



**Audit and Compliance Committee
March 3, 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 8:34 a.m. on Thursday, March 3, 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 (via Zoom)*; Carlos Trujillo, *Vice Chair (via Zoom)*; Natasha Lowell; Joerg Reinhold; and Alexander Rubido.

Board Chair Dean C. Colson, Board Vice Chair Roger Tovar, and Trustees Cesar L. Alvarez, Donna J. Hrinak (*via Zoom*), Gene Prescott, 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.

2. Approval of Minutes

Committee Chair Duarte asked that the Committee approve the minutes of the meeting held on December 8, 2021. A motion was made and unanimously passed to approve the minutes of the Audit and Compliance Committee meeting held on December 8, 2021.

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 Preeminent Metrics Data Integrity

Chief Audit Executive Mr. Trevor L. Williams presented the Data Integrity Certification and the results of the audit of Performance Based Funding and Emerging Preeminent Metrics Data Integrity for Committee review. He explained that each year by March 1, the Chair of the FIU Board of Trustees and the President of the University shall certify the University's Performance Based Funding and Emerging Preeminence status by signing a Data Integrity Certification. Mr. Williams explained that the Board Chair and President rely on the outcome of the Performance Based Funding and Emerging Preeminence Metrics audit that is performed by the Office of Internal Audit as a basis for signing said certification. Mr. Williams commented on the audit results, indicating that the University continues to have good process controls for maintaining and reporting performance metrics data and the system, in all material respects, continues to function in a reliable manner. He pointed out that the Office of Internal Audit offered several suggestions for enhancements

pertaining to access, controls, and updating the FIU Office of Analysis and Information Management (AIM)-Florida Board of Governors (BOG) Business Process Manual to include guidance on preeminent metrics. He stated that, overall, the audit concluded that the Office of Internal Audit believes that the Board Chair and University President have an objective basis to sign the Data Integrity Certification for submission to the BOG by the extended due date of March 3, 2022.

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 Preeminent Metrics Data Integrity.

AC2. Proposed Regulation FIU-117 Fraud Prevention and Detection

Mr. Williams presented the proposed Regulation FIU-117 Fraud Prevention and Detection for Committee review. He explained that on March 23, 2021, the BOG issued Regulation 3.003, Fraud Prevention and Detection, requiring universities to establish criteria related to the appropriate institutional controls and risk management framework that provide reasonable assurance that fraudulent activities within the university's areas of responsibility are prevented, detected, reported, and investigated. He indicated that the proposed regulation FIU-117 is in alignment with BOG Regulations 3.003 and 4.001 and applies to any fraud, suspected fraud, or related wrongful acts involving any member of the University community, including Board of Trustees members, University employees, vendors, volunteers, consultants, students, and entities or individuals contracting, affiliating, or doing business with the University.

Mr. Williams pointed out that the University President is responsible, by and through the University's Vice Presidents and Deans, for adopting an anti-fraud framework. He added that those reporting to the President share in the responsibility of ensuring that the anti-fraud framework is in place and maintained appropriately. He remarked that all covered individuals and entities, as described earlier, who become aware of, or suspect fraudulent or wrongful activity, acting in good faith, should report said activity. He mentioned that the Chief Audit Executive shall timely report significant and credible allegations of waste, fraud, or financial mismanagement to the Board of Governors Office of Inspector General and Director of Compliance.

Mr. Williams indicated that the proposed Regulation also establishes a process for investigating significant and credible allegations of fraud, waste, mismanagement, misconduct, or other abuse against the Chief Audit Executive or the Chief Compliance Officer. He added that the proposed Regulation delineates the responsibility of the Chief Audit Executive to timely notify the BOG of any significant and credible allegations of fraud, waste, mismanagement, misconduct, or other abuse made against a member of the Board of Trustees or the University President. Mr. Williams explained that the proposed Regulation shall be reviewed at least every five years for currency and consistency with applicable BOG and University regulations and the Board of Trustees shall be notified, at least

annually, of the efficacy of the University's antifraud framework and any necessary revisions to improve the framework.

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 proposed 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.

AC3. Proposed Revisions to Audit and Compliance Committee Charter

Mr. Williams presented the proposed revisions to the Audit and Compliance Committee Charter for Committee review, noting that the recommendation to change the review period for the Charter from every two (2) years to every three (3) aligns with BOG Regulation 4.002. He added that another significant recommendation and change to the Charter involves the incorporation of the Committee's governance responsibilities resulting from the adoption of FIU-117 Fraud Prevention and Detection Regulation.

A motion was made and unanimously passed that the FIU Board of Trustees Audit and Compliance Committee recommend to the FIU Board of Trustees approval of the proposed revisions to the Audit and Compliance Committee Charter.

4. Discussion Items

4.1 Office of Internal Audit Status Report

Mr. Williams presented the Internal Audit Status Report, commenting on recently completed audits. He explained that one of the completed audits pertained to the audit of Performance Based Funding and Emerging Preeminent Metrics Data Integrity, which was presented as part of agenda item AC1. He remarked on the audit of Information Technology Controls Over Procurement Services, pointing out that the audit concluded that the systems utilized during the procurement process had adequate controls for least privilege access, audit logging, and change management. He stated that the audit also identified opportunities for strengthening controls and improving processes, including disabling or deactivating terminated employees' access to the Jaggaer procurement system, refraining from creating generic accounts in the system and training accounts, improving segregation of duties by removing incompatible roles wherein the requester, approver of the requisition, and the receiver of goods and services is the same individual, and documenting and maintaining a Business Continuity Plan and a Disaster Recovery Plan.

Mr. Williams pointed out that there are five (5) audits in various stages of completion. He remarked on the progress towards the completion of past audit recommendations, adding that there were 33 recommendations due for implementation during the six months ended January 31, 2022. He indicated that 27 or (82 percent) of said recommendations were completed and that 6 or (18 percent) were partially implemented. He explained that the Office of Internal Audit receives complaints of alleged wrongdoing, including suspected fraud, waste, abuse, and mismanagement. Mr. Williams noted that the Office of Internal Audit has evaluated the complaints received and are currently investigating those deemed appropriate for their office to investigate and have referred the others to the appropriate units within the University for investigations. Mr. Williams remarked that

substantiated allegations that are deemed to be significant and credible will be reported to the University President and Board of Trustees, stating that the Office of Internal Audit does not have any such allegations to report to the Board of Trustees at this time.

Mr. Williams pointed out that an independent, external quality assurance review of the Office of Internal Audit audit activity was last completed in December 2019, adding that the Office received the highest possible rating of “generally conforms.” He mentioned that in December 2021, a senior staff member of the Office of Internal Audit completed an internal quality assessment of the Office’s internal audit activity and similarly concluded that the Office of Internal Audit generally conforms with the selected Standards reviewed. Mr. Williams provided an update on the Office of Internal Audit’s recruitment efforts, noting that the competitive job market along with the accommodations and perks being offered to candidates continue to present a challenge for recruiting and retaining qualified audit talent. In response to Trustee Natasha Lowell, Mr. Williams commented on challenges related to matching compensation levels within the external job market and not being able to provide a hybrid/flexible work environment. In response to Board Vice Chair Roger Tovar, Mr. Williams commented that the Office of Internal Audit has expanded the number of internships offered.

4.2 Office of University Compliance and Integrity Quarterly Report

- *Florida International University Design and Effectiveness Review*
- *Compliance and Ethics Program Survey Assessment Based Results*

Chief Compliance and Privacy Officer Jennifer LaPorta provided work plan updates and highlighted key initiatives. She explained that the Foreign Influence and Global Risk Taskforce is the University’s governance group for the area of foreign influence and global risk, adding that as the Chair of the Foreign Influence and Global Risk Taskforce, she oversees the four distinct subcommittees formed to address the requirements of new Florida Statutes regarding foreign influence and research integrity. Ms. LaPorta explained that the subcommittees meet regularly to effectuate compliance efforts with said Statutes and to further refine processes and workflows that have been established. She commented on the filing of foreign gifts and contracts as required by the new Statute, adding that after-action determinations are underway to identify the resources that are necessary to effectuate said recording every six months moving forward. She remarked that the new travel authorization process was launched in January and addresses the new Statute, which necessitates certain screening requirements for all foreign travel with additional diligence for countries of concern.

Ms. LaPorta remarked on the 2021 external program review of the FIU Compliance Program, pointing out that the Compliance team also requested a deeper evaluation beyond the required BOG report to inform workplan initiatives, adding that the external assessor provided a detailed memorandum that includes benchmarking against the programs and practices of leading companies around the world. She stated that the Office is in the process of responding to the key elements of said memorandum, adding that many elements coincide with the results of the Compliance and Ethics Program Survey. Further referring to the external assessor’s memorandum, she commented on the assessment methodology and provided an overview of the University’s maturity scale results in relation to each assessment category. Ms. LaPorta indicated that the Code of Conduct has been finalized. She mentioned that of the five (5) completed training and attestation campaigns during the

period, four (4) had a 100% completion rate and one (1) had a 99.6% completion rate. With respect to investigation, discipline, incentive, and corrective action, she indicated that 30 open reports are in various stages of the assignment, review, and tracking process. She mentioned that the Office of Compliance continues to administer the compliance monitoring calendar and commented on the launch of the compliance requirements matrix platform.

In response to Board Vice Chair Tovar, Ms. LaPorta remarked on her commitment to the Committee in terms of reporting matters or situations that are believed to represent a high-risk area. Further responding to Board Vice Chair Tovar, she mentioned that the Compliance office achieves much of what they are doing through the use of committees and resources throughout the University, adding that allocations may be necessary in the area of risk management.

5. New Business

5.1 Senior Management Discussion of Audit Processes

Committee Chair Duart 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 senior management, adding that this was strictly voluntary. The Committee met with senior management. Interim Chief Financial Officer and Vice President for Finance and Administration Aime Martinez commented on the collaborative process with the Office of Internal Audit, noting that senior management is provided with opportunities for providing input on audit findings. Interim Provost and Executive Vice President Elizabeth M. Bejar remarked on the positive impacts resulting from the Office of Internal Audit's audit experience and legal expertise. In response to Committee Chair Duart, Interim CFO and VP Martinez stated that despite the vacant positions, the Office of Internal Audit has an experienced team, which has ensured that post-audit processes with senior management remain timely.

6. Concluding Remarks and Adjournment

With no other business, Committee Chair Carlos A. Duart adjourned the meeting of the Florida International University Board of Trustees Audit and Compliance Committee on Thursday, March 3, 2022 at 9:31 a.m.