



Audit and Compliance Committee
June 16, 2022
FIU, Modesto A. Maidique Campus, Graham Center Ballrooms and via Zoom

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 Carlos A. Duarte at 9:01 a.m. on Thursday, June 16, 2022.

General Counsel Carlos B. Castillo conducted roll call of the Audit and Compliance Committee members and verified a quorum. Present were Trustees Carlos A. Duarte, *Chair*; Carlos Trujillo, *Vice Chair*; Natasha Lowell (*via Zoom*); Cristhofer E. Lugo; and Joerg Reinhold.

Board Chair Dean C. Colson (*via Zoom*), Board Vice Chair Roger Tovar, and Trustees Cesar L. Alvarez, Chanel T. Rowe (*via Zoom*), and Marc D. Sarnoff and Interim University President Kenneth A. Jessell also were in attendance.

Committee Chair Duarte welcomed all Trustees and members of the University administration. He also welcomed Trustees and University administrators and staff attending via the virtual environment and the University community and general public accessing the meeting via the University's webcast.

Committee Chair Duarte also welcomed Student Government Association President and student Trustee, Cristhofer E. Lugo.

2. Approval of Minutes

Committee Chair Duarte asked if there were any additions or corrections to the minutes of the Audit and Compliance Committee meeting held on March 3, 2022. Hearing none, a motion was made and unanimously passed to approve the minutes of the Audit and Compliance Committee meeting held on March 3, 2022.

3. Action Items

AC1. Proposed Amendment to Regulation FIU-117 Fraud Prevention and Detection

Chief Audit Executive Mr. Trevor L. Williams presented the proposed amendment to Regulation FIU-117 Fraud Prevention and Detection for Committee review. He explained that FIU-117 is being amended to align with recent changes in Board of Governors (BOG) Regulation 4.001. He added that the amendments articulate the process for handling significant and credible allegations of fraud, waste, mismanagement, misconduct, or other abuse made against members of the Board of Trustees or university President. Mr. Williams commented on said process and explained that whenever there is the presence of any such credible or significant allegations, the Chair of the Board

of Trustees, or the Chair of the Audit and Compliance Committee, if the allegation involves the Chair of the Board of Trustees, shall notify the BOG's Office of the Inspector General and Compliance (OIGC). He explained that, in consultation with the BOG Chair, the OIGC may be asked to conduct a preliminary inquiry, and if it is determined by the Chair of the Board of Trustees or the Chair of the Audit and Compliance Committee and the BOG Chair or through an OIGC preliminary inquiry that an investigation is warranted, the Board of Trustees will hire an independent outside firm to conduct the investigation with OIGC guidance and monitoring or the OIGC will perform the investigation. Mr. Williams commented that at the conclusion of such investigation, the report shall be submitted to the subject, who shall have twenty (20) working days from the date of the report to submit a written response. He stated that the subject's response and the investigator's rebuttal to the response, if any, shall be included in the final report provided to the Board of Trustees and the BOG.

Mr. Williams noted that the proposed revisions to Regulation 4.001 are scheduled for review and approval by the BOG at its June 30, 2022 meeting. He commented on non-substantive revisions to FIU-117, including formatting changes to align certain provisions of FIU-117 with Regulation 4.001.

A motion was made and unanimously passed to recommend to the FIU Board of Trustees approval of the proposed amendment of Regulation FIU-117 Fraud Prevention and Detection and delegate authority to the University President to approve any subsequent non-material amendments based on comments to the Regulation received from the Florida Board of Governors and as a result of the regulation-making process.

3. Action Items (*Committee Action; Full Board Information Only*)

AC2. Internal Audit Plan, 2022-23

Mr. Williams presented the Internal Audit Plan for the 2022-23 fiscal year for Committee review and approval. He remarked on the plan's authority, namely, BOG Regulation 4.002. He noted that said Regulation requires a chief audit executive to prepare a risk-based plan. He explained that the plan was developed using a systematic risk-based approach with input from University stakeholders. He indicated that the assessment considered a number of different risks, including financial, operational, safety, regulatory, and reputational. Mr. Williams added that certain factors were considered as part of developing the plan, such as inherent risk in particular area(s), expectation of new or emerging regulations, and audit history.

Mr. Williams presented the 2022-23 Internal Audit Plan and pointed out that the planned audits include six (6) carryover audits from the prior year's plan in addition to six (6) new audits. He pointed out that given the Office's limited resources, said planned audits focus audit coverage on the areas that had higher associated risks. He requested Committee approval, should there be the available resources to do so, to move audits planned for 2023-24 forward to the 2022-23 plan in order to complete as much audit work as possible. Mr. Williams highlighted areas of focus for the 2022-23 plan, including data security, export controls, foreign influence, research and development training and compliance, and motor vehicle internal controls.

Committee Chair Duart commended the work of the Office of Internal Audit. He added that attracting and retaining talent remains a priority. He concurred with Mr. Williams' request to move audits planned for 2023-24 forward, as possible.

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 2022-23 as included in the Board materials and presented by the Chief Audit Executive.

AC3. University Compliance and Integrity Work Plan, 2022-23

Chief Compliance and Privacy Officer Jennifer LaPorta presented the University Compliance and Integrity Work Plan for the 2022-23 fiscal year for Committee review and approval. She explained that the plan outlines the goals and objectives of the University Compliance and Ethics Program. She explained that key action items are focused on initiatives and activities that will mitigate risks to the resources and the reputation of the University and added that the plan and quarterly reports 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 2022-23 new work plan structure and provided a comprehensive review of the proposed work plan objectives in relation to the corresponding federal sentencing guidelines provisions. She noted that the presentation will focus on planned program enhancement activities. She commented on the development of internal operating procedures for the Office of University Compliance and Integrity. She explained that this helps to ensure and maintain auditable processes, and that the University is maximizing consistency, efficiency, and accountability. Ms. LaPorta stated that a key enhancement this year is going to include working with other units to develop inter departmental operating procedures to capture the workflows necessary to effectuate compliance with new legislation.

Ms. LaPorta mentioned that the Compliance Office will work with University leadership to assist in operationalizing FIU's five core values into teachable, measurable, and observable behaviors. She added that a key enhancement to this initiative will include leveraging the new Employee Code of Conduct. She pointed out that the Foreign Influence and Global Risk Task Force will continue to work to implement a risk-based comprehensive strategy to identify, assess, and monitor risk associated with foreign influence. Ms. LaPorta explained that key enhancements this year include assessing the systems and workflows developed to comply with the Florida state foreign influence statutes, the development of a new foreign influence website, and expanding the use of restricted party screening throughout the University. She commented that the work plan objectives also include addressing selected key recommendations contained in the five-year review of the Compliance Program, the development of a charter for the Privacy Governance Task Force, and collaborating on the development of the Anti-Fraud Framework and the Anti-Retaliation Policy.

Ms. LaPorta commented that the University Policy Working Group will be reviewing and updating the policy framework, which is a carryover initiative from the prior year. She mentioned that there are 13 annual and scheduled policy campaigns, that the plan will be leveraging the Code of Conduct to support enhancement to compliance training and initiatives, and that the Compliance Office will continue to categorize over 450 University policies, using a risk-based approach informed by the

Internal Audit risk assessment. She indicated that, as a carryover from the prior year's plan, the Compliance Office will continue to partner with the Office of Internal Audit to develop the Panther Enterprise Risk Management Platform. Ms. LaPorta noted that during the 2022-23 work plan year, the Compliance Office will also be conducting or facilitating scheduled compliance reviews and will continue to assess and implement any necessary system enhancements to the workflows addressing foreign influence concerns. She commented on enhancements to the Ethical Panther Hotline and Case Management System and the automation of Family Educational Rights and Privacy Act (FERPA) training.

In response to Trustee Natasha Lowell, Ms. LaPorta described good faith complaints and the complaint intake process.

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 2022-23.

4. Discussion Items

4.1 Office of University Compliance and Integrity Quarterly Report

Ms. LaPorta provided work plan updates and highlighted key initiatives. She explained that the Foreign Influence and Global Risk Taskforce met in March. She noted that the four subcommittees reported that the foreign travel screening process was launched in January 2022 and that the screening process requires that prior to departing to any foreign country on FIU-related travel, all travelers must complete a questionnaire pertaining to foreign influence and other travel risks, as well as acknowledge their understanding of U.S. foreign travel guidance. She commented that the annual campaign for outside activity conflict of interest disclosures has been enhanced with additional questions and training. Ms. LaPorta remarked on the Compliance Requirements Matrix platform, which contains the compilation of applicable state and federal laws and regulations that give rise to University compliance reporting obligations. In terms of the launch of the Employee Code of Conduct, she referred to Interim President Kenneth A. Jessell's video introducing the Code and emphasizing FIU's speak up culture. She presented screenshots highlighting the Compliance Requirements Matrix platform and the Employee Code of Conduct.

4.2 Office of Internal Audit Status Report

Mr. Williams presented the Internal Audit Status Report and commented on recently completed audits. He remarked on the audit of Conflict of Interest (COI) and Related Party Transactions and explained that the audit period covered July 1, 2020 through June 30, 2021. He pointed out that the COI process was revamped and culminated in the launch of the new reporting system in December 2020. He highlighted achievements to the process, including a 96% submission rate among those subject to reporting, more effective workflow and tracking of disclosed activities, improved communication of the disclosure requirement, no instances of double-dipping were identified, Procurement Evaluation Committee members complied with the rule, and the Conflict of Interest in Research Policy aligns with the statute. Mr. Williams commented on areas requiring attention for improvement, including the non-disclosure of potential conflicting outside activity, employees engaged in denied activities, non-disclosure of significant financial interests, non-disclosure of transactions with related parties, need for conflict of interest disclosure by suppliers, reporting of outside activity was not timely, misalignment of University and Board of Trustees conflict of interest

policies with practices, and the need for formalizing the financial disclosure determination methodology. He reported that the audit resulted in 19 recommendations.

Mr. Williams commented on the audit of the Family Educational Rights and Privacy Act (FERPA) Compliance. He explained that FERPA is a federal law that protects the privacy of student education records. He indicated that the audit concluded that the University generally complies with the federal statute, noting adequate and compliant notification to students, appropriate disclosure safeguards, and adequate recordkeeping. He pointed out that the audit also identified areas requiring enhancements, including identifying all employees requiring FERPA training, user access controls, and FERPA violation response management. He reported that the audit resulted in five (5) recommendations.

Mr. Williams commented that, at the request of the University's Office of Research and Economic Development, the Office of Internal Audit completed an agreed-upon procedures engagement for the European Union-financed Grant Agreement concerning the Jean Monnet Centre of Excellence Erasmus+ Programme. He indicated that, previously, the University contracted with an external, independent certified public accounting firm to perform the engagement. He pointed out that there are six (6) audits in various stages of completion.

In response to Committee Vice Chair Carlos Trujillo, Mr. Williams stated that instances of non-compliance with COI Policy were reported to the University's leadership and that the Division of Human Resources has a progressive disciplinary process in place to handle such instances.

5. New Business

5.1 Office of Internal Audit Discussion of Audit Processes

Committee Chair Duarte 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 Mr. Williams. He added that this was strictly voluntary. The Committee met with Mr. Williams. Mr. Williams commented on positive interactions with University leadership and added that he is able to perform his work with objectivity and independence without hinderance.

6. Concluding Remarks and Adjournment

With no other business, Committee Chair Carlos A. Duarte adjourned the meeting of the Florida International University Board of Trustees Audit and Compliance Committee on Thursday, June 16, 2022 at 10:12 a.m.