



Audit and Compliance Committee
February 13, 2025
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 Chair Alan Gonzalez at 9:00 AM on Thursday, February 13, 2025.

General Counsel Carlos B. Castillo conducted roll call of the Audit and Compliance Committee members and verified a quorum. Present were Trustees Alan Gonzalez, *Chair*; Yaffa Popack, *Vice Chair (arrived after roll call)*; Noël C. Barengo; Carlos A. Duarte, *Board Vice Chair*; Chanel T. Rowe (*Zoom*); and Roger Tovar, *Board Chair*.

The following Board members were also in attendance: Trustees Dean C. Colson, George Heisel, Jesus Lebeña, Alexander M. Peraza, Marc D. Sarnoff, and Albert R. Taño.

Committee Chair Gonzalez welcomed all Trustees and members of the University administration. He also welcomed the University community and general public.

2. Approval of Minutes

Committee Chair Gonzalez asked if there were any additions or corrections to the minutes of the Audit and Compliance Committee meeting held on November 21, 2024. Hearing none, a motion was made and unanimously passed to approve the minutes of the Audit and Compliance Committee meeting held on November 21, 2024.

3. Action Items

AC1. Acceptance of Performance Based Funding and Preeminent Metrics Data Integrity Audit Report and Approval of Data Integrity Certification

Chief Audit Executive Mr. Trevor L. Williams presented the results of the audit of the Performance Based Funding and Preeminent Metrics Data Integrity for Committee review. Mr. Williams explained that the audit has been completed annually since the creation of the Performance Based Funding Model in 2014. He added that new this year is the auditing and reporting on preeminent status. Mr. Williams indicated that the audit reviewed data submitted to the Florida Board of Governors (BOG) from September 2023 through August 2024 and tested relevant files for four (4) of 10 performance based funding metrics and four (4) of 12 preeminent metrics. He noted that the audit concluded that the University continues to have good processes and controls for maintaining and reporting performance metrics data and, overall, the system, in all material respects, continues to function in a reliable manner. Mr. Williams added that while the audit resulted in one (1) finding, said finding did not impact the metrics which would have changed the University's ranking. He

stated that based on the audit results, the Office of Internal Audit believes that the audit presents a sound basis from which the University President and Board of Trustees Chair can rely upon to sign the Data Integrity Certification. Mr. Williams explained that the Data Integrity Certification has been signed by University President Kenneth A. Jessell and requires the signature of the Board of Trustees Chair upon approval by the FIU Board of Trustees. Mr. Williams stated that the audit report and Data Integrity Certification are due to the BOG by March 1, 2025.

A motion was made and unanimously passed that the FIU Board of Trustees Audit and Compliance Committee recommend Florida International University Board of Trustees acceptance of the Audit Report - Audit of Performance Based Funding and Preeminent Metrics Data Integrity and approval of the Performance Based Funding and Preeminence Status – Data Integrity Certification, as executed by the University President.

AC2. Office of Internal Audit External Quality Assurance Review, November 2024

Mr. Williams presented the 2024 Office of Internal Audit External Quality Assurance Review for Committee review. He pointed out that the Office of Internal Audit is required to undergo an external quality assurance review at least every five (5) years. He added that a team of independent external reviewers completed a quality assurance review of the Office of Internal Audit to assess the Office's conformance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and code of ethics. Mr. Williams added that the review team also looked to identify opportunities to enhance the Office's operations with best practices. He commented that the Office received a rating of "Generally Conforms," which is the highest rating that can be achieved. Mr. Williams commented that the rating assures that the Office's work is performed with full compliance with globally accepted standards and code of ethics. He remarked that the review team recognized that beyond complying with the standards, the Office has incorporated several best practices into its operations. Mr. Williams noted that the review team offered some suggestions to enhance the Office's operations further, which the Office has accepted and will be implementing.

A motion was made and unanimously passed that the FIU Board of Trustees Audit and Compliance Committee recommend FIU Board of Trustees approval of the independent assessor's report, Office of Internal Audit External Quality Assurance Review, November 2024.

4. Discussion Items

4.1 Office of University Compliance and Integrity Quarterly Report

Chief Compliance and Privacy Officer Ms. Jennifer LaPorta indicated that the Office of Compliance worked in the second quarter of the fiscal year to complete the escalation process for five (5) Compliance training campaigns, design and launch three Compliance trainings, and complete and/or participate in seven (7) communications campaigns. With respect to implementing and operationalizing the compliance requirements of BOG Regulation 9.016, Prohibited Expenditures, she pointed out that the three (3) person Prohibited Expenditures Workgroup has representation from the Compliance Office, Office of the General Counsel, and Office of the Provost. Ms. LaPorta added that the Workgroup continued in-person training for key units and met with units to discuss and assess compliance with said Regulation. She stated that, in the second quarter, the Compliance Office communicated with the University community to remind them of deadlines and to seek

verification of submissions for 24 Compliance-related filings and activities. She commented on the continued oversight and administration of the FIU Ethical Panther Hotline to include assignment, review, and tracking of 77 open reports, including 28 new reports from the reporting period. Ms. LaPorta remarked that the Compliance Office has been actively demoing new hotline providers and has chosen a new provider to achieve a seamless transition process, which anticipates a fall 2025 launch to be accompanied by a significant communications campaign.

Ms. LaPorta mentioned that the Compliance Office continues to partner with stakeholders throughout the University community to operationalize compliance with the many foreign influence and export control obligations that affect research activities, hiring of foreign nationals, international travel, contract reviews, purchasing and academic collaborations. She stated that, in the second quarter, the Compliance Office reached out to stakeholders throughout the University to gather the data necessary to file FIU's state and federal foreign contracts and gifts reporting. Ms. LaPorta noted that the Compliance Office is also diligently monitoring and directing efforts toward new legislation and guidance that impacts the University's foreign influence program, including monitoring the Executive Orders coming out of the White House. She explained that because Florida's foreign influence legislation and Florida Board of Governors Foreign Influence Regulation are so expansive, FIU and the State University System, are well positioned for continued compliance in this area. Ms. LaPorta indicated that the Compliance Office is working with the Division of Human Resources through the final stages of the hiring process for a candidate that has been selected to fill the Foreign Influence Manager position. Committee Chair Gonzalez and Board Chair Roger Tovar commented on the importance of filling this critical role.

4.2 Office of Internal Audit Status Report

Mr. Williams presented the Office of Internal Audit Status Report, reporting on the following recently completed audits: Grading Integrity Management; Foundation Pledges Receivable and Collections; Physician Assistant Program, Information Technology Controls; Capital Construction Project Administration and Funding; Performance-Based Funding and Preeminent Metrics Data Integrity; and Campus Safety. In terms of the Grading Integrity Management audit, Mr. Williams stated that the audit reviewed grade changes made during fall 2022 through fall 2023 and evaluated a sample of changes for policy/procedure compliance and security around the system used for processing grade changes. Mr. Williams stated that the audit found that there was a need to strengthen policy compliance and some systems security controls. He added that the audit offered 24 distinct recommendations and a total of 34 recommendations across multiple University areas. He highlighted recommendations made, which included: regularly reviewing roles, monitoring activity, revoking unnecessary access, and restricting grade entry across academic careers to essential cases only; revising the Grade Change Request Form in PantherSoft to specify who initiated the request to the approver; development of comprehensive departmental procedures for all grade change processes and review and update existing policies, procedures, Faculty Handbooks, forms, and websites with relevant information to ensure consistency with current practices; and assigning grades and processing grade changes in accordance with FIU policies.

Mr. Williams commented that the Foundation Pledges Receivable and Collections audit focused on the FIU Foundation's operations and internal controls related to the recognition and collection of pledges receivable. He pointed out that the audit concluded that the Foundation has effectively

implemented internal controls for managing pledges receivable and their collection, ensuring their accuracy, completeness, and proper valuation for fiscal year 2023-24. Mr. Williams added that the Office of Internal Audit offered the following two (2) recommendations to enhance processes: implementing a standardized process for updating the system with complete and accurate documentation of follow-up actions and decisions; and establishing a formal process for periodically reviewing information technology vendor security assessment reports throughout the contract's service period.

Mr. Williams indicated that the Physician Assistant Program Information Technology (IT) Controls audit evaluated IT controls during the 11 months ended May 31, 2024 and focused on assessing the Program's adherence to FIU Policy 1910.005, Responsibilities for FIU Network and/or System Administrators, and the controls in place for the critical applications utilized in the Program's operations. He noted that the audit concluded that while the selected IT controls for the five (5) critical applications used in the Program are generally in place, the Program's adherence to Policy 1910.005 has room for improvement. He pointed out that nine (9) recommendations were offered, four (4) of which related to complying with Policy 1910.005 and five (5) impacted two (2) of the five (5) applications evaluated.

Mr. Williams commented on the Capital Construction Project Administration and Funding audit. He stated that the audit examined the planning, management, funding, contractor and subcontractor selection, compliance with statutes, regulations, policies, and contracts related to major capital projects to ensure adherence to sound internal controls and practices and compliance with law and governance structure. Mr. Williams added that while the audit found that generally, controls related to project management and planning are designed well and functioning effectively, the following five (5) recommendations were offered: ensuring all required Campus Development Agreements are executed in compliance with Florida Statutes; establishing a review process to verify that both statutory and University insurance and bonds requirements are satisfied; initiating discussion with the Board of Trustees to consider commissioning a general review of the President's Powers and Duties Resolution to determine the desired level of reporting to the Board, including the level of reporting of change order activity and other construction activities; and ensuring the integrity of the subcontractors bidding process by maintaining control over sealed bids and preparing bid tabulation sheets.

Mr. Williams commented that the Campus Safety audit assessed the adequacy and effectiveness of the protocols and mechanisms in place for ensuring the physical safety of members of the campus community, safety communications, and monitoring and responding to safety-related matters. He indicated that the audit concluded that, overall, the University is well-equipped with various safety features that contribute to providing a safe environment for members of the University community, ensuring efficient and effective communications related to safety, and monitoring and responding to safety-related matters. He added that where the need for enhancements was noted, 10 recommendations were offered, some of which have already been implemented.

Mr. Williams indicated that there are eight (8) audits in various stages of completion, ranging from the planning stage to draft reports being issued. He reported that of the 55 recommendations that were due for implementation during the six (6) months ended December 31, 2024, 32 or 58% were

completed, 19 or 35% were partially implemented, and 4 or 7% were pending some form of implementation. He also commented on the implementation of audit recommendations for the 18-month period from June 1, 2023, through December 31, 2024. Mr. Williams noted that 58% - 74% were completed, 20% - 35% were partially implemented, and 6% - 7% were pending some form of implementation. He commented that the Office of Internal Audit will be closely monitoring the rate of completion of audit recommendations and that the resulting data will help in determining potential changes in strategy or interventions to ensure that the level of attention and diligence needed are applied. Mr. Williams mentioned that the Office of Internal Audit receives complaints of alleged wrongdoing, including suspected fraud, waste, and abuse. He added that since the Office of Internal Audit's last report to the Committee, five (5) such complaints were received and four (4) have been closed.

5. New Business

5.1 Senior Management Discussion of Audit Processes

Committee Chair Gonzalez noted that, prior to today's meeting and as is the practice prior to every meeting of the Audit and Compliance Committee, he met with Mr. Williams, Ms. LaPorta, and the University's liaison to the Committee, Senior Vice President for Operations and Safety and Chief of Staff Javier I. Marques regarding matters to be brought before and actions to be taken by the Committee. Committee Chair Gonzalez added that he also met separately with Provost and Executive Vice President Elizabeth M. Bejar. Committee Chair Gonzalez indicated that Provost Bejar spoke about the collaborative relationship that University leadership maintains with the Chief Audit Executive and members of the Office of Internal Audit. Committee Chair Gonzalez pointed out that Provost Bejar did not raise any material concerns about the referenced relationship.

6. Concluding Remarks and Adjournment

With no other business, Committee Chair Alan Gonzalez adjourned the meeting of the Florida International University Board of Trustees Audit and Compliance Committee on Thursday, February 13, 2025 at 9:51 AM.