MESSAGE FROM THE EXECUTIVE DIRECTOR

A year of looking back, looking ahead…

This fiscal year marked the successful completion of UAC’s first two-year Work Plan. In FY 2015-16, the audit team completed twelve audits, including two IT audits, four consulting projects, and eight investigations. Project summaries are included in this report. In addition, we performed two IT follow-up projects and produced semi-annual reports on management’s implementation of our recommendations.

Unique this year were services provided to external auditors, both the State Auditor General and the OIG of the Department of the Treasury. We also provided audit services to a DSO at the request of senior leadership and the DSO Board Chair. IT audit services provided at the request of USF Health accounted for approximately .5 FTE in resources.

The Compliance and Ethics Program managed 95 EthicsPoint reports, the highest number since the system was implemented in 2007. 25 (30%) of the reviews completed were substantiated. Human resource matters comprised 60% of reports submitted, followed by DIEO reports totaling 18%.

This was the second full year the USF System was able to centrally disclose, review, and track FCOE, outside activity, and nepotism issues in the eDisclose system. There was a significant increase in the disclosure rate, from 65% to 95%, in FY 2015-16 with USF Tampa posting the largest improvement. 5,506 (95%) out of the 5,823 employees required to complete FCOE disclosures did so. 1,220 outside activity reports were submitted for review compared to 899 last year. The majority (75%) of the types of outside activities reported related to compensated outside activity, followed by potential conflicts of interest at 20%.

Also in this report are summaries of compliance activities related to the HEOA Initiative, including the annual compliance review of the Student Information Portal, completion of the Annual Security and Fire Safety Report, per the Clery Act, and ongoing collaborative work across the USF System to address the requirements of the Drug-Free Schools and Communities Act, including annual notification and the biennial AOD report.

The President has outlined her push for preeminence. A new Audit and Compliance Committee has been formed. Four new BOG Regulations governing audit, compliance, and investigation activities are close to promulgation. The future is ripe with opportunity to optimize the capabilities of internal audit and compliance resources.

Whether they are separate functions or together, there will always be great synergy between the audit and compliance teams around governance, risk management, and control processes. In addition to assurance, they also consult on business process improvements, facilitate and monitor effective risk management, and alert management to emerging issues and challenging scenarios. They are trusted advisors, providing insight and perspective on strategic and business challenges and the organizational culture.

As my retirement approaches, I have reflected on my last ten years in this position (thirteen years with the USF System) and all we have accomplished. The audit team has performed over 120 audits and consulting projects in the areas of core business processes, financial accounting, cash collections, research, human resources, payroll, athletics, education abroad, student affairs, academic college operations, as well as information technology processes, systems, and security. The Compliance and
Ethics Program was created and has implemented EthicsPoint and eDisclose, performed our first enterprise-wide risk assessment, and established the Higher Education Opportunity Act (HEOA) Initiative which enhanced Clery Act and VAWA compliance.

I have also thought about what it has meant to me personally. As a servant leader, my personal purpose is to help others be successful. I am so proud of the enhanced stature and growth of our internal audit and compliance teams. I believe this is a reflection of the value being derived by our stakeholders. I have watched each of them develop professionally as they gain experience while continually expanding their knowledge, monitoring emerging trends, and developing expertise in key areas. They network with their peers and give back to their profession and their university. They exhibit the utmost integrity, objectivity, and dedication to excellence.

Over my career, I have sought out organizations that I believed added value to the world—that made a difference. What a wonderful capstone to be able to give back to my alma mater that has given so much to me and my family. I am so very grateful for this opportunity and for the unwavering support from the President, senior leadership, and the Board of Trustees that has contributed to our success. I am proud of the valuable work we have accomplished in collaboration with our management partners.

As I leave this position and look forward to my next great adventure, two things give me comfort. First of all, I am leaving behind an extremely talented, dedicated, and high-performing team to carry on. Together with their new leadership, they are poised to take UAC to the next level. And, even though I will no longer be the Executive Director of University Audit & Compliance, no matter what I do next, I will take great pride in the fact that I will always be a Bull!

Debra S. Gula, CPA

UAC Team (left to right) Standing: Adam Murphy, Jeff Muir, Caroline Fultz-Carver, Steve Cuppett, Kethessa Carpenter Eric Harmon, Olu Abiose, Silvia Lacalle; Sitting: Jessica An, Kate Head, Debra Gula, Amy Rollie, and Jolanda Thompson.
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MISSION AND PURPOSE

University Audit & Compliance is responsible for providing the University of South Florida System with independent and objective assurance and advisory services that promote stewardship, accountability, integrity, efficiency, and compliance. These services assist the university in evaluating and improving governance, risk management, and control processes.

The nature and scope of services provided by University Audit & Compliance include audits, compliance reviews, management advisory services, consulting, and investigations. We are committed to upholding the values of integrity, respect, excellence, and service in the performance of our duties.

AUDITS

Restore Act Centers of Excellence Selection Process

UAC performed an audit of the RESTORE Act Centers of Excellence selection process. The period audited was January 1, 2015 through June 30, 2015. Our report 15-029 was issued on August 13, 2015. A copy of our report was provided to the U.S. Treasury Department's Office of Inspector General.

Our audit included a risk assessment and an internal controls evaluation of the Centers of Excellence selection process, including the relevant rules and policies, occurring through June 30, 2015. The selection process was defined from the point the Request for Proposals was released until final proposals were received for evaluation and selection.

The results of our audit were based on procedural and system walkthroughs. While representative documentation was reviewed to obtain an understanding of the control processes in place, we did not perform detailed testing to determine if the controls were functioning as designed.

The objective of our review was to ensure that the Florida Institute of Oceanography’s process to select the first cohort of Centers of Excellence and any future cohorts included adequate controls to ensure:

- Centers of Excellence are selected on a competitive basis that permits non-governmental entities and consortia an opportunity to compete.
- The selection process guards against conflicts of interest and duplication of funding.
- Documents supporting the selection and awarding process are retained in accordance with federal regulations and RESTORE Act terms and conditions.
- Centers of Excellence are appropriately screened for debarment or suspension prior to awarding.
- There are notification procedures in place to ensure the Treasury is promptly notified of selections that occur after the start date of the award to FIO. A Notice of Award has not yet been received from the Treasury.

RESTORE Act Funding

FIO is currently in the process of applying for RESTORE Act funding established by the U.S. Treasury Department from civil penalties paid in connection with the Deepwater Horizon oil spill. FIO was named as the Gulf Coast State entity in the Interim Final Rule (31 CFR Part 34) to carry out the duties for the State of Florida as defined in the RESTORE Act Centers of Excellence Research Grants Program Guidelines. An initial application was submitted on March 31, 2015. FIO and Treasury are in ongoing discussions to establish the format for FIO’s application for RESTORE Act funds. At the request of the
Treasury program office, a new application was submitted on July 20, 2015, to revise certain details, which included, but were not limited to, contact and authorized representative information. Additional modifications were requested by the Treasury and submitted by FIO on August 7, 2015.

FIO has coordinated a competitive selection process through which it will subaward funding to the grantees of the Florida Restore Act Centers of Excellence Research Grants Program (CERGP). 1

For purposes of the CERGP selection process, the CERGP Management Team (CMT) 2 was created, which consists of the FIO Director and the Board of Visitors 3. The CMT are not eligible to submit or participate on CERGP proposals. The CMT reviews and approves letters of intent and final proposal selections for funding.

The Science Review Panel was also appointed by the FIO Director, based on review and input from the CMT. The Science Review Panel is responsible for technical review of grant proposals, and consists of science and technology experts not involved in any CERGP proposals, from inside and outside of Florida.

USF will not participate in the execution of external scientific review of prospective subawards. Rather, the CMT will make the final award of CERGP subawards following external scientific review. USF will not review, revise, or restrict FIO’s decisions regarding the award and disbursement of RESTORE Act funds provided that USF, in its reasonable discretion, determines that funds are not subject to abuse or mismanagement by FIO. 4

As stated in the FL CERGP Rules and Policies (now entitled the Florida RESTORE Act Centers of Excellence Program Rules and Policies, effective August 6, 2015), FIO will maintain a process for evaluating grant proposals using best practices to ensure no conflicts of interest and a fair, transparent, merit, and relevance-based competition, modeled after the National Science Foundation’s related policies NSF Policies Manual Chap. 5 Section 510.

Overview of the Centers of Excellence Selection Process

Letters of Intent

A Request for Proposals, developed by the CMT based on public comments, was released by FIO on February 2, 2015. This RFP stated that Letters of Intent were due on March 2, 2015, with the main purpose to inform the peer review process. The Letters of Intent were reviewed by the CMT, who made the final decisions on extending invitations to submit final proposals. A summary of this meeting, including the decisions made, were documented.

Letters that either encourage or discourage submittal of full proposals were sent to the individuals who submitted Letters of Intent. Letters of Intent were not required in order to submit full proposals. Applicants were also allowed to submit a full proposal even if a letter of discouragement was received.

UAC notes that the Letters of Intent and resulting encourage/discourage procedures

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1Effective July 16, 2015, CERGP will be known as the Florida RESTORE Act Centers of Excellence Program (FLRACEP).
2Effective July 16, 2015, CMT will be known as the Project Management Team (PMT).
3An FIO standing committee. A restructuring of the membership of the Board of Visitors has occurred, to align with FIO’s AISO renewal process.
4MOU between USF Board of Trustees and FIO regarding roles and responsibilities for Centers of Excellence Research Grant Program, executed June 24, 2015.
were modeled after the preliminary proposal process utilized by the National Science Foundation, which includes encourage/discourage decisions that are intended to improve the overall quality of the full proposal.

**Evaluation of Applications**

Final proposals were invited on March 20, 2015, and were due on May 20, 2015. The final proposals were reviewed and ranked by the Science Review Panel.

Control points throughout the evaluation process included:

- Each principal investigator (PI) and co-PI on invited final proposals were required to submit conflict of interest disclosures.
- Final proposals were required to include disclosures on current and pending support to guard against duplication of funding.
- All Science Review Panel members were required to complete conflict of interest disclosure forms.
- The above listed disclosures were used to match panelists to proposals to establish proper separation and ensure that no conflict of interest in appearance or fact occurred.
- Initial Proposal Review Checklist was utilized to ensure the proposals addressed focus discipline and priority objectives of the Request for Proposal prior to distribution to the Science Review Panel.
- The Science Review Panel reviewed the applications and completed formal scoring sheets in advance, then attended the review session to finalize the results.

- The scoring sheet assigned weights and accounted for the evaluation criteria included in the FLRACEP Rules and Policies: merit and relevance (60%); feasibility, qualifications, and collaboration (30%); and broader impacts (10%).
- The scoring sheet included the attribute, “Demonstrates connection (coordination and/or collaboration) of proposed work with other restoration program activities,” to guard against duplication of funding.
- An agenda was created for the review session.
- The Science Review Panel was provided another opportunity to disclose potential conflicts of interest at the review session.

**Selection of Centers of Excellence**

The CMT meeting to make the final selections was held June 28-29, 2015. The final selections were based on the Science Review Panel rankings, available funding, relevance to RFP objectives, and how the proposed activities integrated and complemented all gulf-wide restoration programs.

Control points throughout the CMT’s evaluation process included:

- All CMT reviewers were required to submit conflict of interest disclosures prior to the meeting.
- An agenda was provided, which included another opportunity to disclose conflicts of interest.
- The attendees, conflict of interest disclosures, recusal activity, and decision-making process were documented.

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5Pre-Submission Information, Section I.D. Types of Submissions 2.b. Encourage/Discourage Decisions.

6FLRACEP Rules and Policies, pg. 6
- The final decision-making process was modeled after National Science Foundation Proposal Processing and Review procedures.
- Prior to contract execution, FIO will check the finalists in the sam.gov database to ensure the subrecipient is not debarred, suspended, or in “do-not-pay” status.

Notification to the Treasury

FIO included a preliminary listing of the eight Centers of Excellence finalists in their July 20, 2015 application, which included the information required by the application, such as DUNS number and eligible discipline. The finalization of this list is dependent on the selected entities accepting the terms and conditions of FIO and the Treasury. If there will be changes to this list, the Treasury will be provided with an updated list.

Document Retention

FIO is knowledgeable about the documentation retention requirements as stated in the RESTORE ACT terms and conditions. FIO will also be following USF’s document retention procedures per CCHIP #007, Retention Requirements for Financial Records Related to Sponsored Awards.

FIO utilizes a database for uploading and storing the letters of intent, proposal submissions, and panel reviews. Supporting documentation not stored in the database, such as conflict of interest forms and notes from meetings, are stored on the FIO share drive. The database and share drive reside on a server that is administered by USF IT.

UAC’s overall conclusion is that there was an adequate system of internal controls in place to meet our audit objectives. We identified opportunities for improvement where additional effort was needed to ensure all key processes were formalized and documented.

Corrective action was immediately taken by management, and confirmed by UAC, to address the one medium risk recommendation. The Florida Restore Act Centers of Excellence Program (FLRACEP) Rules and Policies were revised to address our recommendation. These rules and policies dated August 6, 2015, included in the report as Exhibit A, document the selection process of the initial Centers of Excellence cohort and can be replicated for future awards.

None of the issues identified had a material impact on the procedures followed by FIO for selecting the initial Centers of Excellence cohort.

Restore Act Centers of Excellence Selection Process – Server Administration

UAC performed an audit of the RESTORE Act Centers of Excellence selection process. While performing an assessment of document retention controls, UAC reviewed the access controls over the Florida Institute of Oceanography (FIO) server, where the share drive and the Florida Restore Act Centers of Excellence Program (FLRACEP) database, used to upload and store documents critical to the COE selection process, reside.

Our report 16-009 was issued on October 16, 2015. This report is confidential due to the sensitive nature of the information technology issues disclosed.

USF College of Engineering – Business Operations

UAC performed an audit of the USF College of Engineering Business Operations. Our audit included a risk assessment and an internal controls evaluation of the administrative and
financial controls environment in place as of April 30, 2015. Our report 15-038 was issued on November 20, 2015.

The primary objective was to provide management with an objective assessment of whether systems and controls, if functioning as described and consistently applied, were adequate to reduce risk to an acceptable level. The College of Engineering at the University of South Florida has six academic departments: Chemical & Biomedical Engineering, Civil & Environmental Engineering, Computer Science & Engineering, Electrical Engineering, Industrial & Management Systems Engineering, and Mechanical Engineering.

The college has twelve Board of Governors’ approved Institutes and Centers:

- Center for Applied Research Medical Devices (CareMed)
- Center for Assistive, Rehabilitation and Robotics Technologies (CARRT)
- Center for Communications and Signal Processing (CCSP)
- Center for Modeling Hydrologic and Aquatic Systems (Water Institute)
- Center for Molecular Diversity in Drug Design, Discovery and Delivery
- Center for Urban Transportation Research (CUTR)
- Center for Wireless and Microwave Information System (WAMI)
- Clean Energy Research Center (CERC)
- Global Center for Hearing and Speech Research (GCHSR)
- Nanotechnology Research and Education Center (NREC)
- National Bus Rapid Transit Institute (NBRTI)
- National Center for Transit Research (NCTR)

In August 2014, the college received notification from the Accreditation Board for Engineering and Technology, Inc. that all program accreditations have been renewed for the maximum of six years, with no weaknesses or deficiencies found in any of the programs.

The College of Engineering’s financial and administrative controls are primarily centralized within the college’s Resource Management department. The Resource Management staff provide cross-functional processing and oversight of financial activities and sponsored research activities. This helps to ensure that consistent controls are applied throughout the college. Staff are assigned to specific departments to provide the departments with a central point of contact who is knowledgeable of their specific needs.

The college also has unit research administrators that work closely with PIs and the Resource Management staff to coordinate and oversee proposals, project reporting, and project close-outs.

Provided in our report was a profile of the College of Engineering compared to the university as a whole as well as summaries of FY 2015 expenditures by funding source and by process (payroll, PO, PCard, travel, journal entries, etc.). The College of Engineering’s primary source of funding for these expenditures is E&G (57%) followed by federal research (22%). 73% of expenditure dollars processed are payroll-related.

The results of our audit were based on procedural and system walkthroughs and analytical review procedures of the following core areas: organizational structure (including, but not limited to, centers and institutes, academic agreements, and delegation of contractual authority), revenues and expenditures, payroll, property, research, and activities with DSOs.

Based on our audit, the overall control environment appears to be adequate. The dean emphasizes compliance and college staff are
experienced and familiar with university and other regulations, policies, processes, and procedures. Additional effort is needed, however, to ensure key business processes are formalized and documented and responsibilities for these key business processes are appropriately divided among employees to achieve proper separation of duties.

While no high impact, high probability risks were identified during our audit, timely corrective action will be required to address the ten recommendations related to medium risks. Four of the recommendations were implemented at the time the report was issued.

**Compensation to Human Research Study Subjects**

UAC performed an audit of Compensation to Human Research Study Subjects. The period audited was January 1, 2015 through June 30, 2015. Our report 16-017 was issued on December 18, 2015.

The primary objectives were to:

- Determine if there was a sufficient control structure to mitigate risks associated with compensation to human research study subjects.
- Ensure compliance with laws, regulations, and university policies.

The focus of our audit was compensation to human research study subjects for their participation in internally and externally funded research projects during the audit period of January 1, 2015, through June 30, 2015. Compensation paid via University checks through Accounts Payable, gift cards purchased with a university PCard administered by PCard Services, and cash or gift cards purchased with a Faculty Research Advance administered by Research and Innovation (USFRI) were included.

**CCHIP #017 – Accounting for Payments to Research Study Subjects** defines a research study subject as an individual who agrees to participate in a research study funded either internally or externally (sponsored) and who will receive payment for their participation, as allowed by the programmatic guidelines and approved by the funding agency. In order to compensate research study subjects, the PI must obtain prior approval from the Institutional Review Board (IRB). Individuals participating in the research project sign an informed consent document, also reviewed by IRB, which includes the method, timing, and amount of compensation to be received.

**Procurement Methods**

There are three approved methods to compensate research study subjects:

- **University check through Accounts Payable**
- **Gift cards purchased with a university PCard administered by PCard Services**
- **Cash or gift cards purchased with a Faculty Research Advance administered by USFRI**

<table>
<thead>
<tr>
<th></th>
<th>Total Population</th>
<th>Percentage of Population</th>
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<tbody>
<tr>
<td>Check</td>
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<tr>
<td>Gift Cards</td>
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<td>Cash(^1)</td>
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<td>48%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$316,043.11</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

\(^1\)Note that this also includes other types of research-related advances, such as study abroad advances, not specifically related to human research study subjects.

**University Check through Accounts Payable**

The preferred method for compensating research study subjects is via USF check. One employee in Accounts Payable (AP) is responsible for processing research study subject payments in order to maintain
confidentiality. This individual has received training on the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule. A Payment Request Form (PRF), which contains payee identification information, amount to be paid, and FAST chartfield to be charged, is completed and approved by the PI, accountable officer, or appropriate designee. The individual approving the PRF has responsibility for ensuring that the research study subject payment amount, method, and timing is consistent with the IRB approved protocol. The PRF is transmitted to AP via a dedicated fax line.

All payments are initially recorded to a central chartfield designated for research study subject payments that is not project-specific in order to preserve confidentiality. On at least a monthly basis, journal entries are created by an AP accountant to transfer the research study subject expenses from the central chartfield to the chartfield funding the research project. These entries are processed as lump-sum entries to further protect the privacy of research study subjects by not linking their names with the study.

Although university check through AP is considered the preferred method of paying research study subjects, only 7% of the payments were made via this method. The average check amount was $89.46.

**Gift Cards Purchased with a University PCard**

Gift cards are considered “cash or cash equivalents” and are subject to the university’s internal control guidelines for safeguarding and accounting for petty cash, regardless of their procurement method. When using gift cards, USF is still required to report tax information.

An approved Purchasing Gift Card Agreement is required for each PCard cardholder prior to purchasing any gift cards regardless of funding source. PCard Compliance monitors purchases to ensure agreements are in place. Agreements are drafted by the cardholder’s unit based on a template provided by Purchasing, on request, and reviewed by the fiscal & business specialist in PCard Services prior to approval. The agreements must include a description of the intended use of the gift cards, vendor(s) to be utilized, number and total value of the cards to be acquired, funding source, and project dates if project funded. Additionally, departments are required to provide the internal controls in place for safeguarding and monitoring the gift cards once purchased.

Each cardholder authorized to make gift card purchases must sign the agreement and adhere to the provisions contained in the agreement. The agreement is also approved by the department dean or other delegated official prior to being forwarded to the Director of Purchasing for final approval.

A copy of the Grant Budget Release (GBR), if relevant, and IRB approval letter must be attached to the agreement. The IRB approval letter is used to verify that the human subject protocol has been approved, and the GBR is used to verify that the project has been approved for research study subject payments. The researcher (PI) and departmental representative approving the agreement are responsible for ensuring that the method, timing, and amounts are consistent with the approved IRB protocol.

Gift card purchases are initially posted to an asset account 10620 - Gift Cards on Hand. This ensures that externally funded projects are not billed for gift cards until they are distributed. As gift cards are distributed to participants, the researcher or their designee are responsible for maintaining adequate records to support the amount, timing, and recipient of the payments.

**CCHIP #017** states, “During the research project, the researcher will maintain a study subject log to include the amount distributed...
and gift card number (if applicable) which will support the recognition of study subject expenditures on the sponsored award.

To further protect the privacy of study subjects, the log should use a unique anonymous identifier for the study subjects which may be used to cross-reference back to the study subject’s taxpayer identification information, as necessary.

Once the gift card is distributed, a journal entry should be processed to move the distributed gift cards from account 10620 - Gift Cards on Hand to expense account 51125 - Service Participant Support to charge the project. The researcher or department representative completing and approving the journal entry is responsible for ensuring adequate supporting documentation demonstrating the cards were distributed to research study subjects on the research project is maintained.

Our review noted that units were occasionally charging gift card purchases directly to account 51125, bypassing the asset account. Gift cards that are to be paid for by a Direct Support Organization (DSO) are charged to account 12420 - PCard Reimbursement. A Reimbursement Request must be prepared, approved, and submitted to the DSO to reimburse USF and record the expenditures to the appropriate funding source.

Cash or Gift Cards Purchased with a Faculty Research Advance

During our audit period, Faculty Research Advances were being used to obtain funds to purchase gift cards as well as to distribute cash directly to human research subjects. Research programs that involve a very high number of low-dollar payments to non-employees or for which payments via check are impractical may request permission to use cash.

Distributing cash is the least desirable option and may not be used unless an exception is granted from Research and Innovation and the University Controller’s Office.

Faculty Research Advances are requested using a Research Advance Request Form, along with a copy of the GBR and the IRB approval letter. If the research advance is being used for research study subject payments, the IRB number, approval date, expiration date, and payment method (gift cards or cash) must be included. If the method is cash, a narrative outlining the need for a cash research study subject payment, including the number of subjects and payment amount, must accompany the Research Advance Request Form.

A fiscal & business specialist in USFRI reviews the form, GBR, and IRB approval letter to ensure the research study subject payments are permissible. The PI and Co-Investigator, if applicable, are responsible for ensuring the method, amount, and timing of the payment is consistent with the IRB approval.

Once approved, the Research Advance Request Form is forwarded to AP, who processes the advance. Checks are only made payable to the Principal Investigator (PI) or Co-Investigator. Once the check is either mailed or picked up, the PI or Co-Investigator is responsible for cashing the check and safeguarding the funds. Research Advances are initially posted to an asset account 12400 (Research Advances).

As gift cards are distributed to participants, the researcher or their designee are responsible for maintaining adequate records to support the amount, timing, and recipient of the payments as described in the above section.

Upon distribution of research study subject payments, the de-identified log is shared with USFRI who will prepare a journal entry to expense the research study subject payments and clear the research advance account. The charges are moved from account 12400 –
Research Advances to account 51125 - Service Participant Support. Any unused cash should be returned to the Cashier’s Office within 90 days, according to the Research Advance Request Form.

Tax Implications

CCHIP #017 states, “The university is responsible for compliance with Internal Revenue Service (IRS) requirements for information reporting. Current IRS regulations require that cumulative annual payments greater than $600 to an individual be reported and special reporting rules apply to employees or nonresident aliens (NRAs). In complying with this reporting requirement, the university has established a threshold for the collection of taxpayer identification information for non-university employees and non-NRAs. If a single study subject payment exceeds $50 or cumulative study subject payments to an individual during a calendar year are expected to exceed $200, taxpayer information should be obtained and kept on file for possible information reporting. If the study subject is a university employee or NRA, regardless of the amount of the payment, taxpayer information must be collected and payment information must be reported to the university payroll department.”

Researchers or their departmental representatives are instructed to contact Accounts Payable for procedures for collecting cumulative annual payments required for IRS reporting purposes and to contact University Payroll to report payments to employees or NRAs required for tax-reporting purposes.

The results of our audit were based on a review of procedures and available guidance; walkthroughs with Sponsored Research, Payment Services, and PCard Compliance; data analytics; and on-site testing of 19 research projects covering eight different colleges and nine different departments. These projects were selected judgmentally in order to obtain a representative population of all methods and funding sources. UAC assessed internal controls over compensation to human research study subjects for each sample and verified any gift cards or cash on-hand.

UAC’s overall conclusion was that there was an adequate system of internal controls in place to meet our audit objectives, assuming corrective actions are taken timely to address the five medium-priority risks communicated separately in our management letter.

All five of the recommendations were implemented at the time the report was issued.

HPCC Administrative and Financial Controls

UAC performed an audit of the USF Health Professions Conferencing Corporation (HPCC), a direct support organization of the USF System, at the request of USF System management and the HPCC Board Chair.

Our audit period was July 1, 2014 to June 30, 2015, and included a fraud risk assessment. We reviewed the administrative and financial controls environment in place as of June 30, 2015.

The primary objectives of our audit were to:

- Provide management with an objective assessment of whether systems and controls, if functioning as described and consistently applied, were adequate to ensure proper accountability and reporting of financial activities and to prevent and detect fraud
- Assist management in identifying and implementing improvements where weaknesses are identified.
Organizational Structure

USF Health Professions Conferencing Corporation (HPCC), a Florida Not-for-Profit Corporation was incorporated February 7, 2005, and began operations July 1, 2007. Prior to this date, HPCC activities were a component of USF Medical Services Support Corporation (MSSC), a direct support organization (DSO) of the University of South Florida System. HPCC, also a DSO, was established to provide educational, administrative, logistical and financial services to support the Office of Continuing Professional Development (CPD). Effective July 1, 2007, the assets, liabilities, and net assets of CPD were transferred from MSSC to HPCC based on the June 30, 2007, audited financial information.

The direct reporting of HPCC was recently changed from the Sr. Vice President of USF Health to the Vice President and COO of USF Health.

HPCC is responsible for the operation of the Center for Advanced Medical Learning and Simulation (CAMLs), a multi-use facility which is utilized by both external organizations (primarily for industry and hospital events) and USFH academic programs from the Colleges of Nursing, Pharmacy, and Medicine.

HPCC also provides accounting services for the USF Health & Education International Foundation (HEIF), a private interest foundation organized in the Republic of Panama and incorporated on February 22, 2008.

In accordance with USF Regulation 13.002 Direct Support Organizations and Health Services Support Organizations, HPCC must submit operating budgets, approved by the HPCC Board of Directors, to the University Board of Trustees for review and approval. In addition, quarterly expenditure plans are reviewed and approved by the USF Health Sr. Vice President and the HPCC Board and are presented to the USF Board of Trustees Finance & Audit Workgroup. HPCC is required to have an annual financial audit performed, and the results of this audit must be reported to the USF Board of Trustees for review, oversight, and approval.

HPCC must also submit an annual certification to the USF Board of Trustees. Each DSO is expected to implement an internal control, reporting and governance structure consistent with best practices of USF, the DSO, as well as those detailed within NACUBO’s Advisory Report on the Sarbanes-Oxley Act of 2002. To document this structure, DSOs must certify annually that such a structure is in place. This includes providing for external and internal audits. The certification is signed by HPCC’s CEO, Controller, and Board Chair.

CAMLs Facility Lease

The USF Financing Corporation (USFFC), a DSO, constructed the USF Health Professions Conferencing Corporation’s (HPCC) Center for Advanced Medical Learning & Simulation (CAMLs) facility using $20 million in Build America Bonds. The total cost of the 99,614 square foot facility was $28,367,519. The debt was issued by the USFFC and was secured by lease payments to be made by HPCC to the USFFC.

A capital lease between HPCC and USFFC was signed in December 2010 which transfers essentially all rights and responsibilities of ownership to HPCC. HPCC has accounted for the lease as if it were the owner during the construction period which ended in February 2012. The gross amount of the building and the related accumulated depreciation recorded under this capital lease were $20,907,385 and $3,096,941, respectively, at June 30, 2015.7

During fiscal year 2015, the organization amended the lease period from 20 years to 40 years to June 30, 2051. The lease requires annual payments of approximately $1.77 million through 2031. The lease extension permitted HPCC to adjust their depreciable life of the building but has no impact on HPCC’s financial obligations under the lease and does not impact cash flow.

Financial Systems

HPCC has established their own accounting structure, as well as policies and procedures governing operations. HPCC utilizes an accrual-based accounting system; however, accrual entries are only made on a quarterly basis.

HPCC uses a number of software programs to assist them with financial activities and reporting, event management, and accreditation management:

1. **MIP Fund Accounting** is used to manage financial activities and reporting including billing, accounts receivables, and procurement.
2. **CME Tracker** is an event management system used to track registration, attendance, and provide conference support (certification, name badges, etc.).
3. **BB&T’s Authorize.Net** payment gateway interacts with CME Tracker to accept credit cards and electronic checks as payment from CPD attendees and is used to process non-registration payments via credit card.
4. **BB&T’s Cash Manager** is the application used to process wires and ACHs.
5. **Delphi** is a sales tracking, quoting, and room scheduling solution.
6. **Intuit QuickBase** is a program management solution to track educational activities for accreditation management.
7. **WFR Web Ex** is a custom-built portal that interfaces with MIP Accounting Software and allows read-only access to cash-basis financial activities by program.

HPCC accounts for all activities utilizing primarily divisions and program accounts. Internal financial reports are prepared by division representing primary lines of business:

- Continuing Professional Development (CPD)
- CAMLS Admin/PO&M
- Education Center
- Pharmacy
- Surgical & Interventional Training Center (SITC)
- CAMLS Innovation Center (CIC) formerly Tampa Bay Research & Innovation Center (TBRIC)
- Virtual Patient Care Center (VPCC)
- Center for Operational Readiness, Response, & Recovery (COR3) - dissolved in 2015
- OSHA Training Institute
- Conflict Resolution Center
- USF Health & Education International Foundation – Panama

Within each division, activities are assigned unique program numbers (“900 accounts”). An example of an activity would be a unique CPD event. Each program has an assigned coordinator responsible for monitoring and approving routine financial activities. The Controller serves as the coordinator for programs associated with the CAMLS Administration Division.

Our report included detailed information about HPCC’s financial activities with other USF entities, including DSOs: human resources and payroll costs, contractual arrangements with employees, institutional support, and the line of credit from USF.
The results of our audit were based on procedural and system walkthroughs and analytical review procedures. In high risk areas, sample transactions were reviewed to determine if controls were functioning as represented and whether there was evidence that a fraud might have occurred.

While our audit did not identify any fraudulent activities, material unmitigated fraud risks were identified in the areas of procurement, including expenditures incurred using the corporate credit cards and travel and expense costs.

UAC’s overall conclusion was that there was an inadequate system of internal controls in place. Three high-priority risks are outlined in our report along with our recommendations. As of the date of the report, all three high-risk issues have been resolved. UAC will perform follow-up procedures on these high-priority risks in six to twelve months to confirm that new processes and controls are working effectively.

Fourteen medium-priority risks were communicated separately in our management letter. Three issues were resolved at the time the report was issued.

Performance-Based Funding Data Integrity Audit

UAC performed an audit of the University of South Florida System’s processes and internal controls that ensure the completeness, accuracy, and timeliness of data submissions to the Board of Governors. These data submissions are relied upon by the board in preparing the ten measures used in the performance-based funding process. Our report 16-010 was issued on February 29, 2016.

The Board of Governors has developed a ten-measure Performance-Based Funding Model. Measures One through Nine are based on data submitted through the State University Database System (SUDS) utilizing a state-wide data submission process for BOG files. Measure Ten is based on data submitted to the National Science Foundation/National Institutes of Health through their annual Survey of Graduate Students and Postdoctorates in Science and Engineering (GSS). This data is published annually by The National Center for Science and Engineering Statistics.

The primary objectives of our audit were to:

- Determine whether the processes and internal controls established by the university ensure the completeness, accuracy, and timeliness of data submissions to the BOG which support the PBF measures.

- Provide an objective basis of support for the President and Board of Trustees Chair to sign the representations included in the Performance-Based Funding - Data Integrity Certification which will be submitted to the Board of Trustees and filed with the BOG by March 1, 2016.

This year, the scope and objectives of the audit were set jointly by the Chair of the University of South Florida Board of Trustees, the Finance & Audit Workgroup via its Audit Liaison, and the university’s Chief Audit Executive. UAC followed its standard risk assessment, audit program, and reporting protocols.

During our audit in FY 2014-2015 (UAC 15-010 issued February 27, 2015), UAC performed a comprehensive review of the controls and processes established by the university to ensure the completeness, accuracy, and timeliness of data submissions to the Board of Governors which support the Performance-Based Funding metrics. As a result, the scope of the audit this year will be to
identify and evaluate any material changes to the controls and processes which were in place during the prior audit period.

The following procedures were performed:

1. Identified and evaluated any changes to key processes used by the data administrator and data owners/custodians to ensure the completeness, accuracy, and timely submission of data to the BOG. This included verification of the new controls put into place to resolve deficiencies identified in the prior year and review of the appointment of a new Data Administrator by the President.

2. Reviewed 2015 BOG SUDS workshop proceedings to identify any changes to data definitions used for the BOG PBF metrics.

3. Reviewed all user service requests (USRs) to modify data elements and or file submission processes to ensure they followed the standard change management process and are consistent with BOG expectations.

4. Reviewed the Data Administrator’s data resubmissions to the BOG since January 1, 2015, to ensure these resubmissions were both necessary and authorized and evaluated that controls were in place to minimize the need for data resubmissions and were functioning as designed.

5. Updated the prior year Risk Assessment and Fraud Risk Assessment to reflect changes identified.

6. Ensured changes to the Retention file were consistent with OASIS system records and the validity of the file is retained during the process of validating the cohort. Verified that the retention cohort change file was effectively migrated to the validation process used by all other BOG files for the January 2016 file submission.

7. Verified that data submitted to the BOG for Measure Ten is adequately supported and consistent with the university’s definition of a postdoctoral scholar, as defined for the NSF-GSS survey. Obtained confirmation from Moffitt Cancer Center and Research Park tenants for the externally compensated postdoctoral appointments included in the survey.

Testing of the control processes was performed on the most recent data file submissions as of September 30, 2015, unless a more recent submission was more representative of the control structure in place on September 30, 2015. Our testing focused on the tables and data elements in the files which are utilized by the Board of Governors to compute the performance measure. The board provided specific mapping of data submissions to the measures.

We noted the following areas of strength:

- **✓** A formal Sub-certification and Executive Review process is in place to ensure that institutional data submitted to the BOG accurately reflects the data contained in the primary systems of record. Data Stewards, Sub-certifiers and Executive Reviewers who had operational and/or administrative responsibility for the institutional data are assigned key roles and responsibilities.

- **✓** USF has developed several tools to assist the Sub-certifiers and Data Stewards in fulfilling these obligations: DocMart, HubMart, and a state-reporting portal.

- **✓** There are controls integrated within our operational processes to ensure the integrity of the data.
The Application Manager jobs can be launched by authorized Data Stewards; however, individuals responsible for the collection and validation of the data have no ability to modify the Application Manager jobs or data files created by the Application Manager processes.

Any changes to the data derivations, data elements, or table layouts in the Application Manager jobs are tightly controlled by BSR and Information Technology utilizing a formal change management process.

Only BSR and IT server administrators have access to the transfer server. Only BSR staff can upload a file from the transfer server to SUDS, edit submissions, generate available reports, or generate reports with re-editing.

UAC’s overall conclusion was that there was an adequate system of internal controls in place to meet our audit objectives, assuming corrective actions are taken timely to address the one medium-priority risk communicated separately in our management letter. No high risk issues were identified.

The one recommendation in our Management Letter was implemented at the time the report was issued. The issue identified for management attention was not found to have increased or decreased the achievement score of the USF System within the Board of Governors performance-based funding model.

Export Controls

UAC performed an audit of export controls. Our audit focused on the infrastructure surrounding export controls, including the infrastructure to ensure compliance with federal regulations, during the period July 1, 2014, through January 31, 2016. Our report 15-037 was issued on April 4, 2016.

Our scope included the processes and internal control procedures that have been implemented since our Gap Analysis of Export Controls Management and Compliance (UAC 10-041, issued September 2, 2010). Our scope specifically included testing in the following areas:

- Documented procedures.
- International travel monitoring.
- Technology control plan execution and monitoring.
- Utilization of Visual Compliance.
- Training of key personnel.
- Managing and monitoring compliance issues and inquiries.

The 2014-2015 University Audit & Compliance (UAC) Work Plan included an IT audit of the USF Health Professions Conferencing Corporation. The focus of our audit was access controls for HPCC systems containing financial information.
The primary objective was to determine if the USF System had established a sufficient internal control structure to mitigate risks associated with export controls, including compliance with federal regulations.

Export controls are U.S. laws and regulations that regulate the distribution of strategically important technology, services, and information to foreign nationals and foreign countries, for reasons of foreign policy and national security. These laws and regulations are enforced by the Department of State through its International Traffic in Arms Regulations (ITAR); the Department of Commerce through its Export Administration Regulations (EAR); and the Department of Treasury through its Office of Foreign Assets Control Regulations (OFAC).

Violations of export controls can result in the loss of research contracts, both civil and criminal penalties, including monetary fines to USF, and individual fines and incarceration for researchers. Additionally, violations may result in the loss of export privileges for future transactions or even debarment from participating in future federal contracts.

Exclusions and exemptions from export control regulations include:

- The fundamental research exclusion on basic or applied research resulting in information that is ordinarily published and shared broadly within the scientific community, free from restrictions on publication or dissemination. This exclusion only applies to U.S. institutions of higher education.
- Educational instruction exclusion on information released in academic catalog-listed courses or in their related teaching labs.
- Public Domain/Publicly Available exclusion on information that is published and generally available to the public, which includes publicly available technology and software, and is not applicable to encrypted software or information that may be used for weapons of mass destruction or where access or dissemination controls have been imposed by the U.S. government as a condition of funding.

In order to evaluate the control system in place and perform our own risk assessment, we reviewed best practices, relevant policies and procedures, applicable federal regulations, and the Office of Export Control’s system-wide risk assessment. We also conducted procedural and system walkthroughs. In order to confirm the controls identified in our risk assessment were functioning as described, we tested samples of the controls in effect during our audit period.

Our audit determined that the USF System has established adequate processes that generally conform with the core elements of an effective export control management and compliance program, as identified by the U.S. Department of Commerce Bureau of Industry and Security. Included with our report was a matrix identifying the U.S. Department of Commerce’s core elements of an export control management and compliance program, corresponding USF System controls implemented since our gap analysis in 2010, and references to opportunities to enhance controls that UAC identified during this audit.

UAC made a number of positive observations during fieldwork for which the USF System Office of Export Controls and the Office of Information Security should be commended. These offices demonstrated a strong commitment to ensuring compliance with export controls. This included performing a detailed risk assessment which focused on ongoing monitoring and compliance efforts, and the development of an export control compliance manual and decision tree to aid the
university community in the identification of potential export control issues.

UAC’s overall conclusion was that there was an adequate system of internal controls in place to meet our audit objectives, assuming corrective actions are taken timely to address the six medium-priority risks communicated separately in our management letter.

Two of the recommendations were implemented at the time the report was issued.

USF A&S Business Office Operations

UAC performed an audit of the USF A&S Business Office located on the Tampa campus. The focus of our audit was the USF A&S Business Office (ASBO) administrative and financial control environment during the audit period of July 1, 2015, through January 31, 2016. Emphasis was placed on revenue-generating and procurement activities, including travel and travel advances. Our report 16-015 was issued on May 23, 2016.

The primary objectives were to:

- Ensure compliance with laws, regulations, and university policies.
- Provide management with an objective assessment of the internal control environment.
- Assist management in implementing improvements where weaknesses are identified.

Organizational Structure of A&S Business Office

The A&S Business Office (ASBO) is part of the Student Affairs Shared Services Center (SASSC). The SASSC provides financial and human resources support services to the departments of Student Affairs. Within SASSC, the ASBO specifically serves the

Student Government Branches & Agencies, SG Councils, and SG Organizations; all of which are funded by Activities and Services (A&S) fees. While ASBO provides financial support services, human resources support services for SG and Student Affairs departments are provided by a separate area--the Human Resources Team within SASSC.

A&S Funding Statutes, Rules and Regulations

A&S fees are established pursuant to Chapter 1009.24, Florida Statutes and Florida Board of Governors Regulation 7.003 and set forth in USF System Regulation 4.0102.

Florida Statute 1009.24, Paragraph 10(b) states, “The student activity and service fees shall be expended for lawful purposes to benefit the student body in general. This shall include, but shall not be limited to, student publications and grants to duly recognized student organizations, the membership of which is open to all students at the university without regard to race, sex, or religion. The fund may not benefit activities for which an admission fee is charged to students, except for student-government-association-sponsored concerts. The allocation and expenditure of the fund shall be determined by the student government association of the university, except that the president of the university may veto any line item or portion thereof within the budget when submitted by the student government association legislative body.”

USF regulations, policies, and procedures provide guidance for general financial controls and processes. In addition, the USF Student Government has provided additional guidance through SG statutes which are enacted, amended, or repealed by the legislative branch of the SG, the Senate. Most financially-related statutes are contained in the Title 08-Finance Code.
Statute 800.1 and 800.2 state, “The purpose of Activity & Service Fees is to provide University of South Florida students the opportunity to interact and participate in various campus projects, programs, and services that are intended to enhance morale and spirit and the overall University experience. All uses of Activity and Service (A&S) Fee money shall be subject to, and governed by, the Constitution and Statutes of the Student Government of the University of South Florida, and where applicable the laws of the United States of America, the State of Florida, the rules and regulations of the University of South Florida, and the University Board of Trustees.”

The Senate also has the authority to approve and allocate A&S fees. Statute 800.4 states, “All additional Activity and Service Fee (A&S) monies collected which were not already allocated within the annual A&S budget bill shall be considered Unallocated Cash. Unallocated Cash may only be budgeted through the current fiscal year by the Senate Committee on Appropriations and Audits in conjunction with a majority vote of the Senate.”

**A&S Fee Allocation**

While $14.6 million in Activities and Services (A&S) fees were allocated in FY 2015-2016, only $4.6 million is allocated to the USF A&S Business Office operations (ASBO). The majority of A&S fees are allocated to other Student Affairs areas managed outside of the ASBO.

The ASBO oversaw 32% of all A&S fees expended. These expenditures support Student Government operations, student organizations, and special student funding (interim and reserve accounts).

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**FY 2015-16 A&S Fee Allocation**

*(Scope of this audit in bold)*

<table>
<thead>
<tr>
<th>Area</th>
<th>Funding</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Programs &amp; Services¹</td>
<td>$10,001,453</td>
<td>68%</td>
</tr>
<tr>
<td>ASBO:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Government Operations</td>
<td>2,744,143</td>
<td>19%</td>
</tr>
<tr>
<td>Student Organizations</td>
<td>877,852</td>
<td>6%</td>
</tr>
<tr>
<td>Interim and Reserve Accounts</td>
<td>983,900</td>
<td>7%</td>
</tr>
<tr>
<td>Sub-total ASBO</td>
<td>4,605,895</td>
<td>32%</td>
</tr>
<tr>
<td>Total</td>
<td>$14,607,348</td>
<td>100%</td>
</tr>
</tbody>
</table>

¹Overseen by other Student Affairs areas outside of the ASBO.

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**Audit Period Activities**

Provided in our report for the audit period was a chart of SG expenditures overseen by ASBO by procurement method (payroll, PO, PCard, travel, journal entries, etc.). PCard, purchase order, and travel expenditures combined were 41% of the total expenditures for the period. 35% of expenditures processed were payroll-related.

The SG Auxiliary Fund 04901 generated revenue of $90,099 during our audit period, 63% from the Shirts Program.

We reviewed relevant policies and procedures and performed walkthroughs of the current processes in order to perform a risk assessment and evaluate the control systems in place. In order to confirm the controls were functioning as described, we performed analytical procedures using ACL, performed interviews with ASBO staff, and performed detailed transaction testing.
To test controls over cash collections, we selected a judgmental sample of four deposits during the audit period. To test controls over procurement, we selected judgmental samples of 20 purchase orders, 20 PCard charges, and 20 travel expenditure reports (TERs) processed through the FAST Travel Module.

UAC’s overall conclusion was that there was an adequate system of internal controls in place to meet our audit objectives, assuming corrective actions are taken timely to address the three medium-priority risks communicated separately in our Management Letter.

None of the recommendations were implemented at the time the report was issued.

**USFSP Kate Tiedemann College of Business Operations**

UAC performed an audit of the USFSP Kate Tiedemann College (KTCOB) of Business as part of the UAC 2015-16 Work Plan. Our audit included a risk assessment and an internal controls evaluation of the administrative and financial controls environment in place as of December 31, 2015. Our report 16-016 was issued on May 25, 2016.

The primary objective was to provide management with an objective assessment of the internal control environment and to assist management in implementing improvements where weaknesses are identified.

The Kate Tiedemann College of Business at the University of South Florida St. Petersburg offers eight undergraduate majors, including the separately accredited program of accountancy, a US News Top-Ranked MBA Program, the newly established Master of Accountancy, four undergraduate minors, various online and professional development courses, and a Career Management Office. The college has also recently established the Institute for Data Analytics and Visualization, approved by the Florida Board of Governors. The KTCOB is accredited by AACSB International – The Association to Advance Collegiate Schools of Business. AACSB International is the premier accrediting agency for bachelors, masters, and doctoral degree programs in business administration and accounting.

The college has been led by an interim dean since June 2014. A newly appointed dean will assume the position effective July 1, 2016. The KTCOB’s financial and administrative controls are primarily centralized within the dean’s office. The staff provide cross-functional processing and oversight of financial activities. This helps to ensure that consistent controls are applied throughout the college.

The limited number of staff presents the challenge of ensuring the key financial processes of record-keeping, transaction approval, custody of assets and reconciliation are adequately separated. Employees may take on more than one of these duties; however, only certain duties can be combined with mitigating controls in place, such as an independent review. Since the Financial Services Administrator is solely responsible for many of the financial processes, UAC was watchful for mitigating controls throughout the audit.

Financial transactions are administered centrally by the USF System offices and follow USF System policies and procedures. USFSP Administrative & Financial Services provides additional oversight over budgeting, accounting, EBA approvals, and purchasing activities (up to $75,000) of the USFSP colleges.

Provided in our report was a profile of the KTCOB as compared to USFSP as a whole as well as summaries of the FY 2015 expenditures by funding source and by process (payroll, PO,
PCard, travel, journal entries, etc.). KTCOB’s primary source of funding for these expenditures is E&G (94%). 94% of expenditure dollars processed are payroll-related, followed by procurement via purchase orders (3%). The college had two active non-federal grants during FY 2015-2016, both managed through the USF Research Foundation, which accounted for the majority of the remaining 3% of expenditures.

The college has a total of five auxiliaries, four of which support non-credit continuing education activities. Collections for these activities are either through Banner or Touchnet. The college has a fifth auxiliary that is for a supply and materials fee that is no longer collected and is in the process of being closed.

The results of our review were based on procedural and system walkthroughs and analytical review procedures of the following core areas: organizational structure, (including, but not limited to, centers and institutes, academic agreements, and delegation of contractual authority), revenues and expenditures, payroll, property, research, and activities with DSOs.

Based on our audit, the overall control environment appears to be adequate. The interim dean emphasizes compliance, and college employees responsible for business operations are experienced and familiar with university and other regulations, policies, processes, and procedures. Additional effort is needed, however, to ensure key business processes are formalized and documented and responsibilities for these key business processes are appropriately divided among employees to achieve proper separation of duties.

While no high impact, high probability risks were identified during our audit, timely correction action will be required to address the eight recommendations related to medium risks.

None of the recommendations were implemented at the time the report was issued.

**USF Tampa Technology Fee Proposal and Award Process**

UAC performed an audit of the USF Tampa Technology Fee Proposal and Award Process. The focus of our audit included the proposal solicitation, acceptance, evaluation, and award processes used for the USF Tampa 2015-2016 allocation cycle. Our report 16-011 was issued on June 27, 2016.

The primary audit objectives were to:

- Provide management with an objective assessment of the internal control environment
- Ensure compliance with laws, regulations, and university policies
- Assist management in implementing improvements where weaknesses are identified

**Technology Fee Statutes, Rules, and Regulations**

Technology fees are established pursuant to [Florida Statute 1009.24, Paragraph 13](http://www.flsos.com/flstatutes/default.htm#1009) which states, “Each university board of trustees may establish a technology fee of up to 5 percent of the tuition per credit hour. The revenue from this fee shall be used to enhance instructional technology resources for students and faculty.” This is consistent with the language contained in both the [Board of Governor’s Regulation 7.003(5)](http://www.usf.edu/boards/regulations/index.html) and [USF System Regulation 4.0107 (37)](http://www.usf.edu/boards/regulations/index.html). Fee amounts are set forth in [USF System Regulation 4.0102](http://www.usf.edu/boards/regulations/index.html).

The USF System institutions each retain a percentage (75%) of the technology fee dollars generated by their institution for use in support of their own technology fee projects. The
remaining portion (25%) from each institution is allocated to the USF System. The USF System initiatives will fund projects that enhance instructional technology across all of the USF System institutions.

For fiscal years 2014-2015 and 2015-2016, the technology fees for all USF System institutions were set at 5% of the tuition per credit hour.

**Technology Fee Allocation Guidelines**

The USF System Information Technology Management Council (ITMC) established **Guiding Principles** for the allocation of technology fee revenues as follows:

- Invests in technology that is directly used to enhance instructional technology resources for students and faculty
- Funds are allocated to sustain ongoing operation and maintenance of the solution, as required, taking into consideration the product life cycle
- Supports and aligns with the USF System guiding principles, relating to student success, with areas of focus determined each year
- Impacts a broad spectrum of students
- Provides accessibility to technology resources for students and faculty with disabilities
- Provides enhanced training for students and faculty for use of technology
- Conforms with USF Information Technology standards and architecture as defined by the University Technology Standards Board and Information Technology
- Invests in emerging technologies wherever possible, using metrics to evaluate future commitments

The Tampa Campus Technology Fee Subgroup (TTFS), consisting of the members of the ITMC with direct stakeholder interest in the Tampa campus, also selected the following areas of focus that were to be used for evaluating the proposed technology fee projects during the FY 2015-2016 allocation cycle:

- Access to advanced technologies to promote student and faculty success
- Accessibility to technology resources for persons with disabilities
- Classroom technology
- Communication and collaboration
- Digital design and fabrication
- Mobile accessibility
- Network and internet connectivity
- Software applications and infrastructure in support of learning

The Portfolio Management Office (PMO) within Information Technology administers the USF Tampa allocation cycle. Currently, there is one cycle per year. The cycle dates may vary each year; however, the timeframe is generally early in the Fall semester around August/September.

**USF Tampa Technology Fee Process**

Once the submission window is opened, the TTFS members solicit requests from their constituent groups. Submitters enter their proposals directly into the Service Now System, providing details in a standard request template. When the submission period ends, the submissions link in Service Now is disabled.

When a proposal is submitted, a TTFS member, selected to sponsor the request, will receive an email asking them to perform an initial review and either approve or reject the request based upon the following criteria:

- Is Tampa-level funding appropriate?
- Is the request aligned with the guiding principles?
- Does it support an area of focus?
- Is it not a duplicate?
- Are you willing to defend the request at the final selection and award meeting?

If rejected by the sponsor, the submitter receives a notification that the request is not approved and no further processing occurs.

If approved by the sponsor, an IT representative is assigned and works with a subject matter expert to gather technical details and costs, which are attached to the proposal record in Service Now. Beginning in the current allocation cycle, ongoing support costs can no longer be funded from technology fees and, if applicable, separate departmental funding sources must be provided.

Next, the University Technology Standards Board (UTSB) provides technical review and approval of the proposals, after which they are independently scored by each TTFS member using electronic survey software. Scoring components include the member's opinion on whether the proposal qualifies for technology fee funding, and how well the proposal addresses the ITMC guiding principles.

The combined scoring results are presented at a selection meeting, at which time the TTFS members vote to approve or reject each proposal. Proposals may be approved for full or partial funding.

The final results are included in a matrix scoring worksheet which is provided to the appropriate Senior Vice Presidents for final review and approval. After the Senior Vice Presidents’ approval has been obtained, the Chief Information Officer (CIO) issues award and rejection letters to all proposal submitters. The funded projects are then published on the IT website.

Total funds made available in the FY 2015-2016 allocation cycle was $3,876,731.

A total of 31 proposals were submitted, of which 23 were approved by sponsors. Total requested funds from the 23 sponsor-approved proposals were $7,420,711. Thirteen of the proposals totaling $3,637,209 were ultimately awarded by the TTFS. The remaining $239,522 was held in a contingency fund.

A listing of funded proposals was provided in our report.

We reviewed relevant policies and procedures and performed walkthroughs of the current processes in order to perform a risk assessment and evaluate the control systems in place. In order to confirm the controls were functioning as described, we performed analytical procedures and interviews with IT staff.

To test controls over the proposal solicitation, acceptance, evaluation, and award, we reviewed all 31 proposals submitted for the FY 2015-2016 allocation cycle.

UAC’s overall conclusion was that there was an adequate system of internal controls in place to meet our audit objectives, assuming corrective actions are taken timely to address the one medium-priority risk communicated separately in our management letter.

The recommendation was implemented at the time the report was issued.

Follow-Up Audit of Athletics Business Operations – PCard and Travel

UAC performed a follow-up audit of UAC 15-016, Internal Audit of Athletics Business Operations – PCard and Travel, issued on June 5, 2015. The objective of our audit was to confirm new processes and controls
implemented to address the eight issues (resulting in fourteen medium risk recommendations) were operating effectively and consistently applied. Our procedures covered transactions occurring between July 1, 2015, and February 5, 2016. Our report 16-019 was issued on June 30, 2016.

Of the fourteen recommendations, thirteen were either substantially or partially implemented:

- Nine were substantially implemented.
- Four were partially implemented.
  - Our follow-up review of the new controls put in place by management indicated they were not consistently applied and/or supported with written procedures, resulting in four new recommendations. Additional management attention is required to fully resolve these issues.
- UAC will close the remaining recommendation due to acceptance of risk by management.

We issued one additional recommendation to ensure the new travel arrangement cloud service provider has adequate system controls in place.

One of the recommendations was implemented at the time the report was issued.
INFORMATION TECHNOLOGY

UAC’s information system projects are performed in accordance with the ISACA (formerly Information Systems Audit and Control Association) standards and guidelines. ISACA has designed this guidance as the minimum acceptable level of performance required to meet the professional responsibilities set out in the ISACA Code of Ethics for Auditing and Control Professionals. These standards and guidelines are consistent with the Control Objectives for Information and Related Technology (COBIT)—an IT governance framework which permits management to bridge the gap between control objectives, technical issues, and business risk.

The IT Audit Team focuses on factors which impact the confidentiality, integrity, and availability of information systems as well as the resources held within those systems. Confidentiality not only addresses the security of sensitive data, but also whether access to such data is effectively controlled.

IT audits of USF HPCC Financial Systems Access Controls (16-021) and Server Administration for the RESTORE Act Centers of Excellence Selection Process (16-009) were performed. Two IT consulting projects were performed: USF IT Incident Management (15-028) and USF Health Information Systems Incident Management (16-020). One IT consulting project was in progress at year-end.

UAC utilizes an integrated audit approach whereby the IT Audit Team also assists the general Audit Team on audit and consulting projects with significant information systems components. Integrated audit projects this year included Export Controls (15-037) and the Performance-Based Funding Data Integrity Audit (16-010).
Formal follow-up audit procedures were performed of previous high-risk IT audit recommendations: USF Health IT Access Controls (16-007) and USF Tampa Data Center Infrastructure (16-029). (See Follow-Up Activity below.)

There are currently five Certified Information Systems Auditors (CISAs) on the UAC team. Two auditors are certified in Risk and Information Systems Control (CRISC), one is a Certified Information Security Manager, and one is certified as a Healthcare Information Security and Privacy Practitioner (HCISPP).

CONSULTING SERVICES

Consulting projects are collaborations between management and UAC. Services may be requested in advance and included as part of the annual work plan; however, many requests are made during the year. A project’s objective will vary depending on the needs of management, but may include improving a process or procedure, assisting in the implementation of a new system, interpreting laws, rules, policies, and other guidance, or facilitating education/training programs. These services are proactive in nature and can be helpful to any university function or department. Two consulting projects for IT (15-028 and 16-020) were performed. One IT consulting project was in progress at year-end.

ADVISORY SERVICES

UAC is committed to providing proactive advice on internal controls, operations, and compliance. Requests for advisory services may come from various management levels throughout the university and often involve emerging issues in research, information technology, or compliance. The information we provide through these services assists management in decision-making and improving operations. Results of these types of services are communicated verbally or through memorandums.

FOLLOW-UP ACTIVITY

In accordance with the International Standards for the Professional Practice of Internal Auditing, UAC follows up on all internal audit recommendations to determine if corrective actions have been taken. Utilizing a web-based tracking system, management can continuously update the implementation status, including action plans and target dates, of recommendations and UAC can efficiently and effectively monitor their progress. Two Follow-Up Reports, covering activity from July 1 through December 31, 2015, and January 1 through June 30, 2016, were issued during the fiscal year. The annual implementation rate by management was 62%.

UAC performs formal follow-up procedures for all high-risk audit recommendations. Our report 16-029, Follow-Up Review of USF Tampa Data Center Infrastructure, was issued on January 21, 2016. Included was one high-risk issue originating from our audit report 12-024 issued on May 16, 2012. The recommendation was reported by management as implemented on December 14, 2015. Based upon our review of management’s reported actions to date, the new controls in place were overall sufficient to reduce the level of risk associated with this issue from high to medium. The issue should be fully resolved by November 30, 2016. This report is confidential due to the sensitive nature of the information technology issues disclosed.

UAC also performed a formal follow-up review (16-007) for the Auditor General of our report 13-017, USF Health IT Access Controls. The recommendations made during this fiscal year related to the following:
• Assignment of Responsibility
• Authorization: Adequacy and Timeliness
• Compliance with Federal Laws
• Compliance with State and Local Laws (not USF)
• IT: Confidentiality, Integrity, Availability of Data

• Reporting: Accuracy, Completeness, and Timeliness
• Safeguarding of Assets
• Separation of Duties
• Training and Guidance: Accuracy, Completeness, and Timeliness
RECOMMENDATIONS

Assignment of Responsibility, 2%
Authorization: Adequacy and Timeliness, 11%
Compliance with Federal Laws, 14%
Compliance with State and Local Laws (Not USF), 2%
IT: Confidentiality, Integrity, Availability of Data, 20%
Reporting: Accuracy, Completeness, Timeliness, 10%
Safeguarding of Assets, 33%
Separation of Duties, 6%
Training & Guidance: Accuracy, Completeness, Timeliness, 10%

IMPLEMENTATIONS

Assignment of Responsibility
Authorization: Adequacy & Timeliness
Compliance with Federal Laws
Compliance with State/Local Laws (not USF)
IT: Confidentiality, Integrity, and Availability of Data
Reporting: Accuracy, Completeness, Timeliness
Safeguarding of Assets
Separation of Duties
Training & Guidance: Accuracy, Completeness, Timeliness

Outstanding
Closed
INVESTIGATIONS

The President and the Board of Trustees have charged UAC with performing investigations related to the university and its related organizations. An investigation is an objective review of evidence related to a complaint or allegation.

Complaints and concerns may be received from the university’s EthicsPoint reporting system or directly from an individual, or may be forwarded from various university offices or state and local government agencies.

Reports of concerns, complaints, and allegations may or may not be supported by the facts. That is why it is critical that the investigative process be managed discreetly and confidentially to ensure the integrity of the process and protect the reputations of named individuals. Florida law supports the need for confidentiality during investigations and permits active investigations to be classified as exempt from public record. Only those with a legitimate business need are provided with information related to ongoing investigations.

Approximately 4% of our project effort (direct service hours) during FY 2015-2016 was expended on investigations, the same as last year. Out of 12 total complaints, 2 were referred to other units, and 2 remained open at June 30, 2016. Of the 8 completed investigations, the complaints were unsubstantiated in all cases.

COMPLIANCE

The USF System Compliance & Ethics Program (CEP) was established in 2007 with the appointment of a Chief Compliance Officer, who was charged by President Genshaft and the Board of Trustees to create and maintain an effective program based on best-practices to prevent, monitor, detect, and respond to non-compliance and recommend corrective actions to fully meet regulatory requirements.

eDisclose

This was the second fiscal year the USF System was able to centrally disclose, review, and track Florida Code of Ethics (FCOE), outside activity, and nepotism issues for our 14,000+ employees in the eDisclose information system. Since its roll-out on April 10, 2014, eDisclose has enabled online submission and review of these disclosures, and perhaps most importantly, has provided a mechanism for training USF System employees concerning their disclosure responsibilities.

Florida Code of Ethics Disclosures

The Florida Code of Ethics (FCOE) for Public Officers and Employees prohibits or restricts USF System employees from engaging in certain activities and relationships that create or have the potential to create a conflict of interest or commitment between their personal interests and the public responsibilities of the USF System. The FCOE is not intuitive and is fraught with convoluted language and caveats. Thus, the FCOE disclosure form in eDisclose provides annual education and training, in addition to providing a disclosure mechanism, for USF System employees with respect to the following:

- Gifts or benefits;
- Misuse of public position or non-public information;
- Conflicting business, employment, and contractual relationships;
- Nepotism; and
- Outside activity.

Certain USF System employees are required to complete an annual FCOE disclosure in eDisclose. These include:
- All Faculty employees
- All Administration employees
- Staff employees issued a Procurement Card (PCard) or assigned a role in FAST, our financial system
- Temporary employees issued a PCard or assigned a role in FAST

In order to effectively notify and train such a large subset of USF System employees, the CEP continued its face-to-face trainings for users and reviewers at USF Tampa, USFSP, and USFSM including, but not limited to, the following groups:

- USF Tampa Human Resources Partners Trainings (July & September)
- USF St. Petersburg Human Resources Staff Training
- USF Sarasota-Manatee, one-on-one training with HR Director
- USF Health Leadership Team
- Associate Deans Council
- Council of Deans
- College of The Arts for Chairs and Dean
- College of Behavioral & Community Sciences for Chairs and Dean
- One-on-one trainings with Senior Vice Presidents, upon request, regarding how to review Outside Activity and Nepotism disclosures (Athletics and USF Health)

During FY 2015-16, 6,536 FCOE disclosures were submitted in eDisclose. This represents a 57% increase in the number of FCOE disclosures in eDisclose over those submitted last fiscal year.

At the close of this fiscal year on June 30, 5,823 USF System employees were required to complete an annual FCOE disclosure in eDisclose, 5,506 USF System employees had submitted their disclosure. This equates to a FCOE disclosure compliance rate of 95% for the USF System. This represents an improvement of 30% in FCOE disclosure compliance for the USF System in comparison to June 30 of last fiscal year.

This improvement in USF System FCOE disclosure compliance rate can be attributed in part to the increase in the FCOE disclosure compliance rate for USF Tampa, up 34% from last fiscal year. Below is a graphic summarizing the FCOE disclosure rate by USF System institution for this fiscal year.
These improvements in USF System FCOE disclosure compliance rates can also be attributed to new tools and strategies the CEP developed and implemented this fiscal year:

- FCOE Dashboard
- FCOE Reports
- Peer Performance Analysis

The CEP developed an FCOE Disclosure Compliance Dashboard (FCOE Dashboard). This dashboard provides real-time FCOE disclosure compliance data by Senior Manager. In eDisclose, Senior Managers are Senior Vice Presidents, the Provost, the Regional Chancellors, the President, or their designees. This dashboard allows us to quickly assess which Senior Manager areas are performing well and which are in need of improvement.

The CEP developed Senior Manager-specific FCOE Disclosure Compliance Reports (FCOE Reports). These reports provide Senior Managers with real-time disclosure compliance data regarding which of their employees (faculty, administration, staff, or temporary) are required to complete an annual FCOE disclosure and which have done so. The CEP developed and implemented a procedure to provide these FCOE Reports on a monthly basis to all Senior Managers and their designees.

The CEP created a Peer Performance Analysis to enable Senior Managers to view how well areas under their purview are performing relative to other Senior Manager areas. This analysis provides de-identified FCOE disclosure compliance rates with only the rate for the requesting Senior Manager identified. This enables the requesting Senior Manager to quickly determine how well their areas are performing relative to their peers. We piloted this approach with the USF Tampa colleges. This pilot approach was so successful in improving FCOE disclosure compliance rates for our colleges, we branched out to the remaining Senior Manager areas across the USF System.

**Outside Activity Disclosures**

Since July 1, 2014, all USF System employees are required to disclose and receive approval for their proposed outside activities in the eDisclose system, except for approximately 770 USF Health faculty who instead use USF Health’s ROAD system. During FY 2015-16, 1,220 outside activity disclosures were submitted for review in eDisclose. This represents a 36% increase in the number of outside activity submissions in eDisclose since last fiscal year.

The types of outside activities proposed on these disclosures fell into one or more of the following as indicated in the chart below.
• More than incidental use of USF System facilities, services, or equipment (>Incidental Use)
• Supervision of a USF System student or employee in the Discloser’s outside activity that the Discloser also supervises as part of their assigned duties for the USF System (Supervising)
• Waiver of the Discloser’s or the USF system’s rights to inventions or works (Inventions/Works)
• Candidacy for or holding Public Office (Candidacy)
• Compensated activities (Compensated)
• Any activity the disclosing employee reasonably believes may create a potential conflict of interest or conflict of commitment (Potential COI).

Multiple types per disclosure resulted in a total count of outside activity types of 1,269 from the 1,220 disclosures submitted this fiscal year. The majority of Outside Activities (75%) related to compensated outside activity.

HEOA Initiative

The USF System CEP’s Higher Education Opportunity Act (HEOA) Initiative is designed to ensure that the USF System identifies and complies with disclosure and reporting requirements under HEOA.

Compliance with HEOA includes, but is not limited to, compliance with the following Federal laws:

• Consolidated Appropriations Act of 2005
• The Drug-Free Schools and Communities Act (DFSCA), under the Education Department General Administrative Regulations (EDGAR), Part 86
• The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (the “Clery Act”)
• The Violence Against Women Act (VAWA) reauthorization of 2013, which modified the Clery Act requirements.

The following subsections of this report summarize our efforts to assure the board of the USF System’s compliance with these federal laws. Failure to comply can result in loss of Title IV funding and financial penalties.

Constitution Day


This fiscal year we coordinated with Student Affairs and the Department of Government and International Affairs to ensure our institution provided a Constitution Day event for our students. They organized a Faculty Panel Discussion with Audience Q&A Session entitled, Freedom of Expression at USF: Opportunities & Challenges. The purpose of the panel discussion was to discuss the First Amendment to the U.S. Constitution and how it applies to students, faculty, and staff.

The Constitution Day flyer was discussed and distributed as part of an Inside USF article. In addition, the event was promoted via Note-a-Bull, the Library lobby digital screen, the SA&SS Weekly Update, the class Facebook groups, and the university’s social media. A link to the flyer is available online.

Drug-Free Schools and Communities Act

In order to remain eligible for federal funding, the USF System must comply with the Drug-Free Schools and Communities Act (DFSCA). Under this federal law and the associated Department of Education regulations, the USF System must develop and implement a program to prevent the unlawful possession, use, or distribution of illicit drugs and alcohol by our students and employees. These regulations establish a set of minimum requirements for a campus substance use program. There are two general requirements under DFSCA the USF System must meet: Annual Notification and Biennial AOD Report.

Annual Notification

In order to comply with the DFSCA, Part 86 regulations, the USF System must annually notify all students and employees of certain information relating to the abuse of alcohol and other drugs (AOD). This notification must be made in writing and in a manner that ensures all students and employees receive it. The notification must include the following:

• Standards of conduct;
• Possible legal sanctions and penalties;
• Statements of the health risks associated with the abuse of alcohol and other drugs;
• A description of AOD programs available to students, staff, and faculty; and
• Disciplinary sanctions for violations of the standards of conduct.

The CEP developed and implemented a template for the Annual AOD Notification to ensure these elements are captured in the annual communication.

During this fiscal year, we performed a compliance review of the draft Annual AOD
notification prepared by the Dean of Students relative to the DFSCA and Department of Education regulations and guidance. This review was performed prior to distribution of the notice to ensure its compliance with the DFSCA.

**Biennial AOD Report**

To comply with DFSCA, Part 86 regulations, every two years the USF System must conduct a review of its Alcohol and Other Drugs (AOD) Abuse Prevention Program to determine its effectiveness and the consistency of sanction enforcement, in order to identify and implement any necessary changes. This review results in a Biennial AOD Report. This report must be completed by December 31 each calendar year and contain an analysis of the previous two academic years.

As part of our HEOA Initiative to ensure we meet our DFSCA obligations, the CEP performs compliance reviews of these Biennial Reports and provides feedback to the preparing organizational unit regarding ways to improve the compliance of the subsequent reporting period’s Biennial Report. Our compliance reviews are based on DFSCA regulations and the following Department of Education, Office of Safe and Drug-Free Schools, Higher Education Center for Alcohol and Other Drug Abuse and Violence prevention, best-practice guidance: Complying with the Drug-Free Schools and Campuses Regulations [EDGAR Part 86]: A guide for university and college administrators, Washington, D.C., 2006.

During this fiscal year, we performed a compliance review of the 2014 Biennial Report. We communicated areas for improvement which should be incorporated into the 2016 Biennial Report to the Alcohol and Other Drug Prevention Coordinator in the Center for Student Well-Being. This is the individual charged with preparing the 2016 Biennial Report. The Coordinator invited us to meet with the Substance Education and Awareness Team (SEAT) to assist them in bringing the draft 2016 Biennial Report into compliance. SEAT is a group of USF Tampa faculty, staff, and students charged by the President’s Alcohol Advisory Committee with helping to inform the University’s policy development and strategic decision-making regarding the use and abuse of alcohol and other drugs in the USF community. During this meeting, we discussed SEAT updates to the USF System AOD policy to reflect current regulatory requirements and SEAT development and implementation of written procedures, including the development of a Biennial AOD Report Template, to ensure compliance and reflect best practices.

**Student Consumer Information Portal**

As part of our HEOA Initiative, we developed and implemented in 2013 a web-based portal page that provides hyperlinks to HEOA-required disclosures and reports published on various USF System organizational units’ websites. This portal serves as a one-stop access point for information for current and prospective students and employees and other members of the USF community in accordance with HEOA regulations and National Postsecondary Education Cooperative (NPEC) best practices. The portal, called “Student Consumer Information,” is located at: [http://www.usf.edu/about-usf/student-consumer-information.aspx](http://www.usf.edu/about-usf/student-consumer-information.aspx). USF System and institution-specific (USF Tampa, USF St. Petersburg, or USF Sarasota-Manatee) organizational units providing information for the portal include the following:

- Office of the Provost/Academic Affairs (USF Tampa, USF St. Petersburg, and USF Sarasota-Manatee)
- Undergraduate Studies
- Office of the Registrar
- USF Tampa Bookstore
• Campus Life (USF Tampa, USF St. Petersburg, and USF Sarasota-Manatee)
• Students with Disabilities Services
• Office of Decision Support (InfoCenter)
• Career Services (USF Tampa, USF St. Petersburg, and USF Sarasota-Manatee)
• Office of the General Counsel
• Information Technology
• Center for Student Well-Being (USF Tampa)
• Wellness Center (USF St. Petersburg)
• Counseling & Wellness Center (USF Sarasota-Manatee)
• Student Health Services
• USF Athletics Compliance
• Campus Law Enforcement (USF Tampa, USF St. Petersburg, and USF Sarasota-Manatee)
• University Scholarships & Financial Aid Services

Non-USF entities providing information on this portal include the following:

• Florida Division of Elections
• SUS Board of Governors Accountability Reports
• Department of Education, Title II Reports: National Teacher Preparation Data
• Institute of Education Sciences, National Center for Education Statistics

Pursuant to USF System Policy 0-233, we perform compliance reviews of the Student Consumer Information portal annually and as regulatory requirements change. These maintenance activities are designed to ensure USF System compliance with the current HEOA regulatory environment. USF System organizational units with HEOA responsibilities are responsible for updating and keeping their web-based HEOA information current. They are also responsible for providing appropriate, functioning links to the HEOA Compliance Initiative, including notifying the HEOA Compliance Initiative when changes occur to web-based HEOA information or URLs for such information.

This fiscal year we performed our annual compliance review of the Student Consumer Information portal. When portal content or hyperlinks were found to be outdated, noncompliant, or broken, we took one of two actions. If we were able to find the appropriate information ourselves via a web search, we made the update to the portal and updated our compliance review template. If we are unable to find the appropriate information on our own, we contacted the USF System organizational unit responsible for this area and worked with them to ensure our portal is accurate and meets HEOA-required disclosure requirements.

**Clery-VAWA Annual Security Report**

Under the Clery Act and the Violence Against Women Act (Clery-VAWA), each institution within the USF System is responsible for preparing an Annual Security Report (ASR). Institutions with on-campus student housing facilities, such as USF Tampa and USF St. Petersburg, are also required to prepare an Annual Fire Safety Report under these federal laws. These reports can be combined into one Annual Security and Fire Safety Report as long as the resultant ASR is clearly labelled as such.

Under Clery-VAWA, all current students and employees must be notified of the availability of the ASR in writing and paper copies of the ASR must be made available upon request by October 1. The Clery-VAWA crime and incident statistics and, for those institutions with on-campus student housing, fire statistics and data contained in the ASRs must be submitted to the Department of Education by
this same deadline. Failure to meet these Clery-VAWA regulatory requirements can result in loss of Title IV funding and financial penalties to the USF System. The CEP, as part of our HEOA initiative, is responsible for performing compliance reviews of these ASRs prior to publication.

Historically, ASR creation, publication, and distribution has been the responsibility of each institution’s campus police. However, the amendments made to the Clery Act by the VAWA significantly expanded the regulatory requirements for ASRs. What had previously been 84 separate, distinct HEOA-Clery requirements has now expanded to 134. Preparation of the ASRs now involves USF System operational functions beyond the historically limited involvement of campus police, such as the following:

<table>
<thead>
<tr>
<th>Organizational Unit/Program</th>
<th>USF System Unit</th>
<th>Institution-Specific Units</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USF Tampa</td>
<td>USFSP</td>
</tr>
<tr>
<td>Campus Police</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office of Student Rights and Responsibilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Title IX</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversity, Inclusion, and Equal Opportunity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victim Advocacy &amp; Violence Prevention</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alcohol and Drug Use Prevention Program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emergency Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment Health &amp; Safety Fire Safety Program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Housing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Affairs and/or Dean of Students</td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Communications &amp; Marketing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Associate Compliance Officer (ACO) developed a template for the USF System ASR and coordinated information from multiple organizational units and programs to ensure timely creation, publication, and distribution of this year’s final report. A timeline was also developed in consultation with the Clery-Title IX Convergence (CTC) Workgroup and University Communications and Marketing.

The template includes USF System and institution-specific language. The ACO authored the USF System-specific language and members of the CTC Workgroup were reviewers. The CTC Workgroup was also responsible for the institution-specific language. When a CTC Workgroup member was not a subject-matter expert for the topic assigned to them, they brought in authors with the needed expertise from their respective institution.

The final ASRs are available online:

- **USF Tampa**
- **USF St. Petersburg**
- **USF Sarasota-Manatee**
Compliance & Ethics Training

We continued our delivery of compliance and ethics training as part of employee onboarding programs administered by Learning & Talent Development in the Division of Human Resources for USF Tampa. All new administration and staff employees at USF Tampa are encouraged to attend orientation, called “Welcome to USF.” These sessions are held every two weeks and coincide with USF Tampa’s new administration and staff employee hiring cycles. This fiscal year, we provided compliance and ethics training to 4% fewer new administration and staff employees at USF Tampa than last fiscal year. It is important to note that while all new administration and staff employees are encouraged to attend orientation; they are not required to do so.

We also continued our delivery of compliance and ethics training as part of HR’s “Managing at USF,” a course open to new and current employees whose position includes management or supervisory responsibilities. Our portion of this course emphasizes case studies so that our managers can apply knowledge gained during the course to “real life” situations they are likely to encounter in their organizational units. We have consistently received positive feedback for our compliance and ethics session of this training and participant requests for more case studies.
**EthicsPoint**

The Chief Compliance Officer is responsible for the management of the USF System’s anonymous reporting hotline, EthicsPoint. Of the 95 reports received during FY 2015-16, 57 (60%) were related to human resource matters, two of which remained open at year end. The Diversity, Inclusion & Equal Opportunity (DIEO) office had received 17 reports, 2 of which remained open at year end. Five DIEO reports, three Human Resources reports, and one EH&S report were referred for formal investigation or handling outside the EthicsPoint system. Of the 82 reviews completed, 25 (30%) were substantiated and 57 (70%) were unsubstantiated.

<table>
<thead>
<tr>
<th></th>
<th>Substantiated</th>
<th>Unsubstantiated</th>
<th>Referred</th>
<th>Open</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HR</strong></td>
<td>15</td>
<td>37</td>
<td>3</td>
<td>2</td>
<td>57</td>
</tr>
<tr>
<td><strong>DIEO</strong></td>
<td>3</td>
<td>7</td>
<td>5</td>
<td>2</td>
<td>17</td>
</tr>
<tr>
<td><strong>Financial</strong></td>
<td>1</td>
<td>8</td>
<td></td>
<td></td>
<td>9</td>
</tr>
<tr>
<td><strong>IT</strong></td>
<td>1</td>
<td>3</td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td><strong>EH&amp;S</strong></td>
<td>3</td>
<td></td>
<td>1</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td><strong>COI</strong></td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>25</td>
<td>57</td>
<td>9</td>
<td>4</td>
<td>95</td>
</tr>
</tbody>
</table>
### PROJECT

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>BUDGET</th>
<th>%</th>
<th>ACTUAL</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DIRECT SERVICES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audits/Reviews</td>
<td>7,875</td>
<td>38%</td>
<td>8,334</td>
<td>40%</td>
</tr>
<tr>
<td>Follow-up</td>
<td>540</td>
<td>3%</td>
<td>819</td>
<td>4%</td>
</tr>
<tr>
<td>Consulting Services</td>
<td>1,353</td>
<td>6%</td>
<td>1,597</td>
<td>8%</td>
</tr>
<tr>
<td>Investigations</td>
<td>2,099</td>
<td>10%</td>
<td>429</td>
<td>2%</td>
</tr>
<tr>
<td>Contingency</td>
<td>873</td>
<td>4%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total Direct Services</strong></td>
<td>12,740</td>
<td>61%</td>
<td>11,179</td>
<td>54%</td>
</tr>
<tr>
<td><strong>OTHER:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>4,220</td>
<td>20%</td>
<td>3,769</td>
<td>18%</td>
</tr>
<tr>
<td>Staff Development</td>
<td>400</td>
<td>2%</td>
<td>520</td>
<td>2%</td>
</tr>
<tr>
<td>Vacancy</td>
<td>0</td>
<td>0%</td>
<td>1,600</td>
<td>8%</td>
</tr>
<tr>
<td>Leave without Pay</td>
<td>0</td>
<td>0%</td>
<td>256</td>
<td>1%</td>
</tr>
<tr>
<td>Holidays and Leave</td>
<td>3,600</td>
<td>17%</td>
<td>3,636</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Total Other</strong></td>
<td>8,220</td>
<td>39%</td>
<td>9,781</td>
<td>46%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>20,960</td>
<td>100%</td>
<td>20,960</td>
<td>100%</td>
</tr>
</tbody>
</table>
PROFESSIONAL ACTIVITIES

UAC is proud of the experience and professionalism of its staff. During 2015-2016, we continued our involvement with organizations that support higher education, internal auditing, information technology, and compliance activities.

- Association of College and University Auditors (ACUA)
- Institute of Internal Auditors (IIA)
- Association of Certified Fraud Examiners (ACFE)
- Information System Audit & Control Association (ISACA)
- American Institute of Certified Public Accountants (AICPA)
- National Association of College and University Business Officers (NACUBO)
- National Council of University Research Administrators (NCURA)
- Society of Corporate Compliance & Ethics (SCCE)

UPCOMING YEAR

The current two-year Work Plan for FY 2017 and FY 2018 was approved by the BOT Audit and Compliance Committee on August 25, 2016. The multi-year plan continues to offer UAC the flexibility to move projects between years as schedules warrant. Significant changes will be communicated to the Audit and Compliance Committee as appropriate.
### UNIVERSITY AUDIT & COMPLIANCE
#### FY 2017 and FY 2018 WORK PLAN

#### DIRECT SERVICES

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>% of Effort</th>
<th>Yr 1</th>
<th>Yr 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Audits/Reviews</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Core Processes:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access Controls/Entitlement Reviews - Internal Transfers</td>
<td>600</td>
<td>600</td>
<td></td>
</tr>
<tr>
<td>A/P Vendor Set-up and Maintenance</td>
<td>400</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>Construction Accounting Offices</td>
<td>800</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>Non-exempt Employees (O/T Eligible)</td>
<td>800</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>Treasurer's Office</td>
<td>800</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td><strong>Academic Affairs:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>College of Arts &amp; Sciences - USF</td>
<td>800</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>College of Arts &amp; Sciences - USFSP</td>
<td>600</td>
<td>600</td>
<td></td>
</tr>
<tr>
<td>College of The Arts</td>
<td>800</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>PBF Data Integrity Audit - Year 1</td>
<td>1,000</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>PBF Data Integrity Audit - Year 2</td>
<td>800</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>Visa Processing/Visiting Scholars</td>
<td>800</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td><strong>Governance:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delegation of Authority/MOUs/Contract Approval</td>
<td>400</td>
<td>400</td>
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</tr>
<tr>
<td><strong>Research:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office of Clinical Research - COM</td>
<td>800</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>Research Expenditures</td>
<td>800</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>Research Lab Safety (rollover)</td>
<td>300</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td><strong>Information Technology:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd Party Assurance/Management of Risk</td>
<td>500</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Data Center (Primary)</td>
<td>500</td>
<td>500</td>
<td></td>
</tr>
<tr>
<td>Oracle Database Security</td>
<td>800</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>Student Information Systems Security</td>
<td>800</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>Tech Fee Phase 2</td>
<td>200</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>USF Health IT (EPIC Phase 2)</td>
<td>800</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td>USF Health IT (TBD)</td>
<td>800</td>
<td>800</td>
<td></td>
</tr>
<tr>
<td><strong>Follow-up; Coordinate External Audits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>1,500</td>
<td>1,500</td>
<td>1,500</td>
</tr>
<tr>
<td><strong>Consulting Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Projects</td>
<td>1,400</td>
<td>1,400</td>
<td>1,400</td>
</tr>
<tr>
<td>Emerging Issues - compliance, financial, IT</td>
<td>600</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td><strong>Investigations @ 10%</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contingency @ 7%</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL DIRECT SUPPORT</strong></td>
<td>24,864</td>
<td>60%</td>
<td>12,324</td>
</tr>
</tbody>
</table>

#### INDIRECT SUPPORT

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>% of Effort</th>
<th>Yr 1</th>
<th>Yr 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INDIRECT SUPPORT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Meetings, In-House Training, Professional Orgs</td>
<td>2,063</td>
<td>1,023</td>
<td>1,040</td>
</tr>
<tr>
<td>Administration</td>
<td>6,248</td>
<td>3,108</td>
<td>3,140</td>
</tr>
<tr>
<td><strong>TOTAL INDIRECT SUPPORT</strong></td>
<td>8,311</td>
<td>20%</td>
<td>4,131</td>
</tr>
</tbody>
</table>

#### OTHER

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>% of Effort</th>
<th>Yr 1</th>
<th>Yr 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CPE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Holidays</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Leave (Annual and Sick)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL OTHER</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### TOTAL HOURS AVAILABLE (CAE + 9 STAFF)

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>% of Effort</th>
<th>Yr 1</th>
<th>Yr 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>41,272</td>
<td>100%</td>
<td>20,472</td>
<td>20,800</td>
</tr>
</tbody>
</table>

*Approved by the Board of Trustees /Audit and Compliance Committee on August 25, 2016*