



COMMITTEE ON AUDIT AND COMPLIANCE

Pre-Meeting Minutes

Virtual Meeting

May 9, 2023

Time Convened: 10:52 a.m.

Time Adjourned: 11:56 a.m.

Committee and Board members present:

Marsha D. Powers (Acting Committee Chair), Daniel T. O’Keefe (Committee Chair), David L. Brandon, Richard P. Cole, Christopher T. Corr, Olivia E. Green, Morteza “Mori” Hosseini (Board Chair), Rahul Patel, Amanda J. Phalin, Fred S. Ridley, Patrick O. Zalupski, and Anita G. Zucker

Others present:

Ben Sasse, President; Melissa Curry, Interim Vice President for Human Resources; Elias Eldayrie, Vice President and Chief Information Officer; Amy Hass, Vice President and General Counsel; Mark Kaplan, Vice President for Government and Community Relations and University Secretary; David Norton, Vice President for Research; Mary Parker, Vice President for Enrollment Management and Associate Provost; Curtis Reynolds, Vice President for Business Affairs; Heather White, Vice President for Student Life; Joe Cannella, Audit Director; Terra DuBois, Chief Compliance, Ethics, and Privacy Officer; Kate Moore, Director, Compliance and Ethics; Dhanesh Raniga, Chief Audit Executive; Olga Weider, University Controller; Alan West, Assistant Vice President and Treasurer; members of the University of Florida community and the public

1.0 Call to Order and Welcome

Acting Committee Chair Marsha D. Powers called the meeting to order at 10:52 a.m.

2.0 Roll Call

Chief Compliance, Ethics, and Privacy Officer (CCO) Terra DuBois conducted a roll call, and all Committee members were present. It was noted the new AC Committee Chair, Trustee Dan O’Keefe, will assume his role at the June meeting.

3.0 Review Draft Agenda for June Meeting

3.1 Review Draft Minutes

March 16, 2023

3.2 Review Action Item

AC1 July 1, 2023 – June 30, 2024, Office of Internal Audit Work Plan

Chief Audit Executive Dhanesh Raniga explained the FY24 Internal Audit Work Plan process, including key objectives and methodology to ensure the audit plan addresses the right strategic and operational risks, management concerns, and regulatory requirements. CAE Raniga shared that audit work planning involves a review of financial statements, reports to the Board presented by the CFO and other executives, stakeholder interviews, and third-party information on higher education industry risks and best practices. He also outlined the work plan's guiding principles, including the flexibility to change audit projects as the university's risk profile changes.

Trustee Dan O'Keefe complimented the work plan's effectiveness in identifying and prioritizing risks, its level of detail, and the level of input from major stakeholders in developing the plan. Trustee O'Keefe noted that the work plan is a useful tool for the Board to meet its fiduciary obligations to manage risk.

Board Chair Hosseini stated the recent Major Construction Projects audit report had a significant number of recommendations. He has spoken to CAE Raniga and the FCI Committee Chair to request a full report on what recommendations have been addressed at the December meeting. He noted a second audit will occur to ensure those items have been taken care of. He added he has requested an additional report from the AC Committee Chair that addresses gift agreements and governance. He has asked the General Counsel's Office to review the report and provide recommendations on potential changes to governance. Acting Committee Chair Powers recommended continuing ongoing discussions between the AC, FSPPM, and FCI Committee Chairs to keep up to date on related projects and issues. Trustee O'Keefe ensured Board Chair Hosseini that the AC Committee will work with the FCI Committee, Internal Audit, Advancement, and General Counsel to have both reports completed for the December meeting.

Board Chair Hosseini additionally addressed the \$4.6B fundraising campaign from the previous 4-6 years. Trustee Brandon referenced previous successful Joint FSPPM & FCI Committee Chair Meetings and offered to share draft documents related to gifts and naming with Trustee O'Keefe. Board Chair Hosseini noted ADV Committee Chair Zucker needs to be included in these joint meetings. He requested Trustee Zucker present a report on gift agreements at the December meeting and Trustee Zucker agreed.

3.3 Review Discussion Items

Antifraud Framework Update

Assistant Vice President and University Controller Olga Weider provided an overview of the university's antifraud framework, which is an effort to codify fraud prevention and protection programs at UF. She shared five components of the framework: governance, prevention, detection, investigation and response, and monitoring. AVP Weider discussed the risks of fraud due to UF's size and decentralization, and she stressed the importance of creating an ethical culture through education and outreach programs to train staff on proper internal controls. AVP Weider also highlighted the advantages of recent technology improvements, including UF GO travel system and the updated deposit system, which allow better monitoring and analysis of financial transactions.

Annual Financial Reports (University and Component Units)

AVP Olga Weider provided an update on the annual financial reports. She stated that the Auditor General issued the audit of the University's annual financial report in March 2023 indicating an unqualified opinion of no findings. All 26 component units (DSOs and affiliates) also received unmodified opinions from independent public accounting firms.

Acting Committee Chair Powers stated that she was pleased with the excellent audit reports UF has received. Board Chair Hosseini asked for clarification that Development (UF Foundation) received an unqualified/unmodified opinion, which AVP Weider confirmed. Board Chair Hosseini requested copies of the previous 3 years' reports and AVP agreed to provide them.

Internal Audit Activity

CAE Dhanesh Raniga stated that since the prior committee meeting, two audit reports have been issued, four are in final report stage, and eight are in progress. He indicated that we are ahead of the prior year in terms of projects completed due to the efforts of the team, audit process refinements, and greater focus on high-level risks when performing the audits. CAE Raniga expressed optimism about the impact of increased use of data analytics for more in-depth analysis.

CAE Raniga then discussed the audit reports that were issued and shared that the Technology Licensing and Transfer Process audit indicated good controls are in place for commercializing technology at UF. He said that the Major Construction Projects audit uncovered that the university's project management systems and resources have not kept up with the growth in projects. Vice President Curtis Reynolds shared steps already taken and future plans for addressing the project management report recommendations in regard to policy and procedure, tracking system upgrade, and human capital investment.

Trustee Brandon noted that the audit report indicated a lack of communication between project management (Business Affairs) and construction accounting (CFO), and he wanted to be sure that these units communicated on the selection of a new project tracking system. VP Reynolds said that his team has already been working with the CFO's office on this issue, and they were also working to ensure any new system will integrate with the planned deployment of a new ERP system.

CAE Raniga shared follow-up statistics on management recommendations implemented and outstanding as of April 28. Trustee Amanda Phalin asked for clarification of the data, which was provided by CAE Raniga and Audit Director Joe Cannella.

Acting Committee Chair Marsha Powers reminded CAE Raniga to include new Committee Chair Dan O'Keefe in future monthly construction audit progress reviews.

FY 2024 Compliance and Ethics Work Plan

Chief Compliance, Ethics, and Privacy Officer Terra DuBois shared an overview of the Compliance and Ethics Work Plan. She highlighted three major initiatives for FY24: enhancing the institutional policy approval process and new policies and regulations website, establishing

a compliance risk management program, and enhancing the compliance hotline referral and recordkeeping process. CCO DuBois expects a new centralized policy and regulation website to launch in June and implement a comprehensive compliance risk management program over the next fiscal year. She shared that her team is also working to improve efficiency in reviewing and triaging compliance hotline reports and using data analytics for root cause analysis that can be shared with leadership and the Board.

Compliance and Ethics Educational Item – Healthcare Compliance

CCO DuBois informed the Committee that she will present the annual healthcare compliance educational item at the June meeting with Chief Compliance Officer for UF Health Bob Michalski.

4.0 New Business

There was no new business to come before the committee.

5.0 Adjourn

There being no further discussion, Acting Committee Chair Powers adjourned the meeting at 11:56 a.m.