



Board of Trustees Audit & Compliance Committee

Tuesday, February 14, 2023
Microsoft Teams Virtual Meeting

Trustees: Sandra Callahan, Chair; Oscar Horton, Lauran Monbarren

MINUTES

Chair Sandra Callahan thanked everyone for participating and called the meeting to order.

She asked Kiara Guzzo to call the roll.

Kiara Guzzo called the roll

Trustee Sandra Callahan

Trustee Oscar Horton

Trustee Lauran Monbarren

Public Comments Subject to USF Procedure

There were no public comments

New Business – Action Items

a. Approval of November 15, 2022 Meeting Notes

Chair Callahan requested a motion to approve the meeting notes. Trustee Horton gave the motion. Trustee Monbarren seconded it; and the November 15, 2022, meeting notes were approved.

Chair Callahan commented that before we can file the data certification for the PBF and for Preeminence to the BOG, the Audit and Compliance Committee need to review, accept and approve the audit report and execution of the certificate.

b. Acceptance of Performance Based Funding (PBF) and Preeminence Data Integrity Audits & Approval of Data Integrity Certification

Executive Director of Internal Audit Virginia Kalil presented. There was a power point provided: *Performance Metrics Data Integrity Audits*.

Performance Based Funding was implemented in 2014 to incentivize universities to strive for excellence and improve their performance in key areas aligned with State University System' strategic plan

Preeminence was established in 2013 to reward high achieving universities based on 12 academic and research related excellence metrics. Universities meeting 11 out of 12 metrics qualify for preeminence status. Those meeting 6 out of 12 metrics qualify emerging preeminence status.

In 2016 USF qualified for emerging preeminence status. In 2018 we reached full preeminence status. The key to both model successes is the ability for the Board of Governors to rely on the information submitted to them by the universities to make funding decisions.

Each year the BOG requests that universities conduct an audit of the processes and data related to both the PBF and Preeminence programs.

This USF's 9th year conducting a Performance Based Funding Data Integrity Audit and our 4th year conducting a Preeminence Data Integrity Audit. The Audit Reports and Data Integrity Certifications are submitted to the BOG every year by March 1ST.

The power point highlighted the following information:

- Performance Metrics Data Integrity Audits.
- Overall Objectives
- Scope
- Performance Based Funding
- Conclusion and Results
- Medium-Priority Risks Identified
- Preeminence
- Conclusion and Results
- Medium Priority Risks Identified
- Summary
- Overall Data Integrity Conclusion

Chair Callahan requested a motion to approve the Acceptance of Performance Based Funding (PBF) and Preeminence Data Integrity Audits & Approval of Data Integrity Certification; which was given by Trustee Monbarren and seconded by Trustee Horton. The motion passed and the Acceptance of Performance Based Funding (PBF) and Preeminence Data Integrity Audits & Data Integrity Certification was approved.

New Business – Information Items

a. USF/DSO Independent Audit Findings Report

University Treasurer Fell Stubbs presented.

The Independent Audit Findings Report describes audit findings and auditor recommendations, and management's responses and correction status.

The University and DSOs received a total of 15 audits from independent auditors for the fiscal year ended June 30, 2022. The reports containing findings include the following:

- 0 Findings in the 5 University or USF Auxiliary June 30, 2022, Audited Financial Statements
- 1 Finding in the University Operational Audit issued November 2022
- 0 Findings in the 8 DSO June 30, 2022, Audited Financial Statements
- 0 Finding in the USF Health Services Support Organization, Inc.'s June 30, 2022, Audited Financial Statements

One audit report for the fiscal year ended June 30, 2022, has not yet been issued:

- State of Florida Federal Awards Audit (Formerly A-133)

b. Annual Compliance Certifications of DSO's

Each Direct Support Organization (“DSO”) and related entity under the control and direction of the Board of Trustees of the University of South Florida (“USF”) is expected to implement an internal control, reporting and governance structure consistent with best practices of USF, the DSO or related entity, as well as those detailed within National Association of College and University Business Officer’s Advisory Report on the Sarbanes-Oxley Act of 2002.

During 2021, the University amended USF Regulation 13.002 to require all DSOs, beginning in FY 2022, to engage the USF Office of Internal Audit to perform independent and objective internal audit and investigative services in accordance with professional standards.

Annually, each DSO must certify to the USF Board of Trustees compliance with the requirements described above. This certification must be completed by (1) the Chair of the Board or like position, (2) the Chief Executive Officer or President, and (3) the Chief Financial Officer or individual with overall responsibility for financial operations.

The University requests, by November 10, 2022, 8 Annual Compliance Certification Statements for the 10 DSOs for the fiscal year ended June 30, 2022 (2 are reported on a consolidated basis). Since June 30, 2022, all 8 Certification Statements have been received.

- No instances of non-compliance with the 23 requirements from five categories of compliance were cited in the 8 Annual Compliance Certification Statements.

Mr. Stubbs commented that this was the best report ever.

Trustee Horton asked if having a perfect report was a first in this area.

Mr. Stubbs replied that this is the best audit finding disclosure in approximately 10 to 15 years.

Having no further business, Chair Callahan adjourned the Audit and Compliance Committee Meeting.