



**USF Board of Trustees  
Audit & Compliance Committee  
NOTES  
August 8, 2023  
Microsoft Teams Virtual Meeting**

**I. Call to Order and Comments**

The meeting of the Audit & Compliance Committee was called to order by Chair Sandra Callahan. Chair Callahan asked Kiara Gayle to call roll. Ms. Gayle called roll with the following committee members present: Sandra Callahan, Oscar Horton. A quorum was established.

**II. Public Comments Subject to USF Procedure**

No requests for public comments were received.

**III. New Business – Action Items**

**a. Approval of May 23, 2023, Meeting Notes**

Upon request and receiving no changes to the meeting notes, Chair Callahan requested a motion for approval. Trustee Horton made the motion which was seconded by Chair Callahan and the May 23 meeting notes were unanimously approved as written.

**b. Approval of the Revised Office of Compliance & Ethics Charter**

Dr. Caroline Fultz-Carver, Chief Compliance Officer, presented information item III(b): Office of Compliance & Ethics Charter Revisions. Reminder that in accordance with Board of Governors (BOG) Regulation 4.003, every state university is required to have a Compliance & Ethics Program governed by a Charter and must be reviewed every 3 years for consistency with applicable Board of Governors and university regulations, professional standards, and best practices.

The current charter was last reviewed in Oct 2020 and suggested revisions were provided in the meeting materials. Suggested revisions are primarily housekeeping in nature, or they are new verbatim BOG language which codifies what we have been doing for years.

Revisions include: Updated references to the Florida Code of Ethics for Public Officers and Employees and the Federal Sentencing Guidelines; additional clarification on reporting through the Office of the Inspector General; added BOG examples of appropriate offices for referring inquiries such as investigations and requests for review; new statement stating if the Chief Compliance Officer determines the reporting process is being abused by an individual, he or she may recommend actions to prevent such abuse; additional language stating timely notification to the BOG of any significant findings of non-compliance.

Chair Callahan asked if there were any questions on the proposed changes and if not, can she have a motion to approve the changes. Trustee Horton made a motion and Chair Callahan seconded the motion.

**IV. New Business – Informational Items****a. Internal Audit Annual Report 2022-23**

Virginia Kalil, Chief Internal Auditor, presented information item IV (a): Internal Audit Annual Report 2022-23. As the Chief Audit Executive, it is her responsibility to periodically report to the committee on the department's progress and its performance relative to the plans and conformance with professional standards and code of ethics. The overview represents highlights of the annual report for FY23. The audit activities represent the work plan approved by the committee last August. This report is required to be submitted to the BOG by September 30 each year.

Ms. Kalil provided an update on her personnel resources. In FY22, her team size was bumped up from 10 to 14, and began the year with 2 vacancies. During the third quarter she did lose 4 team members who left the job market as a result of retirement or other personal circumstances. She was successful in filling 3 of the 6 vacancies.

Ms. Kalil reviewed the total breakdown of resource allocation by hours. During FY23, they had budgeted their direct services at 49%. However, due to loss of time resulting from vacancies ending up at three times what was budget, the actual direct services was 36%. When considering direct time of the resources in place, those resources did meet at the direct services expectation of 49%. The predominant amount of time was spent on audits and consulting (73%), followed by investigations. In total, 9 audits, 3 consulting projects, and 24 investigations were completed. At year end, 4 audits were in progress and 11 investigations carried forward into the next fiscal year. Of the 9 audits, 6 were related to university core process and academic areas, including performance-based funding and preeminence data integrity audits; end-user computing, identity management; review of attractive assets; and procure to pay. Three projects that related to the DSOs included: contract management for the Sun Dome, revenue cycle for the Institute of Applied Engineering, and account reconciliation process for the University Medical Services Association.

Ms. Kalil stated that recommendations for the risks that were identified are categorized for tracking and trending purposes. There were 9 control areas where recommendations were made. These recommendations were distributed to leadership, but also to the committee in January and July every year. Management's implementation rate of the open recommendations was 65%. This rate would have been higher, but several reports were issued in the last week of the year.

As the Chief Audit Executive, Ms. Kalil is responsible for developing and maintaining a quality assurance and improvement program, including both internal and external components. The periodic internal assessment performed throughout the year did confirm the conformance to professional standards. Additionally, the external assessment (required every 5 years) was performed last fiscal year and determined conformance with the standards and code of ethics.

Ms. Kalil concluded by highlighting the team's service to the profession which included providing 30 hours of professional education; participating in two Chief Audit Executive round tables; and performing an external assessor for another university. These activities covered several topics: IT, data analytics, quality assurance, and fraud prevention and detection.

**b. Update: University and DSO Independent Audit Findings Report**

On behalf of Gerard Solis, Virginia Kalil, presented information item IV(b): University and DSO Independent Audit Findings Report. This was the Auditor General's audit of the state of Florida compliance and internal controls over financial reporting and federal awards. The Auditor General determined that some expenses that were allocated were not allowable. The university disagrees with this determination. A recommendation was made for the university to consult with the US Department of Education (DOE) to discuss the allowability of the cost and any corrective actions, if needed. While the university is working with the USF DOE there is no final resolution at this time.

**c. Foreign Travel Annual Report for FY23**

Mr. Jason Ramage, Director, Research Integrity & Compliance, presented information item IV(c): Foreign Travel Annual Report 2022-23. Mr. Ramage provided background stating the Florida legislature passed a new law centered on the seven foreign countries of concern. The statute requires all state universities to establish an approval and monitoring program for foreign travel effective January 1, 2022. In addition, an annual report is required to be presented to a governing body, and the BOG suggested the report be presented to the BOT.

Mr. Ramage reviewed the travel and review process for foreign travel. His department conducted over 1,200 screenings for international travel. Of those, 164 screenings (2%) involved one of the seven foreign countries of concern. Most of the travel involved China (12), while the remainder was travel to Cuba (3).

**d. Office of Internal Audit External Quality Assurance Review**

Virginia Kalil, Chief Internal Auditor, presented information item IV (d): Office of Internal Audit External Quality Assurance Review. The process began back in March with a self-assessment, concluded in May, then external assessors began their work remotely, and visited on site in June. The principal objective was to evaluate the department's conformance with the current Institute of Internal Auditors (IIA) international standards, as well as the code of ethics. Based on the review, the Internal Audit (IA) office generally conforms to the IIA standards and the code of ethics and represents the highest rating for the assessment. The external assessors highlighted strengths: IA is well-respected, demonstrated independence, have strong partnerships, established good communications, and produced audit reports that satisfy stakeholders. Also noted were opportunities for improvement: better documentation retention with external assurance providers, broader risk coverage, successful recruitment and retention, and efficient communication of results.

**V. Adjournment**

Having no further business, Chair Callahan adjourned the Audit & Compliance Committee meeting.