



**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
AUDIT AND COMPLIANCE COMMITTEE
MINUTES
DECEMBER 3, 2020**

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 Gerald C. Grant, Jr. at 8:05 a.m. on Thursday, December 3, 2020, via Zoom.

General Counsel Carlos B. Castillo conducted roll call of the Audit and Compliance Committee members and verified a quorum. Present were Trustees Gerald C. Grant, Jr., *Chair*; Gene Prescott, *Vice Chair*; Leonard Boord; Natasha Lowell; Joerg Reinhold; and Alexandra Valdes.

Board Chair Dean C. Colson, Board Vice Chair Roger Tovar, Trustees Donna J. Hrinak, Claudia Puig, and Marc D. Sarnoff, and University President Mark B. Rosenberg also were in attendance.

Committee Chair Grant welcomed all Trustees and members of the University administration. He explained that Trustees and University administrators and staff were attending via the virtual environment and that the University community and general public had access to the meeting via the University's webcast.

2. Approval of Minutes

Committee Chair Grant asked that the Committee approve the Minutes of the meeting held on September 9, 2020. A motion was made and unanimously passed to approve the Minutes of the Audit and Compliance Committee meeting held on September 9, 2020.

3. Discussion Items

The discussion items were taken out of order.

3.2 University Compliance and Integrity Quarterly Report

Chief Compliance and Privacy Officer Ms. Jennifer LaPorta provided the University Compliance and Integrity quarterly report. She pointed out that the new format for the quarterly report is based on feedback from the Committee, utilizes a narrative approach, is structured on the elements of an Effective Compliance Program as set forth in the Federal Sentencing Guidelines and Florida Board of Governors Regulation 4.003, and also provides detail and progress on key compliance initiatives. She commented on program structure and oversight, specifically relating to the Compliance team's participation in taskforces, committees and other compliance-related initiatives. She remarked on global risk and foreign influence governance activities, the launch of the new export control website,

and the launch of the first three of 10 foreign influence assessment modules (export control, foreign nationals on campus and conflicts of interest and commitment). Ms. LaPorta described progress regarding compliance initiatives pertaining to standards of conduct and policies, namely, the University-wide three-year policy review, University-wide substantive policy review of 588 total policies and procedures, and the submission of 278 policies to the Policy Committee for a second tier substantive review to provide feedback and recommendations to the policy owners.

Ms. LaPorta described process improvements to the training and education program and that said improvements included a message from University leadership, comprehension questions, connection to University resources, and more intention in identifying the appropriate audience. She highlighted the escalation protocol, commenting on coordination with Deans, Vice Presidents and Human Resources, incentives and discipline, and on the 97% completion rate. She pointed out that the enhanced Scorecard system serves as an incentive for completing compliance tasks and contributes to a culture of compliance and as a method for communicating non-compliance through the reporting chain for discipline, if appropriate. Ms. LaPorta commented on the completion of phase two of the privacy program assessment, significant measurable improvements in the University's HIPAA program, and the reminder and verification processing for thirty-two legally required submissions.

Ms. LaPorta addressed the Ethical Panther Hotline, noting that the Compliance office coordinated, reviewed, and tracked 29 reports during the review period. She pointed out that the Compliance office coordinated the triage of reports by the Hotline Reports Review Committee, consisting of the Chief Compliance Officer, the Vice President for Human Resources and the Chief Audit Executive, adding that the committee is tasked with reviewing all reports to determine the University's immediate and initial response, whistleblower status, and what other University personnel, if any, must be involved in the investigation and the ultimate resolution of each report. She reported that the Compliance Manager vacancy has been filled and that the Office is currently recruiting for the Senior Coordinator of Administrative Compliance position.

Trustee Leonard Boord commended Ms. LaPorta for the detailed and insightful presentation.

3.1 Office of Internal Audit Status Report

Chief Audit Executive Mr. Trevor L. Williams presented the Internal Audit Status Report, providing updates on five recently completed audits. He explained that the audit of Payroll Irregularities, Fraud Controls, and New Employee Documentation Verification combined two separately planned audits. He commented that the audit found no fictitious employees on the payroll and that the new employee document verification process provided adequate controls to protect against this risk. He added that the audit disclosed areas for potential enhancements to the process, specifically shoring up the self-reporting nepotism screening model that is in place, ensuring that employee separation is processed as timely as possible, and implementing IT controls for specific areas. Mr. Williams commented on the audit pertaining to Compliance with Donor Confidentiality and Intent, noting that the audit concluded that the function is operating well in the context of the audit scope and objectives and that there appears to be adequate controls in place to ensure compliance with donor confidentiality and intent. He added that it was recommended that certain identified IT control weaknesses or risks be addressed and that said risks included prohibiting users of their fundraising

application from sharing login credentials with other employees, addressing limitations to audit logs, and formalizing their Business Continuity and Disaster Recovery Plans into a written document. Mr. Williams indicated that the audit relating to the COVID-19 Student Financial Assistance Program found that CARES Act compliant emergency aid awarding guidelines were developed, adding that although immaterial in the context of the audit scope, for the purposes of full disclosure, the audit also found that a calculation error caused excess allowable need-type aid to 29 students (\$22,609), that \$1,399 was over-awarded to one student, and that there was uncertainty surrounding lack of aid distribution to some students.

Mr. Williams pointed out that the primary objective of the audit pertaining to Athletics Health Services Billing and Collections Process and Contract Performance was to ensure compliance with the terms of the contract for managing medical claims for injuries to student-athletes and that the billing, collecting, and recording of these claims are done timely and accurately. He explained that the agreement with the vendor allowed for revenue sharing on the collection of claims, noting that the company would receive 25% and Athletics would receive 75%. He commented that the audit found non-compliance with the contract terms, material gaps in the controls for monitoring the billing, collecting, and recording of claims, and operational frustration. He indicated that the audit resulted in 14 recommendations, stating that eight of the recommendations would likely not be implemented due to Athletics' stated intent to terminate the existing contractual agreement.

Mr. Williams commented on the audit findings relating to University Fleet Management, stating that the overall operation is functioning well, adheres to safety protocols, and boasts a robust vehicle maintenance program. He stated that opportunities for improvement exist related to the documentation of fuel policies and procedures, specifically disabling access to certain system controls and the establishment of a reconciliation process over fuel usage and inventory. Mr. Williams added that the audit also found instances where preventative maintenance needed to be completed timely and thoroughly and that additional safety signage was needed. He indicated that many of the resulting 15 recommendations were implemented immediately with the remaining recommendations to be implemented in the near future. He pointed out that the corrective actions identified in each audit report now include a complexity rating, ranging from routine to exceptional. He explained that the index is mutually developed and agreed upon by the auditee and the Office of Internal Audit. He mentioned that there are nine audits in various stages of completion.

Trustees engaged in a substantive discussion regarding the audit pertaining to Athletics Health Services Billing and Collections Process and Contract Performance. In response to Trustee Leonard Boord, Mr. Williams confirmed that there were nearly 17,000 claims since October 2016 and that only \$210,000 in revenues were realized. Further responding to Trustee Boord regarding the validity of 68 average claims per day, Senior Vice President and Chief Financial Officer Kenneth A. Jessell indicated that the claims are primarily for physical therapy services and quite frequently, athletes are receiving two to three sessions per day. Sr. VP and CFO Jessell added that insurance companies do not reimburse for multiple physical therapy sessions in a single day, but each time a therapist works on an athlete, that session is entered into the system. He pointed out that Vivature, Inc. estimates that only 11% of the \$8.3M in billed services would be a claim that insurance companies would pay. Board Vice Chair Roger Tovar commented that if the \$8.3M in billed claims are correct, the University would have been entitled to receive \$6.2M in reimbursements, adding that the issue

should have been addressed prior to the audit. Board Vice Chair Tovar suggested to Committee Chair Grant that there be additional follow-up regarding the audit in order to understand the gap in billed claims and the amount received by Athletics in reimbursements. Executive Director, Sports and Entertainment Pete Garcia requested that Senior Associate Athletic Director Julie M. Berg provide additional background. Ms. Berg expressed frustration with the process, noting that many units were involved as the agreement with Vivature, Inc. was initiated. She added that Vivature claims that they are not receiving the follow-up information on submitted claims. President Mark B. Rosenberg recommended that the University conduct a full review and that said findings, along with any planned course of remediation, be presented at the next regularly scheduled Audit and Compliance Committee Meeting.

4. New Business

4.1 Senior Management Discussion of Audit Processes

The discussion with senior management was postponed for the next regularly scheduled Audit and Compliance Committee Meeting.

5. Concluding Remarks and Adjournment

With no other business, Committee Chair Gerald C. Grant, Jr. adjourned the meeting of the Florida International University Board of Trustees Audit and Compliance Committee on Thursday, December 3, 2020, at 8:59 a.m.