



**UNIVERSITY OF FLORIDA BOARD OF TRUSTEES
COMMITTEE ON AUDIT AND COMPLIANCE
COMMITTEE MINUTES**

June 7, 2018

President's Room 215B, Emerson Alumni Hall

University of Florida, Gainesville, FL

Time Convened: 9:31 a.m. EDT

Time Adjourned: 10:15 a.m. EDT

1.0 Verification of Quorum

A quorum was confirmed with all members present.

Members present were:

Marsha D. Powers (Chair), Ian M. Green, James W. Heavener, Robert G. Stern and Katherine Vogel Anderson

Others present were:

President W. Kent Fuchs, Vice President and General Counsel Amy Hass and other members of the President's Cabinet, Chief Audit Executive Brian Mikell, Executive Associate Vice President Elizabeth Ruszczyk, Assistant Vice President/Controller Alan West, Florida Auditor General Audit Supervisor Denita Tyre, and OIA Audit Director Joe Cannella.

2.0 Call to Order

Committee Chair Powers called the meeting to order at 9:31 a.m. EDT and welcomed all Trustees and everyone in attendance at the meeting.

3.0 Review and Approval of Minutes

The Committee Chair asked for a motion to approve the minutes of the March 22, 2018 Committee meeting, which was made by Trustee Stern, and a second, which was made by Trustee Heavener. The Committee Chair asked for further discussion, and then all in favor of the motion and any opposed, and the motion was approved unanimously.

4.0 Action Items

AC1. University of Florida Operational Audit Report Issued March 2018

In March 2018, the State of Florida Auditor General released Operational Audit Report No. 2018-193 on the University of Florida covering the Calendar Year 2016. This audit is conducted at least

every three years, per statute. The objectives of the audit related to internal controls, compliance with state and university rules and regulations, and operational processes.

Chief Audit Executive Mikell reviewed findings from the operational audit with the Committee. After discussion, Trustee Powers asked university management for an analysis of purchasing cards including the number of active cards, spending patterns, limits and risks to be presented at the next Committee meeting.

The Committee Chair asked for a motion to approve Committee Action Item AC1 for recommendation to the Board for its approval on the Consent Agenda, which was made by Trustee Stern, and a second, which was made by Trustee Green. The Committee Chair asked for any further discussion, and then asked for all in favor of the motion and any opposed and the motion was approved unanimously.

AC2. 2018-2019 Office of Internal Audit Work Plan Revisions

The Office of Internal Audit (OIA) establishes its audit coverage with audit work plans that cover three fiscal years; July 2016 to June 2019 reflects the current three-year audit work plan period. Audit work plans are revised semi-annually in response to changing priorities, conditions, or audit resources.

Chief Audit Executive Mikell reviewed proposed revisions to the FY 2017-2018 audit work plan with the Committee. The proposed changes were discussed and questions from the Trustees were answered. The Committee Chair then asked for a motion to approve Committee Final Action Item AC2, which was made by Trustee Stern, and a second, which was made by Trustee Vogel Anderson. The Committee Chair asked for further discussion, and then asked for all in favor of the motion and any opposed and the motion was approved unanimously.

The following Discussion/Informational Items were the addressed by the Committee:

5.0 Discussion/Informational Items

5.1 Update on External Audits

Denita Tyre of the Auditor General's Office appeared before the Committee and provided a report on external audit activity as follows:

- Operational Audit. This audit, required per statute to be conducted at least every three (3) years, was released in March 2018. The audit report was previously discussed as consent agenda item AC1.
- Financial Audit for the 2017-2018 fiscal year: This audit is performed annually, as part of a statewide audit, but a separate report is issued for the University of Florida. Preliminary work for this audit will begin soon.

- Federal Awards Audit for the Fiscal Year 2017-2018: This Federal Compliance audit is conducted and reported as part of a statewide audit. Work for the current audit will focus on the Research and Development program cluster. Federal regulations require the report to be issued within 9 months of the fiscal year-end, or March 31, 2019.
- Florida Bright Futures for the Fiscal Years 2015-2016 and 2016-2017. This audit covers compliance with state regulations relative to the Bright Futures program. Ms. Tyre reported that once all fieldwork and responses for the entire state have been received, the audit report will be released. Expected release date is June 2018.

5.2 Compliance Program Update

Executive Associate Vice President (EAVP) and Chief Compliance Officer Elizabeth Ruszczyk provided updates to the Committee on the Compliance Program. She has responded timely to SUS Program Status Checklist requirements, completing 19 of the 19 status checklist items. EAVP Ruszczyk expects to initiate system-wide, electronic compliance training July 1 – September 15, and to continue the Compliance Risk Assessment utilizing the Enterprise Risk Management approach. She noted that Trustees will be required to take compliance training either using the online module or in person, if they prefer. She anticipates completing the compliance risk assessment/review by the next Audit and Compliance Committee meeting.

5.3 Audits and Other Reviews

Chief Audit Executive Brian Mikell presented the following internal audit projects that had been issued since the last Committee meeting:

- 1) President's Business, Travel and Entertainment Expenses
- 2) Subrecipient Monitoring
- 3) University of Florida Internal Controls

The reports and summaries, which had been previously provided to the Committee for detailed review, were discussed and questions were answered. Trustee Kuntz and Vice Chair Hosseini questioned the current practice of the OIA auditing President Fuchs' travel and entertainment expenses twice annually. They suggested and asked university management to explore developing a new process for the Trustees to review President Fuchs' expenses, in accordance with his contract, to free up the Office of Internal Audit's time for other engagements.

5.4 Quarterly Follow-up

CAE Mikell reported on the follow-up status of comments and action plans from previously issued internal and other audits. CAE Mikell explained the purpose and objectives for the follow-up process and reported that 100% of follow-up due was implemented.

6.0 New Business

No new business was brought before the Committee.

7.0 Adjourn

After asking for any further discussion and hearing none, Committee Chair Powers asked for a motion to adjourn, which was made by Trustee Stern, and a second, which was made by Trustee Heavener and, with no further discussion desired, the motion was passed unanimously and the University of Florida Committee on Audit and Compliance meeting was adjourned at 10:15 a.m. EDT.

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