

**MINUTES
BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
AUDIT AND COMPLIANCE COMMITTEE MEETING
FLORIDA ATLANTIC UNIVERSITY
June 18, 2025**

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Governor Aubrey Edge convened the meeting of the Audit and Compliance Committee on June 18, 2025, at 1:04 p.m. The following Audit and Compliance Committee members were present: Ashley Bell Barnett, Patricia Frost, Edward Haddock, and Ken Jones.

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 May 15, 2025, as presented. Mr. Haddock seconded the motion. The minutes were approved.

3. UF Operational Audit (Report No. 2025-107)

The Board of Governors Inspector General and Director of Compliance, Julie Leftheris, provided the Committee with a summary of the Florida Auditor General's most recent operational audit of the University of Florida, released in February 2025. She enumerated the findings, which were related to financial oversight, hiring practices, consulting contracts, travel expenditures, and event costs. She said the University's board of trustees took swift action to address the former university president's office expenses and related concerns outlined in the audit report.

Ms. Leftheris listed the key actions the university has taken regarding governance reforms, increased oversight, and hiring policy updates. She concluded by stating that the University had addressed the audit's findings and implemented corrective actions.

Mr. Edge expressed his appreciation to the University for the decisive and corrective actions taken and emphasized that this is a good learning opportunity for other universities to be good stewards of taxpayer dollars. He encouraged all university presidents and trustees to review the operational audit report. He then asked the University's Board of Trustees Chair, Mori Hosseini, to provide the Committee with more information about the University's corrective actions and what they learned from these events. Mr. Hosseini explained that the trustees became concerned about some budget

anomalies they had discovered and requested a budget review. Ultimately, he said, they found no criminal activity or evidence of personal benefit. They were able to implement corrective actions to prevent these kinds of events in the future. As one example, Mr. Hosseini said they have implemented new policies that require signature approval of three people in addition to the board of trustees' chair's approval, before hiring a consultant at a cost of \$100,000 or more. As another example, the president's and cabinet members' contracts include a requirement for a six-month review of their expenses.

The Board of Governors Chair, Brian Lamb, expressed his appreciation for the University's Board of Trustees' swift and proactive action to address these findings.

4. Status of Compliance Program Corrective Actions

In response to the corrective actions suggested in the external review of her office's compliance program plan, Ms. Leftheris said she and her staff have improved documentation of the compliance training events her office recently facilitated and gauged their effectiveness.

5. OIGC Updates

Ms. Leftheris provided a status update of the Florida Auditor General's operational audit of the Board of Governors Office. She committed to providing more information on any topics of concern once we receive them. Additionally, she explained that she and her staff will be updating the office's compliance program plan in response to the external review report's recommendation to do so. She anticipates presenting the revised plan to the Committee at the September meeting.

6. FAMU Financial and Operational Audit Reports

Mr. Edge provided a brief background and summary for this agenda topic, which concerns the recent financial and operational audits by the Florida Auditor General's office, as well as third-party vendor audits of the University's athletics program. He explained that the operational audit report identified significant deficiencies in the areas of delayed bank reconciliations, lack of supervisory review, and vendor payment delays. These areas suggest, he said, systemic issues in the University's financial operations.

The Florida Auditor General's financial audit of the University highlighted weaknesses in internal controls and accounting practices related to inaccurate year-end entries, consultant dependency, and lack of staff involvement.

Regarding the University's athletics program audit by a CPA firm, Mr. Edge said the firm and the University mutually agreed to terminate the audit in September 2024 due to the University's inability to provide the necessary documentation. The last audit of the athletics program, he said, was for the year-end for June 30, 2021. As a member of the

National Collegiate Athletics Association (NCAA), the University is required to submit annual financial data for its athletics programs.

Mr. Edge described the Board of Governors' monitoring in 2013 of more than 30 corrective actions the University needed to address regarding internal control deficiencies. Many of them from these recent audits, he said, mirror those from over a decade ago. This recurrence suggests that previous corrective efforts have not been fully effective or sustained. Despite staff turnover, he said it is imperative that robust systems and training are in place to ensure continuity and accountability in financial operations.

The University Interim President, Timothy Beard, asked for the opportunity to make a statement before Mr. Edge introduced the presenter. He explained that he became the interim president in August 2024, and one of his first requests was to see any audits or evaluations regarding the University. He sensed there was a lack of communication, integration, and consolidation of business practices. The University had already planned to implement an Enterprise Resource Planning (ERP) system, a \$25 million investment, which is in testing now and is expected to be implemented in a few months. The new system, he said, should unify the University's business practices. Board of Trustees Chair Kristin Harper added that the University was striving to reduce manual processing and to avoid repeat audit findings. In addition to implementing the new ERP system, she said the athletics program's budget has been balanced for the past seven years, and they are implementing a scorecard to track reconciliations and other activities that the chair will review monthly.

Vice President for Audit, Mr. Joseph Maleszewski, presented a financial and operational audit update that included a history of the findings trends for the Auditor General's Office's financial and operational audit reports for FAMU since the Board of Governors was created. Regarding the athletics program's financial statement review, he confirmed that there is currently no firm under contract at this time to audit the fiscal year-end 2024 or 2025.

Regarding staffing, Mr. Maleszewski explained that there is staff turnover and understaffing. Since 2018, there have been seven chief financial officers at FAMU, with an average term of service of 11 months each. He described other leadership positions that have had similar turnover.

Mr. Edge noted that Mr. Maleszewski has been a consistent voice at the University for several years and asked whom he had notified of these issues. Mr. Maleszewski responded that he had informed the University's president and the board of trustees.

Mr. Edge asked the president and the board of trustees chair questions regarding these systemic issues of staffing shortages and turnover, financial reconciliations, vendor payments, and monitoring of key performance indicators. They each acknowledged these

challenges and provided a list of monitoring activities, recruitment and hiring plans, and follow-ups to the corrective action plans.

Mr. Silagy added that this conversation with FAMU regarding financial controls, the CFO's added role as the chief risk officer, and vendor payments has been ongoing for about three years. He asked Mr. Beard if the CFO has received any pay increases or bonuses during her two-and-a-half-year tenure as the University's CFO. Mr. Beard responded that he would have to check if she has received any pay increases or bonuses. Mr. Silagy said that a CFO in the private sector who has a systemic breakdown in their duties and loss of controls would be "shown the door" and would not have received any pay raises or bonuses. He said he personally would not have confidence in the president's team. Mr. Beard responded that he has been working weekly with the CFO on corrective actions and assessing what needs to be done to come up with a plan. Mr. Silagy acknowledged and appreciated the efforts, but he said that if Mr. Beard is doing the CFO's job, then he needs a new CFO. The university's CFO should have the University's best interests at heart and should be taking the job seriously. Mr. Beard said they heard the message loud and clear.

Mr. Edge echoed the discussion and said that if the CFO has asked for assistance because they are drowning or need additional staff, but no assistance was provided, then that is another problem. We need an answer to the question about the CFO, or you are never going to get there, as it starts at the top, he said.

Given the systemic nature of these concerns, Mr. Edge asked that the University update the Committee on the corrective actions progress at each future meeting until material improvement has been made. Chair Lamb concurred.

7. Concluding Remarks and Adjournment

There were no other comments; the meeting adjourned at 1:41 p.m.

Aubrey Edge, Chair

Lori Clark, Compliance and Audit Specialist