

**MINUTES
BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
AUDIT AND COMPLIANCE COMMITTEE MEETING
TALLAHASSEE, FLORIDA
June 30, 2022**

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Vice Chair Aubrey Edge convened the meeting of the Audit and Compliance Committee on June 30, 2022, at 10:11 a.m. The following Audit and Compliance Committee members were present: Aubrey Edge, Patricia Frost, Edward Haddock, Ken Jones, Alan Levine, and Craig Mateer.

1. Call to Order

Mr. Edge 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 on March 29, 2022, as presented. Mr. Levine seconded the motion. The minutes were approved.

3. OIGC Work Plan for Fiscal Year 2022-2023

The Board of Governors Inspector General and Director of Compliance, Julie Leftheris, explained her office is required by Florida Statutes and auditing standards to prepare an annual work plan for the Committee and full Board to approve. She said the work plan is risk-based to provide the most effective coverage of Board Office operations and System responsibilities based on the current staffing of two professional staff in addition to her position and a half-time student assistant. She briefly described the three audit projects planned for next year in addition to the review of the foreign influence reporting from universities and the follow-up to the Crowe firm's review of university direct support organizations' financial internal controls.

Mr. Levine motioned approval of the work plan, and Mr. Mateer seconded it. The OIGC Work Plan for Fiscal Year 2022-2023 was approved.

4. Crowe, LLP, Review of Financial Internal Controls for University DSOs, Update

IG Leftheris provided the Committee with a progress report for the Crowe LLP firm's review of financial controls for university direct support organizations (DSOs). She

explained that this review is being conducted in response to the 2020 discovery of an embezzlement by a University of South Florida DSO. The Crowe firm is reviewing all university direct support organizations to assess any deficiencies and provide opportunities for them to improve internal accounting controls within these organizations.

Throughout the review that began in September 2021, the Crowe firm has provided Ms. Leftheris and the Board of Governors' Vice Chancellor for Finance and Administration, Tim Jones, with weekly updates on their progress. Ms. Leftheris reported the firm expects to complete testing by the end of the month and issue the results by the end of July. The results will be presented to the Committee at its September meeting.

Mr. Levine urged university boards of trustees to ensure they are kept informed on the Crowe firm's results. He said DSOs have been and continues to be a high-risk area. Mr. Edge asked Ms. Leftheris what the university's response has been to the embezzlement. She said the accounting manager involved in the incident pled guilty to embezzlement and to date, \$1.2M has been recovered. The individual is expected to be sentenced in the next 60 days. Additionally, she said the University of South Florida has filed multiple civil actions to recover funds from all who allegedly benefitted from the embezzlement, such as family members and associates. Mr. Edge supported Mr. Levine's point that prevention is key.

5. OIGC Updates

Before providing her office's updates, Ms. Leftheris explained that on the consent agenda for the full Board meeting today are updates to the chapter 4 Board of Governors regulations for approval consideration. These regulations direct the audit and compliance functions within the State University System. She said the changes are primarily minor clarifications to each and that the regulations were approved in 2016 under the leadership of Governor Levine as the Committee Chair at that time.

Ms. Leftheris said her office is currently working on the SUS Audits Summary for fiscal year 2021-2022 that will be presented to the Committee at the September meeting. She said her office's annual report of its activities for the 2021-2022 fiscal year will be released in July.

Last, Ms. Leftheris updated the Committee on the status of the question from Governor Cerio at the March 2022 meeting when he asked about subpoena power for office of inspector general. Ms. Leftheris said the Board of Governors Assistant Vice Chancellor of Strategic Communications and Public Affairs, Renee' Fargason, has been actively working with legislators to consider this issue in the next Legislative Session. She said Ms. Fargason has received favorable support from Representative Tom Leek, and we will seek bill sponsors as we get closer to the 2023 legislative session.

6. Concluding Remarks and Adjournment

There were no other comments by Committee members. The Audit and Compliance Committee was adjourned at 10:22 a.m.

Aubrey Edge, Vice Chair

Lori Clark, Compliance and Audit Specialist