

**MINUTES
BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
AUDIT AND COMPLIANCE COMMITTEE MEETING
SARASOTA, FLORIDA
January 27, 2021**

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

Chair Charles Lydecker convened the meeting of the Audit and Compliance Committee on January 27, 2021, at 9:32 a.m. The following Audit and Compliance Committee members were present: Charles H. Lydecker, Aubrey Edge, Patricia Frost, Ken Jones, and Alan Levine. The following members of the Board of Governors were also present: Edward Haddock, Sydney Kitson, Brian Lamb, Ally Schneider, Steven Scott, William Self, and Eric Silagy.

1. Call to Order

Mr. Lydecker called the meeting to order.

2. Approval of Minutes

Mr. Levine motioned that the Committee approve the minutes of the Audit and Compliance Committee meeting held on September 16, 2020, as presented. Ms. Frost seconded the motion. The minutes were approved.

3. Public Notice of Intent to Adopt Regulation 3.003 Fraud Prevention and Detection

Inspector General and Director of Compliance Julie Leftheris presented the committee with the public notice of intent to adopt Regulation 3.003 Fraud Prevention and Detection. Ms. Leftheris explained the regulation defines fraud and requires each university board of trustees to adopt a regulation establishing criteria regarding institutional controls as well as a risk management framework that provides reasonable assurance that fraudulent activities are prevented, detected, reported, and investigated. Mr. Jones motioned that the Committee approve the public notice of intent to adopt Regulation 3.003 Fraud Prevention and Detection. Mr. Levine seconded the motion. The motion carried and the public notice of intent to adopt the regulation was approved.

4. CARES Act Higher Education Emergency Relief Funds, SUS Summary Report

Ms. Leftheris gave a presentation summarizing the State University System of Florida institutions' compliance with the use of the federal financial assistance that was provided to the System institutions by the US Department of Education as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), signed into U.S. law on March 27, 2020. The federal guidance provided on CARES Act funds stated that

the relief funding was to be used for any COVID-19-related expenses that were not previously included in adopted budgets.

Ms. Leftheris' presentation provided a high-level summary of the distribution of the approximately \$300 million that was allocated to the State University System of Florida under the CARES Act's Higher Education Emergency Relief Fund (HEERF) awards. Ms. Leftheris described the different types of HEERF awards (such as (a)(1) awards – emergency financial aid to higher education students and institutions; and (a)(2) awards – additional funds provided to institutions with special designations) and highlighted allowable and unallowable uses for each type. The State University System of Florida received approximately \$252 million in (a)(1) awards and \$37 million in (a)(2) awards.

Ms. Leftheris provided information regarding the institutions' spending of their (a)(1) HEERF awards, according to the self-reporting that each institution has done pursuant to CARES Act reporting requirements. Institutions were required to spend their (a)(1) funds within one year from receipt; additionally, at least 50% of the funds (approximately \$126 million) had to be spent on emergency financial aid to students. As of December 31, 2020, the State University System of Florida institutions had spent approximately \$123 million of the \$126 million student portion of their (a)(1) funds on emergency financial aid to students. They had spent approximately \$82.5 million of the \$126 million institutional portion of their (a)(1) funds on additional emergency aid to students; institutional reimbursements for refunds provided to students related to on-campus housing and meal contracts; the subsidization of off-campus housing costs and food services; and information technology, institutional, and other expenses resulting from the COVID-19 pandemic.

Ms. Leftheris noted that in December 2020, a second COVID Relief package was passed by Congress. Allocations are to be calculated in the same way as the first HEERF awards. Institutions will be allowed to use the funds for financial aid grants to students, student support activities, and to cover a variety of institutional costs, including lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff trainings, and payroll.

Ms. Leftheris also provided examples of university chief audit executives' and chief compliance officers' oversight and monitoring activities associated with the CARES Act and HEERF awards, which include audits, management reviews, compliance reviews, and consulting work. They will be participating in campus wide work groups for spending and developing procedures for recording, tracking, and reporting on their institution's use of the CARES Act funds. They will be monitoring the university's procurement and spending of any remaining funds until they are either all expended or returned to the federal government and communicating and reporting to their university's board of trustees and any other university departments as needed.

Mr. Kitson requested clarification on the institutions' spending time frame for the received funds. Ms. Leftheris clarified they had one year to spend the funds from the time they received them.

Mr. Lydecker asked if the OIGC received any reports from the universities' auditors regarding any universities being out of compliance with associated requirements. Ms. Leftheris replied that we had not.

Mr. Jones asked how much money the State University System would receive from the new money that was approved in December 2020. Ms. Leftheris noted that, according to Chancellor Marshall Criser's earlier report on that, we expect to receive a little over \$400 million; however, we are awaiting further details.

Mr. Lydecker thanked Ms. Leftheris for her thorough report.

5. Florida Agricultural and Mechanical University Athletics Program Update

Mr. Lydecker called Florida Agricultural and Mechanical University (FAMU) Board of Trustees Chair, Kelvin Lawson, to present an update on actions taken this year by their athletics department.

Mr. Lawson noted the athletics department was operating within their assigned, allocated budget. He explained they have seen a reduction in game guarantees due to the cancellations of basketball games. Chair Lawson presented information regarding the athletic department's auxiliary funds repayment plan; noting the term of the plan was extended and the total repayment amount has been increased to include the additional auxiliary funds that were identified in 2019 as having been improperly used. Mr. Lawson noted the FAMU Board of Trustees has approved the repayment plan.

Mr. Lydecker thanked Mr. Lawson for their commitment to ensure FAMU meets their fiscal obligations despite the recent challenges. Mr. Lamb also offered words of appreciation regarding FAMU's progress.

6. Concluding Remarks and Adjournment

Mr. Lydecker asked Board of Governors members if anyone had any questions or comments. Hearing none, the Audit and Compliance Committee was adjourned at 10:01 a.m.

Charles Lydecker, Chair

Rebekah Weeks, Investigations and Audit Specialist