



COMMITTEE ON AUDIT AND COMPLIANCE

Meeting Minutes

December 6, 2018

President's Room 215B, Emerson Alumni Hall

University of Florida, Gainesville, FL

Time Convened: 4:43 p.m.

Time Adjourned: 5:14 p.m.

Committee and Board members present:

Marsha D. Powers (Committee Chair), David L. Brandon, Ian M. Green, James W. Heavener, Morteza Hosseini (Board Chair), Leonard H. Johnson, Thomas G. Kuntz (Board Vice Chair), Daniel T. O'Keefe, Rahul Patel, Jason J. Rosenberg, Robert G. Stern, Katherine Vogel Anderson, Anita G. Zucker

Others present:

W. Kent Fuchs, President; Winfred Phillips, Executive Chief of Staff; Joseph Glover, Provost and Senior Vice President for Academic Affairs; Charlie Lane, Senior Vice President and Chief Operating Officer; Amy Hass, Vice President and General Counsel; Elias Eldayrie, Vice President and Chief Information Officer; Zina Evans, Vice President for Enrollment Management and Associate Provost; Antonio Farias, Chief Diversity Officer and Senior Advisor to the President; Jodi Gentry, Vice President for Human Resources; Edward Jimenez, Chief Executive Officer for UF Health Shands; Mark Kaplan, Vice President for Government and Community Relations; Mike McKee, Vice President and Chief Financial Officer; Thomas Mitchell, Vice President for Advancement; David Nelson, Interim Senior Vice President for Health Affairs and President of UF Health; David Norton, Vice President for Research; David Parrott, Vice President for Student Affairs; Nancy Paton, Vice President for Strategic Communications and Marketing; Jack Payne, Senior Vice President for Agriculture and Natural Resources; Curtis Reynolds, Vice President for Business Affairs and other members of the University community.

1.0 Verification of Quorum

Vice President and General Counsel Hass confirmed a quorum with all Committee members present.

2.0 Call to Order and Welcome

Committee Chair Powers welcomed everyone in attendance and called the meeting to order at 4:43 p.m.

3.0 Review and Approval of Minutes

Committee Chair Powers asked for a motion to approve the minutes from the June 7, and November 9, 2018 meetings, which was made by Trustee Stern and a second by Trustee Vogel

Anderson. Committee Chair Powers asked for further discussion, and then asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

4.0 Action Items

Committee Chair Powers turned the Committee's attention to the following action items to be presented.

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

Interim Chief Audit Executive Joe Cannella provided a presentation and explanation of the Performance Base Funding-Data Integrity Audit which is required by the Board of Governors in support of its Performance Based Funding Model and was conducted by the Office of Internal Audit. The audit examines the control structure in place designed to ensure the completeness, accuracy and timeliness of data submissions to the Board of Governors related to the performance-based metrics. The Committee on Audit and Compliance is asked to accept the University of Florida Performance Based Funding – Data Integrity audit report as presented, and to approve the Performance Based Funding Data Integrity Certification, as executed by the President.

Committee Chair Powers asked for any questions or further discussion. She then 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 second by Trustee Vogel Anderson. Committee Chair Powers asked for further discussion, and then asked for all in favor of the motion and any opposed, and the motion was approved unanimously.

5.0 Discussion

Committee Chair Powers turned the Committee's attention to the discussion items to be presented.

5.1 Update on External Audits

The Office of Internal Audit stated that they have met with the Auditor General's Office. There was no new information to report other than an oral update on external audit activity in progress.

5.2 Compliance Program and Training Update

Executive Associate Vice President and Chief Compliance Officer Elizabeth Ruszczyk provided an overview presentation of the accomplishments, policies and standards of conduct, communications and reporting, training and education, auditing and monitoring, addressing known or potential issues, enforcing standards and program effectiveness. She also addressed the 2018-19 goals and challenges and success stories.

Board Chair Hosseini stated that he found the biennial compliance training questions do not relate to the Board of Trustees' members. He requested that Executive Associate Vice President and Chief Compliance Officer Ruszczyk re-review the relevance of the questions as it relates to the Board of Trustees. He stated that the Board of Trustees' members should have their own set of questions. He requested that she report back to

the Board of Trustees in March. Board Chair Hosseini requested Trustee Powers assist with the questionnaire so that it is more aligned with board member responsibilities. He also requested that the Audit and Compliance Committee review the Charters for the Audit and Compliance Committee so that the Committee is comfortable or satisfied with compliance projects.

5.3 Strategic Assessment Update

Senior Vice President Charlie Lane provided an update on the strategic assessment to the Committee.

Committee Chair Powers noted they had reviewed the investigation activity. Trustee Patel commented that he wants to make sure information is reflected in Governance Standards as appropriate.

5.4 Audits of Affiliated Organizations

The Office of the Chief Financial Officer presented a summary of the Auditor's report on Compliance and Internal Control over Compliance Applicable to each major federal awards program and/or State financial assistance project and schedule of expenditures of federal awards reports which consisted of DSOs, Health Science Center Affiliates, and other affiliated organizations year ended 2018.

5.5 Audits and Other Reviews

The Office of Internal Audit presented the following internal audit reports for July 1, 2018-October 31, 2018:

- Shared Service Centers (SSCs) – The review focused on the three largest SSCs under the Chief Financial Officer, the College of Liberal Arts and Sciences, and the Institute of Food and Agricultural Sciences. The conclusion was that the governance structure and controls in place at the SSCs to promote effectiveness efficiency and accountability over fiscal transactions were adequate.
- Effort Reporting – The federal government mandates a process to provide support that labor charges on sponsored projects are accurate, timely, and reflect the actual level of work performed. The university significantly changed its processes and system utilizing award, payroll, and academic activity systems information; proper documentation is required for wages and salaries charged to federal awards. The controls were adequate to demonstrate that wages and salaries were appropriately charged to federal sponsored programs.
- 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 were adequate to provide reasonable assurance that IT security controls were in place and operating effectively to provide security, integrity, confidentiality, and availability of Engineering's information systems and data.

- Research Shield Computing Environment – UFIT requested this audit to provide an independent assessment and assurance that the Research Shield Computing Environment meets the National Institute of Standards and Technology moderate controls framework to provide security, confidentiality, integrity, and availability needs of the information systems and data they manage and operate. 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.
- 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.
- UFF Non-Endowed Restricted Gifts – Foundation non-endowed restricted fund transfers to the university were \$47.1 million during 2017 with disbursements of \$41.5 million. Controls over the non-endowed restricted gifts were adequate to promote compliance with donor intent.
- Procurement Card Program – The University had 5,362 PCards and processed approximately \$85 million annually. Controls were adequate to ensure card usage was appropriate and risks were addressed.

5.6 Quarterly Follow-up

The Office of Internal Audit reported on the follow-up status of comments and action plans from previously issued internal and other audits.

5.7 2018-2019 Annual Audit Plan Revisions

Committee Chair Powers noted they have reviewed the midyear updates to the work plan and are auditing areas of high risk that had been previously determined. There was discussion regarding the new process for review of the President’s expenses which will now be done by the Office of the Controller. Board Chair Hosseini added that they agreed there should be a rotation of cabinet members being reviewed every six months.

6.0 New Business

None.

7.0 Adjournment

There being no further discussion, the meeting was adjourned at 5:14 p.m.

APPROVED AT THE BOARD OF TRUSTEES MEETING ON MARCH 29, 2019.