I. Call to Order and Comments                                      Chair Nancy Watkins
II. Public Comments Subject to USF Procedure                    Chair Watkins
III. New Business – Action Items
     a. Approval of August 27, 2018 Meeting Notes                  Chair Watkins
     b. Acceptance of Performance Based Funding Data Integrity Audit & Approval of Data Integrity Certification Exec Director Virginia Kalil
IV. New Business – Information Items
     a. USF/DSO External Audit Findings University Treasurer Fell Stubbs
     b. USF System Compliance & Ethics Annual Report Chief Compliance Officer Jeff Muir & Assoc. Compliance Officer Caroline Fultz-Carver
V. Adjournment                                                   Chair Watkins
USF Board of Trustees  
Audit & Compliance Committee  
NOTES  
August 27, 2018  
Tampa Campus – Gibbons Alumni Center, Traditions Hall

I. Call to Order and Comments

The meeting of the Audit & Compliance Committee was called to order by Chair Nancy Watkins at 1:50pm.

Committee members present: Nancy Watkins, Oscar Horton and Byron Shinn. A quorum was established. Trustees Mike Carrere and Charles Tokarz were also present.

II. Public Comments Subject to USF Procedure

No requests for public comments were received.

III. New Business – Action Items

a. Approval of May 22, 2018 Meeting Notes

Upon request and receiving no changes to the draft meeting notes, Chair Watkins requested a motion for approval, it was seconded and the May 22nd meeting notes were unanimously approved as written.

b. Approval of Revised Audit & Compliance Committee Charter

Virginia Kalil, Executive Director, USF System Audit, introduced the revised Audit & Compliance Committee charter. Since the main catalyst for the revisions was the quality assurance review, Ms. Kalil presented that information item first.

USF System Audit External Quality Assurance Review (IVb)

The USF System Audit (Audit) internal auditing activity underwent an external quality assurance review (QAR), per professional and BOG requirements (at least once every five years). This is the third external review. This review was conducted as a self-assessment with independent validation. The review was conducted from March – June 2018. This was an evaluation of conformance with the Institute of Internal Auditors’ (IIA’s) Standards and Code of Ethics. The methodology used was IIA’s Quality Assessment Manual for the Internal Audit Activity (2017). The external review team consisted of two independent members – one from UCF and the other from the University of Texas at Dallas (lead).

Observations fall into the following three categories: successful audit practices, conformance gaps, and opportunities for improvement. Successful audit practices included: Audit and its activities are highly regarded by management and the BOT; Audit’s education, experience, and professional credentials are commendable; policies and
procedures are robust with regular quality assurance points (strong infrastructure over audit process) and a focus on technology (and using technology in audit processes); and activity is focused on institutional risks, including information technology and fraud risks. Ms. Kalil noted that the external team members were so impressed with our policies and procedures that they wanted to take them back to their institutions.

It was determined that Audit “generally conforms” to the IIA Standards and Code of Ethics. This is the highest level of achievement and means that the relevant structures, policies, and procedures comply with the standards and Code of Ethics in all material respects. No conformance gaps were identified and three recommendations were made for continued improvement towards best practices. Ms. Kalil presented a chart showing the history of the 3 assessments (2008, 2013, and 2018). Audit has improved with each assessment, having zero gaps and 3 opportunities for improvement in this latest assessment. Opportunities for improvement are to 1) revise the Audit & Compliance Committee (ACC) Charter to include the ACC’s role and responsibilities regarding the appointment, removal, and remuneration of the Chief Audit Executive; 2) communicate results of the Quality Assurance Improvement Plan (QAIP) more formally to the ACC at least annually; and 3) consolidate strategic planning and QAIP efforts more formally into an internal audit strategic plan. To address #2, Audit is developing a scorecard and some metrics which will be shared with ACC going forward. For #3, Audit already conducts a strategic planning exercise every three years, and will now put it in a formal plan. For #1, revisions are being proposed to the ACC charter.

As a result of the QAR, changes to the charter are recommended in order to: implement QAR best practices recommendations; better align with BOG regulations; and create a clear mechanism for future charter amendments. Revisions include the addition of the ACC’s role and responsibilities regarding the appointment, removal, and remuneration of the Chief Audit Executive and the Chief Compliance Officer (to ensure independence of the audit and compliance functions); removal of Committee’s responsibility to approve the annual report as it is not required by standards or regulations; and per consultation with legal counsel, the charter will include a procedure for amending the charter.

A motion was made to approve the Audit & Compliance Committee (ACC) Charter revisions. The motion was seconded and approved by all Committee members present.

IV. New Business – Information Items

a. USF System Audit Annual Report 2017/18

Ms. Kalil presented the USF System Audit Annual Report for 2017-18. The report covers internal audit, consulting, and investigative activities for FY 2017-18. FY 2017-18 is year 2 of a 2-year work plan which was approved in August 2016.

The physical report is in final review; the information presented today is final/hardened data. The final report will be available to the Committee prior to its required submission to the BOG.

USF System Audit consists of 10 highly credentialed audit professionals, including 2 Sr. IT auditors. As of today, Audit is fully staffed.
Direct services include audits, consulting projects, investigations, and follow-up on management’s corrective actions related to audit recommendations. In 2017-18, USF System Audit completed 10 audits, including 3 IT audits; 3 consulting projects; and 16 investigations. 5 audits were in core processes and Academic Affairs and 5 audits were in governance, research, and IT. About 1,500 hours were lost in direct services due to staff vacancies throughout the year, resulting in deferring 3 projects.

Part of the audit process includes recommendations. In 2017-18, recommendations were made in the following areas: assignment of responsibility; authorization (adequacy and timeliness); compliance with federal laws; effective and efficient operations; IT (confidentiality, integrity, and availability of data); reporting: (accuracy, completeness, and timeliness); safeguarding of assets; separation of duties; and training and guidance (accuracy, completeness, and timeliness). Recommendations are categorized in order to identify trends. Added to the list for 2017-18 was effective and efficient operations; workplace safety dropped off. 55% of open recommendations were completed (rolling 12 month percentage) – this is down from 71% in 2016-17. This is due to more complex actions needed to address the risks identified and due to lower staff level in Audit earlier in the year resulting in the majority of audit reports issued in the second half of the fiscal year.

b. USF System Audit External Quality Assurance Review

    See IIIb.

V. Adjournment

    Having no further business, Chair Watkins adjourned the Audit & Compliance Committee meeting at 2:20pm.
Agenda Item: IIIb

USF Board of Trustees
February 12, 2019

Issue: Board of Governors Performance-Based Funding Data Integrity Audit and Certification

Proposed action: Acceptance of Performance-Based Funding Data Integrity Audit and Approval of Data Integrity Certification.

Executive Summary: Pursuant to Board of Governors Chair Lautenbach’s letter to President Genshaft and Board of Trustees Chair Lamb dated July 12, 2018, USF System Audit (Audit) has conducted an internal audit of Performance-Based Funding (PBF) Data Integrity. Our primary audit objectives were to:

- Determine whether the processes and internal controls established by the university ensure the completeness, accuracy, and timeliness of data submissions to the BOG which support the PBF measures.

- Provide an objective basis of support for the President and Board of Trustees Chair to sign the representations included in the Performance-Based Funding Data Integrity Certification.

The Board of Governors requires the acceptance of the Performance-Based Funding Data Integrity Audit results and the approval of the Data Integrity Certification by the Board of Trustees, with submittal to the Board of Governors by March 1, 2019.

The scope and objectives of the audit were set jointly and agreed to by the president, the University of South Florida Board of Trustees Chair, the Board of Trustees Audit and Compliance Committee Chair, and the university’s Chief Audit Executive. Audit followed its standard risk assessment, audit program, and reporting protocols.

Conclusion:

Audit’s overall conclusion was that there was an adequate system of internal controls in place to meet our audit objectives, assuming corrective actions are taken timely to address the two medium-priority risks communicated in the Management Letter.
In response to the issues identified, management has developed implementation plans for their corrective actions which are included in the Management Letter. As of the date of this report, one issue has been resolved and corrective actions related to the second issue have begun.

Financial Impact: The USF System received $79.6 million in PBF allocations in 2018-2019, including a return of the institutional investment of $41.9 million.

Strategic Goal(s) Item Supports: Goal 4: Sound financial management to establish a strong and sustainable economic base in support of USF’s continued academic advancement.

BOT Committee Review Date: Audit & Compliance, 02/12/2019

Supporting Documentation Online (please circle): Yes No

19-010 Audit Report – Performance-Based Funding Data Integrity Audit
19-010 Management Letter – Performance-Based Funding Data Integrity Audit
Data Integrity Certification Form
Presentation Slides

USF System or Institution specific: USF System
Prepared by: Virginia Kalil, Executive Director/Chief Internal Auditor
MEMORANDUM

TO: Dr. Ralph Wilcox, Provost & Executive Vice President of Academic Affairs
    Dr. Terry Chisolm, Vice Provost for Strategic Planning, Performance & Accountability

FROM: Virginia Kalil, CIA, CISA, CFE, CRISC
      Executive Director/Chief Internal Auditor

DATE: February 4, 2019

SUBJECT: 19-010 Performance-Based Funding Data Integrity Audit

USF System Audit (Audit) performed an audit of the internal controls that ensure the completeness, accuracy, and timeliness of data submissions to the Board of Governors (BOG). These data submissions are relied upon by the board in preparing the measures used in the performance-based funding process. This audit also provides an objective basis of support for the President and Board of Trustees (BOT) Chair to sign the representations included in the Performance-Based Funding Data Integrity Certification to be filed with the BOG by March 1, 2019. This project is part of the approved 2018-2019 Work Plan.

Measures One through Nine were based on data submitted through the State University Database System (SUDS) utilizing a state-wide data submission process for BOG files. Measure Ten was based on data submitted to the National Science Foundation/National Institutes of Health through their annual survey of Graduate Students and Postdoctorates in Science and Engineering (GSS). This data is published annually by The National Center for Science and Engineering Statistics. For additional information on data files included in this audit, see Appendix A.

Audit’s overall conclusion was that there was an adequate system of internal controls in place to meet our audit objectives, assuming corrective actions are taken timely to address the two medium-priority risks communicated separately in our management letter. No impact to the performance measures was identified.
### OVERALL CONCLUSION

| ☐ Adequate System of Internal Control | Findings indicate that, as a whole, controls are adequate. Identified risks, if any, were low-priority requiring timely management attention within 90 days. |
| ☒ Adequate System of Internal Control – with reservations | Medium-priority risks are present requiring urgent management attention within 60 days. |
| ☐ Inadequate System of Internal Control | High-priority risks are present requiring immediate management attention within 30 days. |

We received outstanding cooperation throughout this audit. Please contact us at 974-2705 if you have any questions.

cc: President Judy Genshaft, USF System  
Chair Brian D. Lamb, USF Board of Trustees  
David Lechner, Senior Vice President, Business and Financial Strategy  
John Long, Senior Vice President, Business and Finance and Chief Operating Officer  
Dr. Charles Lockwood, Senior Vice President, USF Health  
Dr. Paul Sanberg, Senior Vice President, Research, Innovation & Knowledge Enterprise  
Dr. Karen Holbrook, Regional Chancellor, USF Sarasota-Manatee  
Dr. Martin Tadlock, Regional Chancellor, USF St. Petersburg  
Dr. Paul Dosal, Vice President for Student Affairs and Student Success  
Nick Trivunovich, Vice President, Business and Finance and Chief Financial Officer  
Sidney Fernandes, Vice President, Information Technology and Chief Information Officer  
Dr. Paul Atchley, Dean, Undergraduate Studies  
Billie Jo Hamilton, Associate Vice President, Enrollment Planning & Management
BACKGROUND

In 2014, the Board of Governors (BOG) implemented the Performance-Based Funding (PBF) Model which includes 10 metrics intended to evaluate Florida institutions on a range of issues (e.g., graduation and retention rates, average student costs). Eight of the metrics are common to all institutions, while the remaining two vary by institution and focus on areas of improvement or the specific mission of the university.

The metric calculation for Measures One through Nine are based on data submitted through the State University Database System (SUDS) utilizing a state-wide data submission process for BOG files. Measure Ten is based on data submitted to the National Science Foundation/National Institutes of Health through their annual survey of Graduate Students and Postdoctorates in Science and Engineering.

In order to ensure the integrity of the data being submitted to the BOG to support the calculation of the metrics, USF has established specific file generation, review, certification, and submission processes.

File Generation Process

USF utilizes an automated process, Application Manager, to extract data files from the original systems of record and reformat and redefine data to meet the BOG data definition standards. The only data file that can be impacted outside the Application Manager process is the Hours to Degree submission. (See Hours to Degree File Generation Process below.)

This Application Manager process includes the following key controls:

✓ The Application Manager jobs can only be launched by authorized Data Stewards. In addition, individuals responsible for the collection and validation of the data have no ability to modify the Application Manager jobs.
✓ The Retention File generated by the BOG is downloaded from the BOG SUDS portal to HubMart by Resource Management & Analysis (RMA). The Data Stewards and Sub-certifiers cannot change the files.
✓ Corrections are made to the original systems of record and the Application Manager job is re-run until the file is free of material errors.
✓ Any changes to the data derivations, data elements, or table layouts in the Application Manager jobs are tightly controlled by RMA and Information Technology (IT) utilizing a formal change management process.
✓ There are IT controls designed to ensure that changes to the Application Manager jobs are approved via the standard USF change management process and that access to BOG submission-related data at rest or in transit is appropriately controlled.

Hours to Degree File Generation Process

The Hours to Degree file submission has two primary tables: 1) Hours to Degree (HTD) that contains information regarding the students and the degrees issued and 2) Courses to Degree (CTD) that includes information regarding the courses taken and utilization of the courses to degree. The
HTD file is derived based on data in HubMart (Degrees_Submitted_Vw) and data from the student records system, OASIS (Online Access Student Information System)—a Banner product. The CTD file is generated from a combination of OASIS data and data obtained from the degree certification and advising system (DegreeWorks).

While an Application Manager process is used to create the HTD file, the process utilizes a series of complex scripts to select the population, normalize the data fields to meet BOG data definition standards, and populate course attributes used by the BOG to identify excess hours exemptions. This includes deriving whether courses are “used to degree” or “not used to degree” from DegreeWorks.

The systematically-identified HTD population and CTD file are loaded into two custom Banner reporting tables for validation. Any necessary corrections are made manually by the Data Steward utilizing custom Banner forms.

**BOG File Review and Certification Process**

USF utilizes a formal review process managed by RMA for all BOG file submissions. The review and certification process includes the following key controls:

- Data Stewards, Sub-certifiers and Executive Reviewers who had operational and/or administrative responsibility for the institutional data are assigned key roles and responsibilities. The RMA website defines each of these roles.
- A central repository (DocMart) contains detailed information regarding data elements for each BOG SUDS file.
- A secured file storage location (HubMart) provides read-only access and functionality to the data collected and extracted into the Data Warehouse from transactional source systems in order to allow Data Stewards and Sub-certifiers to review and validate data.
- A formal sub-certification and executive review process is in place to ensure that institutional data submitted to the BOG accurately reflects the data contained in the primary systems of record. No BOG file is submitted to the BOG by the Data Administrator until the Executive Reviewer(s) approves the file.
- A formal process for requesting and approving resubmissions includes a second executive review process.

**BOG File Submission Process**

Once all data integrity steps are performed and the file is ready for upload to the SUDS portal, a secure transmission process is used by RMA to ensure data cannot be changed prior to submission.

Key controls within this process include:

- A dedicated transfer server is used to transmit the BOG SUDS files. Only RMA and IT server administrators have access to the transfer server.
- Only RMA staff can upload a file from the transfer server to SUDS, edit submissions, generate available reports, or generate reports with re-editing.
- Only the Data Administrator and Back-up administrator can submit the final BOG file.
Measure Ten - Number of Postdoctoral Appointees

Measure Ten is based on data submitted to the National Science Foundation/National Institutes of Health through their annual survey of Graduate Students and Postdoctorates in Science and Engineering (GSS). This data is published annually by The National Center for Science and Engineering Statistics. Aggregated data is collected via a web survey for each SEH (Science, Engineering, and selected Health fields) unit within an institution.

The individual responders from each SEH unit are responsible for the completeness and accuracy of the data they submitted in the survey. The SEH units submit rosters of reported postdocs to the primary Data Steward for verification. The primary Data Steward in the Office of Postdoctoral Affairs verifies the accuracy and completeness of the SEH-prepared rosters.

Prior to final submission of the GSS survey, the data goes through a Sub-certifier review process. The Data Steward will provide a master roster of reported postdocs, along with a report of the aggregated data contained in the GSS system. The Sub-certifier will verify that the roster data conforms to the criteria for postdoctoral appointees listed in the Guidelines for Reporting Postdocs and Non-Faculty Researchers. Measure Ten utilizes the same Executive Review process as the other nine measures.

SCOPE AND OBJECTIVES

Our audit focused on the internal controls established by the USF System as of September 30, 2018 to ensure the completeness, accuracy, and timeliness of data submissions to the BOG, which support the PBF measures.

The primary objectives of our audit were to:

- Determine whether the processes and internal controls established by the university ensure the completeness, accuracy, and timeliness of data submissions to the BOG which support the PBF measures.

- Provide an objective basis of support for the President and BOT Chair to sign the representations included in the Performance-Based Funding Data Integrity Certification, which will be submitted to the BOT and filed with the BOG by March 1, 2019.

The scope and objectives of the audit were set jointly and agreed to by the President, BOT Chair, the BOT Audit & Compliance Committee Chair, and the university’s Chief Audit Executive. USF System Audit (Audit) followed its standard risk assessment, audit program, and reporting protocols.

PROCEDURES PERFORMED

We followed a disciplined, systematic approach using the International Standards for the Professional Practice of Internal Auditing. The information system components of the audit were performed in accordance with the ISACA (Information Systems Audit and Control Association) Standards and Guidelines. The COSO (Committee of Sponsoring Organizations of the Treadway Commission) and COBIT
(Control Objectives for Information and Related Technologies) Control Frameworks were used to assess control structure effectiveness.

Testing of the control processes was performed on the most recent data file submissions as of September 30, 2018, for term-based submissions. For files submitted annually, the current year file was selected for testing if available by November 15, 2018. Our testing focused on the tables and data elements in the files which were utilized by the BOG to compute the performance measure. For additional information on the files included in this review see Appendix A.

Minimum audit guidelines were established by the BOG in year one which outlined eight key objectives. These key audit objectives have been incorporated into our audit each subsequent year:

1. Verify the Data Administrator has been appointed by the university president and PBF responsibilities incorporated into their job duties.
2. Validate that processes and internal controls in place are designed to ensure completeness, accuracy, and timeliness of data submissions.
3. Determine whether policies, procedures, and desk manuals are adequate to ensure integrity of submissions.
4. Evaluate the adequacy of system access controls.
5. Verify data accuracy through sample testing of key files and data elements.
6. Assess the consistency of Data Administrator’s certification of data submissions.
7. Confirm the consistency of data submissions with the BOG data definitions (files and data elements).
8. Evaluate the necessity and authorization of data resubmissions.

In year one, a comprehensive review (Audit 15-010) of processes and controls was conducted followed by a risk assessment. In each subsequent year, system process documentation was updated to reflect any material changes that took place; a new risk assessment was performed based on the updated system documentation and processes; and a new work plan was developed based on the updated risk assessment. Fraud-related risks, including the availability and appetite to manipulate data to produce more favorable results, was included as part of the risk assessment.

This year’s audit included:

1. Identifying and evaluating any changes to key processes used by the Data Administrator and data owners/custodians to ensure the completeness, accuracy, and timeliness of data submissions to the BOG. This included verifying new controls put in place to resolve deficiencies identified in the prior year’s audit and identifying changes in key personnel performing these processes.
2. Reviewing 2018 BOG SUDS workshop proceedings, metric definitions, benchmarks, and other key documents to identify any changes to the BOG PBF metrics and data definitions used for the BOG PBF metrics.
3. Reviewing all User Service Requests (USRs) to modify data elements and/or file submission processes to ensure they followed the standard change management process and were consistent with BOG expectations.
4. Reviewing the Data Administrator’s data resubmissions to the BOG from January 1, 2018 to December 31, 2018 to ensure these resubmissions were both necessary and authorized, as
well as evaluating that controls were in place to minimize the need for data resubmissions and were functioning as designed.

5. Updating the prior year risk assessment and fraud risk assessment to reflect changes identified.

6. Tracing samples from the Student Instructional File (SIF), Student Instructional File - Degree (SIFD), and Student Financial Aid (SFA) BOG files to OASIS, the system of record. The integrity of these files collectively impact metrics one through eight.

7. Verifying reasonableness of the retention cohort change file (impacting measures four and five) and assessing the impact of moving to a 4-year retention period from a 6-year retention period.

8. Verifying accuracy, completeness, and consistency with BOG expectations of the data submitted to the BOG for Measure Nine - Percent of Bachelor’s Degrees without Excess Hours, via the HTD file. This includes verifying procedures in place to resolve the prior year’s audit issue are effectively mitigating risks.

9. Reviewing the textbook cost adhoc data request for Measure Three - Cost to Student to verify controls over the data submission are ensuring the accuracy, completeness, and integrity of the data. Note: The BOG delayed implementation of actual textbook cost.

10. Reviewing the data submitted for Measure Ten – Number of Postdoctoral Appointments in Science and Engineering to verify proper supporting documentation is being retained.

**PRIOR AUDIT PROJECTS**

In FY 2017-2018, an audit of the controls established by the university to ensure the completeness, accuracy, and timeliness of data submissions to the BOG which supported the PBF metrics (Audit 18-010, issued February 1, 2018) was performed. As of February 1, 2018, the two medium-priority risk recommendations were reported as in progress. As of the date of this report, all recommendations have been reported by management as implemented.

Audit verified the new controls in place were effectively mitigating the risks identified.
## APPENDIX A
### PERFORMANCE MEASURES DATA SOURCES

<table>
<thead>
<tr>
<th>Measure</th>
<th>Description</th>
<th>BOG File</th>
<th>Data Used/Created by the BOG</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>Percent of bachelor’s graduates employed full-time in or continuing their education in the U.S. one year after graduation</td>
<td>SIFD</td>
<td>National Student Clearing house, Florida Education and Training Placement Information Program</td>
</tr>
<tr>
<td>Two</td>
<td>Median wages of bachelor’s graduates employed full-time one year after graduation</td>
<td>SIFD</td>
<td>Unemployment Insurance wage data</td>
</tr>
<tr>
<td>Three</td>
<td>Net Cost to Student</td>
<td>SIF, SFA</td>
<td>College Board national average book cost</td>
</tr>
<tr>
<td>Four</td>
<td>Four year FTIC graduation rate</td>
<td>SIFP, SIF, SIFD, Retention Cohort Change File</td>
<td>BOG created Cohort and Retention File</td>
</tr>
<tr>
<td>Five</td>
<td>Academic progress rate</td>
<td>SIF</td>
<td>BOG created Cohort</td>
</tr>
<tr>
<td>Six</td>
<td>Bachelor's degrees awarded within programs of strategic emphasis</td>
<td>SIFD</td>
<td></td>
</tr>
<tr>
<td>Seven</td>
<td>University access rate</td>
<td>SFA, SIF</td>
<td></td>
</tr>
<tr>
<td>Eight</td>
<td>Graduate degrees awarded within programs of strategic emphasis</td>
<td>SIFD</td>
<td></td>
</tr>
<tr>
<td>Nine</td>
<td>Percent of bachelor’s degrees without excess hours</td>
<td>HTD</td>
<td></td>
</tr>
<tr>
<td>Ten</td>
<td>Number of postdoctoral appointments in science and engineering</td>
<td>None $^1$</td>
<td>National Science Foundation (NSF)/National Institutes of Health (NIH) Survey of Graduate Students and Postdoctorates in Science and Engineering</td>
</tr>
</tbody>
</table>

$^1$Data is submitted by USF directly to the NSF/NIH via the NSF Graduate Students and Postdoctorates in Science and Engineering (GSS) Survey.

### BOG FILES REVIEWED

<table>
<thead>
<tr>
<th>Submission</th>
<th>System of Record</th>
<th>Table</th>
<th>Submission Reviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours to Degree (HTD)</td>
<td>OASIS, DegreeWorks</td>
<td>Hours to Degree Courses to Degree</td>
<td>2017-2018</td>
</tr>
<tr>
<td>Student Financial Aid (SFA)</td>
<td>OASIS</td>
<td>Financial Aid Awards</td>
<td>2017-2018</td>
</tr>
<tr>
<td>Student Instructional File - Degree (SIFD)</td>
<td>OASIS</td>
<td>Degrees Awarded</td>
<td>Spring 2018</td>
</tr>
<tr>
<td>Student Instructional File (SIF)</td>
<td>OASIS, GEMS</td>
<td>Person Demographics Enrollments</td>
<td>Spring 2018</td>
</tr>
<tr>
<td>Student Instructional File - Preliminary (SIFP)</td>
<td>OASIS, GEMS</td>
<td>Person Demographics Enrollments</td>
<td>Fall 2018</td>
</tr>
<tr>
<td>Retention File (RET)</td>
<td>BOG</td>
<td>Retention Cohort Change</td>
<td>2016-2017</td>
</tr>
</tbody>
</table>
MEMORANDUM

TO: Dr. Ralph Wilcox, Provost & Executive Vice President of Academic Affairs
   Dr. Terry Chisolm, Vice Provost for Strategic Planning, Performance & Accountability

FROM: Virginia Kalil, CIA, CISA, CFE, CRISC
      Executive Director/Chief Internal Auditor

DATE: February 4, 2019

SUBJECT: 19-010 Management Letter – Performance-Based Funding Data Integrity Audit

USF System Audit (Audit) performed an audit of the university’s processes and internal controls that ensure the completeness, accuracy, and timeliness of data submissions to the Board of Governors (BOG). These data submissions are relied upon by the board in preparing the measures used in the performance-based funding process. An audit report was issued on February 4, 2019, which defined the scope and results of our audit.

Based on the review, Audit concluded that there was an adequate system of internal controls in place to meet the audit objectives, assuming timely corrective actions are taken for the two medium-priority risks included in this Management Letter.

As audit reports are focused only on high-priority risks, these medium-priority risks were not addressed in our audit report. Urgent management attention is required within 60 days. The two medium-priority risks identified for management attention are related to Measure Three Net Cost to Student and Measure Nine Percent of Bachelor’s Degrees without excess hours.

The risks identified had no impact on the performance metrics.

Within ten business days, please provide your actions planned and expected implementation dates within the Team Central Follow-Up System for those recommendations not marked as resolved.

Please contact us at 974-2705 if you have any questions.
cc: President Judy Genshaft, USF System
    Chair Brian D. Lamb, USF Board of Trustees
    David Lechner, Senior Vice President, Business and Financial Strategy
    John Long, Senior Vice President, Business and Finance and Chief Operating Officer
    Dr. Charles Lockwood, Senior Vice President, USF Health
    Dr. Paul Sanberg, Senior Vice President, Research, Innovation & Knowledge Enterprise
    Dr. Karen Holbrook, Regional Chancellor, USF Sarasota-Manatee
    Dr. Martin Tadlock, Regional Chancellor, USF St. Petersburg
    Dr. Paul Dosal, Vice President for Student Affairs and Student Success
    Nick Trivunovich, Vice President, Business and Finance and Chief Financial Officer
    Sidney Fernandes, Vice President and Chief Information Officer, Information Technology
    Dr. Paul Atchley, Dean, Undergraduate Studies
    Billie Jo Hamilton, Associate Vice President, Enrollment Planning & Management
MEDIUM PRIORITY RISKS

1. The Student Financial Aid (SFA) file had to be resubmitted due to errors not identified in the review process.

   The Board of Governors (BOG) made a change to the SFA file on June 8, 2017 to include third-party billings to more accurately calculate Measure Three: Net Cost to Student. While the change went into effect in Summer 2017, the use of the new data for purposes of computing the performance metric was not effective until this year’s 2017-2018 annual file. Third-party payments were defined by the BOG as, “Funds provided to the university by a third-party sponsor that pays all, or a portion, of a student’s invoice directly to the university via a special billing process. The payments cannot be contingent on academic performance or employee reimbursement policies. These funds do not include Florida Pre-Paid, university foundation funds, or any other 529 saving plans that parents/students previously paid.”

   Audit selected 25 undergraduate students included in the SFA file and verified that the students’ financial aid amounts agreed to Banner’s (student information system) financial aid and/or student receivable module. This included students with third-party payments. In addition, Audit reconciled the third-party payments included in the student receivable module to the SFA file in total to ensure all eligible third-party payments were properly included.

   Our review identified two issues which were not identified during the original SFA file preparation and validation file, including the executive review process:

   • Payments made to veterans and active military by Veterans Affairs (VA) were incorrectly coded in Banner as 529 plan payments. As a result, $655,644 in eligible third-party payments were excluded from the SFA file. This was a data entry error. The Application Manager job used to pull data into the SFA file appropriately pulled all third-party contracts not coded as 529 plans.
   • When the SFA file changes were made in October 2017, to include third-party payments, a programing error occurred. The programming error only impacted students with VA payments processed via electronic fund transfer (not a third-party payment). The VA amount paid was duplicated for all aid types the student had, overriding the amount actually paid. The impact of the error was to overstate the amount paid to students by $1,658,306.
   • The net impact of the two errors was to overstate financial aid, including third-party payments, by $1,000,662.

   Audit reviewed the change management process used to validate the code change to the SFA file generation process in October 2017 and determined USF’s standard change management process was followed. The user acceptance testing was focused on validating the accuracy of the third-party payments added to the file and did not validate that unintentional changes to other financial aid types did not occur. The coding error was not detected since a full reconciliation by fund type was not being performed.
USF resubmitted the SFA file to the BOG on November 9, 2018. The resubmission corrected the error in reporting.

**Recommendations:**

1. University Controller's Office (UCO) should perform a review of the coding of accounts receivable contracts as 529 plans to ensure the accuracy of coding prior to submitting the SFA file.
2. Financial Aid should perform a full reconciliation of the SFA file to Banner by financial aid type before submitting the SFA file for executive review.

**Management Attention Required:** ☒ Urgent

**Resources/Effort Required:** ☒ Moderate

**Management's Response:** UCO has put a process in place to ensure the 529 plans are properly coded. Financial Aid performed a full reconciliation of the SFA file to Banner by financial aid type prior to resubmitting the SFA file. This process has been added to the file preparation process by Financial Aid.

2. **Repeated coursework was not properly flagged in Banner and the Courses to Degree (CTD) file.**

Banner ruleset (SHARPTR) is used to evaluate coursework for potential repeated courses based on the course prefix, number, level, and title. Currently, this functionality is only being used for USF coursework and is utilized to prevent students from registering in a non-repeatable course for which the student has already earned a passing grade of C or better. In addition, the ruleset is used for an end of term process which is used to identify potential repeated courses for review.

In order to identify repeated coursework which has occurred at USF or earned at another institution, an Application Manager repeat interface was developed which relies on course information in Banner. The Application Manager repeat interface places a course attribute (“REPT”) on a student’s course record which is then used by the Banner to DegreeWorks interface to transfer course information, including the repeated course information, to DegreeWorks. The process was designed to place the “REPT” course attribute on the instance(s) of the course which should not be used towards a degree. The “REPT” course indicator is systematically placed on the course but can be manually added by the Office of the Registrar when instances are identified which were not identified by the logic. Of the 448,471 records in the CTD file, contained within the Hours to Degree (HTD) submission, only 4,149 had the “REPT” course attribute applied.

Audit performed a reasonableness review of the CTD file to determine if repeated coursework had been used toward a degree (Usage Indicator = “D”). Audit’s testing did not rely on the “REPT” course attribute but focused on students who had the
same course prefix and course suffix applied toward a degree more than once and the course was a non-repeatable course per the current course catalog.

During the review, Audit identified 22 instances where a non-repeatable course was used toward a degree. None of these repeated courses identified by Audit had the “REPT” course attribute assigned to them in Banner indicating the Application Manager job failed to identify the course as a repeated course. In one instance, the repeated course was a result of an advisor error. Audit reviewed the Application Manager job logic and identified the following issues:

- To allow for a manual override, the logic ignores courses for which the repeat indicator was populated (not null/blank). Audit noted, the repeat indicator flag had been systematically set to “include” in Banner for at least one of the two repeated courses in all but one instance. The native Banner logic was not originally set up to flag the usage indicator so the flag should not have been set by the system. It is believed that the anomalies were introduced when a temporary change was made to the Banner rule in Summer 2017.
- In the remaining instance, the identified repeated course included one USF course and one course assigned to institution “MILTCR”. The logic ignores courses coded to institution “MILTCR”, a generic institution code for military coursework.

Audit verified that the errors identified had no impact on the student’s excess hours computation.

A second data integrity issue was identified by Audit while searching for a cause for the repeated coursework. The CTD field Repeat Indicator (BOG Element 01487) was not being properly set for native coursework not used for degree. The problem was limited to grade forgiveness coursework. The CTD Repeat Indicator is “a code to indicate if this course was not counted toward the degree, because of repeat. If a student later repeated this course for any reason, this code should indicate this. A repeat should be indicated even if the repeat produced no credit, regardless of any forgiveness policy.” A repeat indicator (“R” - repeated) is placed in the CTD Repeat Indicator field for any repeated course which was not used for a degree unless the course grade is failed, unsatisfactory, or withdrawn.

Audit’s review identified 307 USF courses in the CTD file which were not used toward a degree and had a passing grade; however, the CTD Repeat Indicator was set to “N” (not repeated). Audit reviewed the Application Manager job logic used to set the CTD Repeat indicator. The Application Manager logic used to create the CTD Repeat Indicator field relies on the course attribute “REPT” found in the SHRATTR_ATTR_CODE to identify repeated coursework and relies on the course grade to identify repeats resulting from grade forgiveness.

The repeat indicator is set at “R” for any course with a course attribute code of “REPT” and Usage Indicator of “N” (Not Used Toward Degree). In addition, for
grad forg courses, the repeat indicator is set at “R” for all courses with a Banner grade of “R”, hours attempted >0, credits earned = 0, and a Usage Indicator of “N”. All other courses are set with a Repeat Indicator of “N” (Not repeated). Audit determined that the Application Manager logic was not properly identifying grade forgiveness repeats. The logic, however, was not functioning as designed. The logic was ignoring the Banner grade indicator (“R”) and was actually ignoring any courses with credits earned equal to zero.

The grade forgiveness courses do not result in earned hours; therefore, they were not identified as a repeat by the CTD Application Manager job logic.

Since all USF course work is used in the excess hours computation, even if a repeated course, there was no impact to the performance metric.

**Recommendation:** Office of Registrar, in coordination with Information Technology and Undergraduate Studies, should:

1. Review the Banner repeat rule functionality and ensure the rule is set appropriately.
2. Identify any student course records with a repeat indicator of “I” which were not set appropriately and correct the student record.
3. Make any necessary changes to the Application Manager repeat identification logic to ensure that all repeated coursework is being properly identified and the course attribute “REPT” is being appropriately applied.
4. Update the Application Manager logic used to populate the CTD repeat indicator to properly code grade forgiveness courses as repeats.

**Management Attention Required:** ☒ Immediate ☐ Urgent ☐ Timely

**Resources/Effort Required:** ☒ Significant ☐ Moderate ☐ Minimal

**Management’s Response:** A User Service Request has been submitted by the Office of the Registrar in order to identify and resolve the problems related to repeat checking in Banner and DegreeWorks. All advisors have been notified of the problem so that a manual check for repeated courses can be performed for all degree certifications until the corrections are made. The Application Manager logic used to process the CTD file is in the process of being corrected.

**Estimated Completion Date:** April 15, 2019
University Name: _____________________________________________

**INSTRUCTIONS:** Please respond “Yes” or “No” for each representation below. Explain any “No” responses to ensure clarity of the representation you are making to the Board of Governors. Modify representations to reflect any noted audit findings.

<table>
<thead>
<tr>
<th>Performance Based Funding Data Integrity Certification Representations</th>
<th>Yes</th>
<th>No</th>
<th>Comment / Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I am responsible for establishing and maintaining, and have</td>
<td>☐</td>
<td>☐</td>
<td></td>
</tr>
<tr>
<td>established and maintained, effective internal controls and monitoring</td>
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<tr>
<td>over my university’s collection and reporting of data submitted to</td>
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<tr>
<td>the Board of Governors Office which will be used by the Board of</td>
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<tr>
<td>Governors in Performance Based Funding decision-making.</td>
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<tr>
<td>2. These internal controls and monitoring activities include, but are</td>
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<tr>
<td>not limited to, reliable processes, controls, and procedures designed</td>
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<td>to ensure that data required in reports filed with my Board of</td>
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<tr>
<td>Trustees and the Board of Governors are recorded, processed,</td>
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<tr>
<td>summarized, and reported in a manner which ensures its accuracy</td>
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<td>and completeness.</td>
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<tr>
<td>3. In accordance with Board of Governors Regulation 1.001(3)(f), my</td>
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<tr>
<td>Board of Trustees has required that I maintain an effective</td>
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<tr>
<td>information system to provide accurate, timely, and cost-effective</td>
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<tr>
<td>information about the university, and shall require that all data</td>
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<tr>
<td>and reporting requirements of the Board of Governors are met.</td>
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<tr>
<td>4. In accordance with Board of Governors Regulation 3.007, my university</td>
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<tr>
<td>shall provide accurate data to the Board of Governors Office.</td>
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<tr>
<td>5. In accordance with Board of Governors Regulation 3.007, I have</td>
<td>☐</td>
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<tr>
<td>appointed a Data Administrator to certify and manage the submission</td>
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<tr>
<td>of data to the Board of Governors Office.</td>
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</tbody>
</table>
### Performance Based Funding
Data Integrity Certification

<table>
<thead>
<tr>
<th>Performance Based Funding Data Integrity Certification Representations</th>
<th>Yes</th>
<th>No</th>
<th>Comment / Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. In accordance with Board of Governors Regulation 3.007, I have tasked my Data Administrator to ensure the data file (prior to submission) is consistent with the criteria established by the Board of Governors Data Committee. The due diligence includes performing tests on the file using applications/processes provided by the Board Office.</td>
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<td>7. When critical errors have been identified, through the processes identified in item #6, a written explanation of the critical errors was included with the file submission.</td>
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<tr>
<td>8. In accordance with Board of Governors Regulation 3.007, my Data Administrator has submitted data files to the Board of Governors Office in accordance with the specified schedule.</td>
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</tr>
<tr>
<td>9. In accordance with Board of Governors Regulation 3.007, my Data Administrator electronically certifies data submissions in the State University Data System by acknowledging the following statement, “Ready to submit: Pressing Submit for Approval represents electronic certification of this data per Board of Governors Regulation 3.007.”</td>
<td>☐</td>
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<tr>
<td>10. I am responsible for taking timely and appropriate preventive / corrective actions for deficiencies noted through reviews, audits, and investigations.</td>
<td>☐</td>
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<tr>
<td>11. I recognize that the Board’s Performance Based Funding initiative will drive university policy on a wide range of university operations – from admissions through graduation. I certify that university policy changes and decisions impacting this initiative have been made to bring the university’s operations and practices in line with State University System Strategic Plan goals and have not been made for the purposes of artificially inflating performance metrics.</td>
<td>☐</td>
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<tr>
<td>12. I certify that I agreed to the scope of work for the Performance Based Funding Data Integrity Audit conducted by my chief audit executive.</td>
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</tbody>
</table>
Performance Based Funding
Data Integrity Certification

I certify that all information provided as part of the Board of Governors Performance Based Funding Data Integrity Certification is true and correct to the best of my knowledge; and I understand that any unsubstantiated, false, misleading, or withheld information relating to these statements render this certification void. My signature below acknowledges that I have read and understand these statements. I certify that this information will be reported to the board of trustees and the Board of Governors.

Certification: ____________________________________________ Date______________________

President

I certify that this Board of Governors Performance Based Funding Data Integrity Certification has been approved by the university board of trustees and is true and correct to the best of my knowledge.

Certification: ____________________________________________ Date______________________

Board of Trustees Chair
Performance Based Funding
Data Integrity Audit

USF System Audit

Audit and Compliance Committee
February 12, 2019
Objectives

• Determine whether the processes and internal controls established by the university ensure the completeness, accuracy, and timeliness of data submissions to the BOG which support the PBF measures

• Provide an objective basis of support for the President and BOT Chair to sign the representations included in the Data Integrity Certification
Scope

• Identify and evaluate any material changes to the controls and processes in place during the prior audit period, including
  – Prior year recommendations
  – BOG data definition changes
  – Data element and/or file submission changes

• Update PBF risk assessment, including fraud risks, to identify areas for detailed testing
Procedures Performed

• Verified any data resubmissions to the BOG were necessary and authorized

• Performed detailed testing related to files submitted to the BOG for Measures 1-9 by:
  – Tracing data samples to systems of record
  – Verifying reasonableness, accuracy, completeness, and consistency with BOG expectations

• Verified proper supporting documentation for Measure 10
Conclusion

• Adequate system of internal controls in place
• No high risks identified
• Two recommendations for improvement included in the Management Letter
• Recommendations for improvement did not have an impact on the performance measures
Recommendations

✓ Management review over SFA coding and file changes needed strengthening.

• Identification of some repeated coursework within the student information system and courses to degree file requires improvement.
Closing Remarks

Audit and Compliance Committee
February 12, 2019
Issue: University and DSO External Audit Findings Report

Proposed action: Informational

Executive Summary:

The External Audit Findings Report describes audit findings and auditor recommendations, and management’s responses and correction status.

The University and DSOs will receive 15 audits from independent external auditors for the fiscal year ended June 30, 2018.

Since June 30, 2018, 14 audits have been received:

- No Findings in the 5 University June 30, 2018 Audited Financial Statements
- No Findings in the 7 DSO June 30, 2018 Audited Financial Statements
- No Findings in the USF Health and Education International Foundation’s (Related Party of HPCC DSO) or the USF Health Support Services Organization June 30, 2018 Audited Financial Statements

One audit report has not yet been issued: State of Florida Federal Awards Audit (Formerly A-133) for fiscal year 2018.

The Operational Audit of the University by the State Auditor General will not be issued for fiscal year 2018.

Financial Impact:

N/A
NEW FINDINGS

<table>
<thead>
<tr>
<th>USF Entity and Audit Report</th>
<th>Audit Finding</th>
<th>Auditor Recommendations</th>
<th>Management’s Response to Auditor</th>
<th>Current Status of Finding</th>
<th>Target Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNIVERSITY OF SOUTH FLORIDA</td>
<td>No Findings</td>
<td>No Audit Findings</td>
<td></td>
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<tr>
<td>DIRECT SUPPORT ORGANIZATIONS</td>
<td>No Findings</td>
<td>No Audit Findings</td>
<td></td>
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<tr>
<td>OTHER RELATED PARTIES</td>
<td>No Findings</td>
<td>No Audit Findings</td>
<td></td>
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</tr>
</tbody>
</table>
## PREVIOUSLY DISCLOSED FINDINGS

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>UNIVERSITY OF SOUTH FLORIDA CY 2016 Operational Audit, Preliminary &amp; Tentative Audit Finding No. 3</td>
<td>Finding Student Receivables</td>
<td>The University should improve efforts for collecting student accounts receivable by timely submitting delinquent student accounts to collection agencies, restricting the use of hold bypasses, and canceling class registrations for future semesters when previous tuition and fees remain unpaid.</td>
<td>The University improved efforts for collecting student accounts receivable by timely submitting delinquent student accounts to collection agencies, restricting the use of hold bypasses, and canceling class registrations for future semesters when previous tuition and fees remain unpaid.</td>
<td>CLOSED PER MANAGEMENT</td>
<td>N/A - Closed</td>
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</tbody>
</table>

**Responsible Party:**
Jennifer Condon, Associate Vice President and Controller
## PREVIOUSLY DISCLOSED FINDINGS

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<th>Current Status of Finding</th>
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</tr>
</thead>
</table>
| **UNIVERSITY OF SOUTH FLORIDA and RELATED ENTITIES** | **Finding Direct Support Organizations** | We recommend that:  
- The Trustees prescribe by rule any conditions with which a DSO must comply in order to use University property, facilities, and personal services and the University monitor and document DSO compliance with such conditions.  
- The University document the Trustees’ consideration and approval of DSO anticipated use of University resources, at least on an annual basis, before the use occurs. To enhance government transparency, the Trustees’ approval documentation should identify the positions of the employees who will provide the personal services that will be provided to the DSOs and the value of such services.  
- The University document University employee actual time and effort provided to the DSO to support the purpose for and the value of those services and the distribution of applicable personal service costs among specific University and DSO activities for employees who work on more than one activity. | The University has a formal, well-documented and long-established process whereby the DSOs annually present their fiscal year financial plans to the Trustees for consideration and approval in advance of the anticipated provision of personal services or use of University property and facilities. The Trustees’ review and approval of the financial plans for the next fiscal year also includes a review of the DSO’s anticipated value associated with the use of University personal services or property and facilities and actual value associated with the use of University personal services or property and facilities for the prior two fiscal years. The Trustees review and approval of the DSO financial plans is documented in the minutes of the meeting. The University process includes a mid-year report to the Trustees on the DSO use and value of University personal services or property and facilities comparing actual and forecasted usage to the anticipated use in the financial plan. DSO financial plans include disclosures of strategic initiatives to enhance the mission, vision and values of the University. The Board of Trustees will approve all new DSO board members effective March 11, 2018, other than those members appointed by the Trustee Chair or President. Additionally, any change to the DSO bylaws and mission must be approved by the Trustees. Formal agreements approved by the University are in place with the DSOs that prescribe the conditions with which the DSOs must comply in order to use University property and facilities, which agreements require related financial reports, budgets and audit reports. Annually, the DSO chief executive officer, chair of the board of | CLOSED PER MANAGEMENT | N/A - Closed |
**PREVIOUSLY DISCLOSED FINDINGS**

<table>
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<tr>
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<th>Target Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNIVERSITY OF SOUTH FLORIDA</td>
<td>Finding</td>
<td>The University should continue efforts to appropriately separate incompatible duties associated with the HR application, perform documented periodic reviews of IT user access privileges to the ERP system based on a demonstrated need for such access, and remove any inappropriate or unnecessary access privileges detected.</td>
<td>The University continues to improve our efforts to ensure that employees only have access to parts of the HR application necessary for performing their job duties by enhancing our entitlement reviews (in progress), appropriately documenting these reviews, and taking prompt action based on the needed access privileges.</td>
<td>CLOSED PER MANAGEMENT</td>
<td>N/A - Closed</td>
</tr>
<tr>
<td>CY 2016 Operational Audit, Preliminary &amp; Tentative Audit Finding No. 5</td>
<td>REPEAT FINDING Information Technology User Access Privileges – ERP System</td>
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<td>directors and chief financial officer formally certify and submit to the Trustees compliance with federal and state laws and regulations and compliance with all applicable University policies, rules and regulations. The DSOs also certify that a system of internal controls is in place and effective to ensure compliance, and must disclose any instances of noncompliance. University employees assigned to DSOs are reviewed and certified on a biweekly basis through established payroll processes.</td>
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<td>Responsible Party: Fell Stubbs, University Treasurer</td>
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</table>
## PREVIOUSLY DISCLOSED FINDINGS

<table>
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<th>Target Completion Date</th>
</tr>
</thead>
</table>
| UNIVERSITY OF SOUTH FLORIDA | Finding       | Information Technology User Access Privileges – Social Security Numbers | To ensure access to sensitive student information is properly safeguarded, the University should:  
- Document the public purpose served by indefinitely maintaining the SSNs for individuals who did not enroll in the University or establish a reasonable time period for maintaining prospective student SSNs.  
- Upgrade the University IT system to include a mechanism to differentiate IT user access privileges to current student information from access privileges to former and prospective student information.  
- Continue efforts to ensure that only those employees who have a demonstrated need to access sensitive student information have such access. | The University now conducts annual entitlement reviews of employees with access to SSNs to confirm a business need for the access. As part of the review, we determine if employees needing access require the access for both current and former students.  
The University also developed and implemented a policy that addresses the appropriate length of time to retain SSNs for prospective students who do not enroll in the University in the semester in which they were admitted. The policy was also developed to perform a purge annually in July. The initial purge of social security numbers was executed in April 2018. The purge process is now included in IT’s annual schedule. | CLOSED PER MANAGEMENT | N/A - Closed |
| USF HEALTH & EDUCATION INTERNATIONAL FOUNDATION | Finding | Cash on Hand Reconciliation | The entity should ensure cash on hand is reconciled between cash held for program expenses and cash held for operating expenses which corresponds to the projects. | Management agrees that regular reconciliation and segregation of cash on hand between project expenses and operating expenses further strengthens the final reconciliation of each Project and ensures cash for project expenses is not used for operating expenses. | CLOSED PER MANAGEMENT | N/A - Closed |
## PREVIOUSLY DISCLOSED FINDINGS

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<th>Target Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USF HEALTH &amp; EDUCATION INTERNATIONAL FOUNDATION</strong></td>
<td>Finding Income Recognition</td>
<td>It is important for the entity to only record the income from the quotas earned by the administration of projects.</td>
<td>Revenues are reported in total for project and operating expenses. The entity utilizes a cost allocation method to charge contracted management fees to programs as expense and corresponding revenue to the entity’s operating account. These fees are eliminated for financial statement reporting to avoid duplicate reporting of revenue and expense. Reporting the administrative fee revenue separate from project expense revenue is also an acceptable presentation.</td>
<td>CLOSED PER MANAGEMENT</td>
<td>N/A - Closed</td>
</tr>
<tr>
<td>FY 2017 Financial Statement Audit, Finding No. 2</td>
<td>Finding Presentation of Operating Expenses</td>
<td>Operating expenses of the entity should not be presented in the amounts that come from project expenditures. Rather, all operating expenses should be shown as part of the entity’s operations.</td>
<td>Staffing and other operating expenses are allocated between project expenses, administration and program development. Reporting all operating expenses as operating expenses and eliminating the allocation of operating expenses by effort is also an acceptable presentation.</td>
<td>CLOSED PER MANAGEMENT</td>
<td>N/A - Closed</td>
</tr>
<tr>
<td>FY 2017 Financial Statement Audit, Finding No. 3</td>
<td>Finding Income Policy</td>
<td>The entity should establish a defined policy in relation to income records.</td>
<td>Although the entity’s income is properly and consistently accounted for, these methods will also be memorialized in policy.</td>
<td>CLOSED PER MANAGEMENT</td>
<td>N/A - Closed</td>
</tr>
<tr>
<td>FY 2017 Financial Statement Audit, Finding No. 5</td>
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## UNIVERSITY OF SOUTH FLORIDA and RELATED ENTITIES
### External Audit Findings
#### Status Report to the BOT Audit & Compliance Committee – February 12, 2019

<table>
<thead>
<tr>
<th>USF Entity</th>
<th>Audit Due Date (Month and Day)</th>
<th>Current Audit Findings</th>
<th>Previous Audit Findings</th>
<th>Audit Firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of South Florida System</td>
<td>Determined by Auditor General</td>
<td>No Findings</td>
<td>No Findings</td>
<td>State of Florida Auditor General</td>
</tr>
<tr>
<td>USF Operational Audit (Issued every 2 years)</td>
<td>Determined by Auditor General</td>
<td>No Report in 2018</td>
<td>6 Findings – 2 REPEAT</td>
<td>State of Florida Auditor General</td>
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<td>State of Florida Federal Awards Audit (Formerly A-133)</td>
<td>Determined by Auditor General</td>
<td>Report Not Yet Issued</td>
<td>No Findings</td>
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<td>USF Health Sciences Center Self-Insurance Program (SIP)</td>
<td>December 15</td>
<td>No Findings</td>
<td>No Findings</td>
<td>Crowe LLP</td>
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<tr>
<td>USF Health Sciences Center Insurance Co., Inc. (CIC)</td>
<td>December 15</td>
<td>No Findings</td>
<td>No Findings</td>
<td>Crowe LLP</td>
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<tr>
<td>USF Intercollegiate Athletics Program</td>
<td>January 15</td>
<td>No Findings</td>
<td>No Findings</td>
<td>James Moore &amp; Co., P.L.</td>
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<td>WUSF – FM, A Public Telecommunications Entity Operated by USF</td>
<td>January 15</td>
<td>No Findings</td>
<td>No Findings</td>
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<td>WUSF – TV, A Public Telecommunications Entity Operated by USF</td>
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<td>Entity Closed</td>
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<td>DSO - USF Foundation, Inc.</td>
<td>October 15</td>
<td>No Findings</td>
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<tr>
<td>DSO - USF Alumni Association, Inc.</td>
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<td>No Findings</td>
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<td>DSO - USF Financing Corporation and USF Property Corporation</td>
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<td>DSO - University Medical Service Association, Inc. (UMSA) and USF Medical Services Support Corporation (MSSC)</td>
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<td>DSO - USF Health Professions Conferencing Corporation (HPCC)</td>
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<td>Mayer Hoffman McCann P.C.</td>
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<td>DSO - USF Research Foundation, Inc.</td>
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<td>DSO - USF Sun Dome, Inc.</td>
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<td>USF Health and Education International Foundation (HEIF) – Related Party of HPCC (DSO)</td>
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<td>5 Findings</td>
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<td>HSSO - USF Health Support Services Organization, Inc.</td>
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<td>No Findings</td>
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<td>Grant Thornton LLP</td>
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</table>
**Annual Compliance Certifications of Direct Support Organizations**

**Executive Summary:**

Each Direct Support Organization ("DSO") and related entity under the control and direction of the Board of Trustees of the University of South Florida ("USF") is expected to implement an internal control, reporting and governance structure consistent with best practices of USF, the DSO or related entity, as well as those detailed within National Association of College and University Business Officer’s Advisory Report on the Sarbanes-Oxley Act of 2002.

Furthermore, during the fiscal year ending June 30, 2018, the University amended USF System Regulation 13.002 to require all DSOs to adopt the following policies no later than June 30, 2019: Conflict of Interest and Financial Code of Ethics Policy, Expenditure Policy, Signatory Authority Policy, Procurement Policy (to include supplier diversity), Travel Policy, Internal Controls and Internal Audit Policy, Workplace Discrimination and Retaliation Policy, and Public Appearance Policy.

To document this structure, DSOs and entities under the control and direction of the USF Board of Trustees must certify annually that such a structure is in place. This certification must be completed by (1) the Chair of the Board or like position, (2) the Chief Executive Officer or President, and (3) the Chief Financial Officer or individual with overall responsibility for financial operations.

All nine DSOs provided their Annual Compliance Certification Statements for the fiscal year ended June 30, 2018.

- No instances of non-compliance with the 20 requirements from five categories of compliance were cited in the Annual Compliance Certification Statement.
### NEW FINDINGS

<table>
<thead>
<tr>
<th>Direct Support Organization</th>
<th>Compliance Requirement</th>
<th>Finding</th>
<th>Management's Response</th>
<th>Current Status of Finding</th>
<th>Target Completion Date</th>
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<tr>
<td>No certified non-compliance with the following compliance categories:</td>
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<td></td>
<td></td>
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<td>(a) Compliance with Laws, Regulations, Policies and Professional Standards</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) System of Internal Controls</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) External Audit</td>
<td></td>
<td></td>
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<tr>
<td>(d) Internal Audit</td>
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<tr>
<td>(e) Governance</td>
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<tr>
<td>CERTIFICATION STATEMENTS</td>
<td>USFFC / PC</td>
<td>FOUNDATION</td>
<td>ALUMNI</td>
<td>UMSA / MSSC</td>
<td>HPCC</td>
</tr>
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<td>------</td>
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<tr>
<td>A. Compliance with Laws, Regulations, Policies and Professional Standards</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1. Compliance with Federal, State and Municipal Laws, Regulations and Professional Standards</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>2. Compliance with Regulatory Reporting Requirements - Tax Reporting and Industry-Specific Reporting</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>3. Compliance with Debt Covenants</td>
<td>Yes</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Yes</td>
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<tr>
<td>B. System of Internal Controls</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1. Internal Control System - Designed &amp; Implemented</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>2. Internal Control System - Incorporated USF Policies, Procedures and Best Practices (including Reconciliation Certification Program)</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>3. Internal Control System - Implemented Risk Management Program</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>C. External Audit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. External Auditors Retained</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>2. Management Letter Comments Implemented</td>
<td>N/A</td>
<td>Yes</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>3. External Auditors Prohibited from Performing Non-Audit Services</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>4. External Auditors Did Not Employ Organization's Financial Preparer</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>D. Internal Audit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Internal Audit Function Established OR</td>
<td>UAC</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>2. University Audit &amp; Compliance Function Engaged</td>
<td>Yes</td>
<td>Internal</td>
<td>Internal</td>
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<td>3. Risks and Opportunities Identified by Internal Auditors Have Been Addressed</td>
<td>Yes</td>
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<td>E. Governance</td>
<td></td>
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<tr>
<td>1. Audit Committee, or Equivalent, Established</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>2. Audit Committee Consists of At Least One Financial Expert</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>3. External Audit Firm Pre-Approved by Audit Committee</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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</tbody>
</table>
### UNIVERSITY OF SOUTH FLORIDA BOARD OF TRUSTEES

#### Summary of DSO Annual Certifications

For the fiscal year ending, June 30, 2018

<table>
<thead>
<tr>
<th>CERTIFICATION STATEMENTS</th>
<th>USFFC / PC</th>
<th>FOUNDATION</th>
<th>ALUMNI</th>
<th>UMSA / MSSC</th>
<th>HPCC</th>
<th>RESEARCH</th>
<th>SUN DOME</th>
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</thead>
<tbody>
<tr>
<td>4. Independent Audit Committee / Governing Board</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>N/A</td>
<td>N/A</td>
<td>Yes</td>
<td>Yes</td>
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<td>(N/A if governing documents preclude compliance with this item)</td>
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<td></td>
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<td></td>
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<tr>
<td>5. Organization has Adopted all Requirements Outlined in USF Regulation 13.002, including 8 Policies, by June 30, 2019</td>
<td></td>
<td></td>
<td></td>
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<td>(N/A for policies that will be adopted during FY 2019)</td>
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<td>• Conflict of Interest and Financial Code of Ethics Policy</td>
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<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>• Expenditure Policy</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>N/A</td>
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<td>• Signatory Authority Policy</td>
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<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>N/A</td>
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<tr>
<td>• Procurement Policy (to include Supplier Diversity)</td>
<td>Yes</td>
<td>Yes</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
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<td>• Travel Policy</td>
<td>Yes</td>
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<td>Yes</td>
<td>Yes</td>
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<tr>
<td>• Internal Controls and Internal Audit Policy</td>
<td>Yes</td>
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<td>Yes</td>
<td>N/A</td>
<td>Yes</td>
<td>N/A</td>
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<tr>
<td>• Workplace Discrimination and Retaliation Policy</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>N/A</td>
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<tr>
<td>• Public Appearance Policy</td>
<td>Yes</td>
<td>Yes</td>
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<td>N/A</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>6. Board Conflict of Interest Policy Adopted and Provided Annually</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>7. Employee Financial Code of Ethics Adopted and Compliance Reported Annually</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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**Issue:** USF System Compliance & Ethics Program 2018 Annual Report

**Proposed action:** Informational

**Executive Summary:**

The USF System Compliance & Ethics Program 2018 Annual Report summarizes the activities of the program from January 1, 2018 to December 31, 2018.

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 USF System Compliance & Ethics Program Plan.

**Financial Impact:** N/A

---

**Strategic Goal(s) Item Supports:** N/A

**BOT Committee Review Date:** 2/12/2019

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

**USF System or Institution specific:** USF System

**Prepared by:** Jeff Muir, Chief Compliance Officer
HIGHLIGHTS

• Form One Financial Disclosure
• Intercollegiate Athletics Document Review
• General Data Protection Regulation
• Compliance & Ethics Training for new employees system wide
• Higher Education Opportunity Act
• Florida Code of Ethics (eDisclose)
• EthicsPoint
Number of EthicsPoint reports received and percentage substantiated consistent with prior reporting period.

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<tr>
<th></th>
<th>Substantiated</th>
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<td><strong>Total</strong></td>
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<td><strong>98</strong></td>
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</tbody>
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Organizational Chart

Board of Trustees
Audit & Compliance Committee

USF System
President

Senior Vice President
Business &
Financial Strategy

Chief Compliance Officer
Jeffrey Muir
- JD, Stetson Univ. College of Law
- MPA Public Administration, USF
- BA Political Science, USF

Administrative Specialist
Jolanda Thompson
- BSBA Management
  Northwood University

Associate Compliance Officer
Caroline Fultz-Carver
- Certified Compliance & Ethics
  Professional
- PhD Medical Sciences, USF
- MHA Health Policy & Management, USF
- MS Medical Sciences, USF
- BS Biology, USF

USF System Compliance & Ethics Program 2018 Annual Report                             Page | 3  

Board of Trustees Audit & Compliance Committee - New Business - Information Items

Senior Associate Director
Intercollegiate Athletics

Director
Research Integrity & Compliance

Director, Professional Integrity Program, USF Health

Assistant Vice President
Information Security

Director
Equal Opportunity & Compliance

Director
Environmental Health & Safety
2018 ANNUAL REPORT
USF System Compliance & Ethics Program

The USF Compliance & Ethics Program was created in 2007 as a component of University Audit & Compliance (UAC), with the appointment of a Chief Compliance Officer (CCO) charged by President Genshaft and the USF Board of Trustees (BOT) to create and maintain an effective compliance and ethics program based on best practices; to prevent, monitor, detect, and respond to non-compliance; and recommend corrective actions to fully meet regulatory requirements. In 2017, UAC separated into two entities: USF System Audit and the USF System Compliance & Ethics Program (the “Program”). This separation was in accordance with Board of Governors (BOG) Regulation 4.003, a regulation based on Chapter 8, Part B, Section 2(b) of the Federal Sentencing Guidelines, the Florida Code of Ethics for Public Officers and Employees, and industry best practices.

This annual report summarizes the activities of our Program from January 1, 2018, to December 31, 2018. This report is organized by the “essential elements” for an effective compliance and ethics program as prescribed by the Federal Sentencing Guidelines and fulfills our annual reporting requirements in accordance with BOG Regulation 4.003 and the USF System Compliance & Ethics Program Plan.

Element 1: Governance & High-Level Oversight

The USF System addresses this element through the BOT Audit and Compliance Committee, the USF System Compliance & Ethics Program, and the (High-Risk) Compliance Officers Workgroup.

A. Board of Trustees Audit and Compliance Committee

In accordance with BOG Regulation 4.003, the BOT Audit and Compliance Committee (the “Committee”) has audit and compliance oversight responsibilities. These responsibilities are outlined in the BOT Audit & Compliance Committee Charter.

During this reporting period, the Committee Charter was amended to include the addition of the Committee’s role and responsibilities regarding the appointment, removal, and remuneration of the Chief Compliance Officer and the Chief Audit Executive (to ensure independence of the audit and compliance functions); removal of Committee’s responsibility to approve the annual report as it is not required by standards or regulations; and inclusion of a procedure for amending the charter.
B. USF System Compliance & Ethics Program

In accordance with BOG Regulation 4.003, the USF System Compliance & Ethics Program (the “Program”) reports directly to the BOT Audit & Compliance Committee and administratively to the USF System President. The purpose, authority, and responsibilities of our Program are governed by the following in accordance with BOG Regulation 4.003:

- **USF System Policy 0-026: USF System Compliance & Ethics Program** provides our Program with the authority to coordinate and manage all USF System compliance and ethics activities.

- **USF System Compliance & Ethics Program Charter** ("Program Charter") identifies the purpose, authority, and responsibilities of our Program.

- **USF System Compliance & Ethics Program Plan** ("Program Plan") summarizes the current status of our Program.

C. (High Risk) Compliance Officers Workgroup

The Compliance Officers Workgroup assists the CCO in maintaining an effective and broad-based program designed to prevent, monitor, and detect areas of non-compliance and, when necessary, to fully meet compliance requirements and recommend corrective actions. This workgroup is comprised of senior compliance officers in the following “high-risk” compliance units within the USF System, all of whom have an “accountable reporting” relationship to the CCO:

- Athletics Compliance
- Environmental Health & Safety
- Research Integrity & Compliance
- Diversity Inclusion & Equal Opportunity
- Professional Integrity Program, USF Health
- Information Security

Brief descriptions of several of the above-listed “high-risk” compliance units and highlights from this reporting period are provided below.

**Athletics Compliance**

The USF Athletics Compliance Office (Athletics Compliance) ensures compliance with National Collegiate Athletic Association (NCAA) and American Athletic Conference rules and associated USF System regulations and policies through its education, monitoring, and enforcement efforts. During the 2017-2018 academic year, Athletics Compliance provided 206 in-person educational sessions. These
sessions provided athletics compliance education to 750 athletic employees, student-athletes, on-campus constituents, and external constituents.

**Environmental Health & Safety**

USF Environmental Health & Safety (EH&S), a department within the Division of Facilities Management, ensures potential safety and environmental hazards are properly mitigated/remediated in accordance with applicable federal, state, and local requirements; USF System policies, procedures, guidelines; and industry best practices. EH&S serves as the liaison between the USF System and external agencies and provides environmental health and safety awareness and compliance training. EH&S administers multiple programs to achieve this end. Some highlights from FY 2017-2018 include:

- Provided safety and compliance training to approximately 99,200 faculty, staff, students, and affiliates via classroom-based and online training courses.
- Conducted 213 emergency evacuation drills and 47,064 fire extinguisher inspections; provided Fire Safety Education and Training sessions for approximately 382 individuals; and, issued 23 hot work permits.
- Performed 1,477 laboratory safety inspections in research and teaching laboratories, studios, and shops.
- Coordinated the compliant management, treatment, and/or disposal of approximately 151,262 pounds of regulated waste for the USF System. Performed 109 inspections of construction/development contractors’ Stormwater Pollution Prevention Plans and completed 8 storm water compliance audits of grounds and vehicle/equipment maintenance areas.
- Facilitated the following external regulatory agency inspections:
  - 12 inspections by the Florida Department of Health (biomedical waste and drinking water compliance).
  - 13 inspections by the Environmental Protection Commission (regulated storage tank, air permit, and industrial wastewater compliance).
  - 271 fire and safety code inspections by the Office of the State Fire Marshall.
- Evaluated/mitigated approximately 275 Industrial Hygiene/Occupational Safety issues and/or complaints (i.e., asbestos, mold, noise, odor, etc.).
- Provided permitting and code/safety related inspection support for approximately $188 million construction-related value for the USF System.
- Processed/coordinated approximately 374 workers’ compensation claims to ensure injured/ill workers receive proper medical treatment, disability leave and supplemental wages, as necessary.
Research Integrity & Compliance

Research Integrity and Compliance, a division within USF Research & Innovation, ensures research performed within the USF System is safe, ethical, and complies with all applicable regulations, laws, and institutional policies. Some highlights from FY 2017-2018 include:

- Provided live and online human subject research-related training to 1,529 investigators through its education program.
- Audited 25 human subject research sites of which 5 (20%) were audited for cause.
- Reviewed 178 project-specific disclosures for financial conflicts of interest in research with 133 (75%) requiring a management plan.
- Performed 65 inspections of laboratories using biohazardous agents.
- Provided biosafety trainings to 1,461 individuals.
- Responded to 5 biosafety incident reports.
- Coordinated a CDC site visit for renewal of our Select Agent program registration; registration was renewed for another 3 years.
- Performed 199 IACUC (Institutional Animal Care and Use Committee) laboratory inspections.
- Offered First Aid/CPR/AED/Oxygen/Nitrox/Scientific Diving Techniques for a total of 51 classes; and received 52 new Scientific Divers into the Diving Safety program.
- Provided 16 boating safety classes resulting in 31 trained operators.

Diversity, Inclusion & Equal Opportunity

The Office of Diversity, Inclusion & Equal Opportunity (DIEO) ensures the USF System workplace and academic environments are free from discrimination, harassment, and retaliation based on protected categories of race, color, sex (including sexual harassment), national origin, sexual orientation, religion, age, disability, marital status, gender identity and expression, and veteran’s status, as provided by law. Some highlights from this reporting period include:

- Equal Opportunity (EO) Section received 121 reports of which 44 were investigated. Of those investigated, 0 (0%) were substantiated based on the preponderance of evidence standard.
- EO provided 22 harassment prevention and sexual harassment prevention trainings to USF System students and employees resulting in 447 people trained.
- The Office of Title IX (Title IX) received 320 reports of which 277 were determined to fall under the provisions of Title IX. Of these, 11 (4%) were substantiated based on the preponderance of evidence standard.
- Title IX provided 94 live training sessions resulting in 5,315 USF System employees trained.
**Professional Integrity Office, USF Health**

The USF Health Professional Integrity Office encompasses two programs: the Billing Integrity Program and the HIPAA/Privacy Program. The Billing Integrity Program focuses on compliance with federal, state and insurance-provider regulations and policies governing the provision of and billing for healthcare services provided by USF Health practitioners. The HIPAA/Privacy Program focuses on compliance with the Health Insurance Portability and Accountability Act (HIPAA), federal and state privacy laws, regulations, and internal policies.

Billing Integrity Program highlights from 2018 include:

- Provided in-person, customized training to all new billing providers (Physicians, Advanced Practice Practitioners, Therapists, etc.) with in-depth review of the documentation/coding/supervision standards applicable to the practitioner’s specialty/practice with a follow-up documentation review to assess accuracy;
- Monitored compliance with mandatory training requirements for all workforce members within 90 days of hire and annually thereafter on the USF Health Code of Conduct, Fraud/Waste/Abuse prevention, and general healthcare compliance;
- Ensured creation and annual review of program standards procedures and practices;
- Conducted ongoing risk assessment of practice/provider billing/coding and supporting workflows/systems;
- Conducted federal and state exclusion screening on all workforce members and vendors;
- Investigated reports of inaccurate billing and facilitated implementation of corrective actions as identified, including refunds;
- Responded to and resolved audits conducted by external parties.

HIPAA/Privacy Program highlights from 2018 include:

- Monitored unauthorized access within the electronic health record ("EHR") and conduct randomized access audits;
- Monitored compliance with mandatory training for all workforce members within 90 days of hire and annually thereafter on the HIPAA Privacy Rule;
- Audited EHR access by researchers to ensure access of protected health information is authorized pursuant to IRB (Institutional Review Board) approval letters;
- Monitored deleted communications by providers with the EHR to ensure such communications have not violated HIPAA;
- Performed root-cause analysis of misdirected faxes generated from within the EHR;
• Conducted and facilitated quarterly HIPAA privacy walkthroughs with assigned clinical liaisons to assess risk and provide ongoing education to decrease violations;
• Responded to patient medical record overlays and ensured proper reeducation of staff was conducted to minimize future occurrence;
• Investigated reports of HIPAA privacy potential breaches and facilitated corrective actions as identified, including reporting to Health & Human Services (HHS);
• Drafted and negotiated Business Associate Agreements, including obtaining annual re-certifications as mandated under HIPAA;
• Performed annual revisions to all standards and procedures including the preparation of a new procedure for non-USF Health Observers in clinical settings;
• Audited EPIC access/EHR for over 200 USF Health EPIC guest accounts to ensure access is permitted in accordance with each user’s role; and
• Investigated, responded, and resolved HIPAA complaints from patients, workforce members, and external entities (HHS/Office of Civil Rights).

**Information Security**

Information Security ensures the security of USF information systems. Highlights from this reporting period include:

• Worked with USF Health Privacy and Integrity Office to review and update the medical record monitoring process for HIPAA.
• Worked with Verizon on HIPAA Risk Assessment for USF Clinical Systems.
• Multiple Security Awareness presentations were given throughout USF, including Bring Your Child to Work Day, Baker Act Reporting Center, and others.
• Security Awareness campaign drive in front of the library in January, February, and March.
• Participated in multiple incident investigations on behalf of Human Resources, University Audit, General Counsel, and the Professional Integrity Office, determining the severity of the incident and potential need for breach notification to appropriate state and federal entities.
• Ran tabletop exercise for USF Information Technology Disaster Recovery Plan.
• Identified issues with researchers working on IRB projects without approval.
• Worked with Psychology and Research IRB to educate researchers and implemented a process to verify approval before access to research data is granted.
• Secured Box (cloud storage) folders for HIPAA and other high sensitivity data to be stored, controlled, and/or monitored.
- Reviewed 150+ research contracts and worked with departments to identify/implement security requirements in accordance with applicable federal regulations.
- Provided training to Sponsored Research Administrators to read/understand technical language inserted into contracts.
- Facilitated hiring of Research Compliance Analyst and ongoing training of individual.
- Reviewed export-controlled projects for the College of Engineering, multiple contracts, and sponsors.
- Completed Dual Use Agreements (and implemented security measures) for USF Researchers obtaining sensitive/restricted data from various outside organizations.
- Created/Implemented a Research Data Committee representing members from multiple areas.
- Worked with auditors from the Florida Department of Law Enforcement (Division of Human Resources, Communication Disorders, and University Police), State Auditors, and University Audit to implement and improve control safeguards issues outlined by auditors.
- Ensured research involving restricted data is compliant with federal regulations.

D. State University System of Florida Compliance & Ethics Consortium

In addition to being the first Compliance & Ethics Program at a State University System (SUS) institution and the first SUS institution to fully implement BOG Regulation 4.003, our Program continues its leadership role in the State University System of Florida Compliance & Ethics Consortium. This consortium was established on June 27, 2013, to provide an avenue for member universities to discuss the development and improvement of SUS compliance and ethics programs, new federal and state regulations, best practices, and issues they may be facing. In addition, the purpose of the consortium is to ensure effective communication and collaboration in the development of compliance and ethics programs across the SUS. The consortium is comprised of Compliance and Ethics Officers and their representatives from the compliance and ethics programs of SUS institutions; and, as non-voting, ex officio members, the Inspector General and Director of Compliance and his/her representatives from the SUS of Florida Board of Governors.

During this reporting period, the USF System Chief Compliance Officer served as the consortium chair. Our Program hosted the annual, in-person SUSCEC meeting at USF which included, but was not limited to, the following compliance topics:

- Implementation of BOG Regulation 4.003
- The General Data Protection Regulation
- New Title IX Regulations
The Consortium also continued its work to develop an assessment tool for the required 5-year Program Review under BOG Regulation 4.003.

**Element 2: Establish Standards of Conduct, Policies, & Procedures**

Throughout this reporting period, the USF System Compliance & Ethics Program reviewed new USF System policies and revisions to existing USF System policies issued by the Office of the General Counsel for comment. The Program provided the Office of the General Counsel, whenever possible, with draft language aimed at harmonizing language with existing policies; reducing or eliminating redundant policy statements with existing policies; and clarifying language to facilitate understanding. Below are highlights from this reporting period:

**A. Florida Code of Ethics Policy**

During this reporting period, the USF System Compliance & Ethics Program reviewed USF System Policy 0-027: Florida Code of Ethics for Public Officers and Employees: Compliance and Disclosure to ensure this policy reflects current State of Florida statutes, USF System policy, and associated USF System business processes. This policy states the foundational standards of conduct for all USF System employees as the Florida Code of Ethics for Public Officers and Employees (FCOE), Section 112.313 of the Florida statutes.

**B. Higher Education Opportunity Act**

The Higher Education Act of 1965 (HEA) governs the administration of federal funding for higher education programs. The USF System must comply with HEA in order to remain eligible for Title IV funding from the U.S. Department of Education and for funding from other federal agencies sponsoring USF System research projects. The Higher Education Opportunity Act of 2008 (HEOA) amended HEA and includes compliance with the following federal laws:

- Jeanne Clery Disclosure of Campus Security Policy and Crime Statistics Act (Clery Act);
- Violence Against Women Act (VAWA) amendments to the Clery Act;
- Equity in Athletics Disclosure Act (EADA);
- Student Right to Know Act; and
- The Drug Free Schools and Communities Act (DFSCA).

For the purposes of this report, the term “HEOA” refers collectively to the above-listed federal laws and their associated regulations. HEOA requirements are complicated and often involve cross-jurisdictional compliance risks, e.g., regulatory risks affecting more than one university leadership area or more than one USF System institution.
During this reporting period, our Program continued to assist each institution within the USF System to meet their HEOA compliance responsibilities in accordance with USF System Policy 0-233: Higher Education Opportunity Act Initiative: USF System, Portal, and Security & Fire Safety Reporting Compliance (the “HEOA Initiative”) as follows:

- Coordinated, via each institution’s Clery Coordinator, with over 26 units to implement a procedure coordinating the creation of an HEOA-compliant Annual Security and Fire Safety Report for each institution in the USF System, which complies with the Clery Act and VAWA, including distribution of these reports to the U.S. Department of Education and all current USF System students and employees.
- Confirmed the USF HEOA portal complied with U.S. Department of Education HEOA disclosure requirements for this reporting period.
- Reviewed HEOA-required annual notices to students and employees summarized in the below table by notice type, federal law, and required recipient for compliance with federal law:

<table>
<thead>
<tr>
<th>Notice Type</th>
<th>Federal Law</th>
<th>Required Recipient under Federal Law</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Student Financial Aid Penalties for Drug Law Violations</td>
<td>HEOA</td>
<td>All Current Students</td>
</tr>
<tr>
<td>Voter Registration Information</td>
<td>HEOA</td>
<td></td>
</tr>
<tr>
<td>Institutional and Financial Aid Information</td>
<td>HEOA</td>
<td></td>
</tr>
<tr>
<td>Drugs and Alcohol Abuse Prevention Programs</td>
<td>DFSCA</td>
<td>All Current Students and Employees</td>
</tr>
<tr>
<td>Availability of the Annual Security and Fire Safety Report (ASR)</td>
<td>Clery VAWA</td>
<td>All Current Student and Employees</td>
</tr>
</tbody>
</table>

Elements 3 & 4: Create a Fair and Ethical Culture & Open Lines of Communication

Under the provisions of USF System Regulation 5.001: Waste, Fraud, or Financial Mismanagement Prevention and Detection, all USF System managers and their employees are responsible for preventing, detecting, and reporting waste, fraud, financial mismanagement, or other violations of USF System policy or regulation.
EthicsPoint

EthicsPoint, our anonymous reporting hotline, serves as one of the primary tools assisting the USF System in this effort. Recent upgrades to EthicsPoint included several improvements and included consolidation of our hotline with the USF Foundation EthicsPoint Hotline into one, central USF System EthicsPoint Hotline.

For calendar year 2018, we received 98 unduplicated reports, which is consistent with the number of reports from recent reporting periods. Twenty-two percent of all reports were found to be “substantiated”, consistent with past reporting periods. Seventeen reports were referred, typically to the Office of Student Rights and Responsibilities (student code of conduct process), Title IX Office, Victim Advocacy, or the University Medical Service Association (UMSA).

<table>
<thead>
<tr>
<th>Substantiated</th>
<th>Unsubstantiated</th>
<th>Referred/Transferred</th>
<th>Open</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR</td>
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<td>12</td>
<td>4</td>
<td>5</td>
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<tr>
<td>DIEO</td>
<td>-</td>
<td>15</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>USFH</td>
<td>4</td>
<td>5</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Faculty Affairs</td>
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<td>6</td>
<td>2</td>
<td>1</td>
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<tr>
<td>Ethics</td>
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<td>-</td>
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<tr>
<td>Financial</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Research</td>
<td>1</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EH&amp;S</td>
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<td>-</td>
<td>1</td>
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<tr>
<td>IT</td>
<td>1</td>
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<tr>
<td>Foundation</td>
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<td>-</td>
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<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22</strong></td>
<td><strong>45</strong></td>
<td><strong>17</strong></td>
<td><strong>14</strong></td>
</tr>
</tbody>
</table>

USF System Compliance & Ethics Program 2018 Annual Report
During this reporting period, our Program publicized EthicsPoint via the following mechanisms:

- Included EthicsPoint, USF Regulation USF5.001, and USF System Policy 0-027 education in new employee orientation;
- Provided EthicsPoint posters to departments and encouraged their prominent display throughout our campuses; and
- Included EthicsPoint information in the training component of the Florida Code of Ethics (FCOE) form in the eDisclose System.

**Element 5: Education and Training**

**A. Compliance & Ethics Training for New Employees**

Our Program provides compliance and ethics training or training content to new USF System employees as follows:

- Online compliance and ethics training required of new USF Tampa administration and staff employees attending new employee orientation, a program administered by the Division of Human Resources (DHR).
- Live trainings provided periodically throughout the year, based on hiring volume, to new USF St. Petersburg (USFSP) faculty, administration, and staff employees attending orientation, a program administered by USFSP Human Resources.
- One-on-one orientation sessions with new USF Sarasota-Manatee (USFSM) faculty, administration, and employees provided by USFSM Human Resources using materials provided by our Program.

**B. Compliance & Ethics Training for Current Employees**

Certain USF System employees are required to complete an annual Florida Code of Ethics (FCOE) disclosure in eDisclose, our online disclosure and review system. This disclosure includes education on current FCOE, nepotism, and outside activity prohibitions and restrictions under the FCOE and **USF System Policy 0-027**. The following employee position types must annually complete this disclosure:

- All Faculty;
- All Administration employees;
- Staff employees issued a procurement card (PCard) or role in FAST (our financial accounting system); and
- Temporary employees issued a PCard or FAST role.

During 2018, 6,224 FCOE disclosures were submitted by current USF System faculty, administration, staff, and temporary employees in eDisclose. This translates to 5,759 individual USF System employees receiving FCOE, nepotism, and outside training during the 2018 calendar year.
Our program also provided additional live, department-level FCOE, nepotism, and outside activity training to several operating units, including the College of Pharmacy, the USF Health Department of Surgery, and Campus Recreation.

Element 6: Detection, Remediation, and Enforcement

The USF Compliance and Ethics Program continues to work with compliance units to detect compliance gaps. When such gaps are identified, our program convenes multidisciplinary teams to develop and implement cross-jurisdictional policies and procedures aimed at addressing compliance gaps, including enforcement.

A. Protection of Minors on Campus/Summer Programs

The new process for ensuring background screenings for summer camps/programs contained in USF System Policy 0-029 and its attendant procedures implementing a coordinated approach continued to be highly effective during the summer of 2018. Units involved included the Division of Human Resources (DHR), which bears the heaviest load in the process, as well as the Office of the General Counsel, the Phyllis P. Marshall Student Center, Housing & Residential Education, Campus Recreation, USF Athletics, USF Health, and Innovative Education. Over 40 USF programs and a like amount of non-USF camps utilizing our facilities were successfully processed through the DHR during summer 2018. USF System Compliance & Ethics will continue to monitor the background clearance process. In addition, a new USF System Policy 6-038 was implemented by USF Environmental Health & Safety establishing guidelines for minors visiting, working, volunteering, or conducting research in “hazardous areas” on campus such as laboratories and machine shops.

B. Form One Financial Disclosure

In 2018, the USF System Compliance & Ethics Program assumed USF System-wide responsibility for ensuring compliance with Fla. Stats. 112.3145 Financial Disclosure. In furtherance of this responsibility, a new Procedure (SOP 5) was developed and implemented defining roles and responsibilities for Form One disclosure by “specified state employees” (VPs, Deans, etc.), “state officers” (board members), and “purchasing agents”. Effective processes to ensure institutional compliance with Form One disclosure requirements is particularly important for our employees, as failure to timely file such disclosures can result in fines of $25 per day.

C. Intercollegiate Athletics Document Review

Our Program was tasked with assessing the USF System’s readiness for a site visit by the National Collegiate Athletic Association (NCAA) or the National American Athletics Conference (“The American”). Our program and USF Athletics Compliance co-developed a Documentation Analysis tool. This tool identifies key documents.
Intercollegiate Athletics would be expected to provide should the NCAA or The American request a site visit. A baseline analysis was completed in June 2017 by a cross-jurisdictional workgroup including, but not limited to, USF Athletics, Office of the Registrar, Financial Aid, Admissions, Human Resources, and Information Technology. During 2018, our Program continued assisting workgroup members in the bringing their documentation and associated processes into compliance with NCAA rules and best practices. This project is ongoing.

Element 7: Risk Assessment, Audit, and Monitoring

The USF System Compliance & Ethics Program is available to perform compliance reviews, risk assessments, and other consulting projects when compliance gaps are known or suspected. Compliance gaps can arise when the USF System has no known internal controls or the existing controls are not consistent with the law or industry best practices. Such reviews, assessments, and projects performed by the Program aim to bring the process or unit into compliance and, thereby mitigate risk to the institution. Below is a discussion of compliance reviews, risk assessments, and other consulting projects performed by our Program this reporting period:

A. General Data Protection Regulation

Effective May 25, 2018, the General Data Protection Regulation (GDPR) provides data protection and privacy rights for personal data processing for all individuals located within the European Union (EU) and the European Economic Area (EEU); and all EU citizens regardless of their location when their personal data is processed. Institutions failing to comply with the GDPR may be subjected to significant fines of up to €10M ($11.3M) or 2% annual global turnover, whichever is higher. For example, the EU recently fined Google $56.8M for violating two provisions of the GDPR: lack of transparency and not having the legal basis to process user data for certain personalized advertisements.

USF System functions affected by the GDPR include, but are not limited to, Admissions, Office of the Registrar, Study Abroad, Development, and Alumni Relations. The USF System Compliance & Ethics Program partnered with the Office of the General Counsel to implement a GDPR education and assessment strategy based on National Association of College and University Attorneys (NACUA) and ISACA (information systems) guidance. This strategy included the following steps:

1. Identification of applicable requirements;
2. Development of compliance assessment tools;
3. Training unit representatives
4. Units’ self-assessment;
5. Compliance reviews; and
6. Policy and procedure updates.
Our Program continues to provide compliance guidance and assistance to university units with functions that are subject to the GDPR. This project is ongoing.

B. Annual FCOE Disclosure Compliance Monitoring

Our Program continues to monitor USF System employee compliance with the annual Florida Code of Ethics (FCOE) disclosure requirements set forth in USF System Policy 0-027. On the second Tuesday of every month, our Program sends senior managers an FCOE Disclosure Compliance Report (FCOE Report) identifying all USF System employees under their purview who are required to complete an annual FCOE disclosure and whether or not they have done so within the past 12 months. Senior managers and their designees then follow up with noncompliant employees to ensure they complete their annual FCOE disclosure in eDisclose. During 2018, this monitoring by our Program and subsequent follow up by senior managers resulted in an overall FCOE disclosure compliance rate of 87% for the USF System. The percentage of USF System employees who met their annual FCOE disclosure requirement in the eDisclose system is provided below, by institution:

C. DFSCA Compliance Review

The Drug Free Schools and Communities Act (DFSCA) requires the USF System to perform a biennial review of its drug and alcohol prevention programs in order to remain eligible for Title IV funding. This review results in a Biennial Drug and Alcohol Prevention Program Report (Biennial AOD Report). During 2018, the Center for Student Well Being, a department of Student Affairs & Student Success, requested a compliance review of their 2016 Biennial AOD Report, which they intended to use as a template for their 2018 report. Our Program reviewed the 2016 report for compliance with DFSCA and U.S. Department of Education best practices. Identified compliance gaps were provided to the Center for Student Well Being. Our Program provided advice and guidance on how to develop a best practice standard operating procedure for the creation of future Biennial AOD Reports.
Element 8: Assessment of Effectiveness

Under BOG Regulation 4.003, the CCO is required to provide an Annual USF System Compliance & Ethics Program Report ("Annual Report") on the effectiveness of the Program to the BOT. Any Program Plan revisions, based on the CCO's Annual Report, must be approved by the BOT. Copies of this Annual Report and revised Program Plan are provided to the BOG. This Annual Report fulfills our annual reporting requirement on the effectiveness of the USF System Compliance & Ethics Program to the Board. No revisions to our Program Plan, based on this Annual Report, are recommended by the USF System Compliance & Ethics Program at this time.