



**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
AUDIT AND COMPLIANCE COMMITTEE
MINUTES
SEPTEMBER 9, 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 8:02 a.m. on Wednesday, September 9, 2020, via Zoom.

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*; Gene Prescott, *Vice Chair (joined after roll call)*; Leonard Boord; Natasha Lowell; Joerg Reinhold; and Alexandra Valdes.

Board Chair Dean C. Colson, Board Vice Chair Roger Tovar, Trustees Donna J. Hrinak, Claudia Puig, and Marc D. Sarnoff, and University President Mark B. Rosenberg also were in attendance.

Committee Chair Grant 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.

2. Approval of Minutes

Committee Chair Grant asked that the Committee approve the Minutes of the meeting held on June 16, 2020. A motion was made and unanimously passed to approve the Minutes of the Audit and Compliance Committee Meeting held on June 16, 2020.

3. Discussion Items

3.1 Office of Internal Audit Status Report

Chief Audit Executive Mr. Trevor L. Williams presented the Internal Audit Status Report, noting that there are eight (8) audits in various stages of completion. He remarked that the audit recommendation follow-up status report, included as part of the Board materials, provides that of the 105 recommendations due for implementation through August 28, 2020, 79 or 75% of said recommendations were implemented, 15 or 14% were partially implemented, and 11 or 11% were not implemented. He provided an update through the end of August, adding that further activity now demonstrated that 89 or 85% of the audit recommendations were completed and 16 or 15% were partially implemented and that this could be attributed to timing issues relating to the notification and validation process. Mr. Williams remarked that since June 1, 2020, University

management has been able to utilize the Office of Internal Audit Panther Audit Platform to update and report the status of prior audit recommendations. He presented a screenshot and also described the section within the Platform that pertains to the aging of audit recommendations, noting that the average complexity of outstanding recommendations is 2.14, reflecting moderate complexity.

Mr. Williams commented that, at the request of the Chaplin School of Hospitality and Tourism Management, the Office of Internal Audit provided consultation services, and subsequent feedback, pertaining to a \$5M grant agreement with Miami-Dade County to provide financial relief to laid-off and furloughed employees of locally owned and operated restaurants, bars, hotel restaurants, and caterers impacted by the COVID-19 pandemic. Mr. Williams indicated that two of the three vacant positions in the Office of Internal Audit were filled, resulting in a 91% staffing level.

Trustee Leonard Boord remarked on audit recommendations that have been outstanding for longer than 12-18 months and requested, moving forward, greater detail in terms of identifying when interdepartmental dependencies exist. In response, Mr. Williams indicated that the new cycle of reporting will detail the cross-functional cooperation and collaboration that is required for each specific recommendation and will also include a complexity index of the corrective action and related rating scale that further describes audit recommendations in a range beginning with routine through exceptional.

3.2 University Compliance and Integrity Quarterly Report

Chief Compliance and Privacy Officer Ms. Jennifer LaPorta provided the University Compliance and Integrity quarterly report. She commented that the Global Risk and Foreign Influence Task Force continues to meet quarterly and indicated that at its June 19, 2020, meeting, the Task Force received a legislative update and export controls and global affairs progress updates. She pointed out that the Task Force also reviewed a presentation regarding foreign influence strategic assessment modules. Ms. LaPorta remarked on the development of 10 assessment modules, noting that completion and launch are expected within the 2020-2021 program year and that said modules focus on several key areas designed to build the FIU infrastructure to protect against foreign influence and to educate the University community. She mentioned that the Defense Counterintelligence and Security Agency webinar was assigned to the Task Force members as part of ongoing training.

Ms. LaPorta commented on the three-year policy review process, adding that the University has over 450 policies and that updated policies are on target for uploading into the policy library by the end of the current calendar year. She remarked on the collaboration with the Office of the General Counsel in terms of the University's coordinated response to the Foreign Source reporting requirement, pursuant to Section 117 of the Higher Education Act. Ms. LaPorta indicated that the compliance calendar notification and tracking system, designed to notify compliance owners throughout the University community of federal and state filing requirements, has been updated to include enhanced communication and tracking mechanisms. She commented that the consulting firm, CynergisTek, Inc., was engaged as part of the University's three-year HIPAA compliance program assessment.

Ms. LaPorta pointed out that the 2019-20 University Compliance Program Annual Report responds to Trustee Boord's prior request in that the Report includes metrics and trends related to the Ethical

Panther Hotline. She indicated that, moving forward, related updates and metrics will be incorporated into the quarterly reports. Also responding to Trustee Board's prior request, 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 the required compliance training(s) or other types of attestations.

Ms. LaPorta indicated that the Compliance Manager position is in the final stages of recruitment and is expected to be filled by the end of September 2020.

4. Reports

There were no questions from the Committee members in regards to the annual reports pertaining to the Office of Internal Audit and the Office of Compliance.

5. New Business

General Counsel Castillo provided an update regarding an incident involving Blackbaud, a software solution that is widely used for fundraising and alumni or donor engagement efforts at nonprofits, universities, and healthcare organizations. He explained that on July 16, 2020, Blackbaud notified the FIU Foundation of a security incident affecting educational institutions, foundations, and other nonprofits across the United States and internationally. He commented that the FIU Foundation uses Blackbaud to assist it in analyzing its fundraising efforts and only uses Blackbaud to maintain publicly available information such as constituent names, addresses, and in some instances, birthdays. General Counsel Castillo pointed out that said usage does not include Social Security numbers, credit card numbers, or financial account information. He remarked that upon learning of the issue, the University commenced an investigation, engaged experienced external professionals, and that following FIU protocol, the Incident Response Team was mobilized.

General Counsel Castillo indicated that Blackbaud reported on an attempted ransomware attack in progress on May 28, 2020, and that Blackbaud furthermore advised that said attack was stopped with the help of forensic experts and law enforcement and that the cybercriminal was prevented from blocking or accessing encrypted files that contain sensitive data. He pointed out that Blackbaud's internal investigation concluded that the cybercriminal removed data from Blackbaud systems intermittently between February 7, 2020, and May 20, 2020. He remarked that Blackbaud advised of having paid the cybercriminal to ensure that the backup file was permanently destroyed and that they had no reason to believe that any data went beyond the threat actor, was or will be misused, or will be disseminated or otherwise made available publicly. General Counsel Castillo mentioned that Blackbaud further indicated that it hired a third-party team of experts to continue monitoring for any such activities and that the vulnerability that led to this incident was identified and closed. He pointed out that Blackbaud has assured the University that they are enhancing their security controls and conducting ongoing efforts against similar incidents in the future.

General Counsel Castillo indicated that in collaboration with outside legal counsel, the University assessed quickly and diligently any legal obligations to notify individuals and/or regulators of this incident. He explained that there were two states that required notifications to individuals, specifically, Washington and North Dakota, as full name and date of birth are considered personal

information in those states. He pointed out that on August 11, 2020, FIU determined that the cybercriminal may have been able to access Washington and North Dakota resident names and dates of birth, and that as a result, the University issued notices to approximately 940 individuals residing in those states, adding that said notice included precautionary measures that individuals could take to protect their information. General Counsel Castillo further stated that a toll-free number has been established for any letter recipient to call with questions or concerns about the incident. He mentioned that the required notice was provided to the Attorney General's office for the state of Washington and that no such notice was required by the Attorney General's office in North Dakota. He pointed out that should the University become aware of any subsequent material facts, the matter(s) will be addressed accordingly.

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 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 to discuss the internal audit process. In response to Committee Chair Grant's inquiry, Mr. Williams commented that while the unprecedented conditions brought about by the COVID-19 pandemic have resulted in the occasional delayed response, he confirmed that management was cooperating fully with the staff of the Office of Internal Audit. Also in response to Committee Chair Grant, Mr. Williams commended the Division of Human Resources in its efforts to fill the vacant positions within the Office of Internal Audit and remarked that the information systems audit team has been in place for approximately one year, adding that an IT-related audit is in the planning stages.

In response to Trustee Natasha Lowell's inquiry regarding the \$5M grant, Mr. Williams explained that while the Office of Internal Audit is not aware of other FIU colleges currently under consideration for similar grants, the Office remains available to provide advisory consultation services as requested. President Rosenberg indicated that, in addition to the Office of Internal Audit, members of the administration also reviewed the grant agreement and that, subsequent to the collective review process, the University made the determination to limit its role to an advisory capacity and identified another agency, the United Way, to manage the grant funds.

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, September 9, 2020, at 8:37 a.m.