



Audit and Compliance Committee
December 7, 2023
FIU, Modesto A. Maidique Campus, Graham Center Ballrooms

MINUTES

1. Call to Order and Chair's Remarks

The Florida International University Board of Trustees' Audit and Compliance Committee meeting was called to order by Committee Vice Chair Alan Gonzalez at 9:07 AM on Thursday, December 7, 2023.

General Counsel Carlos B. Castillo conducted roll call of the Audit and Compliance Committee members and verified a quorum. Present were Trustees Chanel T. Rowe, *Chair (Zoom; joined after roll call)*; Alan Gonzalez, *Vice Chair*; Noël C. Barengo; Francis A. Hondal; Natasha Lowell; Yaffa Popack (*joined after roll call*); and Alexander P. Sutton.

The following Board members were also in attendance: Board Chair Roger Tovar, Board Vice Chair Carlos A. Duarte, and Trustees Dean C. Colson and Marc D. Sarnoff.

Committee Vice Chair Gonzalez welcomed all Trustees and members of the University administration. He also welcomed the University community and general public accessing the meeting via the University's webcast.

Committee Vice Chair Gonzalez also welcomed Trustee Yaffa Popack as a member of the Committee.

2. Approval of Minutes

Committee Vice Chair Gonzalez asked if there were any additions or corrections to the minutes of the Audit and Compliance Committee meeting held on September 14, 2023. Hearing none, a motion was made and unanimously passed to approve the minutes of the Audit and Compliance Committee meeting held on September 14, 2023.

3. Discussion Items

3.1 Office of Internal Audit Status Report

Chief Audit Executive Mr. Trevor L. Williams presented the Office of Internal Audit Status Report. He indicated that since the Committee last met, the Office of Internal Audit (OIA) completed audits related to natural disaster preparedness and response and payments to separated employees. He commented on the audit pertaining to natural disaster preparedness and response. Mr. Williams indicated that the audit scope consisted of an assessment of FIU's plans and processes related to natural disaster preparedness and response and focused on hurricanes, tornadoes, and naturally-caused fires. He pointed out that the audit concluded that operations are effective and function very

well. He commended the management team and staff for the related area for their work in ensuring that important functions are executed in an effective way. Mr. Williams noted that OIA offered six recommendations to further enhance an already well-designed and well-functioning operation. He provided an overview of the recommendations, including improving the management of fire extinguisher inspection and servicing function, including augmenting staff, reevaluating the parameters and scope pertaining to the notification of weather alerts received from the National Weather Center, and automatically opting-in all employees to receive alerts, with the option to opt-out. He stated that management has been proactive in responding to said recommendations, with actions to mitigate the noted enhancements underway.

Mr. Williams remarked on the audit of payments to separated employees for the 2022 calendar year. He indicated that during said audit, OIA determined whether policies and procedures that outline processes, practices, and employee responsibilities are in place and in compliance with applicable laws and regulations and verified the accuracy and timeliness of payments made to separated employees. He added that during the audit period, approximately \$6.7M was paid to separated employees. Mr. Williams explained that the type of payments to an individual could include payments for accrued vacation, sick leave compensatory time, severance payments, and settlement payments. He indicated that the audit noted several deficiencies summarized into three (3) broad categories: a sometimes-ineffective separation notification process; overpayments, late and/or misaligned payments, and untimely collections; and updates required to University policies regarding payments/payouts to separated employees. In terms of the sometimes-ineffective separation notification process, Mr. Williams explained that while specific units within the Department of Human Resources hold administrative oversight, supervisors and department heads of other departments have a critical role in ensuring the accuracy and timeliness of the separation process. He noted that failure on the part of other departments to exercise due diligence in carrying out their responsibilities related to said process could adversely impact the accuracy and timeliness of payments to separated employees. He pointed out that the separation clearance form requires modification to facilitate the separation process in a way that is more effective and efficient. Mr. Williams referred to the broad category relating to overpayments, late and/or misaligned payments, and untimely collections and provided an overview of the values associated with each. He stated that said deficiencies can be attributed to an ineffective notification process and need for better alignment with policies, regulations, and Section 215.425, Florida Statutes. He stated that OIA offered 17 recommendations as a result of the audit. He mentioned that management has been proactive in addressing and remediating the resulting audit issues.

Mr. Williams indicated that there are currently seven (7) audits in various stages of completion. He explained that the FY2023-2024 Audit Plan was adjusted to terminate the planned audit of the National Collegiate Athletic Association (NCAA) Football Attendance Certification because the NCAA Division I Council eliminated the home football game attendance requirements for FBS (Football Bowl Subdivision) schools, effective immediately. Mr. Williams mentioned that OIA receives complaints of alleged wrongdoing, including suspected fraud, waste, and abuse. He added that since OIA's last report to the Committee, three (3) such complaints were received. He noted that OIA has initiated an evaluation of the significance and credibility of said complaints.

Mr. Williams indicated that OIA continues to provide advisory services and support to other University units in the following areas: athletics' purchasing card reconciliation process improvement; support to athletics in determining the amount owed to FIU from a former employee for misuse of the department's purchasing card; and pre-issuance review of Auxiliary Enterprise and Development's revised Auxiliary Operating Guidelines. He added that as part of the audit related to natural disaster preparedness and response, OIA is working with Environmental Health and Safety to help identify a cost-effective and efficient solution to manage their fire extinguishers inspection and servicing operation.

Mr. Williams explained that OIA performs its work to be in conformance with the professional standards for internal auditing issued by The Institute of Internal Auditors (IIA). He added that since 2021, IIA has been working on updating the professional practice framework. He noted that recently IIA announced that after analyzing the almost 19,000 comments received regarding the exposure draft of the revised standards, IIA expects to publish the final version of the new Global Internal Audit Standards in January 2024. Mr. Williams pointed out that the new Standards is significantly different from the 2017 version and has a domain, Governing the Internal Audit Function, that outlines the board's responsibilities for the internal audit function. He indicated that the board's responsibilities are summed up in the following three principles: Authorized by the Board - the board establishes, approves, and supports the authority, role, and responsibilities of the internal audit function; Positioned Independently- the board establishes and protects the internal audit function's independence; and Overseen by the Board - the board oversees the internal audit function to ensure the function's effectiveness. Mr. Williams stated that the issuance of the new Standards may necessitate revisions to the OIA Policy and Charter and Audit and Compliance Committee Charter, pending a review of said Standards.

Mr. Williams introduced new hires within OIA, Mr. Saturnino Germosen and Ms. Ibis Alcala.

Committee Chair Rowe commented that due to technical issues she was not able to connect in time to join for the beginning of the meeting. She thanked Committee Vice Chair Gonzalez for chairing the meeting up to said point in time.

In response to Committee Vice Chair Gonzalez, Mr. Williams stated that an audit of payments to separated employees has not been completed within that last five (5) years.

3.2 Office of University Compliance and Integrity Quarterly Report

Chief Compliance and Privacy Officer Ms. Jennifer LaPorta presented the Office of University Compliance and Integrity quarterly report. She commented that the Compliance' Office's annual report in September reported a total of 103 new reports to the FIU Ethical Panther Hotline in FY 2021-2022, representing a 36% increase in hotline reporting or 27 additional reports over the previous fiscal year. She referred to the chart included in the September presentation of the annual report, which illustrated the distinct units that were assigned to investigate said reports. Ms. LaPorta added that, at the Committee's September meeting, Board Chair Roger Tovar made inquiries regarding the increase in the overall number of cases and, specifically, the number of cases assigned to the Office of Civil Rights Compliance and Accessibility and the Office of Employee Labor Relations (ELR). She added that in February 2022, University President Kenneth A. Jessell sent a

communication to the University community announcing FIU's new incident reporting website. She noted that the goal was to create a one stop location that made it easier for the University community to report misconduct and to stress intervention by the responsible offices early and often. She stated that said announcement was followed by increased efforts by the Office of Civil Rights Compliance and Accessibility, Compliance office, and the Division of Human Resources, including new training and increased outreach to students, faculty, and staff on how to prevent and report misconduct. Ms. LaPorta indicated that increased reporting in this regard is an intentional and positive development and underscores that the communication plan was impactful. She noted that the Hotline is only one of many reporting options available to the University community. She indicated that of the 42 reports assigned to ELR or the Office of Civil Rights Compliance and Accessibility, the predominate issue types included policy violations and unprofessional conduct and misuse of authority. She pointed out that 13 of said 42 reports were substantiated or partially substantiated. She added that the remaining reports were reviewed and addressed with findings that the report was not factually substantiated, or, in most cases, that the reported conduct was not a violation of law, policy or University expectations. Ms. LaPorta commented that said reports afforded the responding offices the ability to reach out to the reporter, connect them to appropriate resources and provide them with information that could de-escalate a situation that if left unaddressed could develop further. She stated that this also provided an opportunity to engage in coaching/counseling with employees who may have not crossed the line into a policy violation but who can benefit from that type of intervention and awareness. She mentioned that student issues with faculty are now referred to the Division of Human Resources for ELR to address. She clarified that there were a couple of duplicate cases. She explained that, with respect to reports being submitted through the Hotline, no unusual or unexpected increase in the severity or type of cases was identified.

Ms. LaPorta commented that in its Civil Discourse Report of 2022, the Florida Board of Governors (BOG) included seven (7) recommendations for implementing civil discourse on the State University System (SUS) campuses. She noted that President Jessell created a task force charged with periodic review, making recommendations for implementation, and reporting to administration, including submitting a report to the FIU Board of Trustees. She referred to the interim update included as part of the Committee's agenda materials, which describes the progress made. Ms. LaPorta remarked that in its third recommendation, the BOG recommended that "the leadership of each university board of trustees, annually review and endorse the Board's Statement of Free Expression and commit to the principles of civil discourse." She added that at its September 22, 2022 meeting, the FIU Board of Trustees, reviewed and endorsed the Statement of Free Expression and it is again set for annual endorsement by the Board of Trustees in December 2023.

Ms. LaPorta indicated that the BOG continues to issue guidance for SUS institutions with respect to compliance with Florida Statutes and the BOG's foreign influence regulation, including the most recent guidance issued in October with respect to activity with foreign countries of concern. She pointed out that the Compliance office continues to meet with key stakeholders to interpret and implement said guidance. She commented on working with the Office of the General Counsel to collect data and prepare for the federal and state report on the University's foreign gifts and contracts, which is due at the end of January. Ms. LaPorta commented that the Compliance office was approved for two new positions and is currently in the process of recruiting for a Compliance Coordinator position. She commented on the design, development, and launch of the Office's six

largest training campaigns in the fall and launch of the University-wide three-year policy review. She stated that developing foreign influence controls, screening, and responding to new and increased foreign influence legislation continues to be a priority for the Compliance office. She added that she will continue to meet regularly with President Jessell to discuss any additional resourcing needed to responsibly navigate said responsibilities.

4. Reports *(For Information Only)*

There were no questions from the Committee members in terms of the reports included as part of the agenda materials.

5. New Business

5.1 Senior Management Discussion of Audit Processes

Committee Chair Rowe noted that, as is stipulated in the Audit and Compliance Committee Charter, the Committee must meet with the Office of Internal Audit and senior management, separately, to discuss the audit process. She further noted that because this meeting is conducted in the Sunshine, no one present or accessing the meeting via the webcast was required to exit the meeting during the discussion with Office of Internal Audit. She added that this was strictly voluntary. The Committee met with Office of Internal Audit. Board Chair Tovar asked that Committee Chair Rowe meet with General Counsel Castillo to review the Committee's requirement to meet with the Office of Internal Audit and senior management, separately, to discuss the audit process. In response to Board Chair Tovar, General Counsel Castillo indicated that the Committee Chair's comments include a reminder that as a meeting conducted in the Sunshine, no one is required to leave the meeting. Further responding to Board Chair Tovar, General Counsel Castillo added that a meeting will be held with Committee Chair Rowe and a recommended approach will be presented. Mr. Williams explained that professional standards require that there'd be a private conversation with the boards where the chief audit executive can have that discussion with the board without the presence of management, so that that conversation can be candid. Board Chair Tovar suggested that the requirement can be fulfilled by other means that comply with Sunshine, such as Mr. Williams speaking individually with each Committee member every quarter. In response to Trustee Natasha Lowell, Mr. Williams explained that the internal audit function undergoes a Quality Assurance Review every five (5) years pursuant to professional standards. He added that the last Quality Assurance Review took place in 2019 and that the independent assessor concluded that FIU's internal audit department "generally conforms" to the International Standards for the Professional Practice of Internal Auditing. Mr. Williams pointed out that this opinion is the highest of the possible ratings that an audit organization can achieve from a Quality Assurance Review. He stated that the next review is due in 2024. He commented that in addition to the external review process, OIA is currently undergoing a periodic internal quality assessment and OIA will communicate the results of the assessment at the Committee's next regularly scheduled meeting. Ms. LaPorta commented that the Compliance office also undergoes an external review process every five (5) years in addition to regular self-assessments.

6. Concluding Remarks and Adjournment

With no other business, Committee Chair Chanel T. Rowe adjourned the meeting of the Florida International University Board of Trustees Audit and Compliance Committee on Thursday, December 7, 2023, at 9:52 AM.