



**USF Board of Trustees
Audit & Compliance Committee
NOTES
August 27, 2019
Tampa Campus – Marshall Student Center Room 3707**

I. Call to Order and Comments

The meeting of the Audit & Compliance Committee was called to order by Chair Nancy Watkins at 12:45pm.

Committee members present: Nancy Watkins, Oscar Horton and Byron Shinn. A quorum was established. Trustees Stephanie Goforth, Mike Griffin, Les Muma, Charles Tokarz. Chair Zimmerman 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 February 12, 2019 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 February 12th meeting notes were unanimously approved as written.

IV. New Business – Information Items

a. USF System Audit Annual Report 2018/19

Virginia Kalil, Executive Director, USF System Audit, presented the USF System Audit Annual Report for 2018-19. The report describes the internal audit, consulting, and investigative activities and allocation of resources as compared to year one of the two-year Work Plan.

The physical report will be finalized by September 30, prior to its required submission to the BOG. The narrative is in final review. All information presented today is final/hardened data.

USF System Audit consists of 10 highly credentialed team members. Audit was fully staffed for most of FY19. Currently there are two vacancies which are very hard to fill due to a very competitive market.

Direct services include audits, consulting projects, investigations, and follow-up on management's corrective actions related to audit recommendations. In 2018-19, USF System Audit completed 9 audits, including 4 IT projects; 2 consulting projects; and 14 investigations. 5 audits were in core processes and Academic Affairs, and 4 audits were in governance, research, and IT. One audit, 3 consulting projects, and 11 investigations crossed over into the new fiscal year and are in progress. Recharge Centers Operations audit was deferred to year 2 and has started. Just over 1,700 hours were spent on the Patel Center investigation and construction accounting, which is almost one FTE for one year. 61% of Audit's time is spent on direct services; the goal is 60%.

Part of the audit process includes recommendations. Recommendations are made in response to risks identified. In 2018-19, recommendations were made in the following areas: assignment of responsibility; authorization (adequacy and timeliness); compliance with federal laws; compliance with state and local laws; effective and efficient operations; IT (confidentiality, integrity, and availability of data/system); 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. 71% of open recommendations were completed by management (rolling 12 month percentage). This is an improvement over the prior year (55%). Chair Watkins stated that this still needs improvement. She wants the implementation rate to be 80-85%.

As part of Audit's Quality Assurance and Improvement Program (QAIP), internal assessments performed throughout the year confirmed Audit's conformance with the Institute of Internal Auditors' *International Standards for the Professional Practices of Internal Auditing* and *Code of Ethics*. Additionally, Audit completed implementation of the three recommendations for continuous improvement towards best practices included in the 2018 external assessment (received the highest level of achievement, "generally conforms"). The three opportunities for improvement that were identified were 1) revision of Audit & Compliance Committee (ACC) Charter; 2) communication of QAIP to ACC; and 3) development of a formal strategic plan. All three were implemented in FY19.

b. BOG Controls Review by Crowe

Jennifer Condon, University Controller, gave an update on the progress of the BOG Controls review by Crowe LLP. The Florida Board of Governors (BOG) engaged Crowe LLP to perform an Internal Management and Accounting Control and Business Process Review of the twelve universities in the State University System. USF is not expecting any findings from Crowe. Crowe will present final report at the BOG meeting in November.

c. Construction Accounting and Control Structure Status Update

Nick Trivunovich, Vice President for Business & Finance and CFO, gave an update on construction accounting and controls structure. University Audit issued Audit 19-035 which included a risk assessment and an internal controls evaluation of the administrative and financial controls environment in place over major and minor construction projects accounting as of January 1, 2019. A presentation was made at the May 14, 2019 Board of Trustees meeting that provided information on the timing and methodology of the implementation of the recommendations in the report. Mr. Trivunovich reviewed the current status of the recommendations. All recommendation have been completed except one which is beyond our control; we are waiting for the BOG to finalize adjustments to their guidelines.

d. State of Florida Federal Awards Audits Update (formerly A-133)

Mr. Trivunovich gave an update on the Florida Federal Awards Audit (formerly known as A-133). The audit for fiscal year ending June 30, 2018 was issued March 28, 2019. USF had one finding related to cash management (how we pay our vendors) which has since been resolved.

V. Adjournment

Having no further business, Chair Watkins adjourned the Audit & Compliance Committee meeting at 1:20pm.