



**USF Board of Trustees Audit & Compliance Committee  
NOTES  
November 16, 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, Lauran 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 August 8, 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 August 8 meeting notes were unanimously approved as written.

**b. Office of Internal Audit FY24 Work Plan Revisions**

Virginia Kalil, Chief Internal Auditor, presented information item III (b): Office of Internal Audit FY24 Work Plan Revisions. Ms. Kalil has the responsibility to periodically review the work plan and make adjustments as necessary. Those adjustments would be in response to any changes in strategies or risk or in response to any changes in resources. Due to Board of Governors regulations, emerging risks, and resource limitations, adjustments need to be made. Those adjustments include moving hours to new projects, incorporating some supplemental audit services, as well as removing some hours due to vacant positions. Specifically, additions include a Post-Tenure Faculty Review as well as Procurement Card (PCard) program reviews, including the university's program as well as four PCard programs administered by our Direct Support Organizations. Deferrals include Decentralized HR Controls, USF Health Research, College of Nursing, and

Degree Certification.

Chair Callahan requested a motion to approve the revisions as presented. Trustee Horton made the motion, which was seconded by Trustee Monbarren.

#### **IV. New Business – Informational Items**

##### **a. USF/DSO Independent Audit Findings Report**

Jennifer Condon, Vice President Business & Finance, presented information item IV (a): USF/DSO Independent Audit Findings Report. Ms. Condon stated since last quarter, we have received 11 audit reports. There were two recommendations and/or findings and eight audit reports without issue.

1. UMSA financial statements, Finding: Material Weakness. We did receive an unqualified opinion on the audit, but this was a material weakness in internal controls. This material weakness resulted in a prior period adjustment that was identified, disclosed, and proposed to the audit firm by management.
2. USF Research Foundation financial statements, Finding: Significant Deficiency. Invoices received for construction in progress were not picked up as part of the accrual process at year end. This was an understatement in construction and progress offset by an understatement in accounts payable. There was no impact on the income statement, but there was unrecorded balance sheet activity. Management has closed this recommendation because they fixed the business process that caused it to occur.

We have one more recommendation that is still outstanding from the two prior quarterly updates on our federal audit. We are working with the US Department of Education to resolve this.

We have four more audit reports that we have not yet received: university's financial statement audit, statewide federal audit, and two auxiliary audit reports for WUSF and Intercollegiate Athletics.

##### **b. International Fraud Awareness Week**

Virginia Kalil, Chief Internal Auditor, presented information item IV (b): International Fraud Awareness Week. As part of the Office of Internal Audit's (IA's) Fraud Awareness initiative supporting the university's anti-fraud framework, IA joins the Association of Certified Fraud Examiners and recognize this week, November 12-18, as International Fraud Awareness Week. This is a global effort to minimize the impact of fraud by promoting anti-fraud awareness and education. Every 2 years, the Association of Certified Fraud Examiners

conducts a survey of frauds worldwide and reports to the nations. In their latest report, it was noted organizations lose 5% of their revenue to fraud each year and the median loss for the education industry per case is \$56,000. Occupational fraud is the most common and the most costly form of financial fraud in the world. It refers to fraud that is committed by individuals against organizations that employ them. Internal Audit's Fraud Awareness initiative began last year. It includes monthly flash reports on emerging fraud topics, regularly scheduled anti-fraud awareness trainings and webinars, and meetings with leadership and their staff. IA discusses what constitutes occupational fraud, what are the common schemes to look for, we explain the fraud triangle and why individuals may commit fraud, and educate on red flags. Most importantly, IA discusses what can be done to prevent and detect fraud, especially through internal controls and educate and empower the USF community to recognize those red flags, to understand what their responsibilities are, and to report any suspicious activity. IA's goal is to host 2 webinars a year and bring an external perspective to our community. Ms. Kalil announced that the next day, November 17, 2023, IA would be hosting Special Agent Lisa Kerr from the FBI to educate the USF community on organized crime and how it might impact the organization.

## **V. Adjournment**

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