



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES  
COMMITTEE ON AUDIT AND OPERATIONS REVIEW  
COMMITTEE MINUTES**

**December 4, 2014**

**Emerson Alumni Hall, University of Florida, Gainesville, Florida**

**Time Convened: 12:30 p.m. EDT**

**Time Adjourned: 1:50 p.m. EDT**

**1.0 Verification of Quorum**

After a roll call, a quorum was confirmed, with all members present except for Trustee Edwards and Trustee Scott.

**Members present were:**

Christopher T. Corr (Acting Chair), David L. Brandon, Pradeep Kumar, Juliet M. Roulhac and Cory M. Yeffet. Committee Chair Edwards was unable to attend.

**2.0 Call to Order and Welcome**

Committee Member Corr served as Acting Chair and called the meeting to order at 12:30 p.m. EDT.

**3.0 Review and Approval of Minutes**

The Acting Committee Chair asked for a motion to approve the minutes of the June 5, 2014 committee meeting, which was made by Trustee Roulhac and Seconded by Trustee Brandon. The Chair asked for further discussion, after which he asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

**4.0 Action Items**

There were no action items for consideration.

The following Discussion/Informational Items were addressed by the Committee:

## **5.0 Discussion/Informational Items**

### **5.1 Office of Auditor General – Update on External Audits**

Phil Ciano of the Auditor General’s Office appeared before the Committee to provide an update on external audit activity.

- With regard to current audit projects, Mr. Ciano reported:
  - Financial Statement Audit for the 2013-2014 fiscal year: This audit is conducted as part of a statewide audit, but a separate report is issued for the University of Florida. The audit is in the final stages of fieldwork and could be released as early as December 19, but certainly by early January 2015.
  - Federal Audit for the 2013-2014 fiscal year: This audit is conducted and reported as part of a statewide audit, with a separate segment for University of Florida. Mr. Ciano stated that work on this audit at the University of Florida has been limited to follow-up of prior year findings. Federal regulations require the report to be issued by March 31, 2015, and the statewide report should be issued in March.
- With Regard to the 2014-2015 fiscal year audit period, Mr. Ciano anticipates work at UF will include the Financial Statement Audit, increased work on the Statewide Federal Audit, and potentially an Operational Audit. The Auditor General’s Office is required to perform an Operational Audit at least every three years. Decisions on the Auditor General’s work plan for the year will likely be made in February, 2015.

### **5.2 Audits and Other Reviews**

Chief Audit Executive Brian Mikell and Audit Director Joe Cannella of the Office of Internal Audit (OIA) presented seven (7) internal audit project reports that had been issued since the last Committee meeting. The reports presented were:

- 1) University Athletic Association, Inc. (UAA) Business Continuity and Data Maintenance
- 2) Material and Supply Fees and Equipment Use Fees
- 3) UAA Sports Injury Monitoring System
- 4) Mobile Computing and Storage Devices
- 5) University of Florida Foundation, Inc. (UFF) Other Revenues
- 6) UFF Travel Expenses
- 7) International Student Activities

The reports and summaries had been previously provided to the committee for detailed review. Each audit project was briefly discussed and questions from the committee were answered.

### **5.3 Quarterly Follow-up**

Audit Director Joe Cannella of the OIA reported on the follow-up status of comments and action plans from previously issued internal and other audits.

### **5.4 2014-2015 Annual Audit Plan Revisions**

The Board approved a three-year risk-based audit work plan in June, 2013. This audit plan is adjusted twice a year to reflect changes in risks and available resources. Chief Audit Executive Brian Mikell presented proposed revisions to the plan for the upcoming fiscal year. Discussed at length was the addition of the BOG-requested project *Performance Based Funding – Data Integrity*. The addition of this substantial project, along with current staffing capacity, led to postponement of four (4) planned projects. The Committee also discussed potential of future BOG-related audit project requests.

After questions from the Committee were answered, the Committee authorized the mid-year revisions to the OIA audit plan for the 2014-2015 fiscal year.

### **5.5 Audits of Affiliated Organizations**

The Committee was provided information relating to audits of university affiliated organizations. This information was compiled by the general accounting and financial reporting department of the Office of the Controller. Senior Associate Controller Kathleen Tillett discussed the schedules and answered questions from the Committee.

### **5.6 2013-2014 Office of Internal Audit Annual Report**

Chief Audit Executive Brian Mikell presented a PowerPoint of the highlights from the OIA's 2013-2014 Annual Report. The report covered OIA activities for the fiscal year including organizational changes, expenditures, analysis of time resources, projects completed, client surveys, and investigations. A copy of the annual report was provided to each Committee member present and has been posted to the website of the Office of Internal Audit.

## **6.0 New Business**

Trustee Corr reported that he had reviewed the status of investigations conducted by the OIA. These activities include items that have been received on the UF Compliance Hotline. The OIA either reviews or ensures that allegations are referred to other appropriate university offices, such as Human Resources. Trustee Corr reported that he is satisfied the investigations are being appropriately conducted and reviewed.

## **7.0 Adjourn**

After asking for any further discussions and hearing none, Acting Committee Chair Corr asked for a motion to adjourn the meeting. The meeting was adjourned at 1:50 p.m. EDT.



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES  
COMMITTEE ON AUDIT AND OPERATIONS REVIEW  
COMMITTEE MINUTES**

**June 5, 2014**

**Emerson Alumni Hall, University of Florida, Gainesville, Florida**

**Time Convened: 12:35 p.m. EDT**

**Time Adjourned: 1:36 p.m. EDT**

**1.0 Call to Order and Welcome**

Committee Chair Charles B. Edwards called the meeting to order at 12:35 p.m. EDT.

**Members present were:**

Charles B. Edwards (Chair), Christopher T. Corr, Pradeep Kumar, Jason J. Rosenberg, Juliet M. Roulhac, and Cory M. Yeffet. Trustee Brown was unable to attend.

**2.0 Verification of Quorum**

After a roll call, a quorum was confirmed, with all members present except for Trustee Brown.

**3.0 Review and Approval of Minutes**

The Committee Chair asked for a motion to approve the minutes of the March 27, 2014 committee meeting, which was made by Trustee Rosenberg and Seconded by Trustee Roulhac. The Chair asked for further discussion, after which he asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

**4.0 Action Items**

No action items were on the agenda.

The following Discussion/Informational Items were addressed by the Committee:

**5.0 Discussion/Informational Items**

## **5.1 Update on External Audits**

Phil Ciano of the Auditor General's Office appeared before the Committee to provide an update on external audit activity, as follows:

- Financial Statement Audit for the 2013-2014 fiscal year: Preliminary fieldwork has begun on this audit with the expectation of completion and releasing the report before December 31, 2014. This is conducted as part of a statewide audit, but a separate report is issued for the University of Florida.
- Federal Audit for the 2013-2014 fiscal year: Mr. Ciano stated that the current plan is to perform very limited work on this audit for the 2013-2014 audit period. This audit is conducted and reported as part of a statewide audit, but there is a separate section for the University of Florida. Federal regulations require the report to be issued by March 31, 2015.

## **5.2 Audits and Other Reviews**

Chief Audit Executive Brian Mikell and Audit Director Joe Cannella of the Office of Internal Audit presented three internal audit projects that had been issued since the last Committee meeting. The projects presented were:

- 1) Subrecipient Monitoring
- 2) University Payroll
- 3) Attractive and Sensitive Property

The reports and summaries were previously provided to the Committee for detailed review. Each audit project was briefly discussed and questions from the Committee were answered. Chair Edwards addressed the significance of the Attractive and Sensitive Property audit and that he felt it was important for the university to continue to monitor this area.

## **5.3 Quarterly Follow-up**

Audit Director Joe Cannella reported on the follow-up status of comments and action plans from previously issued internal and other audits.

## **5.4 2014-2015 Annual Audit Plan**

Chief Audit Executive Brian Mikell presented proposed revisions, for the upcoming fiscal year, to the three-year Office of Internal Audit audit work plan that were approved by the Board in June 2013. Chief Audit Executive Mikell explained that the audit plan is adjusted or tweaked twice a year to reflect changes in risks and available resources. After discussion and questions from the committee were answered, the Committee

Chair asked for a motion to authorize the revisions to the Office of Internal Audit audit plan for the 2014-2015 fiscal year. The motion was made by Trustee Roulhac and Seconded by Trustee Corr and was approved by the Committee.

#### **5.5 Audits of Affiliated Organizations**

The Committee was provided information relating to audits of university affiliated organizations. This information was compiled by the general accounting and financial reporting department of the Office of the Controller.

#### **6.0 New Business**

Chair Edwards reported to the Committee that he had reviewed the status of investigations conducted by the Office of Internal Audit. These activities included items that were received on the Compliance Hotline. The Office of Internal Audit either reviews or ensures that allegations are referred to other appropriate university offices such as Human Resource Services. Chair Edwards reported that he was satisfied the investigations are being appropriately conducted and reviewed.

#### **7.0 Adjourn**

After asking for any further discussions and hearing none, Chair Edwards asked for a motion to adjourn, which was made by Trustee Roulhac and seconded by Trustee Corr. With no further discussion desired, the motion was approved unanimously and the meeting was adjourned at 1:36 p.m. EDT.

# Audit Summary

UAA Business Continuity and Data Maintenance  
As of October 31, 2013

Audit Report # UF-14-641-10  
Issued June 10, 2014

## Objective:

The Office of Internal Audit conducted an audit of the UAA's Business Continuity and Data Maintenance as of October 31, 2013. The objective of this audit was to evaluate the effectiveness of controls and procedures in place to promote continuity of operations and maintenance of data for significant functions at the UAA.

## Background:

Business continuity is the ability of an organization to respond to incidents and business disruptions in order to continue business operations at an acceptable predefined level. Business continuity planning identifies an organization's exposure to internal and external threats and develops a roadmap to continued operations under adverse conditions. Data maintenance is an integral part of each business operation and includes backup of data, applications, networks and manual records used in the event of a failure of standard processes.

The University Athletic Association (UAA) is a direct support organization of the University of Florida responsible for the university's intercollegiate athletic programs. The UAA is operationally divided into many different departments. For the purposes of this review, we focused on the significant UAA functions for information technology, ticketing operations, payroll and compliance.

## Conclusion:

We identified and evaluated business continuity and data maintenance controls and procedures for information technology, ticketing operations, and payroll and compliance functions by conducting employee interviews, observation, review of policies and procedural manuals, and process walkthroughs.

Based on the results of our audit procedures, we concluded that controls over business continuity and data maintenance for the areas examined were generally adequate. While we concluded that controls were generally in place and functioning as designed, UAA management and the audit team agreed on the following action plan to address the noted improvement opportunities:

## Actions:

- ◆ UAA management will **adopt a business continuity policy communicating guidelines that clearly define expectations** for key processes. These guidelines will address risk assessment, coordination of resources, and review of proposed plans by appropriate UAA management.



# Audit Summary

Material and Supply Fees and Equipment Use Fees  
As of December 31, 2013

Audit Report # UF-14-636-05  
Issued June 30, 2014

## Objective:

The Office of Internal Audit conducted an audit of the Material and Supply (M&S) Fees and the Equipment Use (EU) Fees as of December 31, 2013. The objective of this audit was to determine if the Fees were established, managed and disbursed in compliance with university policies.

## Background:

Effective July 2002, Florida Statutes authorized universities to establish M&S Fees to offset the cost of materials or supplies that are consumed in the course of the student's instructional activities, excluding the cost of equipment replacement, repairs and maintenance. The EU Fee was established in 2008, also authorized by Florida Statutes, allowing universities to assess students a fee for their use of equipment. University guidelines further specified that such equipment must be directly used by undergraduate students for instructional purposes.

The Office of the Provost develops and communicates guidelines for fee establishment on their website. An instructional guide and simulations for fee establishment were available on the Human Resources and Chief Financial Officer's websites. The University Budget Office was responsible for review and approval of new fees and updates to existing fees, and for monitoring M&S Fee balances.

As of December 31, 2013, there were 1,632 active M&S Fees assessed by 96 different university units, and 901 active EU Fees assessed by 65 different units. As of December 31, 2013, available cash balances for M&S and EU Fees were approximately \$479,638 and \$3,037,342, respectively.

## Conclusion:

We identified and evaluated the key controls over the establishment, management and use of M&S Fees and EU Fees, by interviewing key employees within business units and core offices, performing process walkthroughs, reviewing written policies and procedures and testing disbursements.

Based on the results of our audit procedures, we concluded that controls over M&S Fees and EU Fees need improvement. Our conclusion indicated that while there were designed controls and guidance in place, those controls were not always effective and/or other controls were needed. University management and the audit team agreed on the following action plans to address the noted improvement opportunities:

## Actions:

- ◆ **Enhance tools and reports** related to course fee information to **improve monitoring** efforts
- ◆ **Formalize** requirements and processes for **recertification of existing fees**
- ◆ Enhance policy and processes to provide **better documentation supporting equipment cost**
- ◆ **Enhance training courses** to include guidelines for course fee disbursement and tracking
- ◆ Communicate the intent to **enforce** the requirement of **tracking specific EU Fee expenses**
- ◆ Create and communicate a **policy** to enhance **unit accountability of EU Fee balances**
- ◆ Enhance policies requiring **unit accountability for equipment** purchased from EU Fees

# Audit Summary

## CONFIDENTIAL REPORT

UAA Sports Injury Monitoring System  
As of December 31, 2013

Audit Report # UF-14-644-13  
Issued July 18, 2014

### **Objective:**

The Office of Internal Audit conducted an audit of the University Athletic Association's Sports Injury Monitoring System as of December 31, 2013. The primary objective of this audit was to evaluate effectiveness of controls and procedures in place for the Sports Injury Monitoring System (SIMS), specifically focusing on the security of protected health information and information technology general controls.

### **Background:**

The UAA has developed a Sports Health Program to respond to the medical needs of the student-athletes during the course of their intercollegiate endeavors. The Sports Health Program was comprised of support staff including team physicians, athletic trainers, and dieticians.

The Sports Injury Monitoring System (SIMS) is a purchased database application utilized for injury management and documentation. The SIMS is used to streamline the medical care of the nearly 500 student-athletes by electronically maintaining the student-athletes' demographic, insurance, emergency contact, and medical information so that it could easily be accessed by athletic trainers, dieticians, and physicians at any of the various athletic training facilities. The SIMS is also used to verify injuries prior to processing payments for medical services provided to student-athletes.

### **Conclusion:**

We identified the various processes that were supported by the SIMS and evaluated the controls over the security and privacy of protected health information. We also evaluated the general information technology controls that supported the accuracy and reliability of the system.

Based on the results of our audit procedures, we concluded that the controls over the SIMS were generally adequate. Our conclusion of "generally adequate" indicates that there are controls in place and functioning as designed, but opportunities may exist for improvement.

Action plans to address noted improvement opportunities were proposed by the audit team and agreed to by UAA management. Due to the confidential nature of this report, details of these planned actions have not been summarized.

# Audit Summary

## CONFIDENTIAL REPORT

Mobile Computing and Storage Devices  
As of September 30, 2013

Audit Report # UF-14-637-06  
Issued July 31, 2014

### **Objective:**

The Office of Internal Audit (OIA) conducted an audit of Mobile Computing and Storage Devices as of September 30, 2013. The objective of this audit was to identify and evaluate controls, over mobile computing and storage devices at the unit level, designed to promote compliance with university policies and procedures.

### **Background:**

The university has embraced an environment that supports a “bring-your-own-device” (BYOD) strategy. This environment is supposed to offer improvements and efficiencies for users such as access to their work e-mail or other applications from their personal phone, laptop, tablet, or other mobile devices to learn, teach, conduct research and manage the university’s business needs. However, the ease of access and mobility introduces additional risks that more university data could be exposed should a device be lost or accessed by an unauthorized party.

To address these risks, the university developed a policy in 2011 for mobile computing and storage devices. This policy applies to all mobile computing and storage devices used by the university constituency in the performance of their duties, and to all university restricted data when accessed through, or stored on, mobile computing and storage devices, regardless of the device’s ownership. Since this policy was designed specifically to address the risk of exposure of restricted data, an encryption requirement was incorporated. The university’s restricted data may not be released for storage on, or accessed through, devices that do not meet these requirements.

### **Conclusion:**

We evaluated controls over mobile computing and storage devices at the unit level by conducting unit surveys, employee interviews, analytical reviews, and process walkthroughs.

Based on the results of our audit procedures, we concluded that controls over the mobile computing and storage devices needed improvement at the unit level. Our conclusion indicated that while designed controls and guidance may have been in place, they were not always effective and/or other controls were needed.

Action plans to address noted improvement opportunities were proposed by the audit team and agreed to by university management. Due to the confidential nature of this report, details of these planned actions have not been summarized.

# Audit Summary

University of Florida Foundation Other Revenues  
As of December 31, 2013

Audit Report # UF-14-645-14  
Issued October 29, 2014

## Objective:

The Office of Internal Audit conducted an audit of Other Revenues at the foundation as of December 31, 2013. The objective of this audit was to evaluate the adequacy and effectiveness of controls in place related to identification, collection, completeness and reporting of other revenues.

## Background:

The University of Florida Foundation, a direct support organization of the University of Florida created under Section 1004.28, Florida Statutes, is a non-profit, 501(c) (3) organization whose mission is to promote, receive and administer private support for the University of Florida. The foundation reported approximately \$10.3 million as other revenues on their financial statements for the Fiscal Year Ended June 30, 2013.

## Conclusion:

We identified and evaluated the key internal controls related to collection and accounting for other revenues by conducting employee interviews, process walk-throughs, department visits, and test of transactions.

Based on the results of our audit procedures, we concluded that controls related to the collection and accounting for other revenues were generally adequate. While we concluded that controls were generally in place and functioning as designed, foundation management and the audit team agreed on the following action plan to address a noted improvement opportunity

## Actions:

- ◆ Foundation management will **communicate the availability of appropriate training** and the **applicable policies and procedures** regarding collections

# Audit Summary

University of Florida Foundation Travel Expenses  
As of March 31, 2014

Audit Report # UF-14-646-15  
Issued October 29, 2014

## Objective:

The Office of Internal Audit conducted an audit of the University of Florida Foundation Travel Expenses as of March 31, 2014. The objective of this audit was to determine if travel expenses and purposes for foundation employees and development officers were appropriately approved, adequately documented, and in compliance with foundation and university policies and procedures.

## Background:

The University of Florida Foundation, a direct support organization of the University of Florida created under Section 1004.28, Florida Statutes, is a non-profit, 501(c) (3) organization whose mission is to promote, receive and administer private support for the University of Florida.

A memorandum of understanding between the university and the foundation, dated May 10, 2009, specifies what travel expenses are considered allowable and how travel-related costs should be processed and categorized. For the period from April 1, 2013, through March 31, 2014, the foundation recorded \$792,728 of expenditures in travel-related accounts. Most of those expenditures were reimbursements to employees processed through the university's travel module, with lesser amounts for expenditures made via a foundation credit card or travel-related expenses, primarily for non-employees, processed through the accounts payable module.

## Conclusion:

We identified and evaluated the foundation's key internal controls related to travel expenditures by reviewing foundation policies and procedures, conducting employee interviews and process walk-throughs, examining supporting documentation, and performing tests of transactions.

Based on the results of our audit procedures, we concluded that controls over the foundation's key administrative processes related to travel expenses were generally adequate. While we concluded that controls were generally in place and functioning as designed, foundation management and the audit team agreed on the following action plans to address noted improvement opportunities:

## Actions:

- ◆ Development of **policies and procedures** regarding use of the **foundation credit card**
- ◆ Development of **policies and procedures** related to travel paid through the accounts payable system **to ensure adequate supporting documentation**
- ◆ Development of improved **guidelines** for reimbursement of **non-employee travel**

# Audit Summary

International Student Activities  
As of December 31, 2013

Audit Report # UF-14-643-12  
Issued November 7, 2014

## Objective:

The Office of Internal Audit conducted an audit of International Student Activities as of December 31, 2013. The primary objective of this audit was to identify and evaluate the adequacy of university controls in place to mitigate risks related to international student activities. Specifically, we focused on the processes and transactions related to international students and study abroad programs.

## Background:

With more than 5,000 international students from over 130 different countries, a campus with more than 1,000 international scholars and faculty, and a home base for over 2,000 study abroad students in over 50 countries, the University of Florida is heavily involved in international activities. International activities introduce increased risks and challenges due to physical separation, legal and/or cultural differences, safety concerns, and a variety of other issues. We observed that while international activities at the university were very broad, there was no dedicated “owner” of the related risks. After performing an initial risk assessment of international activities, we focused our audit on the study abroad programs and international student activities primarily conducted through the University of Florida International Center (UFIC).

The UFIC was established in 1991 to serve as an internal and external liaison for the university, providing a source of assistance to faculty, administrators and students to enhance their ability to pursue and develop international activities and initiatives. Support provided by the UFIC includes study abroad services, international student services, exchange visitor services, and program development, as well as assistance to faculty and colleges in the facilitation of international agreements. The UFIC was also responsible for monitoring the progress and compliance with the regulations related to international students.

## Conclusion:

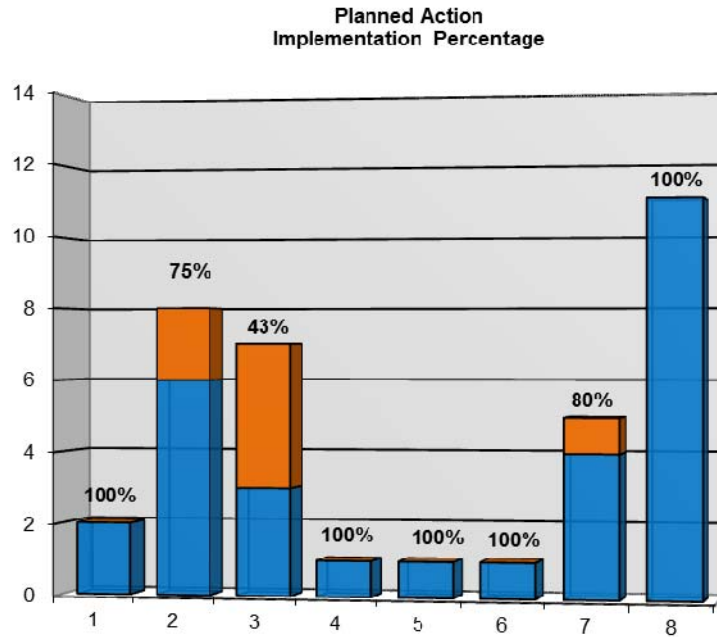
To obtain an understanding of the controls in place, we interviewed university employees and reviewed relevant documentation, including policies, procedures, and external rules or regulations. We reviewed access controls relative to revenues and selected a sample of transactions and reviewed supporting documentation to test the effectiveness of controls and transactional compliance with applicable policies, procedures and external rules or regulations.

Based on the results of our audit procedures, we concluded that controls in place to mitigate the risks for international student activities were generally adequate. While we concluded that controls were in place and generally functioning as designed, university management and the audit team agreed on the following action plans to address noted improvement opportunities:

## Actions:

- ◆ Enhance procedures for **monitoring and required reporting of status changes** for international students on campus
- ◆ Enhance procedures for **monitoring employment of international students**
- ◆ Formalize procedures relating to **risk assessment and documentation of Study Abroad Programs**

**University of Florida Office of Internal Audit  
Follow-up Statistics as of September 30, 2014  
(April 1, 2014 through September 30, 2014)**



- |                              |                    |
|------------------------------|--------------------|
| 1. Academic Affairs          | 5. Research        |
| 2. Chief Financial Officer   | 6. Student Affairs |
| 3. Chief Information Officer | 7. UAA             |
| 4. Human Resources           | 8. UF Foundation   |

Oversight by	Total	Balance	Statistics for April 1, 2014 through September 30, 2014				
	Outstanding as of 9/30/14	Due in Subsequent Quarters	Follow Up Due and Reviewed	Implemented	In process (extended)	Follow Up Ceased	Percent Implemented
Academic Affairs	6	4	2	2	-	-	100%
Chief Financial Officer	13	5	8	6	1	1	75%
Chief Information Officer	7	0	7	3	4	-	43%
HR	1	0	1	1	-	-	100%
IFAS	2	2	-	-	-	-	N/A
Research	1	0	1	1	-	-	100%
Student Affairs	1	0	1	1	-	-	100%
Athletic Association	5	0	5	4	1	-	80%
UF Foundation	11	0	11	11	-	-	100%
<b>Totals</b>	<b>47</b>	<b>11</b>	<b>36</b>	<b>29</b>	<b>6</b>	<b>1</b>	<b>81%</b>

**University of Florida Office of Internal Audit  
Summary of Significant Comments and Follow-up Ceased  
Period ending September 30, 2014**

The following comments for this period were noted as significant based on the report issued, or we have ceased follow-up after two attempts.

**FLORIDA AUDITOR'S GENERAL, OPERATIONAL AUDIT AS OF JUNE 30, 2013, REPORT No. 2014-044 ISSUED NOVEMBER 2013:**

Finding No. 4 – E-Payable and Purchasing Card Rebates: University maintains a purchasing card (P-card) program, provided through a financial institution, as an available procurement option for its purchasing process. The University also maintains an e-Payables program with the financial institution as a convenient option for vendors to receive payments. As an incentive, the University receives annual rebates from the financial institution for each program, with the amounts determined based on the dollar amount of P-card purchases and e-Payables payments during the calendar year. During the period January 2012 through December 2012, the University had P-card purchases totaling \$87,048,195 and e-Payables payments totaling \$15,154,169, resulting in receipt as of February 1, 2013, of rebates of \$1,583,814 and \$252,476, respectively.

The \$1,836,290 million in rebates received by the University included approximately \$750,000 in rebates generated by purchases using restricted University funds. However, the rebates were not allocated to the various restricted University funds from which the P-card purchases and e-Payables payments were made. Instead, the rebates were recognized as revenue and applied to the UF Strategic Fund, which is used to budget and track expenditures from miscellaneous cash-based funds allocated by the President and Senior Vice Presidents for strategic programs.

The Auditor General recommended that the University account for the funds as a credit used to offset or reduce expense items allocable to restricted funds and/or consult with the appropriate Federal cognizant agency and the Board of Governors for resolution on the use and allocation of rebates received on P-card purchases and e-Payables payments. Management disagreed and believed no action was necessary, however in order to resolve the finding, the University agreed to submit a revised DS-2 filing to its Federal cognizant agency describing the current treatment of the rebates for approval; use the rebates to offset the cost funding of the University's Purchasing Department; and consult with the Board of Governors on the issue.

Management stated that the University of South Florida received an opinion from Department of Health and Human Services stating as long as the PCard rebate was used for the cost of the Purchasing Department, no other action was needed. Therefore, management determined it was not necessary to file a revised DS-2 form with Federal cognizant agency describing the current treatment of the rebates or consult with the Board of Governors on the issue. – **PARTIALLY IMPLEMENTED, FOLLOW-UP CEASED.**



**UNIVERSITY OF FLORIDA CONSULTING AND CONTRACTING, UF-13-616-03 ISSUED JUNE 28, 2013**

COMMENT 1 – CENTRAL MONITORING, GUIDANCE AND TRAINING: The university may engage in the provision of services to an outside entity (revenue contracts) or may request and pay for services provided by an outside entity (expenditure contracts). Either process may require some form of contract documenting the agreement terms between the parties. At a minimum, the contract should be properly authorized and should have enough information to clearly identify the due dates, rates, scope of work and deliverables.

Well-documented policies and procedures for contractual agreements promote the achievement of institutional goals and help to ensure consistency in handling the agreements. Adequate training and communication provides guidance to the units and the core offices and promotes proper contract management.

The planned action stated for **Revenue Contracts**:

The Chief Financial Officer will work with the General Counsel to assign responsibility for developing and monitoring university internal control activities for miscellaneous revenue contracts including the development of policies, procedures, guidance and training. This will include communicating university contracting guidance and contract routing procedures developed by the contract committee.

The university has developed guidelines on where to send a contract or agreement for review and signature. These guidelines were published on the Office of Research website and identify the various types of agreements and which core office is responsible for handling them. The university is still working to complete the guidance and communicate this information to campus through an Administrative Memo. Internal policies for the core offices and method of tracking/monitoring contracts have not yet been developed. **Partially implemented.**

The planned action stated for **Expenditure Contracts**:

UF Purchasing management will enhance training and guidance to university units on expenditure contract management.

Plans were to enhance core office policies and unit training on continued contract management. Contract management software integrated into the *myUF Market* requisitioning system has been acquired and initially installed. Core office training and conversion of existing contracts into the new tool is ongoing. Additional campus training will occur once more contracts are loaded. Revised action plan due date is January 2015. **Partially implemented.**

**UNIVERSITY OF FLORIDA  
OFFICE OF INTERNAL AUDIT  
2014-2015 REVISED WORK PLAN - MIDYEAR**

<b>AUDITS &amp; REVIEWS</b>	<b>2014-2015</b>
Agricultural Research & Extension – Citrus Research Development Foundation	*
<del>Agricultural Research &amp; Extension – Extension Services 4-H Control Self-assessment</del>	*
Agricultural Research & Extension – Extension Services Monitoring	*
Auxiliary & Contracted Services – Auxiliary Oversight and Monitoring	*
Fiscal & Financial Management – Purchasing Card	*
<del>Fiscal &amp; Financial Management – Shared Service Centers</del>	*
Fiscal & Financial Management – Travel	*
Information Resource Management – Decentralized IT Security & Comp.	*
Information Resource Management – InCommon Certification	*
Institutional Support – Enterprise Reporting and Operational Metrics	*
Institutional Support – Executive Travel and Reimbursement (FY 2014-2015)	*
<del>Institutional Support – Lab Safety and Security</del>	*
<del>Institutional Support – Performance Based Funding</del>	*
Other Support – UAA Academic Support Services	*
Other Support – UAA Compliance - Scholarships	*
Other Support – UAA JD Edwards	*
Other Support – UAA Ticket Office	*
Other Support – UFF Gator Clubs	*
Other Support – UFF IT General Controls	*
Other Support – UFF Restricted Gifts (CY 2014)	*
Personnel Administration – Baby Gator Childcare Services	*
Research Administration & Support – NRC Annual Review	*
Research Administration & Support – Reporting and Compliance	*
<del>Student Support Services – Housing Construction and Maintenance</del>	*
<del>Student Support Services – Recreational Facilities and Events</del>	*
Student Support Services – Youth Conference Services	*

**UNIVERSITY OF FLORIDA  
OFFICE OF INTERNAL AUDIT  
2014-2015 REVISED WORK PLAN - MIDYEAR**

<b>AUDITS &amp; REVIEWS</b>	<b>2014-2015</b>
<b>PRIOR YEAR PROJECTS FOR COMPLETION</b>	
Facilities Development & Management – Building Access Security Systems	*
Fiscal & Financial Management – Contracts and Grants	*
Information Resource Management – Cloud Computing	*
Institutional Support – Executive Travel and Reimbursement (FY 2013-2014)	*
Other Support – UAA Controls Assessment	*
Other Support – UFF Restricted Gifts (CY 2013)	*
Other Support – UFF Travel	*
<b>TOTAL PROJECTS</b>	<b>31 29</b>

**\* - New Projects / Scope Changes**

**\* - Projects Postponed/Cancelled**

**UNIVERSITY OF FLORIDA**  
**SUMMARY OF AUDIT REPORTS FOR AFFILIATED ORGANIZATIONS**  
Year Ended 2014

	Year Ended	Auditors' Opinion on Financial Statements	Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters				Management Letter Comments ?
			Instances of Noncompliance?	Control Deficiencies?	Control Deficiencies Significant?	Control Deficiencies Considered Material Weaknesses?	
<b>DIRECT-SUPPORT ORGANIZATIONS</b>							
1. University of Florida Foundation, Inc.	June 30, 2014	Unqualified	No	No	N/A	N/A	No
2. University of Florida Research Foundation, Inc.	June 30, 2014	Unqualified	No	No	No	N/A	No
3. The University Athletic Association, Inc.	June 30, 2014	Unqualified	No	Yes	No	No	Yes
4. Gator Boosters, Inc.	June 30, 2014						
5. The University of Florida Law Center Association, Inc.	June 30, 2014	Unqualified	No	No	No	No	No
6. Florida Foundation Seed Producers, Inc.	June 30, 2014	Unqualified	Yes	No	No	No	Yes
7. Florida 4-H Club Foundation, Inc.	March 31, 2014	Unqualified	No	No	N/A	No	No
8. Southwest Florida Research and Education Foundation, Inc.	June 30, 2014	Unqualified	No	No	N/A	N/A	No
9. Citrus Research and Education Foundation, Inc.	June 30, 2014	Unqualified	No	No	N/A	No	No
10. Citrus Research and Development Foundation, Inc.	June 30, 2014						
11. University of Florida Leadership & Education Foundation, Inc.	December 31, 2013	Unqualified	No	No	N/A	N/A	No
12. Treasure Coast Agricultural Research Foundation, Inc.	June 30, 2014	Unqualified	No	No	No	N/A	No
13. University of Florida Alumni Association, Inc. (1)	June 30, 2014	(1)	(1)	(1)	(1)	(1)	(1)
14. University of Florida Investment Corporation	June 30, 2014	Unqualified	No	No	N/A	No	No
15. University of Florida Historic St. Augustine	June 30, 2014						
16. University of Florida Development Corporation	June 30, 2014	Unqualified	No	No	N/A	N/A	No
17. GatorCare Health Management Corporation	June 30, 2014	Unqualified	No	No	N/A	N/A	No
<b>HEALTH SCIENCE CENTER AFFILIATES</b>							
1. Florida Clinical Practice Association, Inc. (College of Medicine)	June 30, 2014	Unqualified	No	No	N/A	N/A	No
2. University of Florida Jacksonville Physicians, Inc.	June 30, 2014	Unqualified	No	No	N/A	N/A	No
3. Faculty Associates, Inc. (College of Dentistry)	June 30, 2014	Unqualified	No	Yes	Yes	No	Yes
4. Florida Health Professions Association, Inc.	June 30, 2014	Unqualified	No	No	N/A	N/A	No
5. University of Florida College of Nursing Faculty Practice Association, Inc.	June 30, 2014	Unqualified	No	Yes	Yes	No	Yes
6. University of Florida College of Pharmacy Faculty Practice Association, Inc.	June 30, 2014	Unqualified	No	No	No	No	No
7. Florida Veterinary Medicine Faculty Association, Inc.	June 30, 2014	Unqualified	No	No	N/A	N/A	No
8. University of Florida Jacksonville Healthcare, Inc.	June 30, 2014	Unqualified	No	No	N/A	N/A	No
9. Faculty Clinic, Inc.	June 30, 2014	Unqualified	No	No	N/A	N/A	No
<b>SELF-INSURANCE PROGRAM</b>							
1. University of Florida Self-Insurance Program (Including HEIC)	June 30, 2014	Unqualified	No	No	N/A	N/A	No
<b>OTHER AFFILIATED ORGANIZATIONS</b>							
1. Shands Teaching Hospital and Clinics, Inc. and Subsidiaries	June 30, 2014	Unqualified	No	No	N/A	N/A	No
2. Shands Jacksonville Healthcare, Inc.	June 30, 2014	Unqualified	No	No	N/A	No	Yes
3. University Village Apartments, Inc. (No Activity in 2013-14)	June 30, 2014						
			Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Federal Awards Program and/or State Financial Assistance Project and Schedule of Expenditures of Federal Awards (As Applicable)				
	Year Ended	Opinion	Report on Compliance - Instances of Non-Compliance?	Report on Internal Control Over Compliance - Control Deficiencies?	Report on Internal Control Over Compliance - Deficiencies Significant?	Report on Internal Control Over Compliance - Deficiencies Considered Material Weaknesses	Other Findings and/or Questioned Costs?
<b>AFFILIATED ORGANIZATION</b>							
University of Florida Foundation, Inc.	June 30, 2014	Unqualified	No	No	N/A	N/A	No
Citrus Research and Development Foundation, Inc.	June 30, 2014						
Shands Teaching Hospital and Clinics, Inc. and Subsidiaries	June 30, 2014	Unqualified	No	No	N/A	N/A	No

(1) The accounts related to the University of Florida Alumni Association, Inc. are included in the financial statements of the University of Florida Foundation, Inc. (UFF). The operating activities of the Alumni Association are presented in Note 13 to UFF's Financial Statements.

**UNIVERSITY OF FLORIDA**  
**SUMMARY OF AUDIT REPORTS FOR AFFILIATED ORGANIZATIONS**  
Year Ended 2014

	Control Deficiencies and/or Management Comments 2013?	Control Deficiencies and/or Management Comments 2014?	Repeat Finding(s) from Prior Year?	Summary of Repeat Finding(s)
<b>DIRECT SUPPORT ORGANIZATIONS</b>				
1. University of Florida Foundation, Inc.	No	No	N/A	
2. University of Florida Research Foundation, Inc.	Yes	No	N/A	
3. The University Athletic Association, Inc.	Yes	Yes	Yes	Seat contributions below required minimum
4. Gator Boosters, Inc.	Yes			
5. The University of Florida Law Center Association, Inc.	Yes	No	No	
6. Florida Foundation Seed Producers, Inc.	Yes	Yes	Yes	Per Diem paid last day of travel when organization paid for lodging.
7. Florida 4-H Club Foundation, Inc.	Yes	No	N/A	
8. Southwest Florida Research and Education Foundation, Inc.	No	No	N/A	
9. Citrus Research and Education Foundation, Inc.	No	No	N/A	
10. Citrus Research and Development Foundation, Inc.	No			
11. University of Florida Leadership & Education Foundation, Inc.	No	No	N/A	
12. Treasure Coast Agricultural Research Foundation, Inc.	No	No	N/A	
13. University of Florida Alumni Association, Inc. (1)	(1)	(1)	(1)	(1)
14. University of Florida Investment Corporation	No	No	N/A	
15. University of Florida St. Augustine	No			
16. University of Florida Development Corporation	No	No	N/A	
17. GatorCare Health Management Corporation	Yes	No	N/A	
<b>HEALTH SCIENCE CENTER AFFILIATES</b>				
1. Florida Clinical Practice Association, Inc. (College of Medicine)	No	No	No	
2. University of Florida Jacksonville Physicians, Inc.	No	No	No	
3. Faculty Associates, Inc. (College of Dentistry)	No	Yes	No	
4. Florida Health Professions Association, Inc.	No	No	N/A	
5. University of Florida College of Nursing Faculty Practice Association, Inc.	Yes	Yes	Yes	Fees charged without correct associated fee schedule
6. University of Florida College of Pharmacy Faculty Practice Association, Inc.	No	No	N/A	
7. Florida Veterinary Medicine Faculty Association, Inc.	No	No	No	
8. University of Florida Jacksonville Healthcare, Inc.	No	No	No	
9. Faculty Clinic, Inc.	No	No	No	
<b>SELF-INSURANCE PROGRAM</b>				
1. University of Florida Self-Insurance Program (Including HEIC)	Yes	No	No	
<b>OTHER AFFILIATED ORGANIZATIONS</b>				
1. Shands Teaching Hospital and Clinics, Inc. and Subsidiaries	No	No	No	
2. Shands Jacksonville Healthcare, Inc.	No	Yes	No	
3. University Village Apartments, Inc. (No Activity in 2013-14)	No			

n/a - not applicable

(1) The accounts related to the University of Florida Alumni Association, Inc. are included in the financial statements of the University of Florida Foundation, Inc. (UFF). The operating activities of the Alumni Association are presented in Note 13 to UFF's Financial Statements.

**UNIVERSITY OF FLORIDA**  
**SUMMARY OF AUDIT REPORTS FOR AFFILIATED ORGANIZATIONS**  
**Year Ended 2014**

	Year Ended	Net Position or Fund Equity EOY per PY's FS	Net Position or Fund Equity Beginning of Year (As Restated If Applicable)	Year Ended 2014		Net Position or Fund Equity End of Year	Fiscal Year Totals		
				Total Assets	Total Liabilities		Total Revenues and Other Additions	Total Expenses and Other Deductions	Change in Net Position (Increase)/(Decrease)
<b>DIRECT-SUPPORT ORGANIZATIONS</b>									
1. University of Florida Foundation, Inc.	June 30, 2014	1,732,291,082	1,732,291,082	1,971,849,920	68,776,253	1,903,073,667	325,477,982	154,695,397	170,782,585
2. University of Florida Research Foundation, Inc.	June 30, 2014	91,579,839	91,579,839	139,731,863	36,353,082	103,378,781	43,648,595	31,849,653	11,798,942
3. The University Athletic Association, Inc.	June 30, 2014	142,195,534	142,195,534	305,907,969	153,097,027	152,810,942	124,112,205	113,496,797	10,615,408
4. Gator Boosters, Inc.	June 30, 2014								
5. The University of Florida Law Center Association, Inc.	June 30, 2014	6,886,999	6,886,999	7,043,335	19,585	7,023,750	1,600,939	1,464,188	136,751
6. Florida Foundation Seed Producers, Inc.	June 30, 2014	4,690,033	4,690,033	10,268,732	5,102,679	5,166,053	2,474,325	1,998,305	476,020
7. Florida 4-H Club Foundation, Inc.	March 31, 2014	2,479,620	2,479,620	3,119,662	97,939	3,021,723	2,273,295	1,731,192	542,103
8. Southwest Florida Research and Education Foundation, Inc.	June 30, 2014	133,733	133,733	130,234	2,125	128,109	104,634	110,258	(5,624)
9. Citrus Research and Education Foundation, Inc.	June 30, 2014	1,587,000	1,587,000	1,399,801	28,526	1,371,275	748,007	963,732	(215,725)
10. Citrus Research and Development Foundation, Inc.	June 30, 2014								
11. University of Florida Leadership & Education Foundation, Inc.	December 31, 2013	1,035,089	1,035,089	2,592,107	1,565,150	1,026,957	729,656	737,788	(8,132)
12. Treasure Coast Agricultural Research Foundation, Inc.	June 30, 2014	221,700	221,700	218,552	0	218,552	205	3,353	(3,148)
13. University of Florida Alumni Association, Inc. (1)	June 30, 2014	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
14. University of Florida Investment Corporation	June 30, 2014	535,914	535,914	1,899,778	1,265,124	634,654	2,527,952	2,429,212	98,740
15. University of Florida Historic St. Augustine	June 30, 2014								
16. University of Florida Development Corporation	June 30, 2014	10,648,223	10,648,223	11,685,829	890,155	10,795,674	2,304,124	2,156,673	147,451
17. GatorCare Health Management Corporation	June 30, 2014	84,647	84,647	28,802,312	28,414,756	387,556	405,527	102,618	302,909
<b>HEALTH SCIENCE CENTER AFFILIATES</b>									
1. Florida Clinical Practice Association, Inc. (College of Medicine)	June 30, 2014	100,299,650	100,017,770	168,817,973	59,107,271	109,710,702	483,440,444	473,747,512	9,692,932
2. University of Florida Jacksonville Physicians, Inc.	June 30, 2014	46,943,786	46,868,643	65,486,478	18,423,974	47,062,504	229,573,761	229,379,900	193,861
3. Faculty Associates, Inc. (College of Dentistry)	June 30, 2014	3,521,993	3,521,993	6,037,562	112,471	5,925,091	17,882,812	15,479,714	2,403,098
4. Florida Health Professions Association, Inc.	June 30, 2014	3,187,798	3,187,798	4,033,722	758,424	3,275,298	6,030,354	5,942,854	87,500
5. University of Florida College of Nursing Faculty Practice Association, Inc.	June 30, 2014	4,730,718	4,730,718	4,722,373	0	4,722,373	657,060	665,405	(8,345)
6. University of Florida College of Pharmacy Faculty Practice Association, Inc.	June 30, 2014	1,366,665	1,366,665	2,288,664	551,967	1,736,697	3,547,184	3,177,152	370,032
7. Florida Veterinary Medicine Faculty Association, Inc.	June 30, 2014	7,738,076	7,738,076	8,800,637	922,645	7,877,992	7,999,542	7,859,626	139,916
8. University of Florida Jacksonville Healthcare, Inc.	June 30, 2014	369,091	369,091	7,480,820	7,111,729	369,091	31,880,660	31,880,660	0
9. Faculty Clinic, Inc.	June 30, 2014	1,614,161	1,500,545	5,374,555	3,877,588	1,496,967	1,527,877	1,531,455	(3,578)
<b>SELF-INSURANCE PROGRAM</b>									
1. University of Florida Self-Insurance Program (Including HEIC)	June 30, 2014	111,680,432	111,680,432	218,095,452	79,816,276	138,279,176	26,683,411	84,667	26,598,744
<b>OTHER AFFILIATED ORGANIZATIONS</b>									
1. Shands Teaching Hospital and Clinics, Inc. and Subsidiaries (In Thousands)	June 30, 2014	870,674	870,674	1,735,395	798,030	937,365	1,248,487	1,181,796	66,691
2. Shands Jacksonville Healthcare, Inc. (In Thousands)	June 30, 2014	165,560	165,734	459,618	291,271	168,347	545,808	543,195	2,613
3. University Village Apartments, Inc. (No Activity in 2013-14)	June 30, 2014								

(1) The accounts related to the University of Florida Alumni Association, Inc. are included in the financial statements of the University of Florida Foundation, Inc. (UFF). The operating activities of the Alumni Association are presented in Note 13 to UFF's Financial Statements.

**Audits of Support Organizations  
Findings and Deficiencies  
2013-14 Fiscal Year**

**University Athletic Association, Inc.**

During the audit, we discussed the following matters with management:

During the 2014 audit, we obtained a report of seats sold for the 2014 football season. We imported this report into a data extraction software program and compared it to a schedule detailing the minimum booster contribution required for the associated seat. From this report, we extracted a listing of all instances where the minimum required per seat contribution was not met, and we reviewed our findings with Kathy Cook, Director of Internal Operations for Gator Boosters and Mark Gajda, Assistant AD for Ticket Operations, who then followed up on these findings to collect or resolve the deficiencies. Management of the Association and Gator Boosters, Inc. requested we perform this same procedure for the 2015 football season. We performed the procedure and noted a total deficiency of booster contributions collected below the required minimum booster contributions of approximately \$10,000. Subsequent to our audit fieldwork, these issues have been resolved by either the Ticket Office or Gator Boosters, Inc.

**Audits of Support Organizations  
Findings and Deficiencies  
2013-14 Fiscal Year**

**Florida Foundation Seed Producers, Inc.**

**14-1 Finding.** Per diem payments are made to staff for the last day of travel even in cases where the Organization pays for lodging.

**Recommendation**

The Organization should compare its practices with IRS regulations to ensure compliance.

**Management's Response**

FFSP management will compare the Organization's travel policy with IRS regulations and Florida Statutes to ensure compliance. Management will be following recommendations and newly implemented policies to reduce any associated risks.



**Audits of Support Organizations  
Findings and Deficiencies  
2013-14 Fiscal Year**

**University of Florida College of Nursing Faculty Practice Association, Inc.**

**2014-01 Update billing system codes**

During our testing of patient encounters we noted the fee in the electronic billing system for one CPT code (99211) was lower than the fee listed on the clinic's fee schedule resulting in a lower amount being applied to the patient's account. The Association has established a policy for clinic fees to be based upon the highest third party payer rates allowable. However, Medicare was billed for the highest rate allowable. We noted one instance in our testing that identified that the clinic fee schedule had not been updated to reflect the higher charge. We recommend that the client review the fee schedule and the reimbursement amount from each carrier periodically to ensure the highest rate is used in the system and all applicable codes are appropriately billed.

**2014-02 Reconciling chart order codes to billing codes**

During our audit procedures, we noted some CPT codes that were entered in the chart order in the Electronic Health Records (EHR) were not billed by the staff in the Payment Management System (PMS) module. The Association noted this occurred because the provider signed off on the chart subsequent to the billing for that particular date of service and billing staff would need to go back to a particular date of service in order to retrieve the CPT code to process it for billing in the PMS module. We noted two instances where this occurred. We recommend that management review patient files for any codes available to be retrieved for billing no less than monthly to ensure that patients or carriers are billed on a current basis and all revenue is recognized. We understand that management has implemented this review during the month-end closing process effective for July 2014 billings, as this was communicated during audit fieldwork.

**Management's Response**

It was noted during testing of patient encounters at Archer Family Health Care that the fee for one CPT code in the electronic billing system was lower than the fee listed in the clinic's fee schedule and one CPT code had no associated fee in the electronic billing system. The recommendation was that the clinic fee schedule and reimbursement amounts from each carrier be reviewed periodically for accuracy. The identified issue was discussed with the practice manager and fees schedules will be reviewed quarterly.

It was also noted that some CPT codes entered as an order in the Electronic Health Record (EHR) were not signed and subsequently did not transfer to the Payment Management System (PMS). This has been discussed with the provider and staff to ensure timely signing of notes and completion of orders so they transfer to the PMS module. A new policy has been developed to capture these outstanding charges.

**Audits of Support Organizations  
Findings and Deficiencies  
2013-14 Fiscal Year**

**Faculty Associates, Inc.**

We did identify a deficiency in internal control, described below, that we consider to be a significant deficiency.

**2014-1 Bank Reconciliation**

A key component of internal control over cash is the timely and complete reconciliation of bank statements to the transaction records. As a result of our audit procedures, we noted that the general ledger cash balance for the operating account exceeded the bank cash balance by an unidentified difference of approximately \$128,000. The difference has subsequently been identified and corrected. We recommend that management enhance its procedures to ensure accurate reconciliations of bank amounts to the general ledger, prompt resolution of difference noted during the reconciliation process, and thorough supervisory review of the reconciliations.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Management's Response**

We agree and are in the process of implementing an improved reconciliation process to ensure that the bank cash balance and general ledger cash balance are reconciled completely and timely on a monthly basis. Although monthly reconciliation was conducted during the FY14 time period, a very large increase in electronic fund (EFT) transfers (due to an increase in insurance company payments by EFT) coupled with the overall increase in overall transactions/clinical revenues made the existing reconciliation process cumbersome and less effective than it should be. The \$128,000 difference between the general ledger cash balance and the bank cash balance was not related to loss, but rather primarily arose from the volume of transactions crossing fiscal years, incomplete identification of outstanding deposits and checks and accrual entries from prior year that were not reversed.

The new process starting with the July 2014 reconciliation will include preparation of the monthly reconciliation, review of the monthly reconciliation and thorough monthly supervisory approval of the reconciliation. Time will be carved out of an existing staff member's assignment to be dedicated to the reconciliation process. The goal will be to have the prior month's reconciliation completed by the third week of the following month. This timeline will ensure that differences identified are resolved promptly. It is anticipated that this new process and dedicated staff effort will fully correct this issue for 2014-2015.

**Audits of Support Organizations  
Findings and Deficiencies  
2013-14 Fiscal Year**

**Shands Jacksonville HealthCare, Inc. and Subsidiaries**

**Business Recommendations**

**2014-01: Estimated Third-Party Payor Settlements**

Testing was performed over activity related to estimated third-party payor settlements during the year ended June 30, 2014. Management recorded a duplicate journal entry that resulted in an understatement of the estimated net third-party payor settlement balance of approximately \$5.1 million. Within the original entry, management used an inaccurate prospective inflation factor when calculating settlement of a Medicaid program, which resulted in additional net understatement of the estimated third-party settlement balance of approximately \$1.2 million. When aggregated, these two adjustments indicate a significant deficiency in the calculation of estimated third-party payor settlements.

We recommend that management implement a formal review process that includes agreeing key assumptions used in the calculation of estimated third-party payor settlements to supporting documentation as well as a formal review of journal entries.

**Management's Response**

Management will continue to discuss third-party settlement activity on a monthly basis and will implement a more formal review process that includes agreeing key assumptions used in calculations of estimated third-party payor settlements to supporting documentation. When appropriate, the calculations and supporting documentation will be included during formal review and approval of any resulting journal entries. This formal policy will consider the specific reimbursement methodologies utilized by a payor in establishing estimated settlements. Additionally, management will revise processes and controls to prevent any duplicate posting of related third-party journal entries.



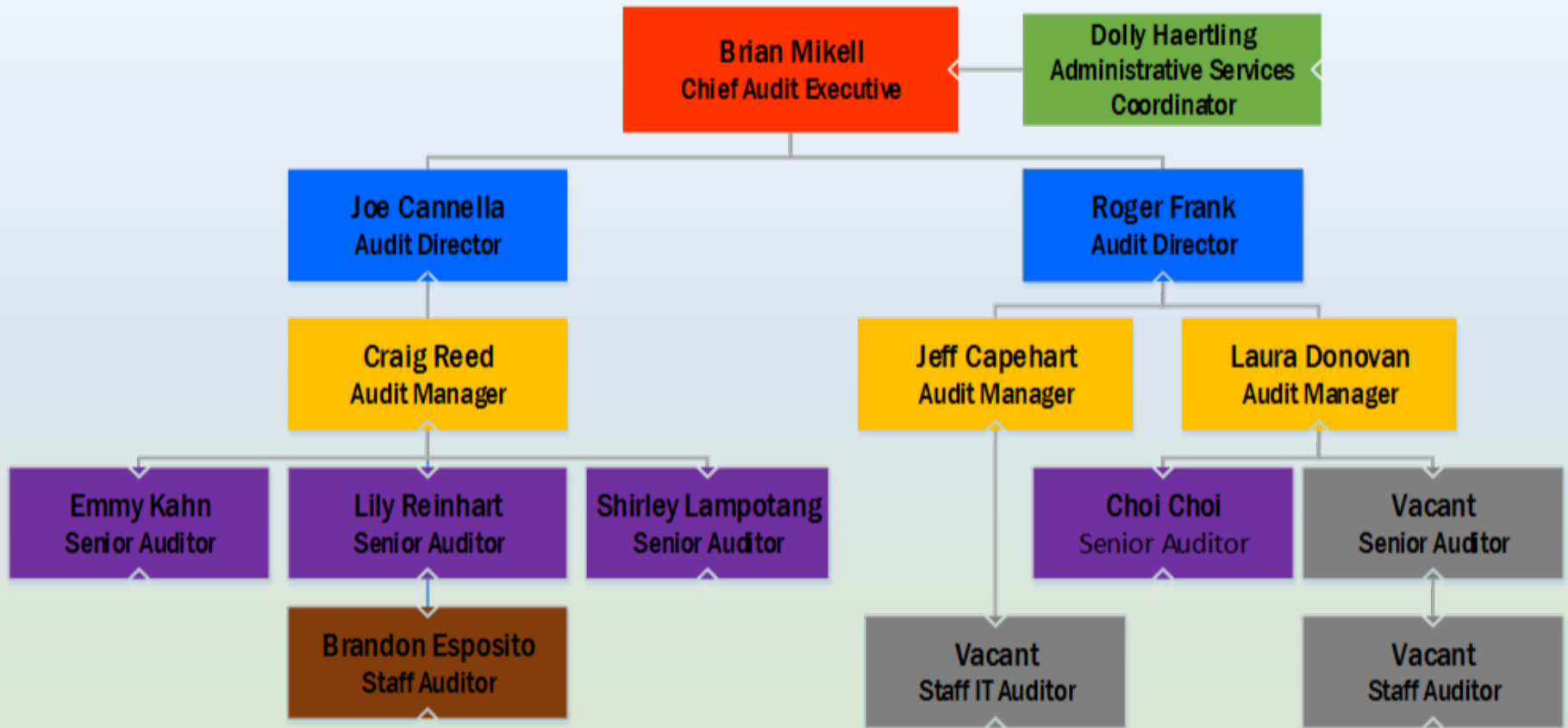
# Office of Internal Audit 2013-2014 Annual Report

Presentation to  
Committee on Audit and  
Operations Review  
December 4, 2014

## OIA ANNUAL REPORT HIGHLIGHTS

- **Organization Chart**
- **Operations**
  - **Expenditures**
  - **Planned vs. Actual Time**
  - **Direct Time**
  - **Planned vs. Completed Projects**
- **Reports Issued**
- **Client Surveys**
- **Investigations**

ORGANIZATIONAL CHART AS OF JUNE 30, 2014



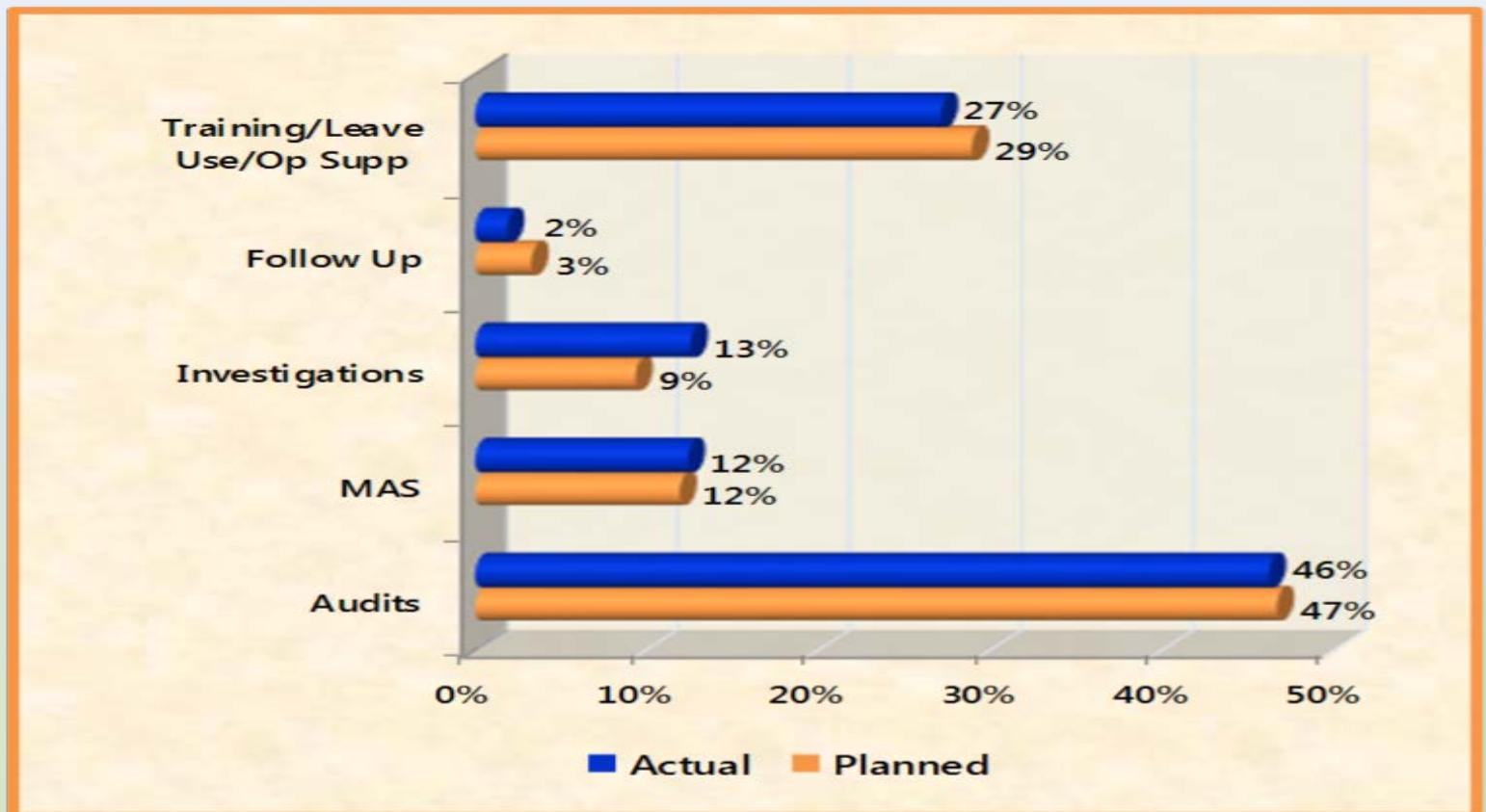
## OPERATIONS

- Expenditures**

Expenditure Category	2012-2013	2013-2014
Salaries	\$1,259,528	\$1,273,385
Consultants	34,817	0
Fixed Assets	4,623	5,279
Operating Expenses	27,060	20,772
Training	15,608	8,896
Compliance Hotline	9,500	9,500
<b>Total Expenditures</b>	<b>\$1,351,136</b>	<b>\$1,317,832</b>

# OPERATIONS

- Allocation of Total Time - Planned vs. Actual





# OPERATIONS

- Direct Time Service Percentage by Fiscal Year**




## OPERATIONS

- Projects Planned versus Projects Completed**

	Planned		Completed		
	Original	Revised	Current	Carry Over	Total
2011-2012	21	24	9	13	22
2012-2013	22	21	8	11	19
2013-2014	22	20	8	10	18
<b>TOTALS</b>	<b>65</b>	<b>65</b>	<b>25</b>	<b>34</b>	<b>59</b>

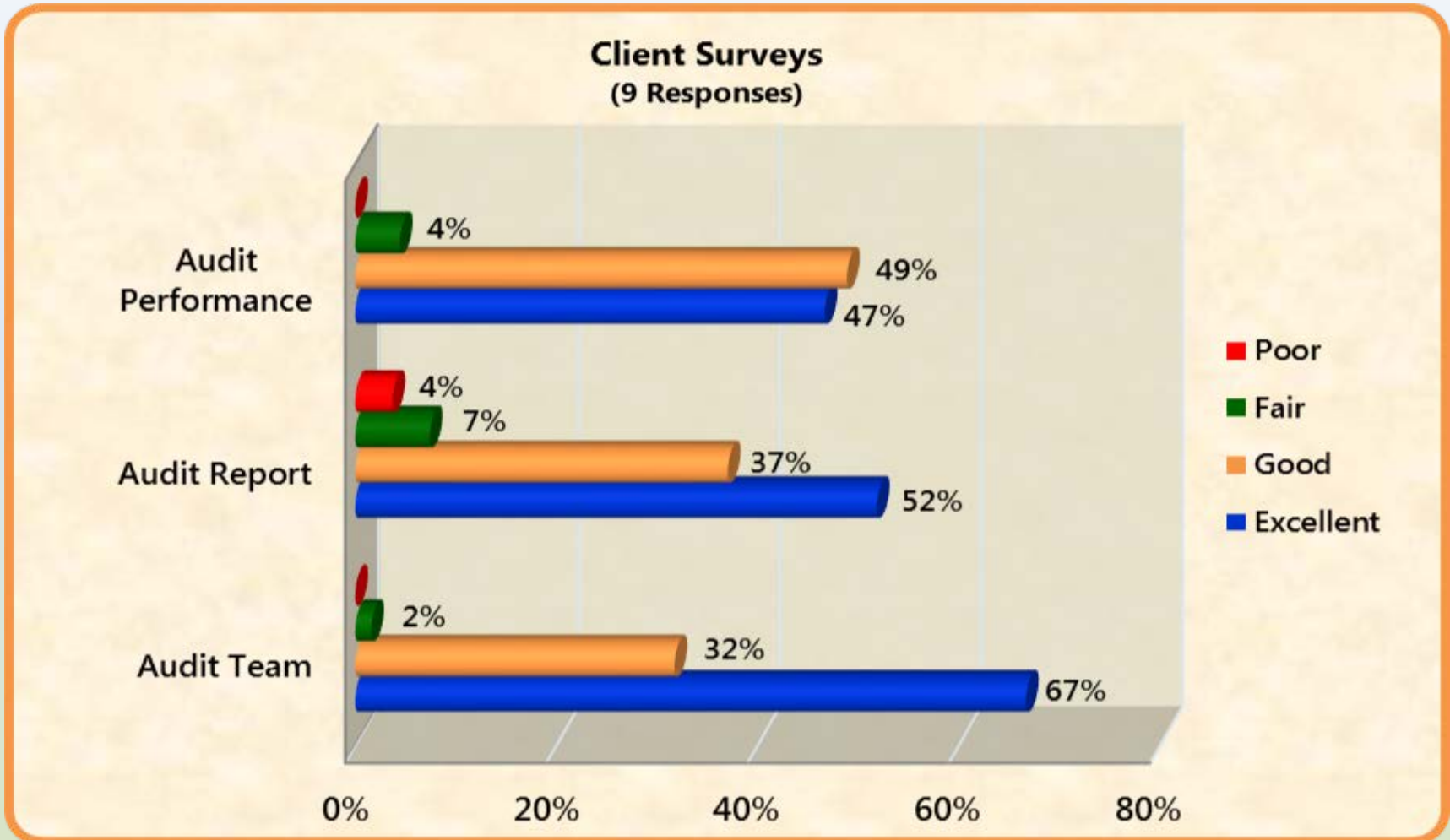
## PROJECT REPORTS

- **List of Issued Audit Projects Completed during the Fiscal Year**

 - **Substantially completed as of June 30, 2014**

TITLE	ISSUE DATE	PROJECT
University of Florida Investment Corporation (UFICO)	8/30/13	Internal Audit
Major Construction	9/27/13	Management Advisory Service
UAA Ticket Office	9/30/13	Internal Audit
UF Alumni Association	12/4/13	Internal Audit
UAA On-Campus Recruiting Compliance	12/19/13	Internal Audit
UF Foundation Restricted Gifts	1/6/14	Internal Audit
UF Foundation IT General Controls and Disaster Recovery	1/6/14	Internal Audit
Purchasing Card Program	1/8/14	Internal Audit
President's Reimbursable Expenses	1/22/14	Management Advisory Service
Identity and Access Management	3/17/14	Internal Audit
Subrecipient Monitoring	5/12/14	Internal Audit
University Payroll	5/12/14	Internal Audit
Attractive and Sensitive Property	5/23/14	Internal Audit
UAA Business Continuity and Data Maintenance	6/10/14	Internal Audit
Extension Services Risk Assessment and Monitoring	6/27/14	Management Advisory Service
Material and Supply Fees and Equipment Use Fees	6/30/14	Internal Audit
UAA Sports Injury Monitoring System 	7/18/14	Internal Audit
Mobile Computing and Storage Devices 	7/31/14	Internal Audit

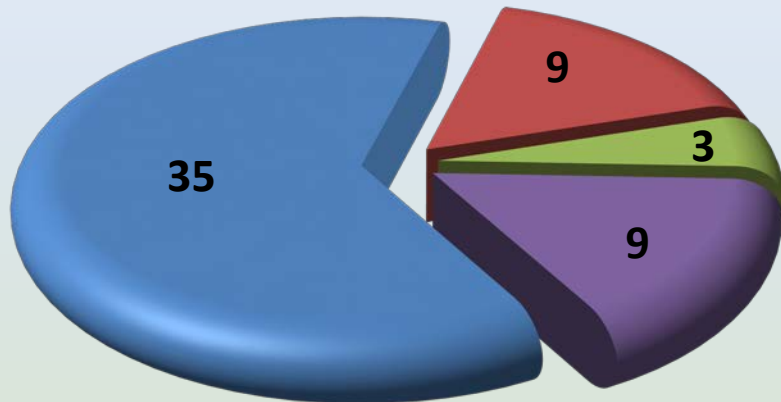
# CLIENT SURVEYS



# INVESTIGATIONS

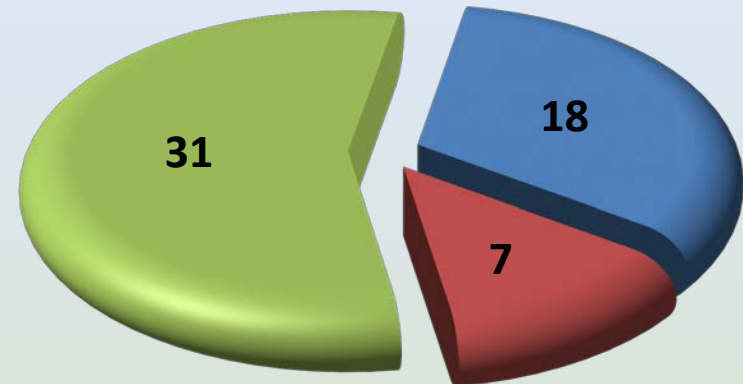
- Handled 56 Complaints and Allegations

**Complaints and Allegations Received**



- UF Compliance Hotline
- E-Mail
- Telephone/Fax
- Referral/Letter/Other

**Disposition of Complaints/Allegations**



- Referred
- Closed at Intake/On Hold
- OIA Review

## OTHER TOPICS

- **Staff Training**
- **Time Analysis - Planned/Actual Hours**
- **Time Comparison – Three Years**
- **Audit and Advisory Report Summaries**
- **Follow-up Statistics**
- **Other Staff Activities**