



**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
AUDIT AND COMPLIANCE COMMITTEE
MINUTES
JUNE 19, 2019**

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 8:09 a.m. on Wednesday, June 19, 2019, at the FIU, Modesto A. Maidique Campus, Graham Center Ballrooms.

Committee Chair Grant welcomed all Trustees and University faculty and staff to the meeting.

Deputy General Counsel Liz Marston 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 (arrived late).

Trustee Michael G. Joseph was excused.

Trustees Cesar L. Alvarez, Dean C. Colson, Marc D. Sarnoff, and Roger Tovar and University President Mark B. Rosenberg also were in attendance.

2. Approval of Minutes

Committee Chair Grant asked that the Committee approve the Minutes of the meeting held on March 4, 2019. A motion was made and unanimously passed to approve the Minutes of the Audit and Compliance Committee Meeting held on Monday, March 4, 2019.

3. Action Items

AC1. Internal Audit Plan, 2019-20

Chief Audit Executive Trevor L. Williams presented the Internal Audit Plan for fiscal year 2019-20 for Committee review and approval, noting that the plan was developed using a systematic risk-based approach that aids in the determination of the audits that need to be performed, while also considering the most appropriate allocation of available resources to maximize productivity. He provided an overview of the University risk assessment heat map, which identifies risks based on their likelihood and impact, pointing out that the heat map provided the basis for the development of planned future audits. Mr. Williams described how direct time was utilized over the past five years and presented an overview of carryover audits from the 2018-19 fiscal year, stating that these audits are in process. Mr. Williams delineated the proposed audits for the 2019-20 fiscal year and described how the 13 audits aligned with the University risk assessment heat map and past audit coverage as demonstrated in the risk-based five-year audit plan.

Trustee Roger Tovar commended the 2019-20 Internal Audit Plan and recommended that, in terms of avoiding negative audit findings, departments with upcoming audits should scrutinize their operations and address their responsibilities. Trustee Tovar encouraged a closer examination into a number of the subject matters falling within the 4/4 risk index, which could be addressed proactively, stating that this approach could allow the Office of Internal Audit to focus on areas that pose a challenge in terms of risk mitigation. In response to Trustee Tovar's comment and relating to the motor pool category, which is categorized with a risk index of 4/4, Senior Vice President of Administration and Chief Financial Officer Kenneth A. Jessell explained that a multi-year plan was developed where some vehicles nine or more years beyond their expected useful life have already been replaced.

In response to Trustee Tovar's inquiry relating to turnover in the Office of Internal Audit, Mr. Williams indicated that, through efforts already in place, the Division of Human Resources has been working to identify qualified candidates and that it is the expectation that the vacancies will be filled in the near future.

In response to Trustee Leonard Boord's inquiry, Mr. Williams indicated that the Audit Plan will address areas falling within the heat map's red categories. In response to additional inquiries from Trustee Boord relating to 3/4 and 4/4 risk-indexed subject matters, namely, brand alignment and affinity management and admissions policy compliance, Mr. Williams explained that efforts are already in process by the University's marketing consultant and concurred with Trustee Boord that the planned audit coverage relating to admissions policy compliance should be accelerated.

Committee Chair Grant concurred with Trustee Boord's comments relating to the expectation that, as a general policy, any subject matter with a risk index of 3/4 or 4/4 should have audit coverage within three years, except in the case where a subject matter is already being reviewed and/or addressed by another mechanism.

University President Mark B. Rosenberg pointed out that in terms of proactively working to address availability of talent in this domain, the Division of Human Resources is developing a track that employs eligible students in internships and apprenticeships with the possibility of leading to career tracks within the University once they graduate.

A motion was made and unanimously passed that the FIU Board of Trustees Audit and Compliance Committee approve the amended University Internal Audit Plan for Fiscal Year 2019-20 to reflect that generally any subject matter with a risk index of 3/4 or 4/4 should have audit coverage within three years.

AC2. University Compliance and Ethics Work Plan, 2019-20

Chief Compliance and Privacy Officer Jennifer LaPorta presented the 2019-20 University Compliance and Ethics Work Plan for Committee review and approval. She delineated the focus and guidance of the U.S. Department of Justice in terms of the concrete steps an organization's leadership takes to foster a corporate culture of compliance, emphasizing the difference between a "paper program" and a "real program," and eleven (11) topics and questions, which serve as best practices to measure compliance programs and further refine existing programs. She provided a

comprehensive review of the proposed 2019-20 Work Plan objectives in relation to the corresponding Federal Sentencing Guidelines provisions. Among the highlighted Work Plan objectives, Ms. LaPorta described the development of a comprehensive and interactive ethics training program, the development of an integrated risk assessment process in collaboration with the Office of Internal Audit, and the transition from the University's current external software provider, Convercent, to an in-house policy distribution and tracking platform.

In response to Trustee Natasha Lowell's inquiry, Ms. LaPorta explained that the escalation process contributed towards the increase in training percentages, which currently are between 95% – 100%. In response to Trustee Boord's inquiry, Ms. LaPorta described the rationale that led to the decision to transition away from Convercent, namely feedback from faculty, staff, and executive leadership, the provider's response rate for issuing updates, and the requirement to sign on with a username and password to an external website. Vice President for Information Technology Robert Grillo explained that the University will leverage the off-the-shelf application where content can either be procured or be developed in-house, in order to ensure adherence to University regulations and policies and responsiveness to password complexities.

Based on his experience using Convercent, Trustee Joerg Reinhold indicated that, while training percentages are being met, learning outcomes should also be considered.

A motion was made and unanimously passed that the FIU Board of Trustees Audit and Compliance Committee approve the University Compliance and Ethics Work Plan for Fiscal Year 2019-20.

4. Discussion Items

4.1 Office of Internal Audit University Risk Assessment

Mr. Williams provided an overview of the risk assessment development methodology, pointing out that risk owners were surveyed and were also part of the risk analysis process. He explained that the risk-based approach incorporated past audit coverage, previously completed risk assessments, and the University-wide risk rating survey. Mr. Williams presented the University risk assessment heat map, explaining that categories were rated based on parameters pertaining to impact and likelihood. He stated that, while the categories reflected in red will receive focused attention, mitigation strategies will be developed in terms of addressing areas reflected in yellow and green as part of an ongoing collaboration with the Office of Compliance and Ethics. He described the risk assessment development schedule, noting that an enterprise-wide assessment will occur every five (5) years with annual reviews and evaluations of risks.

4.2 Office of Internal Audit Status Report

Mr. Williams presented the Internal Audit Status Report, providing updates on recently completed audits. He explained that, while past audits have been completed related to FIU's access to the Florida Department of Highway Safety and Motor Vehicles' driver license and motor vehicle data to complete that agency's required attestation, the current audit was based on an expanded scope, which included a cybersecurity component, as required by the current MOU. He stated that the audit concluded that, in all material respects, the internal controls and data security governing the Department's use and dissemination of personal data pursuant to the MOU and applicable laws,

which if operating effectively, were those necessary to provide reasonable assurance that personal data is protected from unauthorized access, distribution, use, modification, or disclosure.

Mr. Williams reported on the audit findings pertaining to the procurement process at the Chaplin School of Hospitality and Tourism Management, pointing out that the audit identified opportunities to improve internal controls. He described the audit findings relating the College of Business and explained that overall, the audit concluded that the financial controls included within the prior audit of the College have improved. He indicated that opportunities for improvement exist in the following areas: (1) fund balance accumulation; (2) payroll overload expenditures; (3) controls over expenditures; (4) attractive property; and (5) control environment. Mr. Williams delineated the audit findings relating to the Patricia and Phillip Frost Art Museum's operations, noting the improvement in controls over the Museum's collection records from the previous audit. He explained that opportunities for improvement exist over operational and expenditure controls related to the collection's safeguarding.

Mr. Williams also reported that reviews were completed for four (4) institutions who are sub-recipients under FIU grants and that the purpose of these reviews is to ensure that sub-recipients are compliant with the financial reporting requirements. He indicated that six (6) audits are in various stages of completion and that the Coordinator of Administrative Services position has been filled.

Trustee Tovar commented on the continual improvement in terms of the implementation of the audit recommendations and recommended that as part of the onboarding process, University Deans and directors receive past audit reports. Mr. Williams indicated that all audits are shared with University Vice Presidents and Deans.

4.3 University Compliance and Ethics Quarterly Report

Ms. LaPorta provided a status update on the 2018-19 Compliance Work Plan, indicating that the report reflects progress on the key action items and other compliance activities for the third and fourth quarters of fiscal year 2018-2019. She reported that all key action items and program objectives have been fully executed, except for the Compliance program external assessment.

4.4 Review of Audit and Compliance Committee Charter

Deputy General Counsel Marston explained that, while the Florida Board of Governors requires a review of the Committee's Charter at least every three (3) years, the FIU Board of Trustees' Audit and Compliance Committee Charter requires a review at least every two (2) years. She indicated that members of the University administration will confer with Committee Chair Grant in terms of what recommendations, if any, should be presented to the Board of Trustees. She explained that if there are changes as a result of the review, the proposed amendments will be presented to the Committee and Full Board at the next regularly scheduled meeting.

5. Report

There were no questions from the Committee members in regards to the Athletics Compliance Report.

6. New Business

6.1 Senior Management Discussion of Audit Processes

Committee Chair Grant noted that, as is stipulated in the Audit and Compliance Committee Charter, the Committee must meet with senior management without the presence of the Chief Audit Executive. He further noted that because this 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. Senior management commented on the positive collaboration with the Office of Internal Audit.

7. 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, June 19, 2019, at 9:40 a.m.