



**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
AUDIT AND COMPLIANCE COMMITTEE
MINUTES
JUNE 16, 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 Chair Gene Prescott at 8:09 a.m. on Wednesday, June 16, 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, *Chair*; Natasha Lowell (*via Zoom*); Joerg Reinhold; Chanel T. Rowe (*via Zoom*); Alexander Rubido; and Carlos Trujillo (*via Zoom*).

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

Committee 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 Chair Prescott welcomed Student Government President and student Trustee, Alexander Rubido.

2. Approval of Minutes

Committee Chair Prescott asked that the Committee approve the minutes of the meeting held on February 23, 2021. A motion was made and unanimously passed to approve the minutes of the Audit and Compliance Committee meeting held on February 23, 2021.

3. Follow-up from Previous Meeting

Committee 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 Chair Prescott remarked that since that time, the Office of Internal Audit has continued to provide support to Athletics, the Chief Financial Officer, and the General Counsel's efforts in resolving the issues reported in said audit. Committee Chair Prescott requested that Chief Audit Executive Mr. Trevor L. Williams provide an update.

Mr. Williams pointed out that there was no indication of fraud by Vivature or FIU. He explained that both parties have worked collaboratively over the past six (6) months to reach an agreeable path forward as it pertains to the electronic medical records component. He remarked that, effective September 28, 2020, Athletics ceased billing for medical records services under the existing Vivature agreement. Mr. Williams indicated that FIU has negotiated a new agreement with Vivature for electronic medical record services only, for an annual cost of \$5,580, noting that said agreement will take effect on August 1, 2021. He explained that, as a condition to entering into said agreement, Vivature had to meet certain conditions. Specifically, Mr. Williams noted that Vivature must be Higher Education Community Vendor Toolkit (HECVAT) IT compliant. He indicated that the new agreement includes both the required FIU supplemental procurement and the Family Educational Rights and Privacy Act (FERPA) addenda. Mr. Williams added that the new agreement also includes a provision that the agreement supersedes all previous contracts between the parties. He stated that the Vivature electronic medical records service has been successfully used by FIU for many years. He pointed out that, as the audit reflected, the Office of Internal Audit verified that controls were adequate and effective.

Senior Vice President and Chief Financial Officer Kenneth A. Jessell explained that, as the final step in the process, the University is finalizing the bill received from Vivature for the medical billing services. He added that, consistent with the amount identified in the audit, the amount net due to Vivature is approximately \$90,000.

4. Action Items

AC1. Internal Audit Plan, 2021-22

Mr. Williams pointed out that the Internal Audit Plan for the 2021-22 fiscal year delineates the areas for planned audit coverage over the next five (5) years. He remarked on the plan's authority, namely, Board of Governors Regulation 4.002, noting that said Regulation requires a chief audit executive to prepare a risk-based plan that is to be presented to the board of trustees for review and approval. He explained that the plan was developed using a systematic risk-based approach, adding that he sought input from Audit and Compliance Committee members, the University President, University management, and Internal Audit staff members in developing the risk-based five-year plan. He noted that the plan aims to provide audit coverage in areas with higher risks and to utilize audit resources efficiently.

Mr. Williams presented the Internal Audit Plan for the 2021-22 fiscal year for Committee review and approval. He pointed out that the 18 planned audits align with the University risk assessment heat map. He mentioned that, of said 18 planned audits, 14 are new and four (4) are carryover. He described the progress relating to the carryover audits, specially that the Lab Safety and Affiliated Agreements for Student Placement and Rotation audits are nearing completion and that work on the audits pertaining to the Conflict of Interest and Related Party Transactions and Data Breach of Protected Information has resumed. Mr. Williams pointed out that the planned audits also include follow-up of prior audit recommendations and the continuous auditing initiative. He explained that the plan is based on existing resources, adding that adjustments to the plan may become necessary as the Office of Internal Audit becomes fully staffed and that said adjustments will be presented for the Committee's review and approval.

In response to Trustee Donna J. Hrinak, Mr. Williams remarked that cybersecurity is an area of major concern and is a priority for the Internal Audit Office. In response to Committee Chair Prescott, Mr. Williams mentioned that the planned audit relating to Export/Import Controls responds to Florida House Bill 7017 and will be focusing on foreign influence from external sources. Also responding to Committee Chair Prescott, University President Mark B. Rosenberg commented that the University has met with the Federal Bureau of Investigations for briefings on China, strengthened the University's review of programs and export control management, and delayed the expansion of certain programs. President Rosenberg added that Tianjin University of Commerce and Quindao University are interested in continuing the collaborations with FIU and explained that the University is cautious and very sensitive to the national security concerns.

A motion was made and unanimously passed that the FIU Board of Trustees Audit and Compliance Committee approve the University Internal Audit Plan for Fiscal Year 2021-22.

AC2. University Compliance and Integrity Work Plan, 2021-22

Chief Compliance and Privacy Officer Jennifer LaPorta presented the University Compliance and Integrity Work Plan for the 2021-22 fiscal year for Committee review and approval. She explained that the plan outlines the goals and objectives of the University Compliance and Ethics Program, noting that key action items are focused on projects and activities that will mitigate risks to the resources and the reputation of the University and its employees. She added that the Committee will continue to receive the quarterly reports based upon progress towards said goals, stating that the plan and quarterly updates are based upon the seven (7) elements of an effective compliance program as prescribed by Chapter 8 of the U.S. Federal Sentencing Guidelines.

Ms. LaPorta described the 2021-22 new work plan structure and provided a comprehensive review of the proposed 2021-22 work plan objectives in relation to the corresponding federal sentencing guidelines provisions, noting that the presentation will focus on planned program enhancement activities. She remarked on the development of internal operating procedures, stating that this helps to ensure that auditable processes are created and maintained, and that the University is maximizing consistency, efficiency, and accountability. Ms. LaPorta commented that federal sentencing guidelines and subsequent guidance has focused on culture, adding that a paper program is not enough and therefore, the emphasis will include working with the University leadership to assist in operationalizing FIU's five core values into teachable, measurable, and observable behaviors that are used to train employees, hold them accountable, and set standards of behavior. She pointed out that the Foreign Influence and Global Risk Task Force will continue to work to implement a risk-based comprehensive strategy to plan for anticipated regulatory changes and that the Compliance Program's five-year review will be completed in the first half of the year, pursuant to Board of Governors regulation and subsequent guidance.

Ms. LaPorta indicated that FIU's code of conduct for employees will be significantly enhanced and updated in fiscal year 2021-22 and communicated University-wide. She commented that a multi-disciplinary work group will be formed and will review and update the University's ethics policies related to state employee responsibilities and obligations. She remarked on work plan objectives relating to training, education, and communications and mentioned that the Compliance office will be significantly enhancing and maturing the enterprise risk management program by partnering with

the Office of Internal Audit to develop and manage the Panther Enterprise Risk Management Platform. She pointed out that the conflict-of-interest disclosure process includes travel authorization monitoring and the enterprise risk assessment, stating that these different ongoing elements will be enhanced to include foreign influence filters. Ms. LaPorta mentioned that the Compliance office will be conducting or facilitating nine (9) scheduled compliance reviews and will be dedicating substantial time and effort to the five-year full program compliance assessment. She remarked on work plan objectives pertaining to investigations, discipline, incentives, and corrective actions.

A motion was made and unanimously passed that the FIU Board of Trustees Audit and Compliance Committee approve the University Compliance and Integrity Work Plan for Fiscal Year 2021-22.

5. Discussion Items

5.1 Office of Internal Audit Status Report

Mr. Williams presented the Internal Audit Status Report, commenting on recently completed audits. He remarked on the Audit of the Coronavirus Aid, Relief, and Economic Security (CARES) Act Institutional Relief Funds, noting that there were adequate procedures and controls in place over FIU's use of the CARES Act Institutional Relief Funds. He mentioned the Grant Accounting for FIU Foundation Funded Projects Audit, stating that the audit found that, apart from a single instance related to the reimbursement of \$43,614 of travel expenses connected to a donor's quid pro quo contribution, Research Project funds were used consistent with the gift requirements and University policies and procedures. Pertaining to the Examination of the Department of Parking, Sustainability and Transportation's Compliance with Contract Number HSMV-0548-18, Mr. Williams noted that the Office of Internal Audit determined that all deficiencies and/or issues found during the examination either have been corrected or corrective measures have been enacted by Parking to prevent recurrence. In terms of the review of expense reports, he stated that the Office of Internal Audit performed a review of employee expense reports, wherein they discovered a control weakness in their preparation related to expenses paid for with the University's Departmental credit card. He added that the Office of Internal Audit identified this issue while working with available data in developing a pilot for a continuous monitoring framework.

Mr. Williams reported that there are eight (8) audits in various stages of completion and highlighted other activity in which the Office of Internal Audit is engaged in, specifically ongoing internal investigations, drafting the University's Fraud Prevention and Detection Regulation, data analytics and continuous auditing initiatives, updating the Office of Internal Audit Practice Manual, and support pertaining to CARES, Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), and Higher Education Emergency Relief Fund (HEERF I, II, and III).

In response to Trustee Marc D. Sarnoff, Mr. Williams explained that, based on Internal Revenue Service (IRS) regulation, if a donor makes a donation for which he/she receives benefit, such a situation is considered a quid pro quo donation. Further responding to Trustee Sarnoff and Board Vice Chair Roger Tovar, Mr. Williams mentioned an ongoing research project in the Bahamas. He indicated that several weeks prior to said research project, a donation in the amount of \$45,000 was made to the FIU Foundation. He added that said donor and the donor's family accompanied the researchers on the project, noting that there were travel related expenses of approximately \$44,000,

which were billed to the University for payment. Mr. Williams indicated that said family members did not contribute to the research effort, and therefore, it was a personal benefit that the donor would have received in connection with the donation.

Sr. VP and CFO Jessell noted that the referenced donation covered the cost of the research trip, as well as the cost of the family. He commented on the research component, specifically that the trip was for a legitimate and ongoing research exercise and involved a research scientist from the College of Arts, Sciences, and Education, a research scientist from Florida State University, and two (2) research scientists from the National Oceanic and Atmospheric Administration (NOAA). He pointed out that the quid pro quo only related to the \$23,000 associated with the donor's family, adding that the donor had a very strong interest in said research which is what prompted the donation. Sr. VP and CFO Jessell commented that once the Foundation became aware of the situation, a revised contribution statement was issued to the donor only reflecting the legitimate expenditures related with the research grant.

In response to Board Vice Chair Tovar, Sr. VP and CFO Jessell explained that the Foundation does have policies in place and that the researcher that was involved in the gift did not understand the requirement and therefore, when the reimbursement was submitted it was not immediately clear that the donor and his/her family received a benefit. Sr. VP and CFO Jessell indicated that processes have been improved upon and now names of non-FIU employees are matched to gifts made to the Foundation.

In response to Trustee Natasha Lowell, Mr. Williams commented on the CARES Act. He explained that the Office of Internal Audit has reviewed the financial assistance awarded to students and is satisfied with the University's control processes and level of compliance. Sr. VP and CFO Jessell indicated that between the three tranches of funds, the University will have received approximately \$245M, namely, \$101M for direct aid to students and \$144 in institutional aid. Sr. VP and CFO Jessell added that, despite the limited guidance from the federal government, the University was fully compliant, except for a \$2,000 correction. Further responding to Trustee Lowell, Sr. VP and CFO Jessell mentioned that there is no expectation of repayment so long as the aid is used for the intended purpose and stays with the University.

5.2 University Compliance and Integrity Quarterly Report

There were no questions from the Committee members in terms of the University Compliance and Integrity Quarterly Report.

6. New Business

6.1 Office of Internal Audit Discussion of Audit Processes

Committee 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 this meeting is conducted in the Sunshine, no one present or participating via Zoom or accessing the meeting via the webcast was required to exit those platforms during the discussion with the Office of Internal Audit, adding that this was strictly voluntary. The Committee met with the Chief Audit Executive. There were no questions or comments from the Committee members or the Chief Audit Executive.

7. Concluding Remarks and Adjournment

With no other business, Committee Chair Gene Prescott adjourned the meeting of the Florida International University Board of Trustees Audit and Compliance Committee on Wednesday, June 16, 2021, at 9:21 a.m.