



Audit and Compliance Committee
September 14, 2023
FIU, Modesto A. Maidique Campus, Tamiami Hall, Multipurpose Room

MINUTES

1. Call to Order and Chair's Remarks

The Florida International University Board of Trustees' Audit and Compliance Committee meeting was called to order by Committee Chair Chanel T. Rowe at 8:01 AM on Thursday, September 14, 2023.

General Counsel Carlos B. Castillo conducted roll call of the Audit and Compliance Committee members and verified a quorum. Present were Trustees Chanel T. Rowe, *Chair (Zoom)*; Alan Gonzalez, *Vice Chair*; Noël C. Barengo; Francis A. Hondal; and Alexander P. Sutton.

Trustee Natasha Lowell was excused.

The following Board members were also in attendance: Board Chair Roger Tovar, Board Vice Chair Carlos A. Duarte, and Trustee Marc D. Sarnoff.

Committee Chair Rowe recognized that according to the *Wall Street Journal's* Americas Best Colleges 2024 rankings, FIU is the fourth-ranked public university. She congratulated the University's faculty, administration, and students.

Committee Chair Rowe welcomed all Trustees and members of the University administration. She also welcomed the University community and general public accessing the meeting via the University's webcast.

Committee Chair Rowe also welcomed Faculty Senate Chair and faculty Trustee, Noël C. Barengo.

2. Approval of Minutes

Committee Chair Rowe asked if there were any additions or corrections to the minutes of the Audit and Compliance Committee meeting held on June 15, 2023. Hearing none, a motion was made and unanimously passed to approve the minutes of the Audit and Compliance Committee meeting held on June 15, 2023.

3. Discussion Items

3.1 Office of Internal Audit Status Report

Chief Audit Executive Mr. Trevor L. Williams presented the Office of Internal Audit Status Report. He indicated that since the Committee last met, the Office of Internal Audit (OIA) completed an audit of facilities assessments and deferred maintenance and reviewed FIU's Facilities processes to

ensure that the University has existing controls that are adequate and provide reasonable assurance that facilities assessments and deferred maintenance are adequately scheduled, performed, monitored, and communicated. He explained that the audit scope covered fiscal year 2021-22 and added that within said year, OIA identified 44 total deferred maintenance projects whose total costs was approximately \$13M. Mr. Williams pointed out that said \$13M was a sub amount of the total \$95.8M that Facilities expended for major and minor projects during the audit period. He noted that overall, OIA concluded that Facilities has established internal controls and processes for the areas in scope and has excelled in their management of some of said areas, including the permitting of deferred maintenance projects, managing service contracts, and approving project expenses. He commented that OIA identified areas for process improvement and offered seven (7) recommendations, including: developing comprehensive written departmental procedures for the existing Life Cycle Asset Management function to address key processes; ensuring that preventive maintenance is automatically scheduled for all critical life safety assets and that the completion of preventive maintenance is timely documented within the Maximo system; implementing a robust Construction Project Management System that encompasses all key processes; and formalizing the process for reconciling Facilities' internal reports to the General Ledger.

Mr. Williams indicated that there are currently seven (7) audits in various stages of completion. He reported that of the 73 recommendations that were due for implementation during the six (6) months ended June 30, 2023, 58 or 79% were completed, 10 or 14% were partially implemented, and 5 or 7% were pending some form of implementation. He added that since June 30, 2023, three (3) recommendations that were in varying stages of completion have been completed, increasing the total of percent completed recommendations to 84%. He recognized the commitment that management is putting forth in being responsive to the audit recommendations and efforts in implementing said corrective actions.

Mr. Williams mentioned that OIA receives complaints of alleged wrongdoing, including suspected fraud, waste, and abuse. He added that since OIA's last report to the Committee, three (3) such complaints were received. He noted that OIA has initiated an evaluation of the significance and credibility of said complaints. Mr. Williams indicated that, in addition, OIA closed out five (5) other investigations that were ongoing at the time of the last update to the Committee in June. He pointed out that OIA is currently assisting the Athletics Department by providing advisory services to assist in their procurement card reconciliation and management processes.

3.2 Office of University Compliance and Integrity Quarterly Report

Chief Compliance and Privacy Officer Ms. Jennifer LaPorta presented the Office of University Compliance and Integrity quarterly report. She pointed out that FIU and the Office of Compliance has responded to the federal government's issuance of new export control and research security regulations as well as State of Florida legislation and new regulations guidance from the Florida Board of Governors (BOG) intended to strengthen foreign influence prevention. She noted that developing foreign influence controls, screening, and monitoring foreign influence workflows continues to be a priority for the Compliance office. She commented on a significant increase in the number of related activities and transactions which require both foreign influence prevention and export compliance reviews, as compared with the FY 2021-2022 time-period. Ms. LaPorta added that said workflows include screening related to all foreign travel, international visitors and delegations, foreign scholar

visa candidates, international shipments and parties to international agreements. She commented on working with and supporting other units who have independently, or as a result of new foreign influence requirements, adopted or expanded visual compliance screening within their areas. She remarked on a 40% increase in total visual compliance screenings from FY 2020-21 to FY 2022-23. She pointed out that the Office of Compliance conducted 1,042 searches, including the screening of affiliations related to the individual parties and entities that the Office screens.

Ms. LaPorta stated that the Office of Compliance manages a centralized international shipping review process that is designed to systematically and timely address export licensing requirements while ensuring that routine shipping transactions occur without delay. She noted that the shipping review process addresses the broader scope of export licensing requirements to all international destinations with a transaction focus that includes exports pursuant to sponsored research and international faculty collaborations. Ms. LaPorta indicated that in FY 2022-23, an 86% increase was experienced in shipping review forms that required a substantive export control review to determine restrictions and licensing requirements. She pointed out that the Office of Compliance screens and approves all proposed international travel plans for faculty and staff throughout the University and provides individualized guidance to travelers regarding risk mitigation measures depending upon the foreign destination and planned activities of the traveler. She referred to an 117% increase in international travel screening in FY 2022-23 from the prior fiscal year, including a 98% increase in travel requiring a more in-depth substantive review by the Office of Compliance.

Ms. LaPorta indicated that, consistent with FIU's commitment to meeting best practice standards in policy administration, the Office of Compliance made significant updates and changes to the University policy framework, which is the governing document setting forth the endorsed, systematic approach for the development, review, and approval of University policies. She added that in FY 2022-23 the Office of Compliance consulted with policy owners during various stages of the policy development process and ushered 13 new or significantly revised policies. She stated that the Office of Compliance also assisted in the drafting and development of two new regulations. Ms. LaPorta commented that in FY 2022-23, the Office of Compliance acquired and used specialized software to begin the development of FIU customized training. She noted that, leveraging said software, the Office of Compliance designed, developed, and issued seven (7) new, customized compliance trainings to educate the University community. She pointed out that the University-wide average completion for said trainings was 99.5%. She stated that a total of 21,251 trainings were completed in FY 2022-23, a 202% increase from the prior fiscal year. Ms. LaPorta commented that the University's executive leadership maintained a completion rate of 100% for assigned trainings during the reporting period. She explained that the compliance requirements matrix creates an auditable record of over 107 required state, federal, and BOG submissions, allows Compliance to escalate to leadership if a required submission is overdue, and provides a support and resource for those with said responsibilities. She noted that throughout the 2022-23 FY, the Office of Compliance engaged with business partners to oversee the timely completion of said requirements with a verified a 100% completion rate.

Ms. LaPorta indicated that the Office of Compliance continued the administration of the FIU Ethical Panther Hotline, which included 103 new reports compared to 76 in FY 2021-22 and represented a 36% increase in reporting. She added that the Office of Compliance coordinated the triage of reports

by the Hotline Reports Review Committee, consisting of the Chief Compliance Officer, the Senior Vice President for Human Resources, and the Chief Audit Executive. She noted that the Hotline Reports Review Committee is tasked with reviewing all reports to determine the University's immediate and initial response, potential whistleblower status of the reporter, and what other University personnel, if any, must be involved in the investigation and the ultimate resolution of each report. Ms. LaPorta noted that the Office the Registrar, Office of Employee and Labor Relations, and Office of Civil Rights Compliance and Accessibility reviewing, investigating, and resolving the majority of reports. She pointed out that, of the 103 new reports received during FY 2022-23, 19 reporters chose to use the call center, 48 reporters used the web form, and 36 reports were filed "by proxy", or reported via an alternate means and entered by a Compliance professional. She added that the vast majority of reporters, 73%, using the Ethical Panther Hotline chose to report anonymously. She noted that, to date, 84 cases were investigated and closed and 19 remain in review.

Board Chair Roger Tovar referred to the three (3) offices [Office the Registrar, Office of Employee and Labor Relations, and Office of Civil Rights Compliance and Accessibility] where the majority of reports are handled and inquired as to any possible trends. In response to Board Chair Tovar, Ms. LaPorta mentioned that reporters may report on a matter of concern that is not a policy violation and added that the multitude of said reports are resolved without a formal discipline being meted out. Board Chair Tovar requested that Provost and Executive Vice President Elizabeth M. Bejar ensure that the University is addressing any issues that have been identified as a result of said reports.

4. Reports *(For Information Only)*

There were no questions from the Committee members in terms of the annual reports included as part of the agenda materials.

5. New Business

5.1 Senior Management Discussion of Audit Processes

Committee Chair Rowe noted that, as is stipulated in the Audit and Compliance Committee Charter, the Committee must meet with the Office of Internal Audit and senior management, separately, to discuss the audit process. She further noted that because this meeting is conducted in the Sunshine, no one present or accessing the meeting via the webcast was required to exit the meeting during the discussion with senior management. She added that this was strictly voluntary. The Committee met with senior management. University President Kenneth A. Jessell commented on the positive working relationship with the Office of Internal Audit. He commended the Office of Internal Audit on the development of the annual audit plan and the thoroughness of the audit reports. President Jessell stated that Mr. Williams is highly regarded within the State University System. Senior Vice President for Human Resources El pagnier K. Hudson and Chief Financial Officer and Senior Vice President for Finance and Administration Aime Martinez also commented on the positive and collaborative relationship.

6. Concluding Remarks and Adjournment

With no other business, Committee Chair Chanel T. Rowe adjourned the meeting of the Florida International University Board of Trustees Audit and Compliance Committee on Thursday, September 14, 2023, at 8:33 AM.