Chair Aubrey Edge convened the meeting of the Audit and Compliance Committee on January 24, 2023, at 2:45 p.m. The following Audit and Compliance Committee members were present: Patricia Frost, Edward Haddock, Ken Jones, Alan Levine, Craig Mateer, and Jose Oliva.

1. Call to Order

Mr. Edge called the meeting to order.

2. Approval of Minutes

Mr. Mateer motioned that the Committee approve the minutes of the Audit and Compliance Committee meeting held on September 13, 2022, as presented. Ms. Frost seconded the motion. The minutes were approved.

3. State University System Annual Compliance Summary

The Board of Governors Inspector General and Director of Compliance, Julie Leftheris, provided Committee members with a summary of university compliance program activities. She said that much of their focus this past year related to the foreign influence legislative implementation. For institutions of higher education foreign gifts reporting, the statutory requirement for the inspector general’s office to conduct a random inspection or audit of at least five percent of the total number of gifts reported was completed and the report was issued in December 2022.

For the non-gifts-related requirements, Ms. Leftheris explained the four regulatory requirements for universities: designate a research integrity office; establish a screening process for applicants from a foreign country for employment in research or related support positions and visiting researchers; establish a preapproval and monitoring process for foreign travel and employment-related foreign activities; and report annually to the university’s board of trustees on the foreign travel to countries of concern.

In her presentation, Ms. Leftheris included a slide reflecting each of the requirements and that universities have complied. The only exceptions were for Florida Polytechnic University and New College of Florida because their research budgets are currently less
than the $10 million or more threshold for reporting. Additionally, Ms. Leftheris reported that only four universities had foreign travelers that met the reporting requirement.

Beyond the work university compliance offices do for implementing the foreign influence legislation, Ms. Leftheris briefly explained the requirements of Board of Governors Regulation 4.003, State University System Compliance and Ethics Programs. She focused on two of the requirements, the first of which is for universities to establish a compliance partner network. These networks, which include areas such as Athletics, Research, and Information Security, are key for university chief compliance officers to be able to stay current on all reporting and training requirements. Also required by the regulation is for universities to conduct an external quality review of their compliance program’s design and effectiveness every five years. She said all universities have had the external review completed and all were found to generally conform with the requirements for an effective compliance program.

Mr. Edge commended university compliance offices for their achievements and recognized their hard work in the foreign influence legislation implementation.

Mr. Lydecker observed that the report he had read indicated there is no foreign influence of concern and asked if that is accurate. Or if there are issues, are they being handled by the universities, or would they be reported to Ms. Leftheris’s office? Ms. Leftheris responded that she is not aware of any issues and that university chief compliance officers have been working closely with the university research offices. Mr. Lydecker said there are nefarious players that can influence our researchers. Is it possible we have a false sense of confidence that there are no concerns? She responded that some universities have reported denying applications for a few researchers.

Ms. Michael added that she had been a department chair and that the process for hiring graduate students from other countries is stringent; not all who apply are admitted.

Mr. Oliva asked about having an activity log to show the steps our campuses take to screen foreign applicants and monitor foreign travel. He asked what kind of processes are in place, what activity is going on, what issues have been identified, and how were they handled? Is there a database we can access to better understand what kind of activity is going on?

Mr. Edge asked Ms. Leftheris to provide more granular data on how many problems have been identified and how many have been solved. Universities are in compliance in general but having more details would allow the Board members to see how much work is involved in these processes and the level of success.
4. Follow-up Report, SUS External Review of Financial Internal Controls for University DSOs

Mr. Edge said that this topic is in response to Chair Lamb’s request at the last meeting (in September) for the Committee to provide an update on universities’ progress in implementing the recommendations from the SUS external review of financial internal controls for university direct support organizations. Ms. Leftheris provided Committee members with information collected from university chief audit executives from early December. She said the update is for 11 of the 12 universities as Florida Gulf Coast University did not have any identified issues to be corrected.

As of early December, 22 of the 122 initial observations were pending completion for 10 support organizations at five universities. Ms. Leftheris confirmed that those observations to be completed by December 31, 2022, were confirmed as completed by the universities’ chief audit executives. The remaining observations are expected to be completed throughout the next several months with all to be corrected by the end of June.

Mr. Edge said these support organizations are areas of high risk and universities need to maintain good internal controls related to these functions as well as continue monitoring their operations. More importantly, however, he said it is a matter of mentality and having a sense of urgency; there is really no such thing as an “immaterial” problem. Having a culture of compliance can prevent bigger problems. He encouraged university presidents to maintain a focus on the review results and correcting them.

Mr. Lamb asked Julie to confirm that all corrective actions expected to have been completed by December 31, 2022, have indeed been completed. She said they had. He commended universities for their progress so far and asked university presidents and board chairs to continue monitoring and following up on the remaining ones to resolve or close them all; he does not want to add any regulations as he is expecting university presidents and board chairs to oversee compliance with the corrective actions.

In conclusion, Ms. Leftheris stated that in response to Chair Lamb’s instruction from the last meeting, she had verified all universities had shared with their boards of trustees the results of the external review and the status of their university’s corrective actions.

5. Concluding Remarks and Adjournment

There were no other comments; the meeting adjourned at 3:12 p.m.

___________________________
Aubrey Edge, Chair

Lori Clark, Compliance and Audit Specialist