



**USF Board of Trustees
Audit & Compliance Committee
NOTES
August 27, 2024
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 Brittany Dix to call roll. Ms. Dix called roll with the following committee members present: Sandra Callahan and Luran Monbarren. 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 14, 2024, Meeting Notes

Upon request and receiving no changes to the meeting notes, Chair Callahan requested a motion for approval. Trustee Monbarren made the motion which was seconded by Chair Callahan and the May 14th meeting notes were unanimously approved as written.

b. Approval of FY25 Internal Audit Work Plan

Virginia Kalil, Executive Director and Chief Internal Auditor, expanded upon Internal Audit's FY25 Work Plan, and their responsibility, in accordance with the Global Internal Audit Standards, the Board of Governors regulations, and their own Internal Audit and Audit and Compliance Committee charters, to develop a risk-based plan for the use of their resources, and present it to the board for review and approval. As background on developing Internal Audit's risk-based plan, she stated that Internal Audit evaluated risks and updated their risk models for over 270 auditable areas across the enterprise, which includes all University units and areas, as well as Direct Support Organizations. They consulted with leadership and other internal risk professionals within the organization like compliance, information security, legal and other areas. The prior audit and investigative coverage and the results thereof were also reviewed, with the objective of obtaining an understanding of what the key strategic objectives, the associated risks and the risk management processes of the organization were.

Once the risk assessment was completed, areas and specific projects were identified by Internal Audit, which should be prioritized in the highest relevance and highest risk that would be of interest to the board. A projection of hours and estimation was made to determine which projects might be able to be completed in the upcoming year with the resources available. The work plan being presented was an allocation of hours for 14 audit professionals, which includes a contingency for any unforeseen vacancy. As such the hours will be spent between risk-based engagements (such as assurance and advisory projects on behalf of both the University and the Direct Support Organizations), required engagements (such as the PBF and Preeminence audits), investigations, follow-up, and general & administrative. All of which captures direct and indirect

time, with the goal to align with the University's enterprise risk management results.

After concluding her presentation, because there were no questions, Chair Callahan requested a motion to approve the work plan as presented. The motion was accepted by Trustee Monbarren and seconded by Chair Callahan. The motion passed and the Internal Audit Work Plan for FY2025 was approved.

IV. New Business – Information Items

a. Internal Audit Annual Report 2023-24

Virginia Kalil, Executive Director and Chief Internal Auditor, presented on Internal Audit's activities for FY24, in reference to the work plan that was approved on August 16, 2022, and subsequently revised with approval of the Audit Committee on November 16, 2023. Ms. Kalil further stated that in accordance with the Board of Governors, regulation 4.002, this annual report was required to be submitted to the Board of Governors by September 30th. She also reported that all the vacancies within the Department were filled since approval of the revised plan during the Audit Committee meeting last November 2023, with a key contributing factor being the investment that the university made in the Department's resources.

Aside from personnel resources, Ms. Kalil also reported on the total resource allocations for both direct services (including audits, consulting and advisory projects, and investigations) and indirect services, with a breakdown of what percentages of the resources were spent on each. She also gave a breakdown of the direct services, in reference to what was budgeted, considering the vacancies throughout the year, but focusing on the Team in place spending the most time possible on direct services for the customers. The estimated percentage of time, and goal, was 54%, and the Team in place met that target. Ms. Kalil also reported on the outcomes of those services in the form of recommendations and implementations, whether given to the University or the Direct Support Organizations and shared the percentages of recommendations that were thus far implemented, which was 69% overall.

Ms. Kalil further mentioned last year's external review of Internal Audit, which demonstrated that the Department was in conformance with the Institute of Internal Auditors' standards, with the next external assessment planned to be conducted in Spring 2028. An internal review was also conducted this year which demonstrated the same result. Lastly, she shared on the Department's continued service to the internal audit profession and external contributions, which included providing subject matter experts to share their knowledge and experience – through working groups, speaking engagements, conferences and specific training events – with the Association of College and University Auditors, the Institute of Internal Auditors, the Association of Inspectors General, and the USF Muma College of Business.

Chair Callahan asked a question to clarify regarding the percentages distributed amongst the auditors pertaining to direct and indirect hours, with direct hours referring to hours charged directly to a defined audit. Ms. Kalil concurred that the Internal Audit Consultants and the Senior Consultants have a much higher direct rate than the Internal Audit Leadership, and that leadership has more indirect time due to other meetings and leadership items. As such, Ms. Kalil further stated that each individual is responsible for their particular direct and indirect rate. The performance of which can be monitored against the rates, from which the total percentage of time is calculated. This past year, the estimated direct rate was 54%, however, when fully staffed, the target is closer to 60%.

b. Foreign Annual Travel Report 2023-24

Dr. Jason Ramage, Director, Research Integrity & Compliance, reported on foreign travel for the period from July 1, 2023 through June 30,2024. He gave background information explaining that Florida statutes require all state universities to establish an approval and monitoring program for all international travel. He further stated that the statutes also require that the university submit an annual travel of foreign report to the Board of Governors, or other appropriate governing board, and that The Board of Governors issued further guidance stating that this report was to be made to the Board of Trustees on or before July 31st of each year. He also pointed out which are the foreign countries of concern designated in the legislation.

Dr. Ramage also provided a high-level overview of the travel review and approval process, which concludes with the foreign travel screening component in the office of Research Integrity & Compliance (RIC). The travel request is reviewed within RIC, with a screening tool called Visual Compliance to check all the institutions that the traveler is proposing to visit. Provided that the travel is approved at each step, it ends with the travel occurring. He further provided a summary of the travel for FY24, detailing the number of screenings for international travel that RIC conducted, which represented a 12% increase over the previous year. He stated that although there was a drop in travel due to the pandemic, a slow increase in travel is now in trend. He further reported that out of the 1,421 screenings for international travel, only 18 of those involved one of the foreign countries of concern (Cuba and China only). Dr. Ramage acknowledged the team in his department that contributes to this work and concluded with informing that foreign travel screening is now a federal requirement, though Florida has already been conducting these screenings.

c. University and DSO Independent Audit Findings Report

Jennifer Condon, Chief Financial Officer, began by stating her responsibility to present an update on any external audit recommendations received along with a response and correction status. As such, she reported that all five fiscal year 2023 recommendations received have been fully corrected. She further stated that four of the recommendations were disclosed and reported as fully corrected in prior meetings, while the final recommendation, which related to the statewide audit of Bright Futures and Florida Assistance Grants, was disclosed and reported as partially corrected at the last Audit Committee meeting. However, at that time, the reconciliation procedures had been enhanced to ensure timely return of funds but had not yet filled the new position in the Financial Aid Office, which will be dedicated to reconciliation duties. This new position was filled in July 2024.

V. Adjournment

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