



**USF Board of Trustees
Audit & Compliance Committee
NOTES
May 25, 2021
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 at 10:11am. Chair Callahan asked Dr. Cindy Visot to call roll. Dr. Visot called roll with the following committee members present: Sandra Callahan, Oscar Horton and Shilen Patel. 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 February 23, 2021 Meeting Notes

Upon request and receiving no changes to the meeting notes, Chair Callahan requested a motion for approval, it was seconded and the February 23rd meeting notes were unanimously approved as written.

IV. New Business – Information Items

a. Internal Audit Update

Virginia Kalil, Executive Director and Chief Internal Auditor, gave an update on internal audit activities, to include work plan progress and strategic planning efforts. As a bit of background, the Office of Internal Audit (IA) typically prepares and creates a two-year work plan. As IA was beginning to prepare for its risk assessment and work plan development last year, the coronavirus broke out. Due to the circumstances and surrounding uncertainty, IA, in consultation with the committee chair, developed a one-year plan for FY2021. This plan was approved by the committee last August. No changes have been made to the work plan; however, progress in completing the work plan has been impacted by limited resources due to unplanned vacancies and a focus on investigations during the plan year. Of the 14 audit and consulting engagements on the approved IA Work Plan, 5 engagements have been completed, 3 engagements are in progress and expected to be completed by the end of the fiscal year, 1 engagement is in progress and expected to be completed during the first quarter of next fiscal year, and 5 engagements are deferred for completion in FY2022. IA does not recommend any changes to the approved work plan and is actively recruiting for the vacant positions. IA will true up the plan in August and bring forward another one-year work plan for the remainder of FY22. It is

expected that by next summer, for FY23, IA will be able to return back to its planning process for two-year work plan cycles.

Ms. Kalil noted that the hours from this work plan that will move forward or carry over into next year, are actually less than the hours associated with the team's vacancies as well as the additional time that the team has had to spend on investigations (that has far exceeded what was planned on the work plan for investigations). The net gain was only possible by the IA team members that are in place and continue to be in place, putting in additional time and effort. They were able to put in additional effort that equated to about 0.75 FTE. Ms. Kalil expressed her appreciation for the team during this difficult time.

IA is beginning its triennial strategic planning process. Every three years, IA reassesses its strategic plan. Strategic planning is important in ensuring IA's vision and mission align with the organization's goals and objectives. IA needs to ensure it is progressing and moving forward in the same direction as the university in relation to the university meeting its aspirational goals. As part of the strategic planning process, IA will reassess the strengths and opportunities of internal audit resources and activities across the university, including direct support organizations, and identify areas of focus for the new strategic plan. This is not IA's work plan regarding what IA does, but this is how IA goes about doing their work. Updating IA's strategic plan was scheduled to take place this summer. However, in response to the board chair's request at the February board committee meetings to evaluate the internal audit coverage related to the university's direct support organizations (DSOs), IA began their strategic planning process early. IA is currently evaluating the internal audit activity across the entire university landscape, including the DSOs. In starting the assessment, IA noted USF's approach to internal audit coverage at DSOs is a bit unique from other SUS universities. USF provides more coverage of its DSOs; however, that activity is a bit more decentralized than others in the SUS. As part of IA's strategic planning process, IA wants to ensure the university's approach to the overall internal audit coverage embodies best practices and sufficiently covers the collective needs of both the university as well as the DSOs. Any recommended changes will be brought forward to leadership and to the committee chair as appropriate for further review, discussion and possible implementation.

Chair Zimmerman thanked Ms. Kalil for her incredible and thorough update. He stressed that it is very important that USF have a university-wide, disciplined approach that yields a robust risk-based program. IA is taking a comprehensive approach to this.

Chair Callahan explained that Ms. Kalil does not have a direct role in terms of oversight and involvement with the plans with the DSOs. The Board thinks this is a negative characteristic or one that it would like to change somewhat. Ms. Kalil and her team are looking at all DSOs and workplans and will provide recommendations. IA has put together objectives and laid out next steps. The goal is to enhance the oversight of the BOT and strengthen the independence of the DSO internal auditors.

b. 2020 Compliance & Ethics Annual Report

Caroline Fultz-Carver, Chief Compliance Officer, presented the 2020 Compliance & Ethics Annual Report. The report summarizes the activities of the Office of Compliance & Ethics for calendar year 2020. This report is organized under the "essential elements" of an effective compliance program as prescribed by Federal Sentencing Guidelines and fulfills

annual reporting requirements contained in BOG Regulation 4.003 and the Office of Compliance & Ethics Program Plan.

Dr. Fultz-Carver presented highlights from the annual report of work done during the past year. These highlights touched on Foreign Influence (which continues to be an evolving compliance area), including study sponsor disclosures, foreign gifts to/contracts with USF disclosures, and state disclosure requirements for researchers (outside activities related to researchers' expertise and financial interests); Higher Education Opportunity Act (HEOA), including Clery Act; and data privacy (GDPR, CCPA, etc.). Compliance & Ethics continues to monitor employee compliance with the annual Florida Code of Ethics (FCOE) disclosure requirements through the online reporting system, eDisclose. USF is not at 100% FCOE disclosure compliance. All faculty and administration employees and certain staff employees are required to complete this disclosure, equating to approximately 6,700 employee disclosures annually. Overall, the university's compliance rate was 92%.

Dr. Fultz-Carver reviewed EthicsPoint reporting for calendar year 2020. EthicsPoint is the anonymous reporting system for violations of USF policies and regulations. There were 102 reports received – 89 were closed and 13 were open at year end and rolled over to this calendar year. Of those reports which were closed, 14 reports (16%) were substantiated. The bulk of them, 63 reports (71%) were unsubstantiated. The remaining 12 reports (13%) were referred. To give context to these numbers, over the past 5 years, the number of reports received ranged between 102 to 164 per year. This equates to about 125 reports received on average annually. Reporters may choose to remain anonymous or may identify themselves (it is not required that they identify themselves). The percentage of anonymous reports received over the past five years ranged between 73% to 84%, with the mean running around 79%.

Chair Zimmerman asked how USF gets to 100% compliance in eDisclose. Dr. Fultz-Carver explained that her office reviews this every year and is trying to get to 100%. Her Looking at progressive discipline options as USF has a small pool of individuals that are consistently non-compliant or areas that are consistently not at the desired goal.

Chair Callahan commented on the totality of the report that was included in the materials. She stated that when you read through the report, it becomes very clear just the absolute magnitude of activity that is going on across the university literally every day as relates to compliance. And what is also obvious is the sheer volume of laws and regulations and their complexity that USF has to comply with. Chair Callahan commended Dr. Fultz-Carver and the entire team of people across the university for the job they do in keeping us in compliance. Dr. Fultz-Carver explained that higher education is one of the most heavily regulated industries. There are over 498 separate federal and state laws to which USF must comply based on analysis from a sister institution within the State University System.

c. Compliance Training Initiative

Dr. Fultz-Carver provided an overview of the Compliance Training Initiative. This initiative aims to improve the process by which employees access, complete, and receive notification regarding their required compliance trainings under federal or state law as well as USF regulations and policies. This initiative intends to strengthen regulatory compliance, improve training compliance monitoring, and reduce risk to the university. Historically USF has used a decentralized model where employees must reach out to multiple compliance areas across the university to see what training they need. What the

Compliance Training Initiative seeks to do is to implement a centralized, role-based, employee-centric training, delivery and compliance monitoring tool. Dr. Fultz-Carver reviewed the mapping process for Federal and State training requirements and then explained the next steps in the initiative which will leverage the existing Canvas system (USF was able to expand the current license for a very nominal cost in order to use canvas catalog for all employees). Dr. Fultz-Carver will update the Committee on the progress of this initiative in future meetings.

Trustee Patel explained that when you look at this through the lens of rising compliance demands and the budget goals, efficiencies like these that are received through systems and improved processes are going to be very important to meeting the demands without needing to explode staffing and those types of things. Learning management systems can be extremely expensive. It was a big win to be able to expand on Canvas in this way. Trustee Patel hopes USF can make more smart, strategic investments like this in systems and processes. Dr. Fultz-Carver explained that while this is not a learning management system, that is the long-term goal for the University. Having a learning management system is the long-term strategic goal and is part of Human Resources' long-term strategy for making compliance more streamlined, efficient and effective.

Trustee Boaz stated that as an employee who goes through the compliance training, this new plan will be a big help. Dr. Fultz-Carver explained USF has high-performing researchers who want to do the right thing, however, they need to know where to disclose, what they need to disclose and when. And currently there are multiple information systems where they need to do that the latter. While it may be efficient in terms of compliance oversight and monitoring, it makes it quite confusing for faculty members to know if they have met their compliance obligations.

V. Adjournment

Having no further business, Chair Callahan adjourned the Audit & Compliance Committee meeting at 11:03am.