



COMMITTEE ON AUDIT AND COMPLIANCE

Meeting Minutes

December 6, 2018

President's Room 215B, Emerson Alumni Hall

University of Florida, Gainesville, FL

Time Convened: 8:30 a.m.

Time Adjourned: 9:15 a.m.

Committee and Board members present:

David L. Brandon, James W. Heavener, Morteza Hosseini (Board Chair), Leonard H. Johnson, Thomas G. Kuntz (Board Vice Chair), Daniel T. O'Keefe, Rahul Patel, Marsha D. Powers, Jason J. Rosenberg, Robert G. Stern, Ray G. Thomas, 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; Nancy Paton, Vice President for Strategic Communications and Marketing; Curtis Reynolds, Vice President for Business Affairs and other members of the University community.

1.0 Verification of Quorum

Vice President Liaison Charlie Lane 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 8:30 a.m.

3.0 Review and Approval of Minutes

Committee Chair Powers asked for a motion to approve the minutes from the June 6, 2019 meeting, which was made by Trustee Stern and a second by Trustee Patel, and the November 1, 2019 meeting, which was made by Trustee Patel and a second by Trustee Stern. 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 and Preeminent Status Metrics – Data Integrity (Audit Report) and Data Integrity Certification

Interim Chief Audit Executive Joe Cannella provided a presentation and explanation of the Performance Base Funding-and Preeminent Status Data Integrity Audit which is required by the Board of Governors and was conducted by the Office of Internal Audit. The audit examined 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 and Preeminent Status Metrics– Data Integrity audit report as presented, and to approve the 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 Brandon, and second by Trustee Stern. 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.

AC2 Office of Internal Audit Work Plan – January 1, 2020 – June 30, 2020

The Office of Internal Audit (OIA) establishes its audit coverage with a work plan that identifies the activities and issues they plan to cover. Interim Chief Audit Executive Joe Cannella presented a summary of the OIA's Annual Report, Strategic Plan, and proposed Work Plan. The current work plan reflecting the planned projects for the period from January 1, 2020 to June 30, 2020. Internal Audit planned to implement an Enterprise Risk-based work plan with consideration for risk criteria, prioritization and evaluation of risk treatments. The audit work plan will be reviewed semi-annually in response to changing priorities, conditions, or audit resources.

Committee Chair Powers asked for any questions or further discussion. She then asked for a motion to approve Committee Action Item AC2 for recommendation to the Board for its approval on the Consent Agenda, which was made by Trustee Thomas, and second by Trustee Brandon. 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.

AC3 Annual Report for Compliance Programs

Executive Associate Vice President Ruszczyk presented an update of the Compliance Program, which included the 2018-2019 Compliance Annual Report, Compliance Program Effectiveness Review and update on the UFOLIO Disclosure Program.

Executive Associate Vice President Ruszczyk advised that as part of the Effectiveness Review, required every five years by the Board of Governors, a self-assessment is being conducted.

Committee Chair Powers asked for any questions or further discussion. She then asked for a motion to approve Committee Action Item AC2 for recommendation to the Board for its approval on the Consent Agenda, which was made by Trustee Stern, and second by Trustee Brandon. 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/Informational Items

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

5.1 Update on External Audits

Chair Powers provided an update on external audit activity that has been conducted by the Auditor General's Office. Chair Powers explained that there are currently three audits under way at this time: the financial statement audit of the university, the Bright Futures audit, and the operational audit of the university. She mentioned that she just attended the operational audit exit conference and the university should get the results by the end of the year.

5.2 Strategic Update

Senior Vice President and Chief Operational Officer Charlie Lane provided a presentation on Enterprise Risk Management, which identifies and manages risks that may have an impact on the viability of the university's business. Objectives of the UF program include engaging the Trustees and campus leadership in developing an organizational view of risk, developing a systemic process to identify and prioritize risk throughout the university, and supporting appropriate risk ownership and accountability as well as the creation of risk mitigation plans. Dr. Carrie Bush is leading the Enterprise Risk efforts and categorizing risks. An RFQ was initiated and Baker Tilly chosen to launch the process in December and help create a customized ERM framework, risk tracking list, prioritized risk map, risk and control accountability matrix. The initial timeline is approximately seven months and he expects to report on the status by July/August. He hoped the process could also be used to help inform the audit work plans.

Senior Vice President and Chief Operational Officer Lane also gave an update on the Chief Audit Executive search and process involved. An offer was extended to a candidate and accepted; then the acceptance rescinded a week later. Plans are to continue the search and try to source candidates internally.

5.3 Compliance Program Update

Executive Associate Vice President Ruszczyk presented an update during Item AC3, above.

5.4 Audits of Affiliated Organizations

Alan West, Assistant Vice President and University Controller presented a summary of the Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters which consisted of DSOs, Health Science Center Affiliates, and other affiliated organizations for the fiscal year ended 2019. Findings for two of the DSO's, The University of Florida Law Center Association, Inc. and Cattle Enhancement Board, Inc. were outstanding, with information expected in early January. The following Health Science Center and Other Affiliated Organizations received a letter of Comment and Recommendation for deficiency in internal controls: Florida Veterinary Medicine Faculty Association, Inc., regarding hospital revenue allocation; Florida Health Professions Association, Inc. regarding the application of accounting principles and auditing standards; and Shands Jacksonville Healthcare, Inc., regarding Chargemaster segregation of duties. These deficiencies have been rectified going forward, with corrective controls in place.

5.5 Audits and Other Reviews

Interim Chief Audit Executive Joe Cannella presented the following internal audit reports for June 1, 2019 – November 21, 2019:

- myUAA Business Processes – The audit focused on the recent implementation of enterprise systems at UAA and its impact to key controls over business processes such as authorization, completeness and accuracy of data input; accuracy of transaction output and system calculations; reporting; role permissions; and recommended complimentary user entity controls. The controls associated with the implementation were considered adequate.
- UAA Sports Health – This audit was focused primarily on assessing the governance processes of the medical advisory committee and various operational committees, established to govern Sports Health operations and help ensure adequate feedback is obtained to implement best practices, as well as the policies and procedures that are the critical foundation of key Sports Health operations. Controls over the Sports Health policy and procedure development, review and education processes were considered adequate.
- UFF Endowed and Non-Endowed Restricted Gifts – Both audits focused on Foundation endowed and non-endowed restricted fund transfers to the university and whether new funds were properly set-up; transfers were accurate, complete, and processed through the appropriate channels; disbursements were compliant with donor intent; and transactions were compliant with various foundation policies and university directives. Controls over both endowed and non-endowed restricted gifts were found to be adequate to promote compliance with donor intent and foundation policies.
- 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. Based on the results of the audit procedures, it was concluded that information security controls over the

Research Shield Computing Environment were adequate to demonstrate compliance.

- Performance Based Funding and Preeminence - Data Integrity – This audit of the university’s data submission process was related to metrics used for the BOG’s performance based funding initiative and preeminence status designation. The audit included testing of the data submitted and review of the related controls at various university units. Controls were found adequate to promote the completeness, accuracy, and timeliness of the data submissions to the BOG

5.6 Quarterly Follow-up

Interim Chief Audit Executive Joe Cannella reported on the follow-up status of comments and action plans from previously issued internal and other audits. A Significant Comment was noted, regarding the disposition of unclaimed property and dormant accounts under the University of Florida ID Card Services unit. Business Services has worked with the Office of the General Counsel to update policies and procedures related to Gator 1 Card balances and a plan has been developed to report the unclaimed property through the university’s previously established processes in the next reporting cycle. He stated the Office of Internal Audit will continue to monitor the issue to help assure the planned actions are executed.

6.0 New Business

The status of the Executive Expense Review process was discussed. It was reinforced that the Office of the Controller performed and submitted its review to the required trustees. The Controller will coordinate with the Office of Internal Audit to complete a review of the process.

7.0 Adjourn

There being no further discussion, the meeting was adjourned at 9:15 a.m.