

MINUTES  
BOARD OF GOVERNORS  
STATE UNIVERSITY SYSTEM OF FLORIDA  
AUDIT AND COMPLIANCE COMMITTEE MEETING  
UNIVERSITY OF NORTH FLORIDA  
JACKSONVILLE, FL 32224  
MARCH 29, 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 March 29, 2018, at 8:37 a.m., in the Student Union Complex, on the campus of the University of North Florida in Jacksonville, Florida. The following Audit and Compliance Committee members were present: Wendy Link, Patricia Frost (by phone), Alan Levine (8:51 a.m.), Ed Morton, Jay Patel, and Fernando Valverde. The following members of the Board were also present: Tim Cerio, Darlene Jordan, Sydney Kitson, Ned Lautenbach, Kishane Patel, Pam Stewart, Norman Tripp, Gary Tyson, and Zachariah P. Zachariah.

1. Call to Order

Chair Link called the meeting to order.

2. Approval of Minutes

Mr. Morton motioned that the Committee approve the minutes of the Audit and Compliance Committee meeting held January 25, 2018, as presented. Ms. Frost seconded the motion. The minutes were approved.

3. Performance-based Funding Data Integrity Audit Results and Certifications Summary

Mr. Maleszewski informed the Committee that in June of 2017, Chair Tom Kuntz directed university presidents and boards of trustees chairs to task their chief audit executives to perform an audit of the university's performance-based funding data integrity processes. The audits were conducted in accordance with professional auditing standards and were due to the Board Office by March 1, 2018. Mr. Maleszewski also stated that Chair Kuntz had requested university presidents and board of trustees chairs complete a Data Integrity Certification.

Mr. Maleszewski reviewed a summary of the university's Performance-based Funding Data Integrity audits and certifications. All eleven (11) Performance-based Funding

eligible universities submitted a data integrity audit. Florida Polytechnic University is not eligible for Performance-based Funding consideration at this time. All universities, with the exception of Florida Agricultural and Mechanical University (FAMU), had adequate controls and processes and all audits provided a reasonable basis of support for the president's and board chairs' Data Integrity Certification. FAMU's audit concluded that their controls need improvements. Five of the 11 audits contained no adverse audit findings. Of the six universities that contained audit findings, five developed a corrective action plan to address them and one determined no corrective action was needed. Mr. Maleszewski also mentioned that all 11 universities submitted the required data integrity certifications and all presidents, board of trustees chairs, and chief audit executives concluded that their data submissions were sufficiently complete, accurate, and timely to support Board of Governor's Performance-based Funding decision making.

At the end of the summary, Mr. Maleszewski stated that university chief audit executives have requested that the Board Chair consider actions to lessen the work load associated with conducting these data integrity audits. He revealed that these audits take between 600 to 800 hours, which is a significant proportion of university's available audit work plan hours. He clarified that a decision did not need to be made during the meeting; however, he prompted board members to consider options which could relieve the audit burden on the university chief audit executives. Chair Link requested a staff recommendation at the next Audit and Compliance Committee meeting in June.

#### 4. FAMU Intercollegiate Athletics Cash Deficit

Mr. Maleszewski indicated that the intercollegiate athletics cash deficit at FAMU is the last corrective action plan item that needs to be addressed from among the 30 high-level corrective actions that stemmed from a number of audits and investigative reports in 2013. The cash deficit was cited by the Auditor General in their February 2013 Operational Audit which identified the practice of supporting athletics with Auxiliary funds as contrary to Board Regulation 9.013, Auxiliary Operations.

Mr. Maleszewski indicated that at prior Audit and Compliance Committee meetings, he had delivered "good news" about FAMU's plans and actions to address the athletics cash deficit. However, in December 2017, FAMU's Board of Trustees Chair, Kelvin Lawson, informed Mr. Maleszewski that the university had identified unbudgeted expenditures after the resignation of Milton Overton, the University's former athletics director. Mr. Maleszewski stated that in Chair Lawson's January 2018 update, he reported the unbudgeted expenditures totaled \$880,000 which included approximately \$359,000 of projected terminal leave payouts. He further reported that FAMU expects to cover these unbudgeted expenses with increased advertising sales for the athletics program and their Investing in Champions fundraising program. Mr. Maleszewski said that we will continue to monitor the University's progress.

Mr. Maleszewski invited Chair Lawson to give a report on the current status of FAMU's cash deficit. Chair Lawson began by giving a brief update on FAMU's status and how they plan to generate sufficient revenue to cover the deficit cost. He stated that in order to ensure this does not become a recurring issue, the athletics staff - to include managers, senior leaders, and other staff - have undergone aggressive training that reinforces regulations and policies. He also stated an Internal Athletics Oversight Committee has been established and is working to develop an Athletic Strategic Plan. Chair Lawson reassured the Board that FAMU is taking these issues seriously and is enforcing internal and external compliance. He concluded that he believes that significant progress has been made to address these issues and invited suggestions from the Board.

#### 5. OIGC Updates

Mr. Maleszewski explained to the Committee that since the January 2018 Committee meeting, two universities have hired new chief compliance officers: Robyn Jackson at Florida State University and Rica Calhoun at FAMU. He also regretfully informed the Committee that the University of Central Florida's chief compliance and ethics officer, Rhonda Bishop, has left the university to assume a new position working with the University of Louisville. Karyn Boston, the chief compliance and ethics officer at Florida International University, will assume Ms. Bishop's role as the chair of the SUS Compliance and Ethics Consortium.

Mr. Maleszewski also mentioned that in the upcoming June Committee meeting, he plans to provide an update on the status of system universities' implementation of compliance and ethics programs. Mr. Maleszewski concluded by informing the Committee that he and his staff will be conducting a risk assessment and developing his office's work plan, which he will be present to the board for approval consideration.

#### 6. 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 9:07 a.m.

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Wendy Link, Chair

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Lori Clark, Compliance and Audit Specialist