



## COMMITTEE ON AUDIT AND COMPLIANCE

### Pre-Meeting Minutes

#### Virtual Meeting

March 22, 2022

Time Convened: 2:00 p.m.

Time Adjourned: 2:46 p.m.

#### Committee and Board members present:

Marsha D. Powers (Committee Chair), David C. Bloom, David L. Brandon, Cooper L. Brown, Richard P. Cole, Rahul Patel, and Fred S. Ridley.

#### Others present:

Terra DuBois, Chief Compliance, Ethics, and Privacy Officer; Joe Cannella, Audit Director; Chris Cowen, Senior Vice President and Chief Financial Officer; Amy Hass, Vice President and General Counsel; Mark Kaplan, Vice President for Government and Community Relations and University Secretary; Robert Michalski, Chief Compliance and Privacy Officer UF Health; Dhanesh Raniga, Chief Audit Executive; Curtis Reynolds, Vice President for Business Affairs; Olga Weider, Assistant Vice President and University Controller; and other members of the University of Florida community and public.

#### 1.0 Call to Order and Welcome

Committee Chair Marsha D. Powers welcomed everyone in attendance and called the meeting to order at 2:00 p.m.

#### 2.0 Roll Call

Board Staff conducted a roll call, and all Committee members were present except Board Chair Morteza "Mori" Hosseini who had a conflict.

#### 3.0 Review Draft Agenda for April 2022 Meeting

The following items were addressed by the Committee:

##### 3.1 Review Draft Minutes

- December 2, 2021, Committee on Audit and Compliance Minutes

##### 3.2 Review Action Item

- **AC1: UF Compliance and Ethics Program Plan Revision**

Chief Compliance Officer (CCO) Terra DuBois gave an overview of the revisions to the Compliance and Ethics Program Plan. She summarized the most significant revisions and explained that the Program Plan is now aligned with current practices.

### **3.3 Review Discussion Items**

- **University of Florida Annual Financial Report 2020-2021**

Assistant Vice President and University Controller (AVP-UC) Olga Weider gave an overview of the UF Annual Financial Report for the Fiscal Year ending June 30, 2021. On February 15, 2022, the State of Florida Auditor General issued its report on the audit of the financial statements of UF with an unmodified opinion.

- **University Component Units Financial Report**

AVP-UC Weider discussed the University Component Units' Financial Reports, noting that all twenty-seven units had received unmodified opinions, with one management letter comment. Several units had also received an Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Federal Awards Program. The UF Foundation and Citrus Research Development Foundation, Inc. received an unmodified opinion and did not have any instances of non-compliance. Shands Teaching Hospital and Clinics, Inc. and Subsidiaries and Shands Jacksonville Healthcare, Inc. received an extension on the report, through 9/30/22. The financial reports are available on the Finance and Accounting website.

- **BOG's Request - Review of Financial Internal Controls at University Support Organizations**

AVP-UC Weider and Chief Audit Executive (CAE) Dhanesh Raniga gave an update on the BOG initiated review by public accounting firm Crowe of financial controls at the University's twenty-seven financial support organizations. The review is in Phase 1: Key Control Assessment and Identification. The Controller's Office is the central point of contact for Crowe and the Support Organizations. Upon completion of the review of Phase 1, Crowe will perform limited testing of key controls. It is expected the Crowe will complete UF's assessment by mid-May 2022. CAE Raniga advised that he has weekly updates from Crowe through the BOG Inspector General's Office and both he and AVP-UC Weider review issues to improve processes at the University. Currently, Crowe is behind schedule by a month, and it is likely that the final report for to the BOG will not be issued until after July 2022.

Trustee Cole thanked those involved in this initiative and noted the tremendous improvement in reporting on the financial statements. Chair Powers advised that she had a great comfort level. Senior Vice President and Chief Financial Officer Chris Cowen echoed these comments, and felt it was reflective of the direction received from the Board of Trustees towards the OneUF approach and thanked them for their recognition. He also mentioned that he and his team were more integrated across the university regarding awareness of financial impacts and working together to produce solutions.

- **Proposed Regulation 1.500 and UF Antifraud Framework Overview**

AVP-UC Weider gave an overview of the proposed new University Regulation 1.500, which updates and codifies the current University system processes for complaints of waste, fraud, or financial management, in compliance with BOG Regulations 3.003 and 4.001. The new regulation establishes internal controls which will be supported by an antifraud framework for the University to prevent, detect and respond to allegations of fraud.

- **Internal Audit Activity**

CAE Raniga gave an overview of the reports issued since the December 2021 meeting: Minor Construction, University of Florida Foundation Identity and Access Management, and the University Athletic Association Assurance Map. Four additional reports are in final stages, with three expected to be issued by the April Board meeting. Due to resource constraints, the audit plan was approximately 55% complete. However, the number of projects completed are higher than prior years and will continue to improve as additional staffing resources are added. CAE Raniga also discussed strategic initiatives undertaken to mature the Office of Internal Audit function. This includes staffing/resources where the office is actively recruiting for seven positions. He is adding skillsets to positions and using subject matter resources to conduct audits, as needed. A new audit management software system is expected to streamline, automate, and enhance audit procedures, as well as integrate data analytics into the audit methodology. CAE Raniga updated the Committee on future strategies to enhance the internal audit function, including developing KPIs for regular reporting to the Committee. Audit Director Joe Cannella briefly discussed quarterly follow up statistics. CAE Raniga closed by thanking Vice President Curtis Reynolds, SVP and CFO Cowen, and Trustee Brandon for their input regarding the Major Construction audit project which will be undertaken in April 2022.

- **Office of Internal Audit Annual Report FY2021**

CAE Raniga gave an overview of the Office of Internal Audit annual report for the prior year as required by BOG regulation 4.002 and the Institute of Internal Auditing standards. He provided highlights of the year, including completing an assurance map of University mega business processes and risks, incorporating data analytics into internal audit methodology, working with management to implement audit recommendations, improving internal controls within the University, and educating management on identifying and preventing emerging risks/issues through audit and investigation reports.

- **UF Compliance and Ethics Administrative Updates**

CCO DuBois provided an important update about the office. Thanks to support from the Trustees, Provost Joe Glover, Vice President and General Counsel Amy Hass, and SVP and CFO Cowen, the compliance office is projected to be sufficiently funded for the next three fiscal years with necessary adjustments going forward. With the new funding, the office hired four new staff in the last five months: a director and deputy chief compliance officer, two assistant directors, and a privacy specialist. CCO DuBois also noted that, because of discussions with the UF Police Department (UFPD) and UF Business Affairs, oversight responsibility for the Clery Compliance Program moved from UFPD to UF Compliance and Ethics.

Trustee Powers thanked members of the committee, Provost Glover, VP and GC Hass, and SVP and CFO Cowen for their support of the compliance program.

- **January 2022 Foreign Gifts and Contracts Report Summary**

CCO DuBois summarized the University's Foreign Gifts and Contracts Report, which UF Compliance and Ethics submitted to the Board of Governors in January 2022. She noted that preparing the report requires a manual time-consuming process, in this case 165 man-hours for one report, but that her office is currently working toward efficiencies and new processes to reduce the significant administrative burden.

#### **4.0 New Business**

There was no new business to come before the committee.

#### **5.0 Adjourn**

There being no further discussion, Committee Chair Powers adjourned the meeting at 2:46 p.m.