

**MINUTES  
BOARD OF GOVERNORS  
STATE UNIVERSITY SYSTEM OF FLORIDA  
AUDIT COMMITTEE MEETING  
JACKSONVILLE, FLORIDA  
August 7, 2008**

Meeting called to order at 10:30 a.m.

Members in attendance:

Chair Norman Tripp  
Vice Chair Lynn Pappas  
Governor Charles Edwards  
Governor Frank Martin  
Governor Tico Perez  
Governor Gus Stavros

Members not present:

Governor John Dasburg  
Governor John Temple  
Governor Zachariah Zachariah

Quorum reached.

Governor Pappas: Ratification of the final report of the task force of FAMU

In June 2008 the final report for the Task Force for finance and operational control issues was completed. There were a number of outstanding items when we completed the interim report earlier this year. They primarily associated with issues relating to grants, information related to EIT systems. Full report is in your materials.

In almost every instance they showed very substantial progress, their corrective action plans were successfully addressing the vast majority of the issues.

The work that went into the effort of the review was very extensive on the part of Florida A&M University as well as our consultants, Accretive Solutions. Thanks to the university for its tenacity in trying to solve the problem and for working cooperatively with us to assess in a formal, independent review to be able to report to the Legislature and to this Board the results of the report that were independent and had great validity.

Recommendations of final report are on first page of the actual content of the report, page four. Report directs BOT to have interim progress reports on a number of items that remain outstanding, and the BOT has accepted it. The division of audit and compliance conducts audits in accordance with the gap requirements on certain components on EIT and contracts and grants. The audit

function of the university has become robust and is moving well in the direction of a functional audit environment. Also, there were conclusions for specific corrective plans in the Accretive Report.

Recommendation that this board establish formal procedures to monitor audit plans, risk assessments, and audit reports, for all the universities to timely detect and identify common high risk issues. This is not merely an issue for FAMU but for all our universities. We can be value-added and assist them in difficult circumstances if we are all proactive and not wait for a time of crisis.

Report concluded.

Governor Tripp asked President Ammons if he would care to speak or make comments.

President Ammons: The University and the team that we put in place took this very seriously. We worked extremely hard along with the task force chaired by Governor Lynn Pappas and Inspector General Harper. Over this last year we have made tremendous progress which is discussed in the final task force report. FAMU is stronger and better from a fiscal integrity and accountability perspective, and now we are going to work extremely hard to make sure all the gains over the last year we have made are maintained. You have our commitment to this.

Governor Tripp: We will refer this to the full board for their acceptance of the final report.

All in favor.

Governor Tripp asked Inspector General Harper to start implementing paragraph four, page five: BOG should establish formal procedures to monitor audit plans, risk assessments, and audit reports of all the universities to timely detect common high risk issues and facilitate a system wide approach to addressing such risks.

This audit committee is not to be responsible for all the administration and audit of a university. But in general we will review the audits of the universities and make sure we look at problems before they get worse down the line.

We will oversee and work hand in hand with the audit committee of the universities to make sure we are all flowing in the same direction.

Governor Sheila McDevitt comments: it is so consistent with what is going on in business today. This is something that the BOT should focus in on in connection with their strategy, and that is to do an enterprise wide risk assessment, and have them take a look at all their operational as well as financial risks associated with their ongoing operations and their strategies for going forward. It is really a governing board at the university level and then we have that oversight responsibility. So if we had some general guidelines just to make sure that the BOT were doing that, I think I would feel very comfortable.

Governor Norman Tripp: Status Report of the BOG Operational Audit  
Not yet received and will be taken up at the next meeting.

Governor Norman Tripp: Board Response to New Audits

Under new business, each time we get an audit I think it is appropriate for audit members to review it and then talk about it in general at our meetings. One that came through was a Florida Bright Futures operational audit. There were some issues in there- some of the universities were not exact in terms of when they receive Bright Futures money and some applicants no longer qualify for it, then that money has to be sent back in a certain time period. Some of the universities were late in paying it back. One university used it. They corrected all of those actions now. I don't think there are any problems in this system so I recommend that we accept that audit.

Governor Frank Martin asked: In general on the process we're implementing in item four, that report came from the Auditor General's Office? Yes. Do the universities submit to the BOG the audits that they conduct themselves annually?

Governor Tripp responded: I think that's an issue that we're going to have to talk about going forward, with Derry and others, about where we want to get in that situation. We're going to need some input in the universities about what role they think we should play and how we can be helpful. But as I started out in the beginning I think the local BOT and their audit functions are on the front lines to be responsible to make sure that these audits are in place, that they are appropriate, and being followed. But I think that we should be reviewing those audits to see if there are any trends or issues that are system wide or global that we ought to be addressing. Because you can see in the case of when a university gets into a problem, such as happened at FAMU, the Legislature immediately looked at this board and said that you're telling us that you know what's going on here. They look at us and expect us to know what's going on. They're not going to take us saying, well the local BOT was responsible for that and we're not paying attention. I don't think that'll fly.

So we don't have the procedure in place. We will start with that. Derry is going to have a lot of work going forward. We'll start putting those procedures in place, we'll bring them back here, make sure the universities are ok with it, and then we'll try to start this committee moving forward.

Motion to accept the Bright Futures audit report.

So moved.

Meeting adjourned at 10:45 a.m.