



**USF Board of Trustees
Audit & Compliance Committee
NOTES
August 10, 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 8:20am. Chair Callahan asked Kiara Guzzo to call roll. Ms. Guzzo 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 May 25, 2021 Meeting Notes

Upon request and receiving no changes to the draft meeting notes, Chair Callahan requested a motion for approval, it was seconded and the May 25th meeting notes were unanimously approved as written.

b. Internal Audit Work Plan FY22

Ms. Virginia Kalil, Executive Director and Chief Internal Auditor, presented the Internal Audit (IA) Work Plan for FY2022. In conformance with professional standards, BOG regulations, IA's charter and the Audit & Compliance Committee charter, it is the Chief Audit Executive's responsibility to develop a risk-based plan for use of our internal audit resources and present it to the BOT for review and approval. Proposing a one-year plan again this year and the plan covers the University's key mission areas and core processes. Direct Services take up the majority of the plan, which consist mainly of audit services, consulting and advisory projects, and investigations and follow-up. The plan includes some projects that were deferred or carried over from the prior year. Deferred projects are the Attractive Assets and Procure to Pay (Jaggaer) audits under core processes and the CARES Act Institutional Aid audit under COVID-19. The carry over items are the Resource Management Development/Student Success (shared services center) audit and the USF Health Compliance Assessment Validation (validation of self-assessment) consulting project. Three new projects are PBF Data Integrity and Preeminence Data Integrity audits (annual projects) under academic and research and Procurement Card Program under core processes. The Procurement Card Program project lists the hours as external. Last year we utilized an external firm to evaluate the procurement card programs that are administered by our direct support organizations (DSOs). This year we are evaluating the procurement card program

administered by the University and want to leverage that same resource for consistency. Also in the direct services area, the plan designates time for Information Technology and is listed as TBD. This will probably be two projects from a list of priority projects that are risk-based. These will be determined once current vacancies for Sr. IT Auditors are filled and skill sets are determined. Priority topics include identity management, remote access and security, end user computing, and decentralized IT activities. The plan also dedicates time for our DSOs - Institute of Applied Engineering and University Medical Services Association. Direct services are normally 60% of effort – that is our KPI. That number is 48% in this plan due to vacancies (in Other section) and when we plan to onboard new team members. In last year’s plan, it was 57% also due to vacancies and extended leave. Ms. Kalil provided additional explanation of how the 60% KPI was developed and what is considered direct versus indirect. These designations will be reviewed with this committee to determine if there are any changes that might be appropriate.

A motion was made to approve the FY2022 Internal Audit Work Plan and allocation of available staff hours. The motion was seconded and approved by all Committee members present.

IV. New Business – Information Items

a. Internal Audit Annual Report 2020-21

Ms. Kalil presented the Internal Audit Annual Report for 2020-21. It is the Chief Audit Executive’s responsibility to report periodically on the progress IA is making towards the plans that are approved by the BOT, as well as to report IA’s conformance with professional standards and code of ethics. The report describes the internal audit, consulting, and investigative activities and allocation of resources as compared to the approved Work Plan for 2020-21. This report is required to be submitted to the BOG by September 30. This is an annual requirement.

Ms. Kalil reviewed IA’s organizational chart which represented positions that were in place for FY2021 activity and has been updated to show current vacancies. Last year at this time there was one vacancy, a Sr. IT Audit Consultant. This individual did not go to an external firm, but rather moved to USF IT (promotion in IT security). Lost additional team members over the course of the year and now have five vacancies. Spent a lot of time in FY2021 recruiting and still have several vacancies. This was a difficult time. Did not receive many applications. Worked with HR to expand marketing efforts and also removed salary expectations from the vacancy postings (suspected that we were offering salaries below market). We then started receiving more applications. At the same time, asked HR to do a salary study and confirmed that we are significantly below market. Working with University leadership to help with funding/additional resources. On a positive note, several team members had significant accomplishments during the year including attaining additional IT certifications, participating in professional development programs and provided knowledge and expertise at training events and workgroups.

The FY2021 work plan budgeted 57% of IA’s resources for direct services. Actual direct services of 50% fell less than budget due to vacancies. However, disregarding the vacancies, the amount of remaining time spent on direct services was 65% which is well above the 57% budgeted and above the 60% KPI. In 2020-21, IA completed 7 audits, including 2 IT; 2 consulting projects; and 12 investigations. 4 audits were in core processes and academic areas, and 3 audits were in governance, research, and IT. One audit, one consulting project,

and 6 investigations crossed over into the new fiscal year and are in progress. Most of IA's time in 2020-21 was spent on audits and consulting at 65% followed by investigations and follow-up. The amount of time spent on audits and follow-up was close to what was expected/budgeted. However, the amount of time spent on investigations (31%) was much higher than budgeted and higher than usual (normally 13-16%) – this was due to one specific investigation.

As part of the audit process, recommendations are made in response to any risks identified. Recommendations are then categorized for tracking and trending purposes. IA issues semi-annual reports (two times each year), in January and in July. In FY2021, management's average rate of open recommendations completed was 57%, which is a large increase over 43% from the previous year. Ms. Kalil noted that with IA's constraint on resources, two audit reports were issued at the very end of the year, so management did not have much time to implement those recommendations and make corrections. Therefore, there are 21 open recommendations as of June 30 and 15 of those are not due yet. 71% of open recommendations for management are not due yet.

As part of IA's Quality Assurance and Improvement Program (QAIP), internal assessments performed throughout the year confirmed IA's conformance with IIA's *International Standards for the Professional Practices of Internal Auditing* and *Code of Ethics*. External assessment is required every five years and the last one conducted in 2018 confirmed conformance with IIA Standards. The next external assessment will be in 2023.

Chair Callahan thanked Ms. Kalil for a very comprehensive report.

V. Adjournment

Having no further business, Chair Callahan adjourned the Audit & Compliance Committee meeting at 8:50am.