

MINUTES
BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
AUDIT AND COMPLIANCE COMMITTEE MEETING
FLORIDA STATE UNIVERSITY
TALLAHASSEE, FL
JANUARY 25, 2018

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and its Committees are accessible at <http://www.flbog.edu/>.*

Chair Wendy Link convened the meeting of the Audit and Compliance Committee on January 25, 2018, at 9:30 a.m., in the Turnbull Conference Center, on the campus of the Florida State University in Tallahassee, Florida. The following Audit and Compliance Committee members were present: Wendy Link, Patricia Frost (by phone), Alan Levine, Ed Morton, Jay Patel, and Fernando Valverde. The following members of the Board were also present: Tim Cerio, Sydney Kitson, Tom Kuntz, Ned Lautenbach, Kishane Patel, Norman Tripp, Gary Tyson, and Zachariah P. Zachariah.

1. Call to Order

Chair Link called the meeting to order.

2. Approval of Minutes

Ms. Frost motioned that the Committee approve the minutes of the Audit and Compliance Committee meeting held August 31, 2017, as presented. Mr. Valverde seconded the motion. The minutes were approved.

3. Charters Revisions

Mr. Maleszewski informed the Committee that there had been updates made to the Office of the Inspector General and Director of Compliance (OIGC) and the Board of Governors Audit and Compliance Committee (AACC) charter documents. He noted that none of the revisions change the scope or role of either the AACC or the OIGC. Mr. Maleszewski stated that the revisions were made necessary by the approval of Board of Governors Regulations 4.001 - 4.004 in November 2016 and are responsive to professional auditing standards updates. The AACC charter revisions address independence to avoid potential conflicts. The OIGC charter better defines the OIGC's role regarding the Board Office, state universities, and the System. Mr. Levine motioned that the Committee approve the both charters, and Mr. Morton seconded the motion. The charters were approved.

4. Enterprise Risk Management Project

Mr. Maleszewski explained that in September 2017, Chair Kuntz had sent a letter to university boards of trustees chairs and university presidents regarding their risk management approaches and asked that they complete a 15-question survey regarding their university's risk management practices. The OIGC shared the survey results and best practice information with the SUS Compliance and Ethics Consortium at their December 2017 meeting.

Mr. Maleszewski provided the committee with background information on risk management in general as well as in the State University System. He included a list of the most common risk areas and stated that the next step would be to continue the conversation of risk management with the universities.

Mr. Maleszewski noted that Florida International University, University of South Florida, and University of West Florida are currently using Enterprise Risk Management (ERM). Chair Link called on Presidents Rosenberg, Genshaft, and Saunders to share their university's experiences and efforts in establishing ERM. Each university is making strides in its risk management and identification efforts. President Rosenberg explained that FIU follows ISO 31000 and that they have an eight-phase implementation process. The university is currently in the process of identifying and ranking its risks. Once the top 10 are agreed upon, the university will make a plan to manage them.

5. FGCU Follow-Up for OIGC Case No. 2017-025

Mr. Maleszewski provided the Committee with an update of the Whistle-blower investigation, initiated in October of 2016. The investigation was based on a referral from Florida Gulf Coast University (FGCU) Office of Internal Audit. The report of investigation was issued March 28, 2017, and included multiple allegations, five ancillary issues, and 13 recommendations related to violations of the Florida's Sunshine Law, Board of Governors regulations, and FGCU's regulations and policies. In April 2017, FGCU provided a Corrective Action Plan. As of June 2017, eight of the 15 corrective actions were complete. Mr. Maleszewski stated that as of the January 2018 meeting, 13 of the 15 corrective actions (87%) were complete with one item (Strategic Plan approved by the BOG) pending BOG approval, and one item (Ethics Training for BOT) in progress and expected to be completed in spring 2018.

6. SUS Compliance Program Implementation Status

Mr. Maleszewski gave a brief update on the implementation of university compliance programs. Since the last update he provided to the Committee in January 2017, there was a 140% increase in progress made by universities toward implementing effective

compliance and ethics programs. Each university expects to implement all of Board of Governors Regulation 4.003 elements by the November 2018 deadline, and even those items that have been listed as “not begun” still have basic infrastructure in place which should allow their completion by the deadline. Mr. Maleszewski stated that FIU, UCF, UNF, and USF have implemented all required elements; FAMU, FAU, FGCU, FL Poly, New College, and UF have implemented at least half of the required elements; and FSU and UWF have implemented less than half of the elements. Mr. Maleszewski provided further details on each regulation element. He indicated that the report reflected excellent progress by the twelve state universities in implementing an effective compliance and ethics program. Mr. Maleszewski expects to provide his next status report in summer 2018.

7. OIGC Updates

Mr. Maleszewski stated that he and his team will review the results of each university’s Performance Based Funding Audit and associated certifications, and present them at the March AACC meeting. By the upcoming March meeting, Mr. Maleszewski expects to update the Committee on the status of FAMU’s Intercollegiate Athletics cash deficit and the Board Office’s corrective actions taken in response to the Auditor General’s Operational Audit published in November 2016. He also expects to share the results of the annual Board Office risk assessment and office work plan for the Board’s review and approval consideration at the June meeting.

8. Concluding Remarks and Adjournment

Chair Link asked Board members if anyone had any questions or comments. Hearing none, the Audit and Compliance Committee was adjourned at 10:24 a.m.

Wendy Link, Chair

Lori Clark, Compliance and Audit Specialist