

MINUTES
BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
AUDIT AND COMPLIANCE COMMITTEE MEETING
UNIVERSITY OF NORTH FLORIDA
January 30, 2025

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Chair Aubrey Edge convened the meeting of the Audit and Compliance Committee on January 30, 2025, at 1:20 p.m. The following Audit and Compliance Committee members were present: Ashley Bell Barnett (Tardy), Patricia Frost, Edward Haddock, Ken Jones, and Craig Mateer.

1. Call to Order

Mr. Edge called the meeting to order.

2. Approval of Minutes

Mr. Jones motioned that the Committee approve the minutes of the Audit and Compliance Committee meeting held on September 18, 2024, as presented. Ms. Frost seconded the motion. The minutes were approved.

3. Role of the Audit Committee/New Audit Standards

Inspector General and Director of Compliance Julie Leftheris provided an overview of Domain 3 of the new Global Internal Audit Standards (Standards), effective this month, as related to governing the internal audit function and the Board's duties and responsibilities. Ms. Leftheris explained that the Institute of Internal Auditors, headquartered in Lake Mary, Florida, is the organization that establishes standards for the internal audit profession and that its CEO, Anthony Pugliese, was a graduate of the University of North Florida.

Ms. Leftheris explained the new Standards require educating the Board about the Committee's role and responsibilities, which are addressed in the Committee and Office of Inspector General and Director of Compliance (OIGC) charters. She said both have been updated to align with the new Standards and reviewed key elements for both the Committee and the OIGC. Both charters are submitted to the Board for approval consideration today. The Committee and Board have adopted most, if not all, principles in approving the charters and holding routine meetings of the Audit and Compliance Committee. She will continue to work with Chair Edge to identify areas where we can enhance our compliance and improve communication with the Committee to ensure collaborative and interactive communications in support of the internal audit function. Last, Ms. Leftheris added that the Standards require the internal audit function to have a

strategic plan along with performance measures. She expects to present them to the Committee for input, consideration, and approval at an upcoming meeting. She thanked Committee members for their continued support of the internal audit function.

Mr. Edge commended Ms. Leftheris and her staff for the efficient and highly competent work they do.

4. Internal Audit Quality Assessment Review Results

Inspector General Leftheris presented a brief background of the statutorily required external assessment of the internal audit function, which is performed by the Auditor General's office pursuant to section 11.45, Florida Statutes. The external assessment's goal is to evaluate the extent to which the internal audit activity's charter, policies and procedures, quality assurance and improvement program, work products, and other selected programs, activities, and functions conform to professional auditing standards and comply with the provisions of Florida Statutes as related to the operations of offices of inspectors general audit activities.

The external assessment audit results found that our internal audit activity is adequately designed and complied with applicable professional auditing standards, including the Institute of Internal Auditors' Code of Ethics. We achieved the top rating of generally conforms, which means we are in compliance with professional auditing standards and Florida Statutes.

Chair Lamb expressed his appreciation to Ms. Leftheris for the rigor and discipline of her office and staff in achieving these positive results.

5. Compliance Program External Quality Assessment Results

Ms. Leftheris described the compliance program external quality assessment process, which was led by Nelson Perez, the executive director of the University of Miami's Compliance Services Office with the assistance of James Allsman, who is a long-time and experienced compliance professional on staff at Thomas Jefferson University in Pennsylvania. The assessors concluded that the Board of Governors compliance program generally conforms with the applicable authoritative sources and that our program is structurally effective.

The assessors did, however, identify areas of improvement and included recommendations to build on the existing foundation of our compliance program. The first is directed at executive management and the Board's Audit and Compliance Committee. They recommend the use of data analytics that include measurement tools to gauge the compliance program's effectiveness, which should be reported annually to the Board.

The second recommendation is directed at the OIGC. Specifically, the OIGC should ensure that the annual Code of Conduct and/or Statement of Ethical Conduct training is

provided annually. Additionally, the assessors recommended conducting follow-up to the revisions made for the Board Office governing documents that include the Compliance Program Plan and Committee and OIGC charters to ensure that we meet the requirements set forth by this Board.

Ms. Leftheris invited Board members to let her know of any data analytics or measuring tools they would like to receive regarding our compliance program. She will provide more information on the suggested metrics at a future meeting along with a corrective action plan to address the assessors' recommendations for the Committee's review.

Ms. Leftheris thanked Nelson Perez and James Allsman for conducting the review and sharing their expertise and insights to improve our program. She also thanked Mr. Alan Levine and Chancellor Rodrigues for taking the time to meet with the assessors. She added that Mr. Levine was instrumental in implementing and formalizing the Board's and universities' compliance programs.

Mr. Edge thanked the assessors and Julie for the positive evaluation and committed to working with Julie on the corrective actions for each recommendation.

6. Concluding Remarks and Adjournment

Mr. Edge referenced the recently released preliminary report regarding the state of Florida's Auditor General report on the University of Florida. He said the Committee would continue to monitor until the final report is released. Once they have all the facts, he would like further discussion at the next meeting.

There were no other comments; the meeting adjourned at 1:35 p.m.

Aubrey Edge, Chair

Lori Clark, Compliance and Audit Specialist