

**COMMITTEE ON AUDIT AND COMPLIANCE  
MEETING MINUTES**

Telephone Conference Call Meeting

November 9, 2018

123 Tigert Hall, University of Florida, Gainesville, Florida

Time Convened: 2:30 p.m.

Time Adjourned: 3:03 p.m.

**Committee Members Present:**

Marsha D. Powers (Committee Chair), Ian M. Green, Rahul Patel, Robert G. Stern, Katherine Vogel Anderson. Trustee David L. Brandon was unable to attend.

**Others Present:**

Trustees Leonard H. Johnson, Thomas G. Kuntz, Daniel T. O’Keefe, Jason J. Rosenberg, Senior Vice President and Chief Operating Officer Charlie Lane, Vice President and General Counsel Amy M. Hass, Interim Chief Audit Executive Joe Cannella, Assistant Vice President and University Controller Alan West, Executive Associate Vice President and Chief Compliance Officer Elizabeth Ruszczuk, Assistant University Secretary Melissa Orth, Board Administration Coordinator Sandy Mitchell-Grady, and Executive Assistant Cheryl Wise.

**1.0 Verification of Quorum**

Assistant University Secretary Melissa Orth verified a quorum with all Trustees present.

**2.0 Call to Order and Welcome**

Committee Chair Powers welcomed everyone and thanked all the Trustees for taking the time to join the call. She reminded the Trustees that the purpose of this call was to review the items on the agenda for the Board of Trustees’ meeting being held December 6, 2018. The meeting was for information purposes and no action will be taken on any items. Committee Chair Powers asked for the first action item to be presented.

**3.0 Action Items**

**AC1. University of Florida Performance Based Funding – Data Integrity (Audit Report) and Performance Based Funding Data Integrity Certification**

Joe Cannella, Interim Chief Audit Executive presented a summary of the Audit Reports issued which included discussions regarding the following:

- Shared Service Centers (SSCs) – The SSCs were implemented as centralized offices within the university to support partner units, primarily processing transactions. After the audit, the SSCs are working well together and the governance structure and controls are in place at the SSCs to promote

effectiveness, efficiency and accountability over fiscal transactions were adequate.

- Effort Reporting – This is a significant change from the university’s prior system and is a process mandated by the federal government to provide support that labor charges to sponsored projects are accurate, timely, and reflect the actual level of work performed. The controls were adequate. There was only one issue with a college to correct practices regarding summer salaries. The college will implement procedures to correct issue and the University is working with the college to correct.
- College of Engineering IT Security Controls – Five Engineering departments were supported under a centralized IT management model by a division of the Dean’s Office. Four decentralized departments managed their own IT and maintained their own IT support staff. The controls are adequate to provide reasonable assurance that IT security controls were in place and operating effectively to provide security, confidentiality, and availability of Engineering’s information systems and data. Joe Cannella, Interim Chief Audit Executive noted that this is a confidential report.
- Research Shield Computing Environment – The Computing Environment was created to support federally funded research. Based on the results of the audit procedures, it has been concluded that information security controls over the Research Shield Computing Environment were adequate to demonstrate compliance. Joe Cannella, Interim Chief Audit Executive noted that this is a confidential report.
- UFF Endowed Restricted Gifts – Foundation endowed restricted fund transfers to the university were \$51.1 million during 2017 with disbursements of \$47.2 million. Controls over the endowed restricted gifts were adequate to promote compliance with donor intent. The Office of Internal Audit issued 34 management letters and will work with the Foundation to follow-up with the units as appropriate.
- UFF Non-Endowed Restricted Gifts – Controls over the non-endowed restricted gifts were adequate to promote compliance with donor intent. The Office of Internal Audit issued 8 management letters. The Foundation will follow-up with the units as appropriate.
- Procurement Card Program – Controls were adequate to ensure card usage was appropriate and risks were addressed. A risk assessment was developed, and monitoring procedures were improved.
- Performance Based Funding Data Integrity – The audit must be approved by the Board of Trustees and a certification signed by the Chair and University President. There were no findings and controls over the submission process were adequate.

Committee Chair Powers asked for questions or concerns regarding the audit report. Hearing none, she asked for the next action item to be presented.

#### **AC2. 2018-2019 Annual Audit Plan Revisions**

Joe Cannella, Interim Chief Audit Executive presented the Annual Audit Plan 2018-2019 Revised Work Plan-Midyear to include the prior year projects for completion, 2018-2019 annual work plan, and audits and reviews. Committee Chair Powers reiterated the changes to the President's expenses audit and that there will be an audit every six months on at least one of the Cabinet members. She also asked how the Audit plan for next three years will be assessed. Senior Vice President and Chief Operating Officer Charlie Lane responded that our intention is to post the Chief Audit Executive position by the end of the year. He further discussed a meeting that Trustee Powers, UAA, and several university leaders attended facilitated by a local consulting firm to work through a direction for Audit and Compliance, evaluate the state or what's missing, discuss gaps, and identify plans to close the gap. Lane discussed the consideration of Enterprise Risk Management at Florida and recommended that the Audit group identify the qualities needed in the Chief Audit Executive's function. Committee Chair Powers echoed that the meeting was good and asked if there were any other questions. Hearing none, she turned the Committee's direction to the discussion and/or informational items and asked for the next presentation.

#### **4.0 Discussion Items**

Executive Associate Vice President and Chief Compliance Officer Elizabeth Ruszczyk provided updates regarding the Compliance Program. Ruszczyk reviewed an update of the SUS program Status Checklist #4 – Noting the University has completed all 19 of the program requirements; Compliance Training; Compliance (Enterprise Risk Management based) Risk Assessment; and Summary of Annual Report. Committee Chair Powers asked if there were any questions. Trustee Green requested more information on the Risk Assessment and Training at the next Board of Trustees meeting.

Committee Chair Powers noted that the goals for pre-meetings is to be helpful for the committee to make sure they have the information needed. If there is any information they would like shared for the next call, please let her know. Trustees Green and Vogel Anderson agreed. Under One UF all components are being looked at on an on-going basis.

Joe Cannella, Interim Chief Audit Executive noted he would share the quarterly follow-up at the next pre-meeting if needed.

#### **5.0 Adjourn**

There being no further discussion, the meeting was adjourned at 3:03 p.m.