

UNIVERSITY OF WEST FLORIDA

Operational Audit



BOARD OF TRUSTEES AND PRESIDENT

Members of the Board of Trustees and President who served during the 2009-10 fiscal year are listed below:

Kenneth C. Clark, Chair
Lewis Bear, Jr., from 3-19-10, Vice Chair from 6-03-10
Roy W. Smith, Jr., Vice Chair to 3-05-10 (1) (2)
Honor M. Bell to 3-05-10 (3)
Amanda Clonts to 4-30-10 (4)
Nancy A. Fetterman
Joshua Finley from 5-01-10 (4)
Martha A. Gilluly
Jeanne Godwin
Sharon Hess Herrick to 3-05-10 (3)
General Charles A. Horner, Retired
Robert L. Jones from 3-19-10
Catherine Kelly to 9-18-09 (5)
J. Collier Merrill
John "Mort" O'Sullivan from 3-17-10
Dr. Richie G. Platt (6)
Bentina C. Terry from 1-07-10
J. T. Young to 1-06-10

Dr. Judith A. Bense, President

- Notes: (1) Board member served beyond the end of term January 6, 2010. Position remained vacant from March 6, 2010, to March 16, 2010.
- (2) Vice Chair position remained vacant from March 6, 2010, to June 2, 2010.
- (3) Board member served beyond the end of term January 5, 2010. Position remained vacant from March 6, 2010, to March 18, 2010.
- (4) Student body president.
- (5) Position remained vacant from September 19, 2009, through June 30, 2010.
- (6) Faculty senate chair.

The audit team leader was Joan E. Valle, CPA, and the audit was supervised by Jim Kiedinger, CPA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at jimstultz@aud.state.fl.us or by telephone at (850) 922-2263.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 487-9024; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

UNIVERSITY OF WEST FLORIDA

SUMMARY

Our operational audit disclosed the following:

Finding No. 1: The University did not always provide written notification to individuals when their social security numbers were collected, contrary to Section 119.071(5)(a), Florida Statutes.

BACKGROUND

The University of West Florida (University) is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 6 citizen members and the Board of Governors appoints 5 citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The faculty senate chair and student body president also are members.

The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting University policies, which provide governance in accordance with State law and Board of Governors' Regulations. The Trustees select the University President. The University President serves as the executive officer and the corporate secretary of the Trustees and is responsible for administering the policies prescribed by the Trustees for the University.

The results of our financial audit of the University for the fiscal year ended June 30, 2010, will be presented in a separate report. In addition, the Federal awards administered by the University are included within the scope of our Statewide audit of Federal awards administered by the State of Florida and the results of that audit, for the fiscal year ended June 30, 2010, will be presented in a separate report.

FINDING AND RECOMMENDATION

Finding No. 1: Collection of Social Security Numbers

The Legislature has acknowledged in Section 119.071(5)(a), Florida Statutes, the necessity of collecting social security numbers (SSNs) for certain purposes because of its acceptance over time as a unique numeric identifier for identity verification and other legitimate purposes. The Legislature has also recognized that SSNs can be used to acquire sensitive personal information, the release of which could result in fraud against individuals or cause other financial or personal harm. Therefore, public entities are required to provide extra care in maintaining such information to ensure its confidential status.

Section 119.071(5)(a), Florida Statutes, provides that the University may not collect an individual's SSN unless the University has stated in writing the purpose for its collection and unless it is specifically authorized by law to do so, or it is imperative for the performance of the University's duties and responsibilities as prescribed by law. Additionally, this Section requires that if the University collects an individual's SSN, it must provide that individual with a written statement indicating whether the collection of the SSN is authorized or mandatory under Federal or State law, and identifying the specific Federal or State law governing the collection, use, or release of SSNs for each purpose for which the SSN is collected. This Section also provides that SSNs collected by the University may not be used for any purpose other than the purpose provided in the written statement. This Section further requires that the University

review whether its collection of SSNs is in compliance with the above requirements and immediately discontinue the collection of SSNs for purposes that are not in compliance.

Although the University has assigned unique student and employee identification numbers to replace using SSNs for record keeping purposes, it continued to obtain SSNs from students, employees, and certain vendors. As noted below, our review disclosed that University procedures needed improvement:

- Each department collecting SSNs developed a written notification indicating the purpose for which the collection of SSNs is made. However, the written notification describing the reasons for collecting the SSN did not always identify the specific Federal or State law governing the collection, use, or release of the SSN or whether the collection was authorized or mandatory under Federal or State law.
- Although the University posted general information on its Web site for students to read about the collection and usage of SSNs, applicants could complete the on-line applications, which required the SSN, without being directed to or provided with a written notification that provided the reasons for which the University was collecting the SSN information.

Effective controls to properly monitor the need for and use of SSNs and to ensure compliance with statutory requirements reduces the risk that SSNs may be used for unauthorized purposes.

Recommendation: The University should continue its efforts to ensure compliance with Section 119.071(5)(a), Florida Statutes.

PRIOR AUDIT FOLLOW-UP

The University had taken corrective actions for findings included in our report No. 2009-109.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from March 2010 to July 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to: (1) obtain an understanding and make overall judgments as to whether University internal controls promoted and encouraged compliance with applicable laws, rules, regulations, contracts, and grant agreements; the economic and efficient operation of the University; the reliability of records and reports; and the safeguarding of assets; (2) evaluate management's performance in these areas; and (3) determine whether the University had taken corrective actions for findings included in our report No. 2009-109. Also, pursuant to Section 11.45(7)(h), Florida Statutes, our audit may identify statutory and fiscal changes to be recommended to the Legislature.

The scope of this operational audit is described in Exhibit A. Our audit included examinations of various records and transactions (as well as events and conditions) occurring during the 2009-10 fiscal year.

Our audit methodology included obtaining an understanding of the internal controls by interviewing University personnel and, as appropriate, performing a walk-through of relevant internal controls through observation and examination of supporting documentation and records. Additional audit procedures applied to determine that internal controls were working as designed, and to determine the University’s compliance with the above-noted audit objectives, are described in Exhibit A. Specific information describing the work conducted to address the audit objectives is also included in the individual findings.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each university on a biennial basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



David W. Martin, CPA
Auditor General

MANAGEMENT’S RESPONSE

Management’s response is included as Exhibit B.

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EXHIBIT A
AUDIT SCOPE AND METHODOLOGY

| Scope (Topic) | Methodology |
|--|---|
| Information technology (IT) security program. | Examined documentation supporting the security program related to the University's network system. |
| IT security awareness and training program regarding the confidentiality of information. | Examined supporting documentation related to the University's IT security awareness and training program. |
| IT physical and logical controls over information technology. | Examined supporting documentation relating to the Data Center's physical controls. Also examined supporting documentation to determine whether authentication (logical) controls were configured and enforced in accordance with IT best practices. |
| Written policies and procedures for finance-related activities. | Examined the current policies and procedures manual for finance-related activities for completeness. |
| Reporting of institute and centers information as required by the Florida Board of Governors (BOG). | Examined supporting documentation to determine whether the University had provided accurate and complete information to the BOG for selected institutes and centers. |
| Statement of financial interest requirements of Section 112.3145(2), Florida Statutes. | Determined whether University President, Board members, and certain University employees filed statements of financial interest in accordance with law. |
| Social security number requirements of Section 119.071(5)(a), Florida Statutes. | Examined supporting documentation to determine whether the University had provided individuals with a written statement of the purpose for collecting their social security numbers. |
| Tangible personal property records. | Examined tangible personal property records to determine whether they contained information necessary to account for and identify University-owned property. Tested property items to determine whether the University's property records accurately described the property item. |
| Cash collection procedures at centralized and decentralized collection points. | Reviewed collection procedures at selected locations and tested daily cash collections to determine whether the University's collection procedures are effective. |
| Florida residency determination, and tuition and student fees. | Tested student registrations to determine whether the University documented Florida residency and correctly assessed tuition and fees in compliance with BOG Regulation 7.005 and Sections 1009.21, 1009.24, and 1009.286(2), Florida Statutes. |
| Contracts paid from appropriated State funds requirements of Section 1001.74, Florida Statutes (2009). | Examined employee contracts and verified that the contracts limit any settlements, to be paid from appropriated State funds, to the amount of their annual salary. |
| Direct-support organizations. | Reviewed payments, transfers, and loans between the University and its direct-support organizations to determine the purpose and legal authority of such payments, transfers, and loans. |
| Purchasing card transactions. | Tested purchasing card expense transactions for propriety and compliance with related laws, rules, and University policies. |

EXHIBIT A (Continued)
AUDIT SCOPE AND METHODOLOGY

| Scope (Topic) | Methodology |
|---|---|
| Construction management policies. | Examined supporting documentation relating to the University's contracts with, and payments to, construction management entities to determine whether the University complied with laws, procurement policies, and contract provisions. |
| Procedures for monitoring cellular telephone stipends. | Determined whether the University provided for adequate controls over the authorization and monitoring of stipends paid to employees for the business use of the employee's personal cellular telephone. |
| Procedures for valuing property for insuring buildings. | Examined supporting documentation to determine whether the insured values were properly calculated. |
| Supplemental educational services (SES) program. | Reviewed procedures relating to the SES program, including payments to employees, contractors, and vendors to determine whether procedures were adequate. Examined supporting documentation to determine whether expenses were adequately documented, approved, properly recorded, and benefited the SES program. |
| Textbook affordability. | Examined supporting documentation to determine whether the University's procedures regarding textbook affordability were in accordance with Section 1004.085, Florida Statutes. |

**EXHIBIT B
MANAGEMENT'S RESPONSE**



Office of the President
11000 University Parkway
Pensacola, FL 32514-5750

October 6, 2010

David W. Martin
Auditor General
State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

This is the University of West Florida's acknowledgement of and response to the preliminary and tentative finding and recommendation, as transmitted by your correspondence of September 13, 2010. The response relates to your operational audit on the
University of West Florida
For the Fiscal Year Ended June 30, 2010.

Finding: The University did not always provide written notification to individuals when their social security numbers were collected, contrary to Section 119.071(5)(a), Florida Statutes.

Recommendation: The University should continue its efforts to ensure compliance with Section 119.071(5)(a), Florida Statutes.

UWF Response: The University reviewed its written notifications indicating the purpose for which the collection is made and added, as appropriate, the Federal or State law. Further, for online applications, which required the SSN, we modified the website to include the appropriate link giving the applicant the purpose for which the SSN collection was required.

The university instituted an information refresh program to periodically re-advise departments of obligations in this area. This reminder will be sent to campus semi-annually via our ARGUS Today. UWF will continue to monitor updates to our various forms and website to ensure compliance with Section 119.071(5)(a), Florida Statutes.

**EXHIBIT B (CONTINUED)
MANAGEMENT'S RESPONSE**

Page 2 – Auditor General

We continue to find the Auditor General provides constructive assistance to us, as we strive to maintain an acceptable level of accountability.

Sincerely,



Handwritten signature of Judith A. Bense in blue ink.

Judith A. Bense, Ph.D.
President

Enclosure

- cc: UWF BOT Finance, Administration & Audit Committee
Dr. Chula King
Mr. Michael Dieckmann
Ms. Pat Lott
Ms. Ann Dziadon
Ms. Betsy Bowers
Ms. Melanie Haveard