



STATE  
UNIVERSITY  
SYSTEM  
of FLORIDA  
Board of Governors

**AGENDA**  
**Audit and Compliance Committee**  
**Sudakoff Conference Center**  
**New College of Florida**  
**Sarasota, Florida**  
**November 7, 2012**  
**2:00 p.m. - 3:00 p.m.**

1. **Call to Order** **Governor Ava Parker**
  
2. **Approval of Minutes for June 21, 2012,**  
**Audit and Compliance Committee Meeting** **Governor Parker**
  
3. **Report: Florida A&M University Division of Audit**  
**and Compliance Corrective Action Plan** **Dr. Solomon Badger**  
*Chair, FAMU BOT*
  
4. **Discussion of Pending Investigations** **Mr. Derry Harper**
  
5. **Concluding Remarks and Adjournment** **Governor Parker**

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Audit and Compliance Committee  
November 7, 2012**

**SUBJECT:** Approval of Minutes of Meeting held June 21, 2012

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**PROPOSED COMMITTEE ACTION**

Approval of Minutes of meeting held on June 21, 2012.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Not applicable

**BACKGROUND INFORMATION**

Board members will review and approve the Minutes of the meeting held June 21, 2012.

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**Supporting Documentation Included:** Minutes: June 21, 2012

**Facilitators/Presenters:** Governor Ava Parker

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MINUTES  
BOARD OF GOVERNORS  
STATE UNIVERSITY SYSTEM OF FLORIDA  
AUDIT AND COMPLIANCE COMMITTEE  
UNIVERSITY OF CENTRAL FLORIDA  
ORLANDO, FLORIDA  
JUNE 21, 2012

*Video or audio archives of the meetings of the Board of Governors  
and its Committees are accessible at <http://www.flbog.edu/>.*

The chair, Ava Parker, convened the meeting of the Audit and Compliance Committee at 11:16 a.m., at the Live Oak Center, Ferrell Commons, University of Central Florida, in Orlando, Florida. The following members were present: Matthew Carter, Joseph Caruncho, Patricia Frost (by phone), Tom Kuntz, and John Temple.

1. Call to Order

Ms. Parker called the meeting to order and expressed her gratitude for Governor Norman Tripp's leadership as the former chair of the Audit and Compliance Committee (Committee or Audit Committee). This is her first meeting as the Committee Chair.

2. Approval of Minutes

Ms. Frost moved that the Committee approve the Minutes of the meeting of the Board of Governors Audit and Compliance Committee (Audit Committee) held May 12, 2011, as presented. Mr. Temple seconded the motion. The Minutes were approved.

3. Report: Florida A&M University Division of Audit and Compliance Corrective Action Plan

Ms. Parker introduced an invited speaker, Mr. Rick Givens, the Vice President for Audit and Compliance at Florida A&M University (FAMU), to present the University's corrective action plan as a result of a Whistle-blower investigation that the former Vice President for Audit and Compliance had submitted to the board of trustees and the Board of Governors audit summaries of audits that did not exist.

Mr. Givens covered the following topics in his presentation:

- A. Background. A whistle-blower allegation that the Division of Audit and Compliance did not follow professional standards governing the performance of internal auditing services was investigated by Sniffen & Spellman, P.A.

- B. Final Investigative Report. Sniffen & Spellman issued a final report on November 9, 2011.
- C. Findings of Investigative Report. They concluded that 15 audit or review reports, in the form of executive summaries, were presented to the board of trustees and to the Board of Governors Inspector General. No actual reports had been prepared. Mr. Givens provided additional information on the findings such as the lack of a required quality assurance and improvement plan, lack of audit reports conducted in accordance with professional standards, and failure to conduct an adequate risk assessment for its 2011-2012 audit plan.
- D. Follow-up to Investigative Report. Mr. Givens explained that the Board of Governors recommended the University implement a corrective action plan as a result of the findings to include:
- a. Authorization of an investigation into a whistle-blower allegation that the Division did not objectively investigate complaints of misconduct and the like.

University Response: The board of trustees engaged Ernst and Young to investigate. The work is in progress and expected to be completed at the end of June 2012.

- b. Approval of the development of a new audit plan based upon a systematic risk assessment.

University Response: The University contracted with Accretive Solutions to perform a university-wide risk assessment to identify high risk areas and to conduct a gap analysis to identify areas where the Division's policies and procedures were insufficient to meet audit standards.

Mr. Givens stated that the high risk areas identified are the usual ones in any risk assessment: Information Technology, financial management, and accountability.

- c. Approval of repeat audits of the 15 fraudulently conducted so that they adhere to professional standards.

University Response: The 15 previous audits were evaluated to determine the benefit of redoing them. They concluded that seven would not be redone for the reasons he provided in his presentation. Eight audits are in the process of being redone by Ernst & Young.

- d. Plan to conduct a self-assessment of the University's board of trustees operating procedures and the audit committee's oversight of the Division.

University Response: The self-assessment process resulted in revising the Charters for the Division and for the audit committee in adherence to the model charters of the Institute of Internal Auditors and training for audit committee members.

- e. Plan to schedule an external assessment of the Division in the next 12 months.

University Response: The Division is developing a quality assurance and improvement program to cover all aspects of internal audit activity. An external assessment will be performed by December 2013.

#### 4. Consideration: Annual Charters Revisions

Mr. Harper explained the role of the *Audit and Compliance Committee Charter* and the *Office of the Inspector General and Director of Compliance Charter*. He stated that they are to be reviewed annually and revised as needed. This year, the changes are mostly minor to add clarity. For example, one of the changes was to state that the chair will preside over Committee meetings and that the vice chair will preside in the absence of the chair.

The substantive change was the inclusion of the Preliminary Inquiries procedure approved by the Committee previously. It states that if there is a routine matter, the Audit Committee Chair has the authority to accept the Inspector General's recommendation that no further Board action be taken. If the Chair does not concur, the matter will go before the Audit Committee at its next meeting.

Mr. Temple made a motion to approve the Charters, and Mr. Carter seconded it. The revisions to the Charters were approved by the Committee.

#### 5. Overview of the Inspector General Function and Report of Activities

Mr. Harper reported on audit and investigative activities performed by the Inspector General's office as well as the status of work plans, the Annual Report, an upcoming Quality Assurance Review, and the current Operational Audit of the Board office by the Auditor General's office.

Regarding audit activities, Mr. Harper explained that our annual audit plan would be presented at the next Committee meeting and that the Board office is currently undergoing its operational audit by the Auditor General. The Inspector General acts as a liaison with auditor general and Board staff.

Regarding investigative activities, Mr. Harper described the number and types of complaints received by our Office. The majority are referred first to the university in question for their review and handling. If the complainant presents a credible allegation and insists that a university is unresponsive, our Office will conduct a Preliminary Inquiry.

Regarding work plans for the Inspector General's office as well as the Audit Committee, Mr. Harper stated that we use a Summary Work Plan for the Inspector General's office, and the Dashboard is used for the Audit Committee. For illustrative purposes, Board members' materials packets contain a Dashboard that includes major activities and the Board members to which they are assigned for oversight. Ms. Parker asked that Committee members review the Dashboard and provide their feedback so that it can be finalized.

Regarding the Annual Report, Mr. Harper stated it will be disseminated by September 30, 2012. It contains descriptions and information on all the activities he just discussed.

6. Concluding Remarks and Adjournment

Ms. Parker thanked Mr. Tripp again for his service as the previous Audit Committee Chair. The meeting of the Audit Committee was adjourned at 11:45 a.m.

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Ava Parker, Chair

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Lori Clark,  
Compliance Analyst



**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Audit and Compliance Committee  
November 7, 2012**

**SUBJECT:** Report – Florida A&M University Division of Audit and Compliance  
Corrective Action Plan

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**PROPOSED COMMITTEE ACTION**

Information only.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Not applicable

**BACKGROUND INFORMATION**

A representative from Florida A&M University will make a presentation to the Committee on corrective actions taken by the University in response to an investigation of FAMU’s Division of Audit and Compliance.

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**Supporting Documentation Included:** None

**Facilitators/Presenters:** Derry Harper and University Representative

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**STATE UNIVERSITY SYSTEM OF FLORIDA  
BOARD OF GOVERNORS  
Audit and Compliance Committee  
November 7, 2012**

**SUBJECT:** Discussion of Pending Investigations

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**PROPOSED COMMITTEE ACTION**

Information only.

**AUTHORITY FOR BOARD OF GOVERNORS ACTION**

Not applicable

**BACKGROUND INFORMATION**

The Inspector General and Director of Compliance will provide highlights of the Office's activities in the key areas of pending investigations.

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**Supporting Documentation Included:** To be provided

**Facilitators/Presenters:** Derry Harper

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