEI is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how BEI's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows presents information about the cash receipts and cash payments of BEI from July 01, 2021 through June 30, 2022 and July 01, 2022 through June 30, 2023. It provides insight into the reasons for differences between operating income and associated cash receipts and payments; and the effects on BEI's financial position of its cash and its noncash investing, capital, and related financing transactions during the year.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in BEI's basic financial statements. The notes are included immediately following the basic financial statements within this report.

Schedules provide supplementary information on expenses by BEI activity reported on the statement of revenues, expenses, and changes in net position. The schedules follow the notes to the basic financial statements.

Summary of Financial Condition

As noted earlier, net position may serve over time as a useful indicator of BEI's financial position.

UNIVERSITY OF WEST FLORIDA BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2023, 2022, AND 2021

UWF-BEI CONDENSED STATEMENT OF NET POSITION

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets			
Total assets, excluding capital assets	\$ 2,946,267	\$ 2,293,282	\$ 1,868,336
Capital assets, net	<u>3,498,962</u>	<u>3,632,223</u>	<u>3,763,953</u>
Total Assets	<u><u>\$ 6,445,229</u></u>	<u><u>\$ 5,925,505</u></u>	<u><u>\$ 5,632,289</u></u>
Liabilities			
Current liabilities	\$ 600,140	\$ 576,335	\$ 615,799
Noncurrent liabilities	<u>7,304,986</u>	<u>7,833,057</u>	<u>8,376,128</u>
Total Liabilities	<u><u>7,905,126</u></u>	<u><u>8,409,392</u></u>	<u><u>8,991,927</u></u>
Deferred Inflows	<u>1,868,341</u>	<u>1,320,994</u>	<u>953,783</u>
Net Position			
Investment in capital assets	3,498,962	3,632,223	3,763,952
Unrestricted	<u>(6,827,200)</u>	<u>(7,437,104)</u>	<u>(8,077,373)</u>
Total Net Position	<u><u>(3,328,238)</u></u>	<u><u>(3,804,881)</u></u>	<u><u>(4,313,421)</u></u>
Total Liabilities, Deferred Inflows and Net Position	<u><u>\$ 6,445,229</u></u>	<u><u>\$ 5,925,505</u></u>	<u><u>\$ 5,632,289</u></u>

UNIVERSITY OF WEST FLORIDA BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2023, 2022, AND 2021

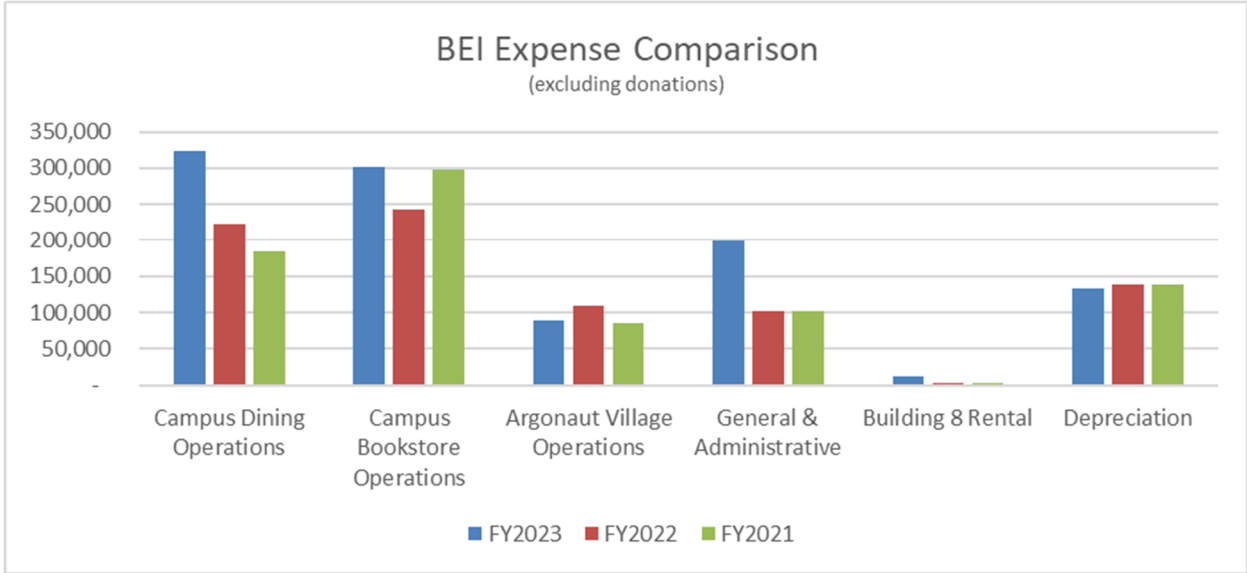
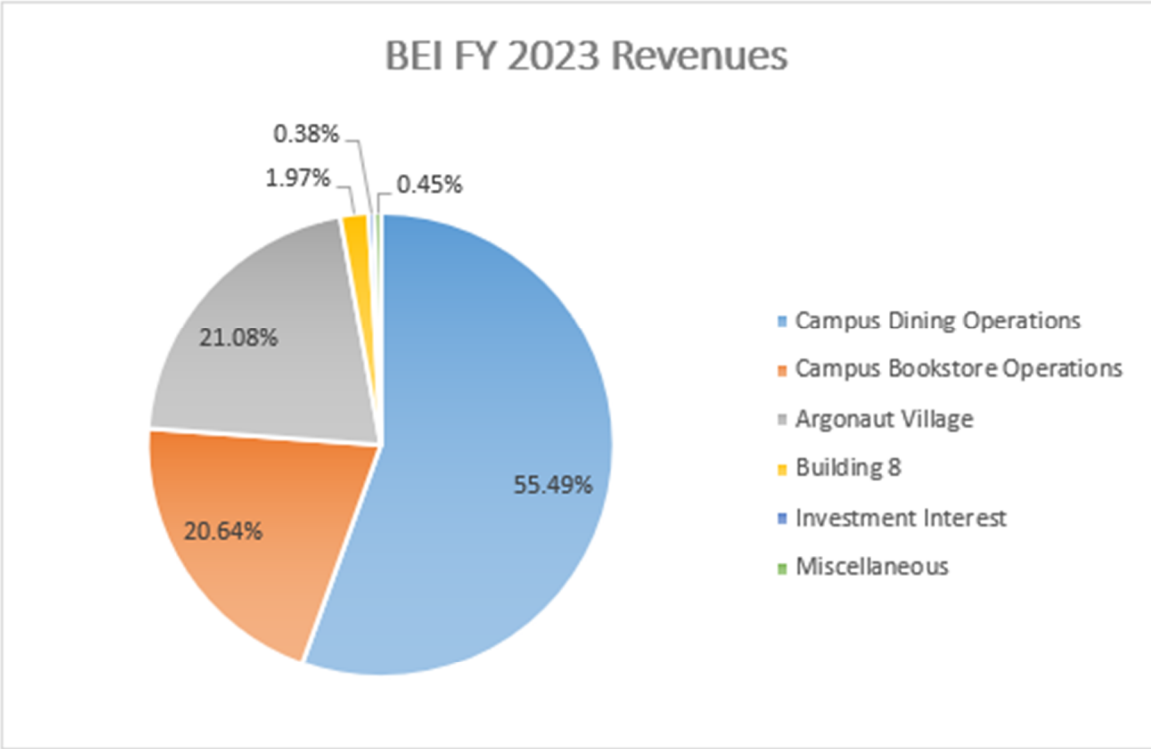
**BEI'S CONDENSED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

**Condensed Statements of Revenues, Expenses and
Changes in Net Position**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues			
Food Service Commissions	\$ 323,572	\$ 224,081	\$ 184,799
Bookstore Commissions	301,690	242,201	298,436
Deferred Revenues	543,071	588,071	263,010
Building Eight Rent	30,189	31,019	32,206
Argonaut Village Rent	323,439	238,182	297,960
Investment Income	5,856	-	-
Contributions and In-kind	6,689	4,155	3,986
Miscellaneous Income	195	329	346
Total Revenues	<u>1,534,701</u>	<u>1,328,038</u>	<u>1,080,743</u>
Expenses			
Food Service Management	323,969	223,682	184,799
Bookstore Management	301,690	242,201	298,436
General and Administrative	198,671	102,243	102,711
Building Eight	8,871	3,378	3,143
Argonaut Village	88,581	109,025	84,868
Depreciation	133,261	138,969	139,379
Total Expenses	<u>1,055,043</u>	<u>819,498</u>	<u>813,336</u>
Non-Operating Expenses			
Contributions to UWF	<u>3,015</u>	<u>-</u>	<u>-</u>
Change in net position	<u>476,643</u>	<u>508,540</u>	<u>267,407</u>
Net position - July 1	<u>(3,804,881)</u>	<u>(4,313,421)</u>	<u>(4,538,088)</u>
Adjustments to Beginning Net Position (1)	-	-	(42,740)
Net Position, Beginning of Year, as Restated	<u>-(3,328,238)</u>	<u>-(3,804,881)</u>	<u>-(4,580,828)</u>
Net Position - June 30	<u>\$(3,328,238)</u>	<u>\$(3,804,881)</u>	<u>\$(4,313,421)</u>

UNIVERSITY OF WEST FLORIDA BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2023, 2022, AND 2021

Note: (1) The net adjustment to beginning net position for the fiscal year ended 2021 resulted from the required implementation of GASB Statement No. 87, which requires the lessor government to recognize a lease receivable at the present value of lease payments anticipated to be received during the lease term, reduced by any provision for estimated uncollectible amounts.



UNIVERSITY OF WEST FLORIDA BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2023, 2022, AND 2021

Financial Highlights

BEI received \$184,799 in dining services commission revenue for the fiscal year ending June 30, 2021. Beginning in the fall session of 2021, commissions improved as challenges with COVID-19 decreased as more students and faculty returned to campus. BEI received \$224,081 for the fiscal year ending June 30, 2022. The fall and spring sessions of the fiscal year 2023 proved to be a solid return to pre-pandemic attendance of faculty and staff on campus. BEI received its largest commission since entering into the Management Services Contract at \$323,572.

Due to the disruption of regular operations in response to the global pandemic, BEI and Aramark entered into a Memorandum of Understanding (MOU) agreement on July 14, 2020. The amendment supplements the original agreement and most notably waives the right to receive the full minimum guaranteed annual commission for 2020. In November 2020, a second amendment was signed. It essentially eliminated the minimum guaranteed commission for the fiscal year 2021, extinguished the rollover of in-kind catering balances remaining, and extended the amortization period of the capital dining improvements by five (5) years until May 2038. In June 2022, a third amendment was signed. It again removed the minimum guarantee and changed the commission rate from 6% to 5% for the fiscal year 2022. To grow the dining program, two (2) new commuter Dining Dollar meal plans were created for fall 2021. These plans offered great value at an affordable rate that gave the student flexibility in their dining choices. In June 2023, a fourth amendment was signed. It sustained the removal of the minimum guarantee and changed the commission rate from 6% to 7% for the fiscal year 2024.

While the bookstore sales have been in decline over the last several years, these previous sales declines have not been a significant concern to BEI management because this reduction is generally due to the increased availability of lower-cost course material options to students. These lower-cost options are beneficial to both the UWF students and University metrics. To compensate for the sales declines, the bookstore increased merchandise sales in the fiscal year 2023. The bookstore commissions received for fiscal year June 30, 2022 and June 30, 2023, were \$242,201 and \$301,690, respectively. Commissions in the fiscal year 2023 were greater than the vendor's minimum guarantee by \$54,790. In July 2020, UWF-BEI and Follett executed Amendment 4 to their operating agreement, dated 2009, to include the Follett ACCESS Program Course Materials. This program delivers all required course materials to students as part of their tuition thus ensuring students have all required course material on or before the first day of class.

BEI assumed the management responsibility of the East Campus (Argonaut Village) retail location upon the termination of the contract with the prior dining services vendor on May 6, 2018. In its fifth year of management of the Argonaut Village facility, BEI earned rental income directly from tenant leases, with full occupancy during the fiscal year 2023.

BEI earned rent revenue from the three-year lease agreement for Building 8. This lease was renewed on April 18, 2019, with significantly improved terms for BEI beginning July 1, 2019. In May 2020 BEI made a capital investment in building 8 with the installation of a new roof at a cost of \$23 thousand. The current tenant exercised its option to extend the lease for two more years beginning July 1, 2022. The tenant terminated the lease as of March 31, 2023. BEI incurred a loss on lease cancellation of \$3,015. The pursuit of a new tenant for Building 8 continues to be in progress as of August 2023.

Due to BEI accomplishing full operations, the CEO's salary was taken on at full cost during the fiscal year 2023. To further improve financial operations, BEI initiated an Investment Policy and opened investment accounts in April 2023 that resulted in an interest income of \$5,856 in the fiscal year 2023.

UNIVERSITY OF WEST FLORIDA BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2023, 2022, AND 2021

Campus Bookstore and Dining

BEI receives commissions based on sales from both the dining services and bookstore services vendors for campus operations. From these funds, BEI provides agreed-upon, budgeted payments to the University for direct auxiliary support management and reserves.

In the spring of 2017, BEI requested formal presentations/proposals from alternative dining services providers for operation of the University's resident dining facility, operation of the campus retail dining establishments including new competitive franchises, catering services, concession services for UWF Intercollegiate Athletics and other events, and operation of the Starbucks located at the Argonaut Village facility. During early summer 2017, the financial proposals were reviewed, leading to concurrence to proceed with the initial steps for the transition to a new dining services provider.

BEI entered into a Management Services Contract with Aramark effective May 6, 2018. The initial term of the agreement is ten (10) years, with an option to extend for an additional five (5) years upon agreement of both parties. Under the Management Services Contract, BEI is paid a commission during each operating year of the agreement. After the execution of the contract, BEI received \$6.1 million from Aramark to repay the unamortized balance of the capital investments and the balance of unearned advanced commission BEI owed to the former dining services vendor. BEI also received \$900,000 as an unrestricted grant to be used in furthering BEI's mission. The new dining services vendor also made a financial commitment to BEI in the agreement to invest \$3.575 million for dining facility renovations, including the purchase and installation of food service equipment and signage. The \$6.1 million contract buyout funds, the \$900,000 unrestricted grant, and the \$3.575 million capital investment are recorded as unearned income and amortized to revenue on a straight-line basis. Upon expiration or termination of the Management Services Contract by either party prior to the complete amortization of the capital investments disbursed as of the date of expiration or termination, BEI must reimburse the dining services vendor for the unamortized balances within 120 days.

Certain capital investments made by the dining services and bookstore services vendors under the respective agreements with BEI ultimately become the property of the University. In recognition of this transfer of capital investments completed and placed into service, BEI's Statement of Revenues, Expenses, and Changes in Net Position report a donation from BEI to the University. Donation from the dining services vendor was \$1.050 million for the fiscal year ended June 30, 2020. After these expenditures, the \$3.575 million capital investment commitment has a small balance remaining of about \$200 thousand. These funds are planned for use to refresh dining facilities in the future.

BEI and Follett Higher Education Group, Inc. entered into a Bookstore Operating Agreement on August 18, 2009. Effective November 15, 2016, BEI and the bookstore services vendor entered into Amendment Number Three to the Bookstore Operating Agreement, Amendment Number Three provided the following terms: extended the contract for an additional two (2) year period through September 30, 2024; confirmed the remaining unamortized balance of the initial contribution made in October 2012 will continue to be amortized through September 30, 2022; increased the commission rate for the period from July 1, 2022, through the end of the contract term; and provided for an investment of \$300,000 to be allocated to the build-out of the Argonaut Village Argo Fan Shop and renovations to the main campus bookstore. As of June 30, 2021, approximately \$295,000 was invested by the bookstore services vendor in the Argonaut Village Argo Fan Shop. The University bookstore vendor actively and continuously seeks avenues to improve service to the campus community.

**UNIVERSITY OF WEST FLORIDA BUSINESS ENTERPRISES, INC.
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2023, 2022, AND 2021**

Follett began operations in the new Argo Fan Shop located at the Argonaut Village facility in fiscal year 2018 and terminated the lease effective May 31, 2021. The Argo Fan Shop sold only UWF branded gifts, clothing, and accessories. The Bookstore has continued its partnership with UWF Intercollegiate Athletics and is again the official provider of UWF emblematic merchandise at the home football games held on campus.

Argonaut Village

As part of the capital improvements under the Main Campus Dining Agreement, the former dining services vendor invested \$3.85 million to develop and construct over 13,100 gross square feet of mixed-use commercial and restaurant buildings at the east entrance of campus. The East Campus/Argonaut Village facility construction of the building shell level was completed in 2015. BEI executed a Lease Agreement with the former dining services vendor to sub-lease the space (i.e., act as Property Manager on behalf of BEI) to various businesses for operation. Upon termination of the Main Campus Dining Agreement effective May 5, 2018, the Lease Agreement terminated. On May 6, 2018, management of the Argonaut Village facility became the responsibility of BEI. BEI entered into lease agreements with the current tenants. Build-outs for all the units was complete as of 2019. The facility was fully leased with the occupancy of Building 1 in September 2019. Build-out costs for Building 1 of \$614 thousand were shared with the tenant. In February 2020, BEI made a capital improvement of about \$14 thousand with the installation of an exterior electric sign, which identifies the shopping center by name.

Other Items

BEI continues to focus strategically on Argonaut Village development and management. There have been recent changes to the Designated Support Organization (DSO) Florida Statute Section 1004.28. Under the new legislative guidelines BEI will continue to evaluate its purpose to advance the mission of the University. Currently, there are no new projects planned.

Requests for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be directed to UWF Business Enterprises, Inc., 11000 University Parkway, Building 20E, Pensacola, FL 32514

UWF BUSINESS ENTERPRISES, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 721,142	\$ 885,899
Certificates of deposit	176,981	-
Accounts receivable, net	43,472	11,690
Prepaid expenses and other assets	27,213	17,832
Lease receivable	101,982	133,848
Interest receivable, leases	11,397	6,808
Total current assets	1,082,187	1,056,077
Noncurrent assets		
Long term lease receivable	1,864,080	1,237,205
Capital assets, net		
	3,498,962	3,632,223
Total assets	\$ 6,445,229	\$ 5,925,505
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable	\$ -	\$ 1,160
Accrued liabilities	8,843	14,439
Due to the University of West Florida	63,226	17,665
Unearned service and management arrangement income, current portion	528,071	543,071
Total current liabilities	600,140	576,335
Noncurrent liabilities		
Unearned service and management arrangement income, long term portion	7,304,986	7,833,057
Total Liabilities	\$ 7,905,126	\$ 8,409,392
<u>DEFERRED INFLOWS</u>		
Deferred inflows		
Leases	\$ 1,868,341	\$ 1,320,994
Total Deferred Inflows	\$ 1,868,341	\$ 1,320,994
<u>NET POSITION</u>		
Net position		
Net investment in capital assets	\$ 3,498,962	\$ 3,632,223
Unrestricted	(6,827,200)	(7,437,104)
Total Net Position	\$ (3,328,238)	\$ (3,804,881)

The accompanying notes to financial statements
are an integral part of these statements.

UWF BUSINESS ENTERPRISES, INC.
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Operating revenues		
Food service commissions	\$ 323,572	\$ 224,081
Bookstore commissions	301,690	242,201
Service and management arrangements	543,071	588,071
Miscellaneous income	6,884	4,483
Total operating revenues	1,175,217	1,058,836
Operating expenses		
Food service management	323,969	223,682
Bookstore management	301,690	242,201
General and administrative	198,671	102,243
Building Eight	8,871	3,378
Argonaut Village	88,581	109,025
Depreciation	133,261	138,969
Total operating expenses	1,055,043	819,498
Operating income	120,174	239,338
Nonoperating revenues (expenses)		
Interest income	5,856	-
Lease revenue	270,544	225,914
Lease interest revenue	83,084	43,288
Contributions to UWF	(3,015)	-
Total nonoperating revenues (expenses)	356,469	269,202
Change in net position	476,643	508,540
Net position, beginning of year	(3,804,881)	(4,313,421)
Net position, end of year	\$ (3,328,238)	\$ (3,804,881)

The accompanying notes to financial statements
are an integral part of these statements.

UWF BUSINESS ENTERPRISES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Cash received from contracts	\$ 548,114	\$ 471,985
Cash payments to suppliers for goods and services	(892,358)	(674,732)
Net cash used in operating activities	(344,244)	(202,747)
Investing activities		
Purchase of certificate of deposit	(176,981)	-
Purchase of capital assets	-	(8,918)
Investment income	5,856	-
Net cash used in investing activities	(171,125)	(8,918)
Financing activities		
Lease payments received	350,612	269,202
Net cash provided by financing activities	350,612	269,202
Increase in cash and cash equivalents	(164,757)	57,537
Cash and cash equivalents, beginning of year	885,899	828,362
Cash and cash equivalents, end of year	\$ 721,142	\$ 885,899
Reconciliation of operating income to net cash used in operating activities:		
Operating income	\$ 120,174	\$ 239,338
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation	133,261	138,969
Loss on disposal of assets	-	1,678
Decrease (increase) in accounts receivable	(31,781)	9,410
Decrease (increase) in prepaid expenses	(9,381)	(1,418)
Decrease (increase) in lease receivable	(595,009)	(372,683)
Decrease (increase) in interest receivable	(4,589)	(2,717)
Increase (decrease) in due to UWF	45,561	(229)
Increase (decrease) in accounts payable	(1,160)	(1,898)
Increase (decrease) in accrued liabilities	(5,596)	7,664
Increase (decrease) in unearned revenue	(543,071)	(588,072)
Increase (decrease) in deferred inflows	547,347	367,211
Total adjustments	(464,418)	(442,085)
Net cash used in operating activities	\$ (344,244)	\$ (202,747)

The accompanying notes to financial statements
are an integral part of these statements.

UWF BUSINESS ENTERPRISES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies of UWF Business Enterprises, Inc. ("BEI"), which affect significant elements of the accompanying financial statements:

(a) **Organization and operations**— UWF Business Enterprises, Inc. was formed in 2011 as a Florida corporation, organized as a direct support organization of the University of West Florida (the University or UWF) under Section 1004.28, Florida Statutes, and Rule 6C-9.011, Florida Administrative Code, and therefore is considered a component unit of the University. BEI was organized for the explicit purpose of supporting the University of West Florida by the development of properties and facilities used or useful in the University's educational endeavors, to lessen the burdens of government and provide assistance to the faculty, staff and students of the University. BEI is a public charity under section 501(c)(3) of the Internal Revenue Code.

BEI owns an office building located on UWF's campus that is used to support the University's educational activities. BEI has also entered into contracts that will provide dining, bookstore, retail services, and any other assigned functions to University students and personnel.

(b) **Basis of presentation and accounting**— Basis of accounting refers to when revenues, expenses and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurements focus applied.

The accompanying financial statements of the business-type activities of BEI have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. BEI applies all applicable GASB pronouncements.

BEI uses enterprise fund accounting. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

(c) **Operating revenues and expenses**—Operating revenues and expenses generally result from providing services in connection with Dining Services, Bookstore Services, and Argonaut Village. Operating revenues are from commissions, service and management arrangements, contributions in kind and rental operations. Operating expenses are primarily from food and bookstore management, management of rental facilities, donations to the University, general and administrative, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(d) **Cash and cash equivalents**— For the purposes of reporting cash flows, BEI considers all cash accounts and certificates of deposit with original maturities of three months or less to be cash or cash equivalents.

UWF BUSINESS ENTERPRISES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Accounts receivable**—Accounts receivable are stated net of an allowance for doubtful accounts. BEI estimates for doubtful accounts based on an analysis of certain customers taking into consideration the age of the past due accounts and an assessment of the customer's ability to pay. Accounts are considered past due when the payments due are not made within certain designated timeframes. Accounts receivable balances were \$43,472 and \$11,690 for the years ended June 30, 2023 and 2022, respectively. Allowance for doubtful accounts was \$0 as of June 30, 2023 and 2022.

(f) **Due to/from the University of West Florida**—Due to the University of West Florida, includes commissions owed to the University by BEI related to bookstore and dining operations.

(g) **Capital assets**— Capital assets consist of land, buildings and improvements, equipment, furniture and fixtures, and construction in progress. Assets are capitalized and recorded at cost at the date of acquisition or at estimated acquisition value at the date received in the case of donations. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. BEI has a capitalization threshold of \$50,000 for buildings, building improvements, infrastructure, infrastructure improvements, and leasehold improvements and a \$5,000 capitalization threshold for tangible personal property. Depreciation is calculated on the straight-line basis over the following estimated useful lives of the related assets:

Buildings	40 Years
Maintenance Equipment	7 to 10 Years
Furniture and Fixtures	7 Years
Office Equipment	5 Years
Software	5 Years

(h) **Lease receivable**— BEI receives rental income from several vendors who lease space from BEI. Typically, rental agreements are structured with payment increases over the life of the lease. BEI recognizes revenue with lease assets and liabilities, per GASB 87. As per GASB 87, leases receivable now has a current portion and long-term portion and a related deferred inflow. The current and long-term portion represent the future cash payments and associated interest, while the deferred inflow represents the lease revenue to be recognized over the lease. Lease receivables were \$1,966,062 and \$1,371,053 with a current portion of \$101,982 and \$133,848 as of June 30, 2023 and 2022, respectively.

(i) **Income taxes**—Pursuant to a determination letter received from the Internal Revenue Service, the BEI is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and as such, is liable for tax only on business income unrelated to the purpose for which it is exempt. No provision for income tax expense or liability has been made. There are currently no Internal Revenue Service audits in progress for any tax period. With few exceptions, the BEI is no longer subject to examination by major tax jurisdictions for years ended June 30, 2020 and prior.

UWF BUSINESS ENTERPRISES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclose of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

(k) **Unearned service and management arrangement income**— Unearned service and management arrangement income represents amounts received in advance related to service and management arrangement contracts. Typically, amounts are recognized as revenue on a straight-line basis over the contract period, as indicated in the contracts.

(l) **Net Position**— Equity is classified as net position and is further classified into the following components:

Net Investment in Capital Assets - Consists of all capital assets, reduced by outstanding debt that is attributable to the acquisition of those assets.

Unrestricted - Consists of all other assets and liabilities not included in the above category.

(2) **Deposits:**

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, BEI's deposits may not be returned. At year end, the carrying amount of BEI's deposits was \$898,123 and the bank balance was \$907,289. Of each of the bank balances, \$250,000 was covered by Federal depository insurance or by collateral held by the BEI's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

(3) **Capital Assets:**

Capital assets consisted of the following at June 30, 2023:

	Beginning Balance	Additions	Disposals	Reclassify	Ending Balance
Land	\$ 94,265	\$ -	\$ -	\$ -	\$ 94,265
Buildings	3,920,227	-	-	-	3,920,227
Building Improvements	359,354	-	-	-	359,354
Furniture and Fixtures	121,548	-	-	-	121,548
	<u>4,495,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,495,394</u>
Less: Accumulated Depreciation	(863,171)	(133,261)	-	-	(996,432)
Total	<u>\$ 3,632,223</u>	<u>\$ (133,261)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,498,962</u>

UWF BUSINESS ENTERPRISES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(3) **Capital Assets:** (Continued)

Capital assets consisted of the following at June 30, 2022:

	Beginning Balance	Additions	Disposals	Reclassify	Ending Balance
Land	\$ 94,265	\$ -	\$ -	\$ -	\$ 94,265
Buildings	3,920,227	-	-	-	3,920,227
Building Improvements	350,436	8,918	-	-	359,354
Furniture and Fixtures	129,379	-	(7,831)	-	121,548
	<u>4,494,307</u>	<u>8,918</u>	<u>(7,831)</u>	<u>-</u>	<u>4,495,394</u>
Less: Accumulated Depreciation	(730,354)	(138,969)	6,152	-	(863,171)
Total	<u>\$ 3,763,953</u>	<u>\$(130,051)</u>	<u>\$ (1,679)</u>	<u>\$ -</u>	<u>\$ 3,632,223</u>

Depreciation expense amounted to \$133,261 and \$138,969 for the years ended June 30, 2023 and 2022, respectively.

(4) **Service and Management Arrangements:**

Dining services- On May 6, 2018, BEI entered into a management services contract with a new dining services vendor. The agreement terms are through June 30, 2028, with an option to extend for an additional five years upon agreement of both parties. Either party may terminate the agreement during the contract period with proper notice. Any guaranteed commissions owed to BEI shall be paid by the dining services vendor within 90 days of the termination date. Upon expiration or termination, the amount of unamortized financial commitment disbursed as of the date of expiration or termination and unrestricted grant shall become due to the vendor within 120 days.

In conjunction with the new contract, BEI received \$6.1 million to buyout and repay the unamortized balances of the old service agreement's capital investments and unearned advanced commissions. The agreement also provided a \$900,000 unrestricted grant to be used in furthering BEI's mission and up to \$3.575 million in dining and retail capital improvements. As of June 30, 2023, \$3.385 million in renovations were completed and began being amortized. All capital improvements provided under the contract are donated to the University.

During the year ended 2021, BEI entered into a new MOU with the dining services vendor which replaced the original contract language that amortized the service and management arrangement payments through May 2033 with new language that now will now amortize the service and management service arrangement payments through May 2038. The increase in the amortization period resulted in an increase in the unearned service and management arrangement income liability of approximately \$500,000 and is reported as a reduction on service and management arrangement income during the years ended June 30, 2023 and 2022.

The \$6.1 million contract buyout funds, the \$900,000 unrestricted grant, current capital improvements and any future improvements to be made under the agreement are recorded as unearned service and management arrangement income when received and amortized to revenue on a straight-line basis through May 2038.

UWF BUSINESS ENTERPRISES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Bookstore operations- On August 18, 2009, the University and a bookstore operations vendor entered into a Bookstore Operating Agreement pertaining to the operation of the University's bookstore facilities and certain bookstore upgrades. Bookstore services became an Assigned Function of BEI on October 15, 2012, and the Bookstore Operating Agreement was amended on this date to substitute BEI as party to the agreement in lieu of the University. The amendment additionally extended the contract between BEI and the bookstore operations vendor through September 2024.

Under the contract, a \$600,000 initial contribution was provided to BEI by the bookstore operations vendor. This initial contribution was recorded as unearned income and is being amortized on a straight-line basis over the 10-year contract period. The bookstore operations vendor has also agreed to invest up to an additional \$300,000 for store upgrades throughout various campus locations. The vendor has spent approximately \$295,131 as of the fiscal year ended June 30, 2023, related to these upgrades.

All equipment, fixtures, and furniture included as store upgrades from the capital investments of the bookstore operations vendor or from future capital investments will remain the property of the bookstore operations vendor until the investment is fully amortized, over a five-year period commencing on the date of the first disbursement of funds, at which time the upgrades will become property of the University. As of June 30, 2023 and 2022, there were no fully amortized store upgrades. Upon such time that store upgrade titles are transferred to the University, the fair value of the assets will be recognized as donations to the University and income by BEI.

As discussed above, BEI received as part of a service and management arrangement an initial contribution of \$600,000 from the vendor for the operation of the bookstore. This unearned income was amortized on a straight-line basis from October 2012 through September 2022.

Unearned income consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Unamortized Unearned Income from Dining Service Agreement	\$ 7,833,057	\$ 8,361,128
Unamortized Unearned Income from Bookstore Services Agreement	-	15,000
Total Unearned Income from Service and Management Arrangements	<u>\$ 7,833,057</u>	<u>\$ 8,376,128</u>

Changes in unearned service and management arrangement income were as follows at June 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Unearned Service and Management Arrangement Income	<u>\$ 8,376,128</u>	<u>\$ -</u>	<u>\$ (543,071)</u>	<u>\$ 7,833,057</u>	<u>\$ 528,071</u>

UWF BUSINESS ENTERPRISES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(4) **Service and Management Arrangements:** (Continued)

Changes in unearned service and management arrangement income were as follows at June 30, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Unearned Service and Management Arrangement Income	<u>\$ 8,964,200</u>	<u>\$ -</u>	<u>\$ (588,072)</u>	<u>\$ 8,376,128</u>	<u>\$ 543,071</u>

(5) **Related Parties:**

The University provides administrative, managerial and facilities support for BEI. For the years ended June 30, 2023 and 2022, BEI disbursed \$323,572 and \$223,682, respectively, to the University for food service management pursuant to the Agreement discussed in Note (4). For the years ended June 30, 2023 and 2022, BEI disbursed \$301,690 and \$242,201, respectively, to the University for bookstore management pursuant to the Agreement discussed in Note (4). Amounts owed to the University for auxiliary services at June 30, 2023 and 2022 were \$63,226 and \$17,665, respectively.

(6) **Management agreement with the University of West Florida:**

On December 9, 2011, BEI and the University entered into a Master Management Agreement (the Agreement) which authorizes the President of the University to assign management and operation of certain University facilities and programs (Assigned Functions) to BEI. The Agreement requires BEI to use any excess funds to support University operations. However, BEI may retain funds (operating capital) which are necessary for the purposes of future projects and programs.

(7) **Recently Issued Accounting Pronouncements:**

GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, in May 2020. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. UWF Business Enterprises, Inc. has evaluated the effect that Statement No. 96 will have on its financial statements and it was determined that it would not have any effect.

UWF BUSINESS ENTERPRISES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(8) **Property Leased to Others:**

BEI leases space to both University affiliated tenants and other commercial tenants under operating leases agreements. At June 30, 2023, approximate future minimum rental payments to be received under the operating leases are as follows:

Year Ending	University-Affiliated Tenants		Commercial Tenants		Total
	Principal	Interest	Principal	Interest	
June 30, 2024	\$ 40,174	\$ 561	\$ 61,808	\$ 84,733	\$ 187,276
2025	-	-	71,999	76,213	148,212
2026	-	-	77,202	73,123	150,325
2027	-	-	83,541	69,791	153,332
2028	-	-	90,028	66,371	156,399
2029-2033	-	-	560,187	266,632	826,819
2034-2038	-	-	470,251	153,404	623,655
2039-2043	-	-	384,832	63,682	448,514
2044-2047	-	-	126,040	10,703	136,744
Total	<u>\$ 40,174</u>	<u>\$ 561</u>	<u>\$ 1,925,888</u>	<u>\$ 864,652</u>	<u>\$ 2,831,274</u>

Total GASB 87 lease revenue for the years ended June 30, 2023 and 2022 was \$258,512 and \$225,914, respectively. Total interest income for leases was \$83,084 and \$43,288 for the years ended June 30, 2023 and 2022, respectively.

(9) **Risk Management:**

BEI is exposed to various levels of loss including, but not limited to, losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. BEI is insured for these risks. There were no insurance losses related to these risks for the years ended June 30, 2023 and 2022. BEI is not aware of any liabilities related to these risks as of June 30, 2023.

BEI has established a Low Value Asset Policy to manage and account for certain property items that are portable and susceptible to theft or loss. No low value assets have been identified as missing as of June 30, 2023 and 2022.

(10) **In-kind Contributions:**

Each state university board of trustees is authorized to permit the use of property, facilities, and personnel services at any state university by any university direct support organization per Section 1004.28, Florida Statutes. Administrative and fiscal services, office space, and other miscellaneous support services are provided to the University direct support BEIs by the University at no cost.

Rent for space utilized by BEI and owned by the University was estimated at \$6,689 and \$4,150, respectively, for the years ended June 30, 2023 and 2022. Administrative and fiscal services provided to BEI was estimated at \$280,086 and \$357,200, respectively, for the years ended June 30, 2023 and 2022. Amounts for in-kind contributions are not included in the financial statements.

UWF BUSINESS ENTERPRISES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(11) **Revenue Concentrations:**

During the year ended June 30, 2023 and 2022, BEI received approximately 76% and 79%, respectively, of its operating revenues from its two largest vendors.

(12) **Subsequent Events:**

The UWF Small Business Development Center that was the tenant in Building 8 terminated the lease as of March 31, 2023. As of June 30, 2023, the office building located on UWF's campus was vacant. As of July 31, 2023, BEI continues to be in the process of seeking a new tenant for the property.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,
UWF Business Enterprises, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of UWF Business Enterprises, Inc., which comprise the statement of net position as of June 30, 2023, and the related statements of revenue, expenses, and change of net position, and cash flows for the year then ended, and related notes to the financial statements, and have issued our report thereon dated August 24, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered UWF Business Enterprises, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UWF Business Enterprises, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of UWF Business Enterprises, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

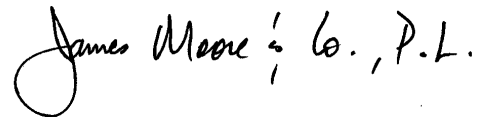
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether UWF Business Enterprises, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial "J".

Tallahassee, Florida
August 24, 2023

SUPPLEMENTAL INFORMATION

UWF BUSINESS ENTERPRISES, INC.
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Administrative	\$ 555	\$ -
Bank fees	20	-
Miscellaneous	3,247	2,377
Office supplies	7,256	4,155
Postage	69	18
Professional fees	22,510	18,202
Taxes and licenses	123	61
Travel and entertainment	-	-
Utilities	-	-
Wages	164,891	77,430
Total	\$ 198,671	\$ 102,243

The accompanying notes to financial statements
are an integral part of these statements.

UWF BUSINESS ENTERPRISES, INC.
SCHEDULE OF ARGONAUT VILLAGE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Insurance	\$ 18,327	\$ 14,712
Miscellaneous	6,139	37,252
Postage	60	72
Repairs and maintenance	25,833	18,843
Taxes and licenses	7,616	8,505
Utilities	30,606	29,641
Total	\$ 88,581	\$ 109,025

The accompanying notes to financial statements
are an integral part of these statements.



8/24/2023

James Moore & Co., P.L.
Certified Public Accountants
2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308

This representation letter is provided in connection with your audit of the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements of Cash Flows of the UWF Business Enterprises, Inc. (the Organization) as of June 30, 2023 and 2022, and for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Organization in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of :

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated July 21, 2021, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.



- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- In regards to the tax preparation services and preparation of the financial statements performed by you, we have:
 - Made all management decisions and performed all management functions.
 - Designated Suzanna Daughtry, an individual with suitable skills, knowledge, or experience to oversee the services.
 - Evaluated the adequacy and results of the services performed.
 - Accepted responsibility for the results of the services.
- Our liability for amounts due to the University of West Florida is fairly stated.



Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud or abuse.
- We have no knowledge of any fraud, suspected fraud, or abuse that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, suspected fraud, or abuse affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- UWF Business Enterprises, Inc. has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which UWF Business Enterprises, Inc. is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.



- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- UWF Business Enterprises, Inc. has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.



- We have evaluated the entity's ability to meet its obligations as they become due, and have not identified any conditions or events, individually or in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern.

DocuSigned by:

Suzanna Daughtry

Suzanna Daughtry
Accountant

DocuSigned by:

Ed Ranelli

Ed Ranelli
CEO

Board of Trustees
Audit and Compliance Committee
November 16, 2023

Acceptance of UWF Historic Trust Audited Financial Statements 2023

Recommended Action:

Accept the West Florida Historic Preservation, Inc. financial statements for June 30, 2023, audited by Saltmarsh, Cleaveland, & Gund.

Background Information:

Pursuant to Florida Statute 1004.28¹, BOG Regulation 9.011(5)² and the agreement between UWF and the UWF Historic Trust affiliated entities (aka Direct Support Organizations) must be certified annually by the University of West Florida. West Florida Historic Preservation, Inc. (dba UWF Historic Trust) is such an entity and has been audited for the fiscal year ending June 30, 2023. The financial statements of West Florida Historic Preservation, Inc. have been audited by independent certified public accountants for the fiscal year ending June 30, 2023.

The auditors found that these financial statements present fairly, in all material respects, the financial position of UWF Historic Trust as of June 30, 2023, and they found no instances of noncompliance. Financial highlights: Admission revenue, parking revenue, long-term rental income, educational programming income, and ticket sales all increased in fiscal year 2023. Significant preservation and maintenance work was done on the Bowden building.

¹ 1004.28(5)(a) "Each direct support organization shall provide for an annual financial audit of its accounts and records to be conducted by an independent certified public accountant in accordance with rules adopted by the Auditor General pursuant to s. 11.45(8) and by the university board of trustees. The annual audit report shall be submitted, within 9 months after the end of the fiscal year to the Auditor General and Board of Governors for review."

² 9.011(5) "Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees for review."

Implementation Plan:

N/A

Fiscal Implications:

Fiscal oversight by the Board of Trustees

Relevant Authority:

Section 1004.28 Florida Statutes; BOG Regulation 9.011

Supporting Documents:

1. West Florida Historic Preservation, Inc. Audited Financial Statements 2023
2. WFHPI Management Representation Letter 2023

Prepared by:

Cindy Talbert, Chief Audit Executive, IAMC, President's Division, x2638, ctalbert@uwf.edu

Presenter:

Cindy Talbert, Chief Audit Executive, IAMC, President's Division

Saltmarsh

Saltmarsh, Cleaveland & Gund

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST**

**(A COMPONENT UNIT OF
THE UNIVERSITY OF WEST FLORIDA)**

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST**

(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)

PENSACOLA, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

CONTENTS

	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statements of Net Position and Governmental Fund Balance Sheets	7
Statements of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Net Position	8
Notes to Financial Statements	9
Other Reports:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	20

INDEPENDENT AUDITOR'S REPORT

Board of Directors
West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Pensacola, Florida

Opinion

We have audited the accompanying financial statements of the governmental activities and the entity-wide activities of West Florida Historic Preservation, Inc. d/b/a University of West Florida Historic Trust (“the Trust”), (a component unit of the University of West Florida), which collectively comprise the statements of net position and governmental fund balance sheets as of June 30, 2023 and 2022, and the related statements of activities and governmental fund revenues, expenditures, and changes in fund balance/net position for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of the governmental activities and the entity-wide activities of the Trust as of June 30, 2023 and 2022, and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust’s ability to continue as a going concern for twelve months beyond the financial statement date, including any known information that may raise substantial doubt shortly thereafter.

Board of Directors
West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Pensacola, Florida

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Board of Directors
West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Pensacola, Florida

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2023, on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.



Pensacola, Florida
August 31, 2023

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

The following is a narrative overview and analysis of the West Florida Historic Preservation, Inc. d/b/a University of West Florida Historic Trust's ("the Trust") significant financial activities for the fiscal year ended June 30, 2023.

Operational Highlights

- In January we increased our unified admission ticket price by \$2.00. This and increased admission numbers have resulted in increased admission revenue of over 30% for the year compared to last fiscal year.
- We modified our existing parking management agreement with Premium Parking and entered into an additional agreement for four more of our parking lots. The modification and new agreement pay us 50% of parking fees collected instead of a fixed monthly rent. The result was an increase in our parking revenue of over \$70,000 compared to last fiscal year.
- Visitation increased by 26%, long-term rental income increased by 4.7%, educational programming income increased by 206% and ticket sales increased by 31%.
- In fiscal year 2022-23, we received over \$100,000 in grants.
- We did some significant preservation and maintenance work on some of our properties. This includes repairs, repainting, lighting, and graphics upgrades to the Bowden building, preservation repairs to the Dorr House, and major elevator repairs at the Pensacola Museum of Art.
- In January we increased our rental rates for our event venues. This rate increase resulted in a 4% increase to event rental revenue for the year. Also, once the train covering is completed, we will be able to add the Museum of Industry to our list of rentable venues, further increasing our event rental income.
- In partnership with Visit Pensacola, we hosted a pre-screening of the Emmy Award winning PBS show *A Taste of History: Pensacola* on Thursday September 29th at the Museum of Commerce. The event was a fundraiser for the Historic Trust and brought in over \$10,000.
- We held our second annual Bootleg Ball fundraiser on Friday January 13th at the Museum of Commerce. After all expenses were covered we made \$16,000 and created a great deal of buzz which will help us with next year's event.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Trust's basic financial statements. They are: 1) entity-wide and governmental fund financial statements and 2) notes to the financial statements.

Entity-wide financial statements are designed to provide readers with a broad overview of the Trust's finances in a manner similar to a private-sector business. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found starting on page 9 of this report.

Summary of Financial Condition

**West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Net Position**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total assets, excluding capital assets	\$ 2,611,792	\$ 2,212,801	\$ 2,265,352
Capital assets	<u>3,792,264</u>	<u>3,809,884</u>	<u>4,137,243</u>
Total assets	<u>\$ 6,404,056</u>	<u>\$ 6,022,685</u>	<u>\$ 6,402,595</u>
Current liabilities	<u>\$ 133,659</u>	<u>\$ 124,921</u>	<u>\$ 397,042</u>
Invested in capital assets	3,792,264	3,809,884	4,137,243
Reserved	210,449	213,489	209,429
Designated	38,790	38,782	38,774
PMA designated	33,966	33,966	33,966
Undesignated	<u>2,194,928</u>	<u>1,801,643</u>	<u>1,586,141</u>
Total fund balance/net position	<u>6,270,397</u>	<u>5,897,764</u>	<u>6,005,553</u>
Total liabilities and net position	<u>\$ 6,404,056</u>	<u>\$ 6,022,685</u>	<u>\$ 6,402,595</u>

A review of the Trust's Statements of Net Position at June 30, 2023, 2022 and 2021, shows that the Trust continues to maintain its financial position.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

Summary of Financial Condition (Continued)

**West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Revenues, Expenses, and Changes in Net Position**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Program revenues	\$ 1,414,917	\$ 1,209,494	\$ 731,858
General revenues	223,988	190,951	419,508
Total revenues	<u>1,638,905</u>	<u>1,400,445</u>	<u>1,151,366</u>
Historic Pensacola Village and museum activities	68,660	73,892	49,695
Historic preservation and education programs	185,495	232,463	220,220
Pensacola Museum of Art	221,916	179,258	197,775
Management and general	529,278	695,262	603,084
Depreciation	260,923	327,359	430,967
Total expenditures/expenses	<u>1,266,272</u>	<u>1,508,234</u>	<u>1,501,741</u>
Change in net position	<u>\$ 372,633</u>	<u>\$ (107,789)</u>	<u>\$ (350,375)</u>

The Statements of Revenues, Expenses, and Changes Net Position for the 2023 fiscal year indicate the Trust's continued operations. Fiscal years 2022 and 2021 were at a net loss due to the effects of COVID-19.

Capital Assets

The Trust's investment in capital assets totaled \$3,792,264 (net of accumulated depreciation of \$3,198,548). Capital assets include land, buildings and improvements, and furniture, fixtures and equipment.

Economic Factors

Budgetary constraints of state and local governments can affect the Trust's funding.

Requests for Information

Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the following address:

West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Attn: Executive Director
P.O. Box 12866
Pensacola, FL 32591-2866

**WEST FLORIDA HISTORIC PRESERVATION, INC.
DBA UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
STATEMENTS OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEETS
JUNE 30, 2023 AND 2022**

	2023			2022		
	General Fund	Adjustments (Note 1)	Statement of Net Position	General Fund	Adjustments (Note 1)	Statement of Net Position
Assets:						
Cash	\$ 704,276	\$ -	\$ 704,276	\$ 368,466	\$ -	\$ 368,466
Certificates of deposit	179,739	-	179,739	179,655	-	179,655
Due from UWF Foundation	1,137,815	-	1,137,815	1,085,446	-	1,085,446
Grants and local support receivable	253,329	-	253,329	241,815	-	241,815
Accrued interest receivable	57	-	57	111	-	111
Inventory	73,463	-	73,463	75,486	-	75,486
Prepaid assets	13,065	-	13,065	11,774	-	11,774
Historical properties, antiques and collections	249,214	-	249,214	249,214	-	249,214
Deposits	834	-	834	834	-	834
Capital assets -						
Non-depreciable	-	1,010,660	1,010,660	-	1,010,660	1,010,660
Depreciable, net of accumulated depreciation	-	2,781,604	2,781,604	-	2,799,224	2,799,224
Total Assets	\$ 2,611,792	\$ 3,792,264	\$ 6,404,056	\$ 2,212,801	\$ 3,809,884	\$ 6,022,685
Liabilities:						
Accounts payable	\$ 37,571	\$ -	\$ 37,571	\$ 26,040	\$ -	\$ 26,040
Deferred revenue	91,572	-	91,572	98,881	-	98,881
Due to AME Magnolia Cemetery	4,516	-	4,516	-	-	-
Total liabilities	133,659	-	133,659	124,921	-	124,921
Fund Balance/Net Position:						
Invested in capital assets	-	3,792,264	3,792,264	-	3,809,884	3,809,884
Nonspendable	336,576	(336,576)	-	337,308	(337,308)	-
Restricted/reserved	210,449	-	210,449	213,489	-	213,489
Assigned/designated	38,790	-	38,790	38,782	-	38,782
PMA assigned/designated	33,966	-	33,966	33,966	-	33,966
Unassigned/undesignated	1,858,352	336,576	2,194,928	1,464,335	337,308	1,801,643
Total fund balance/net position	2,478,133	3,792,264	6,270,397	2,087,880	3,809,884	5,897,764
Total Liabilities and Fund Balance/Net Position	\$ 2,611,792	\$ 3,792,264	\$ 6,404,056	\$ 2,212,801	\$ 3,809,884	\$ 6,022,685

The accompanying notes are an integral
part of these financial statements.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
DBA UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
STATEMENTS OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE/NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023			2022		
	General Fund	Adjustments (Note 1)	Statement of Activities	General Fund	Adjustments (Note 1)	Statement of Activities
Program Revenues:						
Grants and local support	\$ 433,315	\$ -	\$ 433,315	\$ 431,872	\$ -	\$ 431,872
Admissions, including tours, Pensacola Museum of Art and school programs	527,704	-	527,704	378,046	-	378,046
Rents and leases	431,713	-	431,713	397,422	-	397,422
Museum store income, net	22,185	-	22,185	2,154	-	2,154
Total program revenues	<u>1,414,917</u>	<u>-</u>	<u>1,414,917</u>	<u>1,209,494</u>	<u>-</u>	<u>1,209,494</u>
General Revenues:						
Interest and dividends	25,929	-	25,929	15,620	-	15,620
Miscellaneous	99,062	-	99,062	35,730	-	35,730
Realized/unrealized gains (losses)	98,997	-	98,997	(187,270)	-	(187,270)
Forgiveness of Paycheck Protection Program loan	-	-	-	278,690	-	278,690
Other COVID-19 income	-	-	-	48,181	-	48,181
Total general revenues	<u>223,988</u>	<u>-</u>	<u>223,988</u>	<u>190,951</u>	<u>-</u>	<u>190,951</u>
Total revenues	<u>1,638,905</u>	<u>-</u>	<u>1,638,905</u>	<u>1,400,445</u>	<u>-</u>	<u>1,400,445</u>
Expenditures/Expenses:						
Historic Pensacola Village and museum activities	68,660	-	68,660	73,892	-	73,892
Historic preservation and education programs	185,495	-	185,495	232,463	-	232,463
Pensacola Museum of Art	221,916	-	221,916	179,258	-	179,258
Management and general	529,278	-	529,278	695,262	-	695,262
Depreciation	-	260,923	260,923	-	327,359	327,359
Capital outlay	243,303	(243,303)	-	-	-	-
Total expenditures/expenses	<u>1,248,652</u>	<u>17,620</u>	<u>1,266,272</u>	<u>1,180,875</u>	<u>327,359</u>	<u>1,508,234</u>
Change in fund balance/net position	390,253	(17,620)	372,633	219,570	(327,359)	(107,789)
Fund Balance/Net Position, Beginning of Year	<u>2,087,880</u>	<u>3,809,884</u>	<u>5,897,764</u>	<u>1,868,310</u>	<u>4,137,243</u>	<u>6,005,553</u>
Fund Balance/Net Position, End of Year	<u>\$ 2,478,133</u>	<u>\$ 3,792,264</u>	<u>\$ 6,270,397</u>	<u>\$ 2,087,880</u>	<u>\$ 3,809,884</u>	<u>\$ 5,897,764</u>

The accompanying notes are an integral
part of these financial statements.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose:

West Florida Historic Preservation, Inc. (“WFHPI”), formerly Historic Pensacola, Inc., was organized as a not-for-profit corporation under Section 266.0018, Florida Statutes, to engage in the restoration and exhibition of historical landmarks in the vicinity of Pensacola, Florida. In 2001, Section 266.0018, Florida Statutes was repealed, at which time the legislature transferred the historic preservation responsibilities to the University of West Florida (“UWF”). On July 1, 2001, WFHPI was designated as a direct support organization of UWF under Section 267.1732, Florida Statutes, in order to assist UWF in carrying out its dual historic preservation and historic preservation education purposes and responsibilities. In November 2013, West Florida Historic Preservation, Inc. changed its name to West Florida Historic Preservation, Inc., d/b/a University of West Florida Historic Trust (“the Trust”).

The general operating authority of the Trust is contained in Section 267.1732, Florida Statutes (Chapter 2001-199, Laws of Florida). The Trust operates under an operating agreement with UWF and is considered a component unit of UWF.

Expenses paid by the Trust to renovate or modify property controlled by UWF and leased by the Trust are capitalized and reflected in buildings and improvements in these financial statements. The Trust assists UWF in operating, preserving and maintaining various historical properties owned by the State of Florida and controlled by UWF. Certain expenses related to these activities are directly paid by UWF and are not included in these financial statements. Those expenses, which are not reflected in these financial statements, are as follows:

	2023	2022
Telephone	\$ 10,345	\$ 10,758
Operating supplies	10,889	-
Office equipment rental	5,657	2,582
Electricity	135,322	26,656
Natural gas	26,134	10,642
Other utilities	45,620	9,493
Repairs and maintenance	93,548	36,820
Equipment	17,861	1,574
Contractual services	30,831	7,649
Professional services	17,568	-
Security	34,728	9,223
Insurance	29,010	13,641
Other	1,545	1,142
	\$ 459,058	\$ 130,180
Totals		

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Organization and Purpose (Continued):

Salaries of UWF employees who staff the Trust are paid directly by UWF. These in-kind salaries amounted to \$1,171,949 and \$1,263,999 for the years ended June 30, 2023 and 2022, respectively, and are not reflected in the books of the Trust. Additionally, UWF donates office space in the Bowden Building located at 120 Church Street in downtown Pensacola, Florida to the Trust. Management estimates the fair value of this donated office space to be \$241,984 and \$216,512 for the years ended June 30, 2023 and 2022, respectively.

In November 2013, the Trust entered into a Memorandum of Understanding (“MOU”) with the University of West Florida Foundation (“UWFF”), a direct service organization of UWF, where all membership income is handled and recorded by UWFF. Membership income held by UWFF amounted to \$55,949 and \$55,714 as of June 30, 2023 and 2022, respectively.

Each state university board of trustees is authorized to permit the use of property, facilities, and personal services at any state university by any university direct support organization per Section 1004.28, Florida Statutes. Administrative and fiscal services, office space, and other miscellaneous support services are provided to UWF direct support organizations by UWF at no cost. No value is assigned to administrative and fiscal services in the accompanying statements of activities and governmental fund revenues, expenditures, and changes in fund balance/net position.

Pensacola Museum of Art:

On July 1, 2016, the assets of the Pensacola Museum of Art (“PMA”), an independent not-for-profit corporation, became part of UWF. On that date, UWFF was gifted a historic building, land, a fine arts collection, furniture and equipment, cash and cash equivalents, a permanent endowment, and other current assets from the dissolving entity totaling approximately \$4.2 million. UWFF transferred the historic building and land to UWF and the fine arts collection, furniture and equipment, and all other assets were transferred to the Trust, with the exception of the permanent endowment. The Trust maintains a management agreement with UWF covering the preservation of historic properties for UWF. UWFF will continue to steward the endowment for purposes of the PMA, now a division of the Trust. The new PMA division has a non-governing advisory board that reports to the Trust’s board of directors. Under the agreement, UWFF will handle all and record all unified membership income for the PMA. PMA unified membership income held by UWFF amounted to \$19,054 and \$33,300 as of June 30, 2023 and 2022, respectively.

WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation:

These financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (“GASB”). The Trust utilizes the following fund type:

- General Fund, a governmental fund, is used to account for all revenues and expenditures applicable to the general operations of the Trust that are not required either legally or by accounting principles generally accepted in the United States of America (“GAAP”) to be accounted for in another fund.

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statements of net position and governmental fund balance sheets and the statements of activities and governmental fund revenues, expenditures, and changes in fund balance/net position) report information on all of the activities of the Trust. Governments typically report activities as either governmental activities, which are supported by grants and other intergovernmental revenues, or business-type activities, which rely to a significant extent on fees and charges for support. The Trust reports its activities as governmental activities.

Because the Trust reports only governmental activities and only one program, it is considered to be a special-purpose government for financial reporting purposes under GAAP. As such, the government-wide financial statements are presented together with the governmental fund financial statements with an adjustment column presented to reconcile the two sets of statements.

The Trust has one governmental fund type, which is the General Fund. The General Fund is used to account for all resources and operations. Governmental funds are accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds:

The General Fund is accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; that is, when they are measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Trust considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when the related liability is incurred. Primary revenues consist of charges for services, licenses, and permits. All of these revenues are susceptible to accrual.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inventory:

Inventory consists of merchandise held for resale in the museum gift shops. Inventory is stated at lower of cost or market and is accounted for under the first-in, first-out method.

Capital Assets:

Property and equipment are recorded at cost. Donated capital assets are recorded at their estimated fair market value on the date of contribution. Expenditures which equal or exceed \$5,000 that materially increase values, change capacities, or extend useful lives are capitalized. Repairs and maintenance costs are charged to operations when incurred.

Depreciation is computed using the straight-line method. Estimated useful lives of property and equipment range as follows:

Buildings and improvements	10 - 40 years
Furniture, fixtures and equipment	5 - 10 years

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Historical Properties, Antiques, and Collections:

Purchased historical properties, antiques, and collections that are held for educational and curatorial purposes are recorded at cost. Donated items are not capitalized but are recorded both as revenue and expense in the government-wide statement of activities. Whether purchased or donated, each item is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously.

Historical properties, antiques, and collections are acquired for purposes of preservation and display. Management considers these items to be historically significant and should be preserved perpetually. Accordingly, depreciation is not recorded for these items.

Program Revenue:

Program revenue from local governments and government grants is recorded based upon the terms of the grantor allotment which generally provides that revenue is earned when the allowable costs of the specific grant provisions have been incurred or the performance of the services has been rendered. Such revenue is subject to audit by the grantor. If the examination results in a deficiency of allowable expenses, the Trust will be required to refund any deficiencies.

Income Taxes:

The Trust is exempt from federal income taxes under Internal Revenue Service Code Section 501(c)(3). As a result, there is no provision for taxes in the accompanying financial statements.

Donated Services, Materials, and Facilities:

The Trust receives donated services from a variety of unpaid volunteers assisting in the museum and education programs. No amounts have been recognized in the accompanying statements of activities for these donated services.

As discussed previously, UWF pays certain expenses and donates office space to the Trust.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adjustments Between Governmental Fund Balance Sheets and Statements of Net Position:

Capital assets are not financial resources and therefore are not reported in the governmental fund. Adjustment is made to include capital assets in the entity-wide statements of net position.

Nonspendable fund balance represents amounts that cannot be spent because they are either (1) not in spendable for or (2) legally or contractually required to be maintained intact. Nonspendable amounts are not reported in the entity-wide statements of net position, therefore, an adjustment is made to exclude the nonspendable fund balance category from the entity-wide statements of net position.

Adjustments Between Governmental Fund Statements of Revenue, Expenditures, and Changes in Fund Balances and Statements of Activities:

Because capital assets are not reported in the governmental fund, no depreciation is recognized in the governmental fund statements of revenues, expenditures, and changes in fund balances. Instead, capital outlays are reported as expenditures. Adjustment is made to include depreciation expense and remove capital outlays in the entity-wide statements of activities.

Recent Accounting Pronouncements:

In June 2017, the Governmental Accounting Standards Board (“GASB”) issued Statement No. 87, *Leases* (“GASB 87”), which addresses accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that are currently classified as operating leases and recognized as inflows of resources or outflows of resources. GASB 87 establishes the lessee’s requirement to recognize a lease liability and an intangible right-to-use asset. GASB 87 was effective for the Trust for the year ended June 30, 2022. Adoption of GASB 87 did not have a significant impact on the Trust’s financial statements.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Trust’s deposits and investments consist of demand deposits and certificates of deposit. The carrying amount of the Trust’s deposits and investments at June 30, 2023 and 2022 was \$882,630 and \$546,736, respectively, and the bank balance was \$929,127 and \$629,052, respectively. The Trust’s cash balances held by financial institutions are insured by the Federal Deposit Insurance Corporation up to certain limits.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 3 - DUE FROM UWFF/UWF

In March 2013, the Trust entered into a MOU with UWFF, where the Trust may transfer current cash assets to UWFF to invest on the Trust's behalf. These funds are invested as a Quasi-Endowment with UWFF and are part of the overall investment pool subject to spending and investment policies of UWFF as agreed to in the MOU. The Trust's investment with UWFF amounted to \$1,137,815 and \$1,085,446 at June 30, 2023 and 2022, respectively.

During the year ended June 30, 2022, a transfer was made from UWF for unused Paycheck Protection Program ("PPP") loan proceeds, which were used for general expenses in 2022.

NOTE 4 - CAPITAL ASSETS

Capital assets consist of the following:

June 30, 2023:	Beginning Balance	Increases	Decreases	Ending Balance
<u>Historic Pensacola Village</u>				
Land	\$ 1,010,660	\$ -	\$ -	\$ 1,010,660
Buildings and improvements	5,222,917	139,248	-	5,362,165
Furniture, fixtures and equipment	4,923	-	-	4,923
<u>Barkley House</u>				
Furniture, fixtures and equipment	17,489	-	-	17,489
<u>Pensacola Museum of Art</u>				
Furniture, fixtures and equipment	63,974	37,801	-	101,775
<u>General and Administrative</u>				
Furniture, fixtures and equipment	427,546	22,253	-	449,799
Construction in progress	-	44,001	-	44,001
	<u>6,747,509</u>	<u>243,303</u>	<u>-</u>	<u>6,990,812</u>
Less accumulated depreciation	<u>2,937,625</u>	<u>260,923</u>		<u>3,198,548</u>
	<u>\$ 3,809,884</u>	<u>\$ (17,620)</u>	<u>\$ -</u>	<u>\$ 3,792,264</u>

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 AND 2022**

NOTE 4 - CAPITAL ASSETS (Continued)

June 30, 2022:	Beginning Balance	Increases	Decreases	Ending Balance
<u>Historic Pensacola Village</u>				
Land	\$ 1,010,660	\$ -	\$ -	\$ 1,010,660
Buildings and improvements	5,222,917	-	-	5,222,917
Furniture, fixtures and equipment	8,012	-	(3,089)	4,923
<u>Barkley House</u>				
Furniture, fixtures and equipment	17,489	-	-	17,489
<u>Pensacola Museum of Art</u>				
Furniture, fixtures and equipment	63,974	-	-	63,974
<u>General and Administrative</u>				
Furniture, fixtures and equipment	428,225	-	(679)	427,546
	<u>6,751,277</u>	<u>-</u>	<u>(3,768)</u>	<u>6,747,509</u>
Less accumulated depreciation	<u>2,614,034</u>	<u>327,359</u>	<u>(3,768)</u>	<u>2,937,625</u>
	<u>\$ 4,137,243</u>	<u>\$ (327,359)</u>	<u>\$ -</u>	<u>\$ 3,809,884</u>

Depreciation expense was \$260,923 and \$327,539 for the years ended June 30, 2023 and 2022, respectively.

NOTE 5 - DEFERRED REVENUE

Rental revenue is considered earned when the event has occurred or the performance of the services has been rendered. Amounts received by the Trust in advance of the date of the event or performance of services are recorded as deferred revenue until the event has occurred or services are rendered. Total deferred revenue amounted to \$91,572 and \$98,881 at June 30, 2023 and 2022, respectively.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 6 - FUND BALANCE/NET POSITION

In the financial statements, fund balances/net position are classified as follows:

Nonspendable Fund Balance:

Nonspendable fund balance represents amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Nonspendable fund balances as of June 30, 2023 and 2022 are presented as follows:

	<u>2023</u>	<u>2022</u>
Nonspendable -		
Inventory	\$ 73,463	\$ 75,486
Prepaid assets and deposits	13,899	12,608
Historical properties, antiques and collections	<u>249,214</u>	<u>249,214</u>
	<u>\$ 336,576</u>	<u>\$ 337,308</u>

Restricted Fund Balance / Reserved Net Position:

Restricted fund balance or reserved net position represent amounts that can be spent only for specific purposes required by law or other externally imposed conditions by grantors or creditors. Restricted fund balances/reserved net position as of June 30, 2023 and 2022 are presented as follows:

	<u>2023</u>	<u>2022</u>
Restricted -		
Old Christ Church fund	\$ 140,949	\$ 140,873
Kranc Property	57,500	57,500
Florida Conference AME Holding	-	3,116
Cemetery Projects	<u>12,000</u>	<u>12,000</u>
	<u>\$ 210,449</u>	<u>\$ 213,489</u>

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 6 - FUND BALANCE/NET POSITION (Continued)

Assigned Fund Balance / Designated Net Position:

Assigned fund balance or designated net position represent amounts that are designated by the Board of Directors, under authorization governed in the Trust's By-Laws, for a particular purpose but not spendable until a majority vote of approval by the Board of Directors. The assigned fund balance/designated net position of \$38,790 and \$38,782 as of June 30, 2023 and 2022, respectively, represents the remaining cash balance in the Veal Education Fund.

PMA assigned fund balance or designated net position represents amounts that are designated by the Board of Directors but are not spendable until a majority vote of approval. In 2017, the Pensacola Museum of Art received a BP claim and the Board of Directors approved to designate these funds for future purchases of artwork and collections to be held at the museum. The assigned fund balance/designated net position of \$33,966 as of June 30, 2023 and 2022, represents the remaining designated BP funds.

Use of Restricted Resources:

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Trust's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Trust's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications, committed and then assigned fund balances, if any, before using unassigned fund balances.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Dependency on Government Support:

The Trust receives a substantial amount of support from UWF, and state and local government agencies. A reduction in the level of future support from these entities could have a substantial effect on the Trust's programs and activities.

UWF Agreement:

As discussed in Note 1, the Trust is committed to assist UWF under an operating agreement which extends for an indefinite term.

**WEST FLORIDA HISTORIC PRESERVATION, INC.
D/B/A UNIVERSITY OF WEST FLORIDA HISTORIC TRUST
(A COMPONENT UNIT OF THE UNIVERSITY OF WEST FLORIDA)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 - RISK MANAGEMENT

The Trust is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Trust is insured for these risks. There were no insurance losses related to these risks in excess of insurance coverage in any of the three prior fiscal years. The Trust is not aware of any liabilities related to these risks as of June 30, 2023.

NOTE 9 - COVID-19 RELATED INCOME

The Trust received loan proceeds in the amount of \$278,690 under the PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). The PPP loan’s principal and accrued interest were forgivable to the extent that the proceeds were used for eligible purposes, subject to certain limitations. During the year ended June 30, 2022, the loan proceeds were used for eligible purposes, and the loan was forgiven. Accordingly, the Trust recognized \$278,690 as other income during the year ended June 30, 2022.

The Trust was also awarded a grant totaling \$29,254 from the Florida American Rescue Plan Cultural Grant Program (“Florida ARP”) which is funded by the Florida Department of State Division of Arts and Culture and from Florida Humanities. The funds were to be used for general operating expenses for the Trust. Accordingly, the Trust recognized \$29,254 as other income during the year ended June 30, 2022.

In addition, the Trust received \$18,927 from the Small Business Administration to assist in general operations of the Trust. Accordingly, the Trust recognized \$18,927 as other income during the year ended June 30, 2022.

OTHER REPORTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Pensacola, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of West Florida Historic Preservation, Inc., d/b/a University of West Florida Historic Trust (“the Trust”), (a component unit of the University of West Florida), which comprise the statement of net position and governmental fund balance sheet as of June 30, 2023, and the related statement of activities and governmental fund revenues, expenditures, and changes in fund balance/net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 31, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Trust’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board of Directors
West Florida Historic Preservation, Inc.
d/b/a University of West Florida Historic Trust
Pensacola, Florida

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pensacola, Florida
August 31, 2023



UNIVERSITY of WEST FLORIDA

HISTORIC TRUST

Pensacola Museum of History • Pensacola Museum of Art
Pensacola Children's Museum • Historic Pensacola Village
Arcadia Mill Archaeological Site

August 31, 2023

Saltmarsh, Cleaveland & Gund, CPAs
900 North 12th Avenue
P.O. Drawer 13207
Pensacola, Florida 32591-3207

This representation letter is provided in connection with your audit of the financial statements of West Florida Historic Preservation, Inc., d/b/a University of West Florida Historic Trust (“the Trust”), which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of August 31st, 2023 the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 31, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amount receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the Trust is contingently liable, if any, have been properly recorded and disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management;
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 17) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government - specific

- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) The Trust has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 22) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 23) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.


- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 27) The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 30) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 31) All funds that meet the quantitative criteria in GASB Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 32) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 33) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 34) Provisions for uncollectible receivables have been properly identified and recorded.
- 35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

- 36) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 37) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 38) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 39) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 40) The government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.
- 41) We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 42) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 43) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 44) The Trust is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Trust's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. Any required filings with tax authorities are up-to-date.
- 45) Management of the Trust considers recorded historical properties, antiques, and collections to have historic or cultural value. Those items are not depreciated because the Trust has the technical and financial ability to preserve the items perpetually.

As provided by you, we have read and reviewed a copy of the draft financial statements for the Trust for the years ended June 30, 2023 and 2022 and accept full responsibility for the amounts and disclosures contained therein. We have also reviewed any audit adjustments proposed by you during your recent examinations, all of which have been previously discussed.

We approve the draft and all audit adjustments by signing below and authorize you to issue final reports.

Signature: 
Robert Overton, Executive Director

Signature: 
Amy Eve, Business Manager

**Board of Trustees
Audit and Compliance Committee
November 16, 2023**

IAMC Quality Assurance Review – Annual Self Assessment 2023

Recommended Action:

Informational

Background Information:

Board of Governors Regulation 4.002(6)(a) requires all State universities' internal audit departments to perform audit engagements in accordance with the International Professional Practices Framework published by the Institute of Internal Auditors (IIA), which includes the IIA Standards for the Professional Practice of Internal Auditing. IIA Standard 1320 "*Reporting on the Quality Assurance and Improvement Program*" requires that the results of ongoing and periodic self-assessments be communicated to the board.

IAMC engages in ongoing and periodic practices that contribute to quality assurance, as required by the Standards. These practices are described in the attached report. Various documents were recently examined to confirm that IAMC has adequate quality assurance controls in place, as detailed in the report.

Implementation Plan:

None.

Fiscal Implications:

None.

Relevant Authority:

BOG Regulation 4.002(6)(a)

Supporting Documents:

1. IAMC Quality Assurance Review – Annual Self-Assessment 2023

Prepared by:

Cindy Talbert, Chief Audit Executive, IAMC, President's Division, x2638, ctalbert@uwf.edu

Presenter:

Cindy Talbert, Chief Audit Executive, IAMC, President's Division



Objectives of Review

Florida Board of Governor’s Regulation 4.002 “*Chief Audit Executives*” requires that university audit engagements be performed in accordance with the IIA International Professional Practices Framework, which includes the IIA Standards for the Professional Practice of Internal Auditing. As required by the Standards, we conducted an internal review of quality assurance for the activities of Internal Auditing & Management Consulting.

Compliance with IIA Standards

Brief descriptions of relevant IIA Standards and our efforts to comply with them are described below.

Standard 1000

Purpose, Authority, and Responsibility

The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.

Verbiage within our charter complies with the Standard. The charter was reviewed, revised, and approved by the Board of Trustees (BOT) in 2021. We reviewed the charter for any necessary updates and found that none were needed. We plan to ask the BOT to confirm our charter again in Fall 2024.

Standard 1100

Independence and Objectivity

The internal audit activity must be independent, and internal auditors must be objective in performing their work.

The Chief Audit Executive reports functionally to the BOT and administratively to the President, an ideal reporting structure to ensure independence. No impairments to independence have occurred, formally confirmed each year to the BOT through our Annual Report. The auditors confirm independence with respect to each audited entity, in writing. Both auditors signed an annual Code of Ethics affirmation in June 2023 and submitted a Conflicts of Interest and Report of Outside Activities to Human Resources.

Standard 1300

Quality Assurance and Improvement Program

The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.

The Standards require both periodic and ongoing internal assessments of performance components of the Quality Assurance and Improvement Program. Our ongoing monitoring included engagement-specific internal practices including the use of client satisfaction surveys and documented review of the workpapers supporting each audit. Periodic internal monitoring included an annual review of procedures manuals and job descriptions for any necessary revisions and the computation of performance metrics (published in our Annual



Report). In addition, annual performance evaluations were conducted for the staff.

Standard 1320 “*Reporting on the Quality Assurance and Improvement Program*” requires that the results of the ongoing and periodic self-assessments be communicated to the board. A copy of this report will be presented to the BOT Audit & Compliance for acceptance at the November 16, 2023 Committee meeting.

Standard 1200
Proficiency and Due Professional Care

Engagements must be performed with proficiency and due professional care.

Staff are required to obtain continuing professional education each year. Collectively, all necessary competencies are available to fulfill our responsibilities. Legal and information technology resources are available to the internal audit function from contacts within the University. Review processes have been established to ensure that best practices are followed in audit work.

Standard 2000
Managing the Internal Audit Activity

The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organization.

The Chief Audit Executive developed a risk-based audit work plan that was approved by the BOT in Spring of 2023. Coordination with the State auditor ensured that there is no duplication of effort. Internal policies and procedures have been formalized in writing.

IAMC was been provided with all necessary resources required to support audit activities.

Standard 2100
Nature of Work

The internal audit activity must evaluate and contribute to the improvement of the organization’s governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.

We contributed to the improvement of governance, risk management, and control processes through routine advice provided to the President and the BOT Audit & Compliance Committee; through roles and responsibilities that are defined within the IAMC and BOT Audit & Compliance Committee charters; participation on the Risk & Compliance Council; in considerations taken in developing our annual audit work plan; in our role as liaison with external auditors; in routine interaction with the Compliance & Ethics Officer; in the performance of information technology audits that include governance issues; and by conducting internal control evaluations within each audit engagement.

Standard 2450
Overall Opinions

When an overall opinion is issued, it must take into account the strategies, objectives, and risks of the organization; and the expectations of senior management, the board, and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant, and useful information.



We do not issue overall opinions and are therefore in compliance.

Standard 2600

Communicating the Acceptance of Risks

When the chief audit executive concludes that management has accepted a level of risk that may be unacceptable to the organization, the chief audit executive must discuss the matter with senior management. If the chief audit executive determines that the matter has not been resolved, the chief audit executive must communicate the matter to the board.

This circumstance has not arisen; however, our charter states that if management elects to accept a level of risk that seems unacceptable, the CAE must communicate this matter to the BOT.

Standard 2200

Engagement Planning

Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations. The plan must consider the organization's strategies, objectives, and risks relevant to the engagement.

We consult with members of auditee management in the initial phase of audit work in order to clarify risks and the scope, objectives, and timing of the audit. A planning meeting is held within IAMC to discuss resources, strategies, and other pertinent issues. The results of these meetings are documented. In the second phase of the audit work, risks and controls are identified and evaluated.

Standard 2300

Performing the Engagement

Internal auditors must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.

Standardized audit workpapers have been developed to ensure consistency and thoroughness for audit engagements; however, the audit program is tailored for each engagement. Periodic independent reviews of workpapers are conducted throughout the audit engagement. Workpapers are maintained on a secure server and retained indefinitely.

Standard 2400

Communicating Results

Internal auditors must communicate the results of engagements.

Audit findings are always discussed with auditees in advance of issuing a report, so that the process is properly viewed as a collaboration. Auditees are provided with a draft copy of the audit report for comment and possible edits, prior to the final audit meeting. Standard elements have been established for the content of our audit reports, which are reviewed to be sure that content is clear, accurate, and objective. All audits result in the issuance of a written report, presented to the BOT for acceptance, with copies provided to senior administration and other stakeholders.

Standard 2500

Monitoring Progress

The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.



Internal Auditing & Management Consulting
IAMC Quality Assurance Review – Annual Self Assessment
Report #MAS23-24_001
Date: November 16, 2023

We monitor the disposition of audit recommendations when the targeted implementation date has been reached and document these follow up activities. Should the recommendation not be implemented by that date, the department head is asked to provide an update on the status of the implementation at the next BOT Audit & Compliance Committee.

Examination of Documents

All documentation described in this report was confirmed to be saved in electronic form on the secure IAMC server.

Conclusion

Our quality assurance review showed that IAMC is in compliance with the Standards of the Institute of Internal Auditors related to ongoing and periodic internal assessments of quality.

Respectfully submitted,

A handwritten signature in black ink that reads 'Cynthia Talbert'.

Cynthia Talbert, CFE, CIA, CPA, CRMA
Chief Audit Executive

**Board of Trustees
Full Board Meeting
November 16, 2023****Internal Auditing & Management Consulting Update**

Recommended Action:

Informational

Background Information:

The purpose of this Information Item is to provide the Committee with an overview of activities within Internal Auditing & Management Consulting, as required by the department Charter.

1. Status of internal audits in progress
2. Status of advisory/consulting activities
3. External audits in progress
4. Audit follow up
5. Miscellaneous items

Implementation Plan:

None.

Fiscal Implications:

None.

Relevant Authority:

IAMC Charter

Supporting Documents:

1. Veterans Administration Compliance Survey
2. FDOH COHZ Project Desk Audit

Prepared by:

Cindy Talbert, Chief Audit Executive, IAMC, President's Division, x2638, ctalbert@uwf.edu

Presenter:

Cindy Talbert, Chief Audit Executive, IAMC, President's Division

Mission:

To protect, promote & improve the health of all people in Florida through integrated state, county & community efforts.



Ron DeSantis
Governor

Joseph A. Ladapo, MD, PhD
State Surgeon General

Vision: To be the **Healthiest State** in the Nation

June 23, 2023

Dr. Matthew Schwartz, Asst. Vice President of Research
University of West Florida
11000 University Parkway
Pensacola, FL 32514

Re: Programmatic Monitoring Report COTHZ-P-05 Contract No:
COTHZ

Dear Dr. Schwartz:

Our review of pertinent documentation and procedures submitted to the Department did not indicate the Provide is non-compliant with the terms and conditions of its contract with the Department or applicable laws, rules, and regulations.

Thank you for your cooperation with the review process. If you have any questions regarding this letter or any other aspect of the review, please contact Richard Williams at Richard.Williams@flhealth.gov at (850) 617-1452.

Sincerely,

Felisha Dickey, Contract Manager Supervisor

Cc: Shay Chapman, Acting Division Director of Community Health Promotion
Laura Corbin, Bureau Chief of Tobacco Free Florida
Adrienne Reid, Contract Monitoring Supervisor
Richard Williams, II, Contract Manager

Mission:

To protect, promote & improve the health of all people in Florida through integrated state, county & community efforts.



Ron DeSantis
Governor

Joseph A. Ladapo, MD, PhD
State Surgeon General

Vision: To be the **Healthiest State** in the Nation

June 23, 2023

PROGRAMMATIC MONITORING REPORT

Provider: University of West Florida
Contract(s): COTHZ
Review Period: 10/2022- 03/2023
Date of Review: June 2023
Provider Representative(s): Justice Mbizo, DrPH, Principal Investigator & Daudet Tshiswaka, PhD, Coordinator
Department Representative(s): Richard Williams, II, Contract Manager

I. Authority.

Pursuant to Section I.D. of the standard contract between the Department and the Provider, the Department is authorized to monitor the activities of the Provider to ensure satisfactory performance of the terms and conditions of its contract(s) with the Provider and to ensure compliance with applicable laws, rules and regulations. Monitoring activities which are relevant to the Department's contract(s) with the Provider include but are not limited to: 1) inspection of records, papers, documents, facilities, goods and services of the Provider; and 2) interviews of Provider employees. This monitoring is not intended to be a substitute for a comprehensive financial audit.

II. Scope and Objectives of the Review.

The Provider received funding from the State of Florida Department of Health through Contract No. COTHZ. This contract was monitored for compliance with Federal, State, and Department of Health laws, rules, regulations, and policies.

- **COTHZ** - A fixed-price contract whose term was July 1, 2018, through June 30, 2023, which contained \$48,360 in State financial assistance under CFDA No. 93.898. The Provider will facilitate administrative support to regional strategic planning efforts and provide guidance to carry out the Florida Cancer Plan. In addition, the Provider will conduct all necessary actions to host cultural competency trainings based on available incidence and mortality data and the latest cancer disparity research as given by the program.

In June 2023, Richard Williams, II conducted a review of the programmatic activities of the Provider. The objectives of the review were to:

- Determine whether the programmatic activities, policies, and procedures of the Provider were adequate to properly manage and administer Department funds pertaining to the contract(s) under review;
- Determine compliance with applicable State and Federal laws, rules and regulations;
- Determine compliance with contractual terms set forth in the aforementioned contract(s).

**University of West Florida
Programmatic Monitoring Report**

We would like to convey our thanks and appreciation to the Provider's staff for their courteous and prompt assistance in providing information relative to our monitoring review.

Richard A. Williams, II

Richard Williams, II, Contract Manager

Felisha Dickey

Felisha Dickey, Contract Manager Supervisor

cc. Shay Chapman, Acting Division Director of Community Health Promotion
Laura Corbin, Bureau Chief of Tobacco Free Florida
Adrienne E. Reid, Contract Monitoring Supervisor
Jason Roland, Contract Liaison

End of Report



DEPARTMENT OF VETERAN AFFAIRS
Veterans Benefits Administration
Education Service
Washington, D.C. 20420

October 2, 2023

Gary Bivens
MVRC SCO
University of West Florida
Military and Veterans Resource CTR
11000 University Parkway, BLDG 38 RM 149
Pensacola, FL 32514

Facility Code: 1-1-9631-10

Dear Gary Bivens,

A compliance survey was recently conducted on September 11, 2023, at your institution. Thank you for the kindness and cooperation you extended to me during the survey process. Attached you will find the narrative report of the survey findings, including any discrepancies found during the visit. This attachment will provide more specific information concerning the individual discrepancies.

If you have questions or require assistance with any VA regulations or requirements, please contact the Education Liaison Representative for your state by email at FloridaEducationOutreach.VBASPT@va.gov.

Sincerely,

Jhander David Garcia

Jhander David Garcia
Education Compliance Survey Specialist - Contractor
Saint George Consulting Inc.
+1 (863) 599-9225
david.garcia@saintgeorgeconsulting.com
jhander.garcia@va.gov

Enclosure: Narrative Report

Narrative Report Compliance Survey

University of West Florida
Military and Veterans Resource CTR
11000 University Parkway, BLDG 38 RM 149
Pensacola, FL 32514
Facility Code: 1-1-9631-10

I. GENERAL

The purpose of a Compliance Survey is to ensure that approved programs are compliant with all applicable provisions of Title 38, United States Code (USC) § 3693 administered by VA.

A routine Compliance Survey was conducted onsite at University of West Florida (referred to throughout as the ETI) by Education Compliance Survey Specialist (ECSS) Jhander David Garcia. The official notification of the survey was delivered via email to Gary Bivens on August 23, 2023. An entrance briefing was held on September 11, 2023 and an exit briefing was held on September 12, 2023 with ETI officials. The survey was originally scheduled for September 6, 2023, but was rescheduled due to hurricane Idalia.

Date of Last Approval: The date of last substantive approval action found in WEAMS was August 1, 2022. This date is within the 24-month limitation.

Student Sampling: The Active Student Count was 3370. In accordance with the AC&L FY21 Compliance Survey Strategy and Guidance, the initial sample size was thirty-five (35) VA beneficiaries and four (4) randomly selected non-VA beneficiary records. The sample distribution was based on the available records and included two (2) - Chapter 30 records, twenty-eight (28) - Chapter 33 records, four (4) - Chapter 35 records, and one (1) - Chapter 1606 record. Of the 28 Chapter 33 records reviewed, 2 were Yellow Ribbon. There were no other Yellow Ribbon records to choose from.

Three (3) Non-VA student files were reviewed to verify that the cost of tuition and fees for VA beneficiaries was not greater than the charges for similarly circumstanced students. The findings were consistent with the VA beneficiary records. No issues were identified.

Prior Compliance Survey Information: The compliance survey conducted in FY20 covered through May 2, 2020, and was remote; the survey was reviewed and found to have no discrepancies.

Current Survey: The review period for this routine, on-site Compliance Survey covered the period May 11, 2020 - August 11, 2023



Narrative Report Compliance Survey

ETI Information: University of West Florida is an accredited, public, Institution of Higher Learning (IHL).

Per the Web Enabled Approval Management System (WEAMS) the ETI has 13 School Certifying Officials (SCOs). During the Compliance Survey the list of SCOs on WEAMS was reviewed and found to be accurate.

Prior Credit (38 CFR 21.4253, 21.4254, 21.4263): Prior credit was reviewed, and credit was granted where appropriate. University of West Florida requires all students to provide official transcripts and military training records for evaluation. Evaluation is sent to the Office of Undergraduate Admissions to determine if training is equivalent and granted. The degree audit report and transcript do reflect transfer credit granted. The ETI was found to be within compliance standards. Courses from institutions whose accrediting agency is included on the list of approved accrediting agencies with appropriate grades are acceptable for transfer credit and will be transferred at the level that the course was classified by the institution granting the credit.

GI Bill® Feedback Tool: The GI Bill® Feedback Tool system was reviewed prior to conducting the Compliance Survey and no complaints were found in the current review period.

Entrance Briefing: The entrance briefing was conducted on-site on September 11, 2023. The following individuals attended this briefing:

	Name	Title	SCO
1	Gary Bivens	MVRC SCO	Primary
2	Lori Milkeris	MVRC SCO	Secondary

During the Entrance Briefing, the following topics were discussed:

- Purpose and timeline of VA Compliance Survey and On-site visit
- Documents requested in Notification Letter and layout of provided documents
- Details on how courses are administered and graded
- Walk through of student files, ledgers, and transcripts

II. DISCREPANCIES (VA FORM 22-1934: AREAS OF REVIEW)

No discrepancies were found within areas of review enumerated in VA Form 22-1934.



Narrative Report Compliance Survey

III. SUMMARY

Exit Briefing: An exit briefing was conducted on-site on September 12, 2023. The following individuals attended this briefing:

	Name	Title	SCO
1	Gary Bivens	MVRC SCO	Primary
2	Lori Milkeris	MVRC SCO	Secondary

At the Exit Briefing, the following topics were discussed:

- Date of Last Approval regarding the ETI's WEAMS 1998 report
- VA-Form 22-8794 and list of SCOs
- Continuing to complete SCO trainings to stay up to date on laws, regulations, and procedures regarding veteran benefits
- Continuing to follow VA rules and guidelines to maintain proper record keeping

Additional Assistance Provided: ECSS and the SCO reviewed the guidelines for providing College Financing Plans to each beneficiary.

Beneficiary Interviews: This is not applicable for this ETI. Choose an item.

Review of 85/15 Compliance and 35% Exemption Waiver (38 CFR 21.4201(d)): The ETI has a 35% Exemption covering all programs effective 11/10/2022. ETI has a total VA student enrollment of .09%. As such, for this compliance survey, 85/15 documents were not reviewed, although they were uploaded to Salesforce by the ETI.

Enrollment Limits: The State Approving Agency has not established any enrollment limits in the Notice of Approval at this time for this ETI. The ETI was found to be within compliance standards.

Repeat Discrepancies and/or Issues: There were no repeat discrepancies found.

Review of Advertising Materials: The ETI's advertising was reviewed (social media, ETI website, and catalog). ETI's website, YouTube, and Instagram were reviewed. At the conclusion of the review, no misleading nor deceptive advertisings were found. The ETI was found to be within compliance standards.

Power of Attorney and Non-assignability of Benefits (38 CFR 21.4146, 21.9680): ETIs and training establishments are prohibited from negotiating VA educational assistance benefit payments. All student payments were issued to personal accounts by direct deposit. There were no paper checks issued. An inquiry was made by the ECSS and the SCO stated the ETI did not have Power of Attorney for any VA beneficiary. The ETI was found to be within compliance standards.



Narrative Report Compliance Survey

Independent Study (38 CFR 21.4267): The ETI is approved for independent study and was found to be within compliance standards.

Practical Training (38 CFR 21.4265): The ETI is approved for practical training. The ETI was found to be within compliance standards.

Cooperative Courses and Farm Cooperative Courses (38 CFR 21.4233, 21.4257, 21.4264): The ETI is not approved for cooperative courses. The ETI was found to be within compliance standards.

Two-Year Period of Operation for Branches (38 CFR 21.4251): This is not applicable to this ETI.

Tutorial Assistance (38 CFR 21.4236, 21.9685): The ETI does have participants in the Tutorial Assistance program through the Department of Veterans Affairs. The ETI was found to be within compliance standards.

Owner/Officer Restriction and Conflicting Interests Certification (38 CFR 21.4005, 21.4202(c), 21.5001, 21.7305, 21.7805, 21.9770): The ETI is a public institution and therefore this certification is not applicable.

Contractual Arrangements (38 CFR 21.4233(e)): The ETI does not offer any courses under contract. The ETI was found to be within compliance standards.

Advance Pay (38 CFR 21.4203, 21.9715): The ETI is approved to receive advance pay checks for delivery to students. The ETI was found to be within compliance standards.

Nonduplication of Benefits (38 CFR 21.4020, 21.4022, 21.5022, 21.5023, 21.7143, 21.7642, 21.9690): No duplication of benefits was found during this survey. The ETI was found to be within compliance standards.

Yellow Ribbon (38 CFR 21.4254(c)): The ETI does participate in the Yellow Ribbon (YR) program. The YR contract was reviewed. The ETI was found to be within compliance standards and is paying their half of tuition and fees.

Recruiting Practices (38 U.S.C. 3696(d)(1)): The ECSS reviewed the School Procedures Questionnaire and other available documents and found no evidence of fraudulent or unduly aggressive recruiting practices. The ETI was found to be within compliance standards.

School Certifying Official (SCO) Beneficiaries: CFR §21.9675(d) states the VA will not pay benefits for courses certified to the VA by the individual taking the course: VA systems were reviewed to identify if any SCOs have utilized VA benefits at University of West Florida and it was found that no SCOs have utilized VA benefits at the ETI. The ETI was found to be within compliance standards.

Review of Public Law 115-48 (Colmery Act)- Priority Enrollment: During the Compliance Survey it was confirmed that the ETI offers priority enrollment. The ETI was found to be within compliance standards.

Review of Annual Reporting Fees: PL 111-377 (Section 204) states that any reporting fee paid to an educational institute shall be utilized by such institution or committee solely for the making of certifications or for otherwise supporting programs for Veterans. The funds are generally used to cover the cost of certifying and SCO conferences. The ETI was found to be within compliance standards.



Narrative Report Compliance Survey

PL 115-48 (section 304) states that if an ETI receives reporting fees for 100 or more eligible students, then the reporting fees paid to the ETI cannot be used for, or merged with, the ETI's general fund. The ETI has received a payment for more than 100 students, and maintains a separate fund account. The ETI was found to be within compliance standards.

GI Bill® Trademark: In accordance with Executive Order 13607(f), The ETI's usage of the trademarked phrase "GI Bill" was reviewed (social media, ETI website, and catalog). The ETI was found to be within compliance standards. Bill® is a registered trademark of the U.S. Department of Veterans Affairs (VA). More information about education benefits offered by VA is available at the official U.S. government website <https://www.va.gov/gibill>

Public Law 116-315, Section 1018: The ETI was found to be within compliance standards.

Principles of Excellence (PoE): The ETI does participate in Principles of Excellence. A signed statement of compliance was collected during this compliance visit. The ETI was found to be within compliance standards.

Recommendation for Future Compliance Survey: It is recommended this ETI be resurveyed as required by Title 38, U.S.C § 3693.

Compliance Survey Close-out Notice: Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of additional statements in this report concerning your ETI's specific practices and procedures cannot be construed as acceptance, approval, or endorsement of those specific practices and procedures by the Department of Veterans Affairs. The successful completion of this Compliance Survey does not relieve your ETI of its obligation to comply with all statutory and regulatory provisions governing USC Title 38 Veterans Benefits programs.

This Compliance Survey Narrative was completed on September 18, 2023 by Jhander David Garcia.

Jhander David Garcia

Jhander David Garcia
Education Compliance Survey Specialist
Saint George Consulting



Board of Trustees
Full Board Meeting
November 16, 2023**Office of Compliance & Ethics - Update on Activities**

Recommended Action:

Informational

Background Information:

Compliance and Ethics Activities and Board Oversight information provides the Audit and Compliance Committee with a broad overview of the activities of the Office of Compliance and Ethics (OCE) by highlighting contemporary compliance and ethics trends and issues. In doing so, this provides the Audit and Compliance Committee and University President with the essential knowledge necessary to carry out its responsibility to “exercise oversight with respect to the implementation and effectiveness” of UWF’s Compliance and Ethics function.

November 2023 Topics:

- **Credit Card Compliance:** Evaluating UWF’s compliance with the Payment Card Industry Data Security Standards (PCI DSS) is critical to maintaining the university’s payment infrastructures. Credit card compliance oversight falls under the scope of the OCE, which includes record keeping, administering Credit Card Processor training, collaborating with ITS on technical specifications, and completing the annual PCI Self-Assessment Questionnaires.
- **Higher Education Opportunity Act (HEOA) & Consumer Information Requirements:** OCE is the owner of the UWF HEOA / Consumer Information website and accordingly, carries out a full review of UWF’s HEOA data every quarter. This information is namely designed to help potential students and parents decide which Institution of Higher Education to apply. As such, this quarterly process is critical to ensuring UWF’s consumer data remains accurate and up-to-date.
- **Policy Management & Compliance:** Effective policies help to ensure UWF’s organizational compliance and adherence to laws, regulations, and internal guidelines. Employing robust policy management practices at UWF helps the OCE carry out its mission by reducing compliance risks, enhancing transparency, and promoting a culture of ethics and integrity.

Implementation Plan:

None.

Fiscal Implications:

None.

Relevant Authority:

Florida Board of Governors Regulation 4.003, SUS Compliance and Ethics Programs

Supporting Documents:

1. Informational Update Slides

Prepared by:

Matthew Packard, 857-6070, mpackard@uwf.edu

Presenter:

Matthew Packard, 857-6070, mpackard@uwf.edu



Office of
Compliance and Ethics
UNIVERSITY *of* WEST FLORIDA

Audit and Compliance Committee

Informational Update | November 16, 2023

Compliance & Ethics Activities Overview

Payment Card Industry Data Security Standards (PCI DSS)

- Collaboration with ITS to re-affirm UWF's PCI DSS compliant status
- Re-scoping our vulnerability scanning
- Reviewing PCI DSS internal controls to align with appropriate industry risk classification

Compliance Partner Collaborations

- Finance & Administration
- Research and Academic Engagement
- International Affairs
- Procurement & Contracts
- EH&S
- ITS
- Office of General Counsel

Higher Education Opportunity Act Compliance

- Quarterly review carried out by OCE
- Ensuring public disclosure requirements are “3-clicks” from UWF Home Page
- Adhering to DoE disclosure requirements
- Reviewing all data points for accuracy
- Maintaining up-to-date contact information

UWF Policy Reviews

- Collaboration with the Office of General Counsel
- Focus on UWF's “Policy on Policies”
- OCE assisting w/ knowledge management
- Proactive policy maintenance required to keep pace with SUS/BOG regulatory changes

Youth & Minors on Campus

- Reviewing UWF's internal controls
- Turnover of key working group members impacted our oversight
- Dedicated working group currently under review
- Assessing associated risks

Records Retention

- Reviewing processes and procedures to align with state standards
- Long-term project requiring campus-wide engagement
- Adjusting practices to meet the needs of an increasingly digital work environment

Certificates of Insurance

- Working with Procurement and Finance and Administration to develop monitoring processed
- Compiling and organizing existing COI data
- Knowledge and educational awareness are paramount

UWF Integrity Helpline

- Reporting data are consistent
- Reviewing of Helpline Policies and Procedures
- Maintaining Helpline platform to ensure cases are recorded and closed in a timely manner

Contract Accessibility Reviews

- Conducting contract reviews
- Electronic Information and Technology Accessibility (EITA) reviews ensure UWF adheres to ADA, WCAG, and Section 504 of the Rehabilitation Act
- Approximately ~60 contracts reviewed this quarter

Evaluating UWF Credit Card Compliance

Reviewing the specific needs for each Merchant Area and potentially re-scoping our active coverage

Assessing the capacity of our PCI DSS hardware

Managing Online Credit Card Processor Training

Updating Vulnerability Scanning requirements

2023-24 Annual Self-Assessment Process (Jan – Mar)

Higher Education Opportunity Act (HEOA): Public Disclosure Requirements

Requires Institutions of Higher Educations to publicly disclose certain information

- Ex: Textbook Information (costs, resources, affordability resources, Open Education Resources (OER), textbook search tool)
- Ex: Graduate Placement Rates (UWF Accountability reports, employment data, College Navigator, Florida DoE State University Reports)

OCE responsible for public disclosures

- Fixing broken links
- Removing obsolete data
- Identifying responsible offices
- Addressing changes in uwf.edu domain

The “3-click” rule

- Federal guidance strongly encourages all data points to be 3-clicks deep from UWF home page

Project spearheaded by the Office of General Counsel

Revised UWF's "Policy on Policies"

- P-01 University Policy Development and Issuance Process

OCE addressing ongoing communications w/ Responsible Office(s)

- Education and Knowledge Management
- Maintaining workflow and open communication lines
- Promoting up-to-date policies

Identifying and addressing duplicative/redundant policy language

Ensuring policies are reviewed, *at a minimum*, every 5 years