



**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
AUDIT AND COMPLIANCE COMMITTEE
MINUTES
FEBRUARY 23, 2021**

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 Gene Prescott at 8:12 a.m. on Tuesday, February 23, 2021, at the FIU, Modesto A. Maidique Campus, Graham Center Ballrooms and via Zoom.

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

Board Chair Dean C. Colson, Board Vice Chair Roger Tovar, Trustees Donna J. Hrinak (*via Zoom*), Chanel T. Rowe, and Marc D. Sarnoff, and University President Mark B. Rosenberg also were in attendance.

Committee Vice Chair Prescott 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.

Committee Vice Chair Prescott thanked the Committee's past Chair, Gerald C. Grant, Jr. for his service and welcomed Trustee Chanel T. Rowe to the Board of Trustees. He noted that Mr. Grant was succeeded to the Board of Trustees by Trustee Rowe.

2. Approval of Minutes

Committee Vice Chair Prescott asked that the Committee approve the minutes of the meeting held on December 3, 2020. A motion was made and unanimously passed to approve the minutes of the Audit and Compliance Committee meeting held on December 3, 2020.

3. Follow-up from Previous Meeting

Committee Vice Chair Prescott commented that at the Committee's December 3, 2020, meeting, President Rosenberg stated that the University would be conducting a full review of the Athletics Departments' Health Services Billing and Collections Process that was the subject of the recent Athletics audit. Committee Vice Chair Prescott remarked that since that time, the University administration has been working with Athletics and the vendor on the review of the billing and

collection processes, adding that the findings and recommendations will be reported at the Committee's next regularly scheduled meeting. Senior Vice President of Administration and Chief Financial Officer Kenneth A. Jessell remarked on continued efforts regarding the matter, namely, weekly and at times, multiple meetings per week.

4. Action Item

AC1. Performance Based Funding and Emerging Preeminence Metrics

A. Performance Based Funding and Emerging Preeminence Status – Data Integrity Certification

B. Audit of Performance Based Funding and Emerging Preeminent Metrics Data Integrity

Chief Audit Executive Mr. Trevor L. Williams presented the Data Integrity Certification and the results of the audit of Performance Based Funding and Emerging Preeminent Metrics Data Integrity for Committee review. He explained that the Florida Board of Governors (BOG) requires an annual audit of Performance Based Funding metrics, as well as Preeminence or Emerging Preeminence Metrics, for those universities so designated. He remarked that the University's audit report combines the Performance Based Funding and Emerging Preeminent Metrics data. Mr. Williams added that the BOG also requires that the Chair of the FIU Board of Trustees and the President of the University execute the BOG-furnished Data Integrity Certification. He stated that the completed Data Integrity Certification and audit report are due to the BOG no later than March 1, 2021.

Mr. Williams explained that the primary objectives of the audit were to determine whether University processes ensure the completeness, accuracy, and timeliness of data submissions and resubmissions to the BOG, that prior audit recommendations were implemented, and to provide an objective basis of support for the Chair and President to sign the representations made in the Data Integrity Certification. He commented on the audit results, indicating that the University has good process controls in place and that the systems are functioning in a manner that can be relied upon to provide complete, accurate, and timely submission of data to the BOG, in all material respects.

A motion was made and unanimously passed that the FIU Board of Trustees Audit and Compliance Committee recommend that the FIU Board of Trustees:

1. Approve the Performance Based Funding and Emerging Preeminence Status – Data Integrity Certification to be signed by the Chair of the FIU Board of Trustees and the University President; and
2. Approve the Audit Report - Audit of the Performance Based Funding and Emerging Preeminent Metrics Data Integrity.

5.1 Office of Internal Audit Status Report

Mr. Williams presented the Internal Audit Status Report, commenting that there are eight (8) audits in various stages of completion, adding that seven (7) of the said audits are in the work in progress stage with one (1) audit in the planning stage. He remarked that excluded from the list of ongoing audits is the Audit of Conflict of Interest/Related Party Transactions, which was approved by the Board of Trustees in the FY 2020-2021 annual Audit Plan. He explained that the Office of Internal Audit had initiated the planning and preliminary work on said audit when it was learned that the University was in the process of revamping its conflict of interest (COI) process and reporting system, adding that it was determined that the audit of the COI process would be more purposeful if

performed after the implementation and operation of the revamped process. He pointed out that the audit of the COI process was postponed and replaced with the new Audit of Internal Controls and Data Security over Personal Data Pursuant to Florida Department of Highway Safety and Motor Vehicles.

Mr. Williams remarked on the progress towards the completion of past audit recommendations, adding that there were 60 recommendations due for implementation through January 31, 2021, and that 51 (85 percent) of the said recommendations were completed and nine (9) (15 percent) were partially implemented. He pointed out that, as Committee Vice Chair Prescott indicated earlier in the meeting, the Office of Internal Audit is providing support in resolving the contracting issues reported in the Audit of Athletics Health Services Billing and Collections Process and Contract Performance.

Mr. Williams commented on the BOG's proposed Regulation, 3.003 Fraud Prevention and Detection, adding that a consortium made up of chief audit executives within the State University System met to discuss the proposed regulation. He described areas of concern for the consortium, specifically (1) the delineation of responsibility for the ownership of fraud controls and risk management framework, adding that the consortium agreed that this is the responsibility of management and (2) clarity on the responsibility for investigating fraud, waste, and abuse, noting that the consortium concurred that this should be the responsibility of the internal audit function. Mr. Williams explained that the consortium also agreed that lack of coordination within the university community may result in the inappropriate handling of complaints or internal audit being unaware of matters that appropriately should have been investigated by them. He remarked that, in anticipation of the funds that the University is slated to receive under the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), Higher Education Emergency Relief Fund (HEERF II), the Office of Internal Audit was asked to review the University's framework for distributing aid to students, adding that comments were provided to management after conducting said review.

In response to Trustee Leonard Boord, Mr. Williams explained that the follow-up to the audit on Athletics Departments' Health Services Billing and Collections Process consists of a complex review process that involves multiple parties. Sr. VP and CFO Jessell remarked that there is no indication of fraud involved with the transaction, adding that Vivature has been forthcoming in providing data. He explained that a number of the complexities are related to filters on the system where it was not possible for the University to obtain the data. He stated that while the billings and collections processes were the focus of said audit, the electronic medical records component has been working as intended, noting that because of the complexities involved, most institutions are engaging with vendors, such as Vivature, for only the electronic medical records component. Sr. VP and CFO Jessell pointed out that the University is obtaining the data and reconciling said data in order to determine the contractual obligations of both parties under the agreement. He stated that if the University were to terminate the agreement with Vivature, an alternate vendor is needed for the electronic medical records component. Board Vice Chair Tovar commented that while issues with the billings and collections components should have been identified earlier, he is comfortable with the review process that is underway.

Board Vice Chair Tovar remarked on the importance of moving forward, as soon as possible, with the COI audit. Mr. Williams explained that the new target date to begin work on the audit is October 2021. Vice President for Research and Economic Development Andres G. Gil explained that the COI changes are substantial and based on a new state law and federal regulations on foreign influence and outside activities. In response to Trustee Natasha Lowell, Mr. Williams commented on the Coronavirus Aid, Relief, and Economic Security (CARES) Act, adding that the University has stayed abreast of changes in order to ensure the proper oversight activity related to awards.

5.2 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 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, Biscayne Bay Campus leadership meetings, and other compliance-related initiatives. She remarked on global risk and foreign influence governance activities, namely, that the Compliance team conducted 111 visual compliance reviews during the reporting period, reviewed and issued recommendations regarding employee and student petitions for international and domestic travel as part of University Travel Committee, and coordinated the University's response to the Foreign Source reporting requirement pursuant to Section 117 of the Higher Education Act.

In response to Committee Vice Chair Prescott, Provost and Executive Vice President Kenneth G. Furton commented that the University recently submitted a report to the BOG summarizing FIU's foreign programs. Provost Furton explained that the University's largest foreign program is in Tianjin, China, adding that through a partnership with the Tianjin University of Commerce, FIU offers an undergraduate dual-degree program in Hospitality Management. VP Gil indicated that, in terms of research, the University has only one (1) project that is funded through an entity in China, noting that all projects funded through foreign entities are fully vetted to ensure that they are not included among the State Department's list of restricted entities. President Rosenberg commented that he personally met twice with the special agent in charge of the Federal Bureau of Investigation (FBI) in order to convey that the University is sensitive to and fully cooperative with the challenges that the FBI is confronting. (*Attachment 1 provides greater detail on the University's China-related activities.*)

Ms. LaPorta described progress on compliance initiatives pertaining to standards of conduct and policies, namely, the University-wide three-year policy review, University-wide substantive policy review of 596 total policies and procedures, and the submission of policies to the Policy Committee for a second-tier substantive review to provide feedback and recommendations to the policy owners. She commented that the institutional COI Policy applies to anyone with direct authority over the allocation of University resources, adding that this includes FIU's President, Provost, vice presidents, deans, and other leaders that the President designates as being covered under the policy. Ms. LaPorta pointed out that there will be a special process to assess conflict disclosures, which will include an institutional Conflict of Interest Committee. Following-up on Mr. Williams' remarks on the proposed BOG Regulation, Ms. LaPorta indicated that the regulation requires each board of trustees to adopt its own regulation to provide reasonable assurance that fraudulent activities are prevented, detected, and investigated. She remarked that the Compliance team is working with management, the Office of Internal Audit, and the Office of the General Counsel to draft a

regulation for Board of Trustees consideration, and subsequently engage in the BOG's Regulation Promulgation Procedure.

Ms. LaPorta commented on the training and education program, highlighting training completion rates for 2020 (97%) and 2021 (98% to-date). She explained that the BOG contracted with Kognito and implemented a simulation-based training, which is designed to help faculty and staff improve their mental health literacy, to help them identify students in distress, and to better prepare them to respond to those concerns. She added that the BOG requires that all State University System employees complete said training, noting that FIU's division of human resources has been engaging in an active campaign to effectuate the completion of said training. Ms. LaPorta pointed out that, through the end of January, the University reported an 88.4% completion rate to the BOG and that it is likely that the BOG will be reporting on the status of the system-wide training initiative at its next board meeting.

Ms. LaPorta commented on the launch of phase three of the privacy program assessment. She pointed out that the University's Conflict of Interest Committee is leading the institutional review process, adding that prior to postponing the Audit of Conflict of Interest/Related Party Transactions, the Office of Internal Audit consulted with the Committee and required a justification from the Committee for postponing the audit. She highlighted the Scorecard system, which serves as an incentive for completing compliance tasks and serves as a method for communicating non-compliance through the reporting chain for discipline, if appropriate. Ms. LaPorta described the escalation protocol, commenting that the Division of Human Resources provides support to ensure the appropriate disciplinary actions, up to and including, adversely affecting an employee's personnel file and/or annual performance evaluation, for those individuals who have not completed a required compliance task. She addressed the Ethical Panther Hotline, noting that the Compliance office coordinated, reviewed, and tracked 40 reports during the review period. She reported that the Compliance office is in the final stages of recruiting for the Compliance Coordinator position.

Trustee Joerg Reinhold commended Compliance efforts, specifically the completion rates on the required trainings. In response to Trustee Chanel T. Rowe, Senior Vice President for Human Resources and Vice Provost for Diversity, Equity & Inclusion (DEI), El pagnier K. Hudson commented that University trainings relating to implicit bias are among the DEI priorities. Also, in response to Trustee Rowe, Trustee Reinhold remarked that the Faculty Senate recently approved changes to the Tenure and Promotion manual, adding that said changes include the requirement that the Chair and members of the Tenure and Promotion Committee complete diversity and bias training. In response to Trustee Lowell, Ms. LaPorta indicated that the University restricted domestic and international travel, except for travel deemed critical to research preeminence or student success.

6. New Business

6.1 Senior Management Discussion of Audit Processes

Committee Vice Chair Prescott 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. He further noted that because the meeting is conducted in the Sunshine, no one present was required to leave during the discussion with senior management,

adding that this was strictly voluntary. The Committee met with senior management to discuss the internal audit process. President Rosenberg commented on the sense of urgency relating to finalizing the review of the issues raised in the Audit on Athletics Departments' Health Services Billing and Collections Process and moving forward with the Audit of Conflict of Interest/Related Party Transactions. He added that no other issues rose to the level of discussion with the Committee at the present time.

7. Concluding Remarks and Adjournment

With no other business, Committee Vice Chair Gene Prescott adjourned the meeting of the Florida International University Board of Trustees Audit and Compliance Committee on Tuesday, February 23, 2021, at 9:19 a.m.

Attachment 1

March 2, 2021

Dear Trustees,

Last week, at our Audit and Compliance Committee meeting, a question was asked regarding our activities in China and as time did not allow for a more detailed response, I am following-up with the summary below.

As of February 19, 2021, FIU has 37 active agreements with 22 partners in China, all related to academic programs. We have one active faculty and student exchange agreement and four faculty-led program agreements which would qualify as student mobility programs (with almost 400 participating in study abroad to China in the last 5 years). As mentioned during the meeting, we only have one active research award with a Chinese sponsor – China Pharmaceutical University – with a present value of \$46,000. Additionally, the College of Business has two recruiting programs in place with Chinese corporations with no enrollment as of yet.

Most important in terms of our Chinese activities are our partnerships with Tianjin University of Commerce (TUC), Qingdao University (QU), and Hebei University of Technology (HEBUT) as students receive a degree from FIU upon completion of each of these dual degree programs. Our TUC partnership has been in place since 2004. Each year, approximately 300 students are recruited into our dual degree program resulting in a Bachelor of Science in Hospitality Management. The curriculum offered in our China program is the same as that offered at our Biscayne Bay Campus and is reviewed and accredited by the Southern Association of Colleges and Schools Commission on Colleges. Since its inception, 1,198 students have participated in this program.

Our QU partnership has been operating since 2016 and students participating in this program ultimately receive a dual Bachelor of Arts in Spanish degree from QU and FIU. Since Fall 2016, there have been 333 students enrolled in this program. Lastly, our HEBUT partnership has been in place since 2019 and participating students earn a dual Bachelor of Science in Electrical Engineering and Automation. Each year, approximately 100 students enroll in the program.

To deal with any export of information as a result of these agreements, we have strong export control processes in our policies and procedures that control what laboratory instruments, equipment, materials, software, technology and technical data can be transferred out of the country by any means (e.g. cargo shipment, hand-carried laptop content, courier, email, and spoken communication) as well as what can be accessed by foreign nationals present at our laboratories for whom certain export restrictions apply. Additionally, any collaboration with a foreign entity is screened against restricted party lists to verify whether said entity is debarred, suspended, or otherwise banned by the federal government from interacting with U.S. entities.

From a foreign influence prevention perspective, we have strengthened our review process of proposed J-1 Visa Visiting Scholar and Post Doc candidates from China (among other countries) to ensure that visits and positions under this Visa program are wholly consistent with FIU's collaborative intentions and research security requirements. In addition, our Foreign Influence and Global Risk Task Force has been meeting regularly to inform and coordinate FIU's strategy to these concerns across various FIU functions.

Additionally, I have made it a custom to meet with the Special Agent in Charge at the Miami field office of the Federal Bureau of Investigation (FBI) located adjacent to our FIU@I-75 to keep apprised of any concerns pertaining to U.S. relations with China that could be relevant to our FIU. I hope this gives you a better look into our existing connections with China. If you have any follow-up questions or would like any more details, I would be happy to provide.

Sincerely,

Mark B. Rosenberg