

Florida Polytechnic University
Board of Trustees

Audit and Compliance Committee Meeting

DRAFT MEETING MINUTES

**Wednesday September 5, 2018
8:30 AM-9:30 AM**

**Florida Polytechnic University
Student Development Center
4700 Research Way, Lakeland, FL 33805**

I. Call to Order

Committee Chair Gary Wendt requested Vice Chair Dick Hallion lead the meeting. Committee Vice Chair Hallion called the Audit & Compliance Committee meeting to order at 8:30 a.m.

II. Roll Call

Kim Abels called the roll: Committee Chair Gary Wendt, Committee Vice Chair Dick Hallion, Trustee Adrienne Perry, Trustee Frank Martin, Trustee Bob Stork, and Trustee Travis Hills were present (Quorum).

Other trustees present: Chair Don Wilson, Vice-Chair Cliff Otto, Trustee Frank Martin, Trustee Philip Dur, Trustee Henry McCance, and Trustee Bob Stork.

Staff present: President Randy Avent, Ms. Gina DeLulio, Mr. Mark Mroczkowski, Mr. Kevin Aspegren, Mr. Rick Maxey, Mrs. Kris Wharton, Mrs. Kim Abels and Mrs. Maggie Mariucci were present.

III. Public Comment

There were no requests received for public comment.

IV. Approval of Minutes

Trustee Adrienne Perry made a motion to approve the Audit & Compliance Committee meeting minutes of May 22, 2018. Trustee Bob Stork seconded the motion; a vote was taken, and the motion passed unanimously.

V. 2018-2020 Audit & Compliance Committee Work Plan Review

Mr. David Blanton presented the Work Plan for 2018-2020. The plan has been adjusted to reflect the projected work-flow for 2018-2020.

Trustee Gary Wendt made a motion to approve the 2018-2020 Audit & Compliance Committee Work Plan. Trustee Adrienne Perry seconded the motion; a vote was taken and the motion passed unanimously.

VI. Audit & Compliance Committee Charter Review

Mr. Blanton provided the Committee with an overview of the Board's Audit and Compliance Committee Charter. The Charter requires review and approval every three years and was just reviewed and amended March 15, 2017. Trustee Gary Wendt questioned if the Charter directives were assigned by the Board of Governors. Mr. Blanton explained that many of the items on the Charter are driven by internal auditing standards, and the Board of Governors does have a regulation that outlines responsibilities of the Audit and Compliance Committee function.

VII. Audit & Compliance Update

Mr. Blanton stated the Audit and Compliance Committee Charter provides for investigation of waste, fraud and financial mismanagement. Mr. Blanton proposed communicating via a newsletter any allegations brought forth to the Audit and Compliance Committee on a quarterly basis. According to BOG regulation 4.001 any allegations must be significant and credible. Trustee Bob Stork asked if the newsletter would contain all allegations or just those Mr. Blanton has deemed significant and credible. Mr. Blanton responded all allegations would be included. Trustee Wendt requested this information be presented to the committee on a monthly basis instead of quarterly. Mr. Blanton agreed to present the information monthly, allowing the committee to exercise their oversight responsibility.

Mr. Blanton reported the Board of Governors (BOG) has sent an invitation to President Avent and Board Chair Don Wilson to attend the September BOG meeting to present plans related to two areas of concern. The first area of concern is related to the findings in the Operational Audit report in regards to the administrative costs associated with the Anti-Hazing contract. President Avent mentioned the lowest overhead rate would be a 10% fee and the rest of the costs could be returned. The second area of concern is the Foundation's ability to make salary and scholarship payments in light of their financial position. The Foundation has made its commitments in regards to scholarships and has the resources going forward to continue to honor the commitment.

VIII. University Audit & Compliance (UAC) Annual Report (2017-18)

Board of Governors Regulation 4.002 and Internal Auditing Standards require that an annual report be prepared summarizing the activities of University Audit for the preceding year. In addition, the Board's Audit and Compliance Committee (AACC) Charter provides that the AACC is responsible for the oversight and direction of the auditing function. This annual report reflects the activity for University Audit and Compliance for the period July 1, 2017 to June 30, 2018 and assists the AACC with its oversight responsibilities.

Mr. Blanton presented summaries on both Audit and Compliance. Trustee Frank Martin asked if there were other state universities that combine the Audit and Compliance duties into one position. Mr. Blanton stated the only other one is New College but they also outsource some of the duties. Trustees Wendt and Hallion both commended Mr. Blanton on his extraordinary work.

Trustee Frank Martin made a motion to recommend approval of the University Audit & Compliance (UAC) Annual Report (2017-18) to the Board of Trustees. Trustee Adrienne Perry seconded the motion; a vote was taken and the motion passed unanimously.

IX. University Audit and Compliance(UAC) Risk Assessment/Activity Plan (2018-19)

Mr. Blanton presented the University Audit and Compliance Risk Assessment/Activity Plan for 2018-19. The plan is required by Internal Auditing Standards, Board of Governors Regulation and Internal Audit Charter. A risk assessment is performed to determine where Mr. Blanton should focus his resources. The committee considered whether the Audit and Compliance Work Plan is aligned with the University's strategic plan, objectives and applicable risk and whether this plan provides for the

effective use of audit and compliance resources for the 2018-19 fiscal year.

Trustee Bob Stork made a motion to recommend approval of the UAC Risk Assessment/Activity Plan (2018-19) to the Board of Trustees. Trustee Adrienne Perry seconded the motion; a vote was taken and the motion passed unanimously.

X. Auditor General Operational Audit Report

The Auditor General (AG) of the State of Florida is required by law to perform an audit of the university's operations at least once every three years. The AG's Operational Audit focused on selected University processes and administrative activities for the audit period 1/1/16 to 3/31/17 and included a follow-up on findings noted in the prior operational audit. As required by the Board's AACCC Charter, the Committee shall receive and review all external auditors' reports of the University and consider management's response to the audit.

Mr. Blanton presented a report showing 9 findings and management's response to each. A full report on the findings will be provided in a follow up audit. Only one of the findings (Anti-Hazing) is outstanding and will be addressed at the September Board of Governors meeting.

Trustee Adrienne Perry made a motion to recommend approval of Auditor General Operational Audit report to the Board of Trustees. Trustee Dick Hallion seconded the motion; a vote was taken and the motion passed unanimously.

XI. UAC Investigative Report Review (Report No. 2018-01)

The Committee reviewed significant findings from the University Audit & Compliance's Investigative Report 2018-01, which covered 11 different allegations from an anonymous letter sent to the Board. The Committee also considered whether management's response to those findings deemed significant were appropriate. Mr. Blanton reported allegations have to be deemed significant and credible to be investigated. Three of the allegations were deemed significant. Mr. Blanton presented his report with the allegations and management's responses to the allegations.

Trustee Frank Martin made a motion to recommend approval of UAC Investigative Report Review (Report 2018-01) report to the Board of Trustees. Trustee Bob Stork seconded the motion; a vote was taken and the motion passed unanimously.

XII. UAC Investigative Report Review (Report No. 2019-01)

Mr. Blanton presented Investigative Report 2019-01, which was issued in response to several allegations involving the University's actions with respect to the transition to outsourced counseling and behavioral health services. The four allegations investigated were not sustained.

The Committee reviewed the report and President Avent clarified the expanded services contracted through BayCare.

Trustee Adrienne Perry made a motion to recommend approval of UAC Investigative Report Review (Report 2019-01) report to the Board of Trustees. Trustee Frank Martin seconded the motion; a vote was taken and the motion passed unanimously.

XIII. Anti-Hazing Report

The Anti-Hazing report was discussed earlier in the Audit and Compliance committee meeting and no further discussion ensued.

XIV. Closing Remarks and Adjournment

With no further business to discuss, the meeting adjourned at 9:47 a.m.

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