

MINUTES
BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
AUDIT AND COMPLIANCE COMMITTEE
CONFERENCE CALL
MAY 12, 2011

The chair, Norman D. Tripp, convened the meeting of the Audit and Compliance Committee at 10:07 a.m., by conference call. The following members were present: Patricia Frost, Gus Stavros, and John Temple.

1. Call to Order

Mr. Tripp called the meeting to order.

2. Approval of Minutes

Mr. Temple moved that the Committee approve the Minutes of the Meeting of the Board of Governors Audit and Compliance Committee (Audit Committee) held November 3, 2010, as presented. Mr. Temple moved to approve the minutes; Ms. Frost seconded the motion. The Minutes were approved.

3. Discussion: Annual Audit Plan and Risk Assessment Process

Mr. Harper presented the Fiscal Year 2011-2012 Annual Audit Plan, which was reviewed and approved by the Chancellor with input from senior staff. Approving the Plan and submitting it to the Board Chair for her review is part of the Audit and Compliance Committee's responsibilities.

The audit plan is based on a systematic Risk Assessment process and lists four projects:

- a. Institutes and Centers
- b. Ethics Climate
- c. Tuition Differential/Tuition and Fees Program(s)
- d. Board of Governors Foundation

We recommend the Institutes and Centers program because it has been around for a while. It is allotted 50 hours because we will begin the review during the remainder of 2011.

The Ethics Climate audit is allotted 50 hours and is a review of the Board's infrastructure in compliance with ethics laws applicable to the Board and its staff. We have already spent one to one and a half months on this audit.

The Tuition Differential/Tuition and Fees Program(s) audit is an obvious audit choice and is an important operation by the Board. The processes and procedures have been in place for at least two years.

Finally, the Board Foundation has a financial impact and has significant funds associated with it.

We customized a Risk Assessment process that included a review of the Board's processes and auditable activities. There were 82 auditable activities, which are subject to the traditional audit approach of inquiry, observation, and testing. Additionally, one of the risk factors is management's input. Our Risk Assessment included sending a Risk Assessment Questionnaire to most of the senior staff. We received an 80% return rate. Mr. Harper expressed his appreciation for the senior staff's time devoted to the process, especially since it was administered during the Legislative Session.

With data and information from the Regulation Compliance Review project, responses from the Risk Assessment Questionnaire, and input from the Chancellor and other senior staff, we feel comfortable the projects chosen are those that should be, given our available resources.

Under the Direct Services section of the audit plan, we list non-audit related projects. We are responsible for three areas: investigations, compliance, and audits. The reason we have just over 600 hours allotted for audits is because they are mandated by the *Audit and Compliance Committee Charter* and the Inspector General Act, with which we must abide.

Mr. Harper stated that the audit plan can be changed with input from the Audit Committee; members can direct us to whatever area they believe should be audited first. Also, the Plan is subject to change based on any changes in the allocation of resources.

Mr. Temple asked how many hours were allotted for the Board Foundation and for the Tuition Differential/Tuition and Fees Program. Mr. Harper responded that each has been allotted an estimated 250 hours. Again, that estimate can change once the audit is underway.

Chancellor Brogan underscored the selection of the audits proposed. Specifically, the Board Foundation is timely because it is important for its contributors to be confident that the money is being spent appropriately and wisely. Also, he

explained that we hold a significant amount of money for charitable contributions for scholarships for students who are needy or disabled.

Mr. Stavros asked how the 665 estimated total hours for investigations compared to previous years. Mr. Harper responded that it is consistent. Even minor matters can take a significant amount of time. A preliminary inquiry can be labor intensive despite the fact that it is essentially a review of whether or not a university has adequately addressed an issue.

The Committee was asked to approve the audit plan. Mr. Temple made a motion to do so, and Ms. Frost seconded it. The Committee approved the Plan.

Mr. Tripp asked Mr. Harper about the status of the Ethics Climate audit. Mr. Harper said that would be provided at the Committee's next meeting. Mr. Tripp reminded members that the next meeting is scheduled for June at the University of South Florida.

4. Concluding Remarks and Adjournment

Chancellor Brogan reviewed activities of the recently concluded Legislative session. The meeting of the Audit Committee was adjourned at 10:24 a.m.

Norman D. Tripp, Chair

Lori Clark,
Compliance Analyst