



**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
AUDIT AND COMPLIANCE COMMITTEE
MINUTES
FEBRUARY 26, 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 8:06 a.m. on Wednesday, February 26, 2020, at the FIU, Modesto A. Maidique Campus, Graham Center Ballrooms.

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*; Natasha Lowell, *Vice Chair*; Leonard Boord; Joerg Reinhold; and Sabrina L. Rosell.

Trustees Cesar L. Alvarez, Donna J. Hrinak, T. Gene Prescott, Marc D. Sarnoff, and Roger Tovar, and University President Mark B. Rosenberg also were in attendance.

Committee Chair Grant welcomed all Trustees and University faculty and staff to the meeting. He introduced and welcomed newly appointed Trustee, Ms. Donna J. Hrinak.

2. Approval of Minutes

Committee Chair Grant asked that the Committee approve the Minutes of the meeting held on December 5, 2019. A motion was made and unanimously passed to approve the Minutes of the Audit and Compliance Committee Meeting held on Thursday, December 5, 2019.

3. Action Items

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 Preeminence Metrics Data Integrity**

Chief Audit Executive Trevor L. Williams presented the Data Integrity Certification and the results of the audit of Performance Based Funding and Emerging Preeminence Metrics Data Integrity for the Committee's review. He explained that the Chair of the FIU Board of Trustees (BOT) and the President of the University are required to execute the Florida Board of Governors (BOG)-furnished Data Integrity Certification. He indicated that the primary objectives of the audit were to determine whether University processes ensure the completeness, accuracy and timeliness of data submissions to the BOG and to provide an objective basis of support for the Chair and President to sign the representations made in the Performance Based Funding Data Integrity Certification that

are due to the BOG by March 2, 2020.

Mr. Williams delineated the State University System 2019-20 allocations of performance based funding and described areas of focus from past audits, namely, data administrator authority and responsibility, adequacy of policies and procedures, and system access controls and privileges. He indicated that the areas of focus for the current audit included data process flows, system controls, and data accuracy testing for Performance Base Funding Metrics 7 and 10 and Emerging Preeminence Metrics 7, 9, and 11.

Mr. Williams noted that the audit of Performance Based Funding and Emerging Preeminence Metrics Data Integrity confirmed the results of past audits that FIU continues to have good process controls for maintaining and reporting performance metrics data, in addition to emerging preeminence data. He indicated that the system, in all material respects, continues to function in a reliable manner and that the audit report provides an objective basis of support for the BOT Chair and the University President to sign the representations made in the BOG Performance Based Funding Data Integrity Certification.

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 Preeminence Metrics Data Integrity.

AC2. Office of Internal Audit Quality Assurance Review 2019

Mr. Williams explained that the Office of Internal Audit's activity is subject to a periodic internal assessment and an independent external assessment, to determine conformance with The Institute of Internal Auditors' professional standards, at least every five years. As a follow-up to the Office of Internal Audit Status report at the Committee's December 5, 2019, meeting, Mr. Williams explained that the Office of Internal Audit completed an internal self-assessment and engaged a qualified, independent, external assessor for validation of the Office's self-assessment.

Mr. Williams presented the 2019 Office of Internal Audit quality assurance review for Committee review, noting that the last assessment was completed December 2014. He stated that the qualified and independent assessor, Mr. Robert Berry, completed the external quality assurance review, including the on-site visit and has issued the validation report on the internal self-assessment. Mr. Williams shared Mr. Berry's conclusion that FIU's internal audit department "generally conforms" to the International Standards for the Professional Practice of Internal Auditing. Mr. Williams explained that this opinion is the highest of the three possible ratings that an audit organization can achieve from a quality assurance review.

Mr. Williams stated that action plans have been developed for the areas of partial conformance and operational improvement identified in Mr. Berry's report. Trustee Leonard Boord inquired as to Mr.

Berry's comment that there are several Office of Internal Audit Staff members interested in data analysis in order to enhance the department's data analysis capabilities. Trustee Boord stated that the large volumes of data being examined by the Office of Internal Audit is incompatible with their use of Excel pivot tables to execute audits. In response to Trustees Boord and Roger Tovar, Mr. Williams explained that the process of evaluating options for data analysis is underway. For an upcoming Committee meeting, Trustee Tovar requested an update on the action plan to address the Office of Internal Audit request for data analysis tools.

A motion was made and unanimously passed that the FIU Board of Trustees Audit and Compliance Committee recommend that the FIU Board of Trustees approve the independent assessor's report, Office of Internal Audit Quality Assurance Review 2019.

4. Discussion Items

4.1 Office of Internal Audit Status Report

Mr. Williams presented the Internal Audit Status Report, providing updates on recently completed audits. In terms of the audit pertaining to the University's accounts receivable process, he explained that the University's accounts receivable process has adequate and effective controls and procedures in place for those receivables recorded in the University's books. He pointed out that the University could benefit from having an integrated system to capture unrecorded accounts receivable balances not reported in the University's general ledger and that the audit resulted in six recommendations, which management has agreed to implement.

In presenting the results of the Office's certifying audit of FIU's home football game attendance, Mr. Williams indicated that the football attendance data reported to the National Collegiate Athletic Association (NCAA) on the 2019 Football Paid Attendance Summary sheets are supported by sufficient, relevant, and competent records. In terms of the three completed investigations, he stated that of the 10 total allegations, two were deemed as substantiated, while eight were determined to be unsubstantiated. Mr. Williams noted that there are six audits in various stages of completion and provided an update on the launch of the Office of Internal Audit's newsletter, *FIU Office of Internal Audit, Risks & Controls & Compliance Alert*. He explained that the newsletter provides content to inform FIU stakeholders about existing and emerging risks borne out through recent and past audits, as well as other important resources. He indicated that each issue will display two centerpieces: "A Recent Success" and "Getting Ahead of the Curve", where the former will highlight a recent success story in applying good internal controls, and the latter will highlight commonly encountered audit observations and preventive measures to avoid them.

Trustees engaged in a substantive discussion pertaining to the audit of the University accounts receivable process. In terms of Parking and Transportation fees, Trustee Boord commented that while enforcement procedures are in place, enhanced systems integration can provide an opportunity for improvement. He referred to the need for reporting mechanisms in order to capture balances not included in the University's general ledger, namely, the approximately \$2M in contracts and grants expenditures that remain unbilled. Trustee Boord voiced a concern with the sampling size utilized for third-party invoices. In response to Trustee Boord, Mr. Williams explained that the objective of the audit was to determine whether there are adequate and effective controls and procedures in place and that the sample selection was tested to ensure that the process followed was

sound. Senior Vice President for Administration and Chief Financial Officer Kenneth A. Jessell explained that the University does utilize all available resources to collect on outstanding debt and that the University works with the Florida Highway Safety and Motor Vehicles in order to collect parking citation debt incurred by University visitors.

Further addressing the issue of Parking and Transportation fees, Vice President for Information Technology Robert Grillo described the process by which holds may be placed on a student's record when there is an outstanding citation balance and pointed out that when payment on an outstanding parking citation is made, those receivables get credited into the general ledger. He explained that Parking's NuPark system is not integrated with PantherSoft's Student Administration System. He indicated that staff with access to PantherSoft may not have the authorization needed to access the NuPark system and that this creates an opportunity to provide greater detail inside a student financials record.

For the next regularly scheduled Committee meeting, Trustee Board requested an update on the integration status of the units scheduled for a fiscal year 2020 deployment into the Accounts Receivable and Billing Module of PeopleSoft. Trustee Tovar commented on the need for timely billing and that opportunities exist in collecting on balances owed. He noted the value in sharing audit reports University-wide, adding that the audit of the University's accounts receivable process could help to improve financials.

4.2 University Compliance and Ethics Quarterly Report

Chief Compliance and Privacy Officer Jennifer LaPorta provided the University Compliance and Ethics Update. She reported on the launch of Campus Catalogue as FIU's official policy and training distribution platform, indicating that the platform has been met with very positive feedback from the University community. She pointed out that Canvas is a platform that has been used generally throughout higher education for teaching purposes and, therefore, it is a very familiar platform for the University community. She added that planning is underway for the second phase of Campus Catalogue, which will integrate with PantherSoft, enable enhanced reporting, and support employee education and mandatory training.

Ms. LaPorta pointed out that the hotline development and launch is in progress, stating that the hotline will seamlessly integrate with the human resources case management system. She explained that while the newsletter has been drafted, the launch has been moved to March in order to align with the launch of the new hotline platform. She indicated that the Office of Compliance is collaborating with the Office of Internal Audit to develop an automated risk mitigation platform that will promote enhanced reporting and ultimately lead to furthering a risk-based approach in decision-making.

Ms. LaPorta reported that at its first meeting, held on January 27, 2020, the University's Foreign Influence Task Force discussed extensive government and agency dialogue and investigation related to foreign influence concerns. She indicated that the Task Force is undertaking a comprehensive review of several existing policies, protocols, and controls. She pointed out that for its next meeting, the Task Force will review conflict of interest protocols and procedures related to foreign travel all of which have been recently updated to address emerging national risks. She explained that last year

University President Mark B. Rosenberg personally and proactively reached out to the local FBI special agent in charge to discuss the unique risks that are presented to FIU in order to take an intentional approach in developing protocols around risks that are inherent to the University.

Ms. LaPorta pointed out that the launch of the review of all official University policies is scheduled for March and that 10 additional policies are scheduled for a Spring 2020 distribution. In terms of recruiting, Ms. LaPorta indicated that Mr. Kevin Kendrick joined the University in January as the Associate Athletics Director for Compliance, noting that the search for the Assistant Director for Compliance is in process.

In terms of quality assurance, Trustee Tovar recommended that a group of University administrators conduct regular visits to the University's campuses and sites. Committee Chair Grant welcomed and introduced newly appointed Trustee, Mr. Gene Prescott.

4.3 Review of Office of Internal Audit Policy and Charter

4.4 Review of the Compliance and Ethics Charter for the Office of University Compliance and Integrity

Committee Chair Grant explained that the Office of University Compliance and Integrity Charter was first approved on March 2, 2017, and is drafted consistent and in close alignment with BOG Regulation. He pointed out that the Compliance Office conducted an internal review process of their Office Charter and only minor and non-substantive revisions are deemed necessary. He indicated that in order to align the Board's review of the office charters, the proposed revisions to the Compliance Office Charter will be presented at the Committee's next regularly scheduled meeting for ratification along with the proposed changes to the Office of Internal Audit Policy and Charter. Trustee Grant stated that he will be working with the Offices of Internal Audit, Compliance and Integrity, and General Counsel to finalize the Office Charter review process.

5. New Business

5.1 Office of Internal Audit Discussion of Audit Processes

Committee Chair Grant 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 this meeting is conducted in the Sunshine, no one present was required to leave during the discussion with the Office of Internal Audit, adding that this was strictly voluntary. The Committee met with the Chief Audit Executive to discuss the internal audit process. In response to Committee Chair Grant's inquiry, Mr. Williams confirmed that management was cooperating fully with the staff of the Office of Internal Audit to enable them to perform their function without hindrance.

6. 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 Wednesday, February 26, 2020, at 9:07 a.m.

Trustee requests:

- 1. Trustee Roger Tovar requested an update on the action plan to address the Office of Internal Audit request for data analysis tools.*
- 2. For the next regularly scheduled Committee meeting, Trustee Leonard Boord requested an update on the integration status of the units scheduled for a fiscal year 2020 deployment into the Accounts Receivable and Billing Module of PeopleSoft.*