



**Board of Trustees Audit & Compliance Committee**

Tuesday, November 16, 2021  
9:30 – 10:00am  
Microsoft Teams Virtual Meeting

*Trustees:* Sandra Callahan, Chair; Oscar Horton, Lauran Monbarren

**A G E N D A**

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|------|--|--|
| I.   | Call to Order and Comments   | Chair Sandra Callahan                                  |
| II.  | Public Comments Subject to USF Procedure                                     | Chair Callahan   |
| III. | New Business – Action Items  |  |
| a.   | <a href="#">Approval of August 10, 2021 Meeting Notes</a>                    | Chair Callahan   |
| b.   | <a href="#">Approval of Revised Audit &amp; Compliance Committee Charter</a> | Exec Director/Chief Internal Auditor<br>Virginia Kalil |
| IV.  | Adjournment  | Chair Callahan   |



**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 25<sup>th</sup> 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.

**Agenda Item: IIIb**

**USF Board of Trustees**  
December 7, 2021

**Issue:** USF BOT Audit and Compliance Committee Charter

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**Proposed action:** Approval of the revised USF BOT Audit and Compliance Committee Charter

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**Executive Summary:** In accordance with the Board of Governors Regulation 4.002(2) "Each board of trustees shall establish a committee responsible for addressing audit, financial- and fraud-related compliance, controls, and investigative matters. For purposes of this regulation, this committee will be referred to as the audit and compliance committee. This committee shall have a charter approved by the board of trustees and reviewed at least every three (3) years for consistency with applicable Board of Governors and university regulations, professional standards, and best practices. A copy of the approved charter and any subsequent changes shall be provided to the Board of Governors."

**Financial Impact:** N/A

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**Strategic Goal(s) Item Supports:** To practice continuous visionary planning and sound stewardship throughout USF to ensure a strong and sustainable financial base, and to adapt proactively to emerging opportunities in a dynamic environment.

**BOT Committee Review Date:** Audit & Compliance - 11/16/2021

**Supporting Documentation Online (please circle):** Yes No

*USF BOT Audit & Compliance Committee Charter Tracked Changes  
111621.pdf*

**Prepared by:** Virginia Kalil, Executive Director/Chief Internal Auditor, USF Internal Audit



## USF Board of Trustees Audit And Compliance Committee Charter

### I. Purpose

The Audit and Compliance Committee ("Committee") is established in accordance with the Florida Board of Governors Regulation 4.002(2) and 4.003(3). The Committee is appointed by the University of South Florida Board of Trustees ("Board") Chair to assist the Board in its oversight responsibilities. This charter identifies the purpose, authority, and responsibilities of the Committee. The Committee plays a key role in fulfilling the Board's governance responsibilities throughout the University of South Florida ("USF") including its direct support organizations ("DSOs").

### II. Membership and Composition

The Committee consists of at least three members of the Board. The Chair of the Board is responsible for appointing the chair of the Committee as well as the additional members of the Committee. Members serve on the Committee until the Board Chair's term ends or their departure from the Board, resignation, or replacement by the Chair of the Board.

The Committee should consist of at least one member with professional experience and expertise in the following areas: finance, accounting, financial reporting, auditing, risk management, or compliance. Other Committee members should have professional experience and expertise in at least one of the following fields: post-secondary education, non-profit administration, law, banking, finance, accounting, financial reporting, auditing, risk management, compliance, or information technology.

### III. Meetings

The Committee meets as needed to fulfill its governance responsibilities. Any meeting of the Committee may be conducted through a telephone conference call or by any other technological means. A majority of the members of the Committee constitutes a quorum for the transaction of business.

Committee meetings shall be open and noticed to the public in accordance with Article I, Section 24 of the Florida Constitution and the requirements of Chapter 286, Florida Statutes.

The Committee may ask members of management or other individuals to provide pertinent information as necessary. In addition, the Committee may request special reports from USF or DSO management on topics that may enhance its understanding of its activities and operations.

Meeting agendas are prepared jointly by the Committee Chair, the Chief Audit Executive, and the Chief Compliance Officer. Meeting agendas and appropriate briefing materials are provided in advance to Committee members, and written minutes of the meetings are prepared. All records of the meetings are public records subject to Chapter 119 and Chapter 268, Florida Statutes, including any provisions for exemption.

## Audit and Compliance Committee Charter

In addition to scheduled meetings of the full Committee, the Committee Chair meets with the Chief Audit Executive and the Chief Compliance Officer as needed.

### **IV. Authority and Governance**

The Committee serves an important role in ensuring that processes are in place to meet USF's responsibility for financial and operational accountability, integrity, and efficiency, in compliance with applicable laws, regulations, rules, policies, and procedures.

The Committee has full and unrestricted access to all USF functions, including its DSOs and practice plans, activities, records, property, information systems, and personnel, including those records or activities exempt from the Public Records laws, needed to fulfill its responsibilities. The Committee members are responsible for ensuring confidential records obtained in the course of its activities are adequately secured and are not disclosed without established authority.

The Board authorizes the Committee to study or investigate any matter within the scope of responsibilities outlined in this charter. The Committee will inform the Board of such activities and results.

The Committee Chair may recommend the Board engage independent counsel and/or other advisors it deems necessary to carry out its duties.

### **V. Responsibilities**

With regard to each topic listed below, the Committee is responsible for the following:

#### **A. Internal Controls**

Consider the economy, efficiency, and effectiveness of the financial and operational internal control systems, including information technology, by requesting and reviewing information from the Chief Audit Executive and external auditors about significant risks within USF and the DSOs.

Assess the adequacy of management's actions to identify, assess, and mitigate identified risks with strong control activities, information and communication, and monitoring processes.

#### **B. Data Integrity**

Review the adequacy of USF's information technology management methodology with regards to internal controls, including applications, systems, and infrastructure.

Review the adequacy of USF's data management policies and procedures to ensure data security and data integrity in institutional reporting.

## Audit and Compliance Committee Charter

### C. Financial Statements

Review the external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Review any disclosure of: 1) significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect USF's ability to record, process, summarize, and report financial data; and 2) any fraud, whether material or not, that involves management or other employees who have a significant role in USF's internal controls.

### D. External Audit

Related to audits or other engagements performed by external auditors, including the State of Florida Auditor General, review with the external auditors and/or the Chief Audit Executive:

- Results of the engagement, which may include audited financial statements, an opinion letter, or other reports issued by the external auditors;
- Any material adjustments to the financial statements;
- Significant findings or recommendations; and
- Management letters issued by the external auditors, together with responses for addressing issues noted.

Perform annual reviews of DSOs' audit and financial reports in accordance with BOT Policy 07-001, 4.

Review and contract with external auditors for special audits or reviews related to USF's affairs and report the results of any such special projects to the Board.

### E. Internal Audit

Review the independence, qualifications, activities, performance, resources, and structure of the USF Office of Internal Audit ("Internal Audit") function and ensure no unjustified restrictions or limitations are made. Discuss with the Chief Audit Executive any difficulties encountered in the course of performing audits, including restrictions on the scope of work and access to required information.

| Review and approve the proposed risk-based Internal Audit Work Plan and any subsequent changes for the upcoming fiscal year or the multi-year plan and ensure that it addresses key areas of risk based on risk assessment procedures performed by Internal Audit in consultation with management and the Committee.

## Audit and Compliance Committee Charter

Obtain and review Internal Audit reports, including those concerning investigations to address significant and credible allegations relating to waste, fraud, or financial mismanagement.

Review the status of Internal Audit recommendations. Ensure that significant findings and recommendations made by Internal Audit auditors and management's proposed responses are received, discussed, and appropriately dispositioned.

Review the Internal Audit Annual Report. Review Internal Audit's performance relative to the work plan and the impact of any resource limitations.

Consult with the President, through the Committee Chair, on the hiring, dismissal, and compensation of the Chief Audit Executive in accordance with USF Policy 0-100, IV.B.2.(d).

Review the Internal Audit Charter at least every three (3) years.

Review the results of the quality assurance and improvement program including the external assessment performed every five (5) years.

### F. Compliance & Ethics

Review the independence, qualifications, activities, resources, and structure of the USF Office of Compliance & Ethics ("Compliance & Ethics") function and ensure no unjustified restrictions or limitations are made.

Review and approve the Compliance & Ethics **program plan** and any subsequent changes.

Review the effectiveness of Compliance & Ethics in preventing or detecting noncompliance, unethical behavior, and criminal misconduct and ensure that it has appropriate standing and visibility across USF.

Ensure significant findings and recommendations made by the Chief Compliance Officer are received, discussed, and appropriately dispositioned.

Ensure procedures for reporting misconduct and criminal violations are well publicized and administered and include a mechanism that allows for anonymity or confidentiality, whereby members of the USF community may report or seek guidance without the fear of retaliation.

Review the effectiveness of USF for monitoring compliance with laws and regulations and management's investigation and follow-up (including disciplinary action) of any wrongful acts or non-compliance.

Obtain regular updates from the Chief Compliance Officer regarding Compliance & Ethics matters that may cause significant financial, legal, reputational, or operational impact to USF or its DSOs.

## Audit and Compliance Committee Charter

Consult with the President, through the Committee Chair, on the hiring, dismissal, and compensation of the Chief Compliance Officer in accordance with USF Policy 0-100, IV.B.2.(d).

Govern the office of the Chief Compliance Officer under the Compliance & Ethics charter approved by the Board of Trustees and reviewed at least every three (3) years for consistency with applicable Board of Governors and USF regulations, professional standards, and best practices.

Review the results of the external review of Compliance & Ethics' design and effectiveness and any recommendations for improvement every five (5) years.

### **G. Reporting Responsibilities**

Regularly update the Board about the Committee's activities and make appropriate recommendations.

Ensure the Board is aware of matters that may have a significant financial, legal, reputational, or operational impact to USF or its DSOs.

### **H. Evaluating Performance**

Evaluate the Committee's own performance, ~~both of individual members and collectively~~, on a periodic basis and communicate the results of this evaluation to the Board.

## **VI. Charter Amendment, Review, and Approval**

The charter for the USF Board of Trustees Audit and Compliance Committee may be altered, amended, or repealed by a majority vote of the Board members in attendance at any regular meeting, when notice of the proposed amendment or repeal is provided in the meeting notice. This charter shall be reviewed at least every three (3) years for consistency with applicable Board of Governors and USF regulations, professional standards, and best practices. A copy of the approved charter and any subsequent changes shall be provided to the Board of Governors.

Audit and Compliance Committee Charter

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William Weatherford, Chair, Board of Trustees

Approved on: \_\_\_\_\_

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Sandra Callahan, Chair of the Board of Trustees  
Audit & Compliance Committee

Approved on: \_\_\_\_\_

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Rhea Law, USF Interim President

Approved on: \_\_\_\_\_