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UNIVERSITY *of* FLORIDA

COMMITTEE ON AUDIT AND COMPLIANCE
Pre-Meeting Minutes
Virtual Meeting
Tuesday, November 12, 2024
Time Convened: 10:28 a.m.
Time Adjourned: 10:59 a.m.

Committee and Board members present:
Daniel T. O'Keefe (Committee Chair), David L. Brandon, John E. Brinkman, Christopher T. Corr, James W. Heavener, Morteza "Mori" Hosseini (Board Chair), Rahul Patel (Board Vice Chair), Marsha D. Powers, Fred S. Ridley, and Anita G. Zucker.

Others present:
Kent Fuchs, Interim President; Melissa Curry, Vice President for Human Resources; Kurt Dudas, Vice President for Strategic Initiatives; Elias Eldayrie, Vice President and Chief Information Officer; Ryan Fuller, Interim Vice President and General Counsel; Joe Glover, Interim Provost and Senior Vice President for Academic Affairs; Taylor Jantz, Senior Vice President and Chief Financial Officer; Mark Kaplan, Vice President for Government and Community Relations and University Secretary; David Kratzer, Senior Vice President for Construction, Facilities, and Auxiliary Operations; Maria Gutierrez Martin, Interim Vice President for Advancement; Stephen Motew, UF Health President and System Chief Executive Officer; David Nelson, Senior Vice President for Health Affairs; David Norton, Vice President for Research; Mary Parker, Vice President and Chief Enrollment Strategist; Brandi Renton, Interim Vice President for Business Affairs; Scott Stricklin, Director of Athletics; James Wegmann, Vice President for Communications; Heather White, Vice President for Student Life; Joe Canella, Audit Director; Chelsey Clements, Chief Compliance, Ethics, and Privacy Officer; Dhanesh Raniga, Chief Audit Executive; members of the University of Florida community and the public.

1.0   Call to Order and Welcome
Committee Chair Daniel T. O'Keefe welcomed everyone in attendance and called the meeting to order at 10:28 a.m.

2.0   Roll Call
Chief Compliance, Ethics, and Privacy Officer Chelsey Clements conducted a roll call, and all Committee members were present.

3.0   Review Draft Agenda for June Meeting
Committee Chair O'Keefe noted the pre-meeting is for discussion only and no action will come to the Committee. The following items were addressed by the Committee:

3.1   Review Draft Minutes

- **June 13, 2024**

Committee Chair O'Keefe reminded Committee members to review the draft minutes prior to the board meeting in December.

3.2   Review Action Items

- **AC1 Performance Based Funding Audit Report**

CAE Raniga stated Florida Statute section 1001.706 (5)(C) requires each university to conduct an annual data integrity audit to verify that the data submitted complies with the data definitions established by the Board of Governors (BOG). The results of the annual data integrity audit are required to be submitted to the BOG Office of Inspector General as part of the university's annual certification process. The Office of Internal Audit (OIA) has conducted this annual audit for the last 10 years and the university's business processes, and internal controls have matured over the years. There were no observations of improvement or noncompliance in the current year's audit. The university president and the BOT Chair should be able to sign the required certification.

- **AC2 UF Compliance and Ethics Program FY24 Annual Report**

CCO Clements stated per the BOG Regulation 4.003, the Chief Compliance, Ethics, and Privacy Officer is required to report at least annually on the effectiveness of the Compliance and Ethics Program. This annual report highlights enterprise-wide compliance efforts.

- **AC3 Non-Commercial Aircraft Policy**

Committee Chair O'Keefe stated establishing the non-commercial aircraft policy is part of our continued efforts to strengthen our governance and transparency. He outlined the proposed policy changes:
   o The University Athletic Association (UAA) may continue to use the UAA aircraft for UAA business, in accordance with its policies.
   o All others must submit a written request to the President with a business justification. Presidential approval must be in writing and even if the business justification has been established, the President maintains discretion to deny or approve the request.
   o The President must notify the Board Chair in writing and include a business justification when using the aircraft for university business.
   o All records of requests and approvals will be maintained by the Chief Financial Officer's Office.

- **AC4 Hiring Administrative Employees Policy**

Committee Chair O'Keefe stated establishing the hiring administrative employees policy is part of our continued efforts to strengthen our governance and transparency. He highlighted the proposed policy key points:
   o Hiring of Administrative Employees must be performed in accordance with the requirements and guidelines set forth by University of Florida Human Resources (UFHR).
   o UFHR will not materially change these requirements or guidelines without first conferring with the Chair of the Board of Trustees or designee.
   o Requests for deviation from any requirement or guideline must be in writing, identify the specific requirement(s) or guideline(s) for which deviation is being sought and provide a justification for such request.

- Deviation from any of these requirements or guidelines for positions earning less than $200,000.00 must be approved in writing by the Vice President or designee of the applicable unit and the Vice President for Human Resources or designee.
- Deviation from any of these requirements or guidelines for positions earning $200,000.00 or more must be approved in writing by the Vice President of the applicable unit, the Vice President for Human Resources, and the Chair of the Board of Trustees or designee.
- Deviation from any of these requirements or guidelines for any position in the Office of the President, regardless of salary, must be approved in writing by the Chair of the Board of Trustees or designee.
- University of Florida Human Resources (UFHR) shall maintain copies of all requests and approvals.

3.3 Review Discussion Items

- **Internal Audit Activity Report**

CAE Raniga provided a high-level review of the FY25 Internal Audit Plan Summary and its status of audits since May 2024: 7 completed, 2 final report stage, 10 in progress/planning, and 14 planned internal. He summarized the findings of the following 7 completed audits: Post-Tenure Faculty Review, College of Medicine, Cyber Security Incident Response Management, Performance-Based Funding and Preeminence Metrics, Research Sheild Computing Environment, Payroll, and Business Continuity and Disaster Recovery Planning (University Athletic Association). Overall, 69% of our recommendations have been implemented in a timely manner so far. He highlighted additional updates for the following activities: BOG OIG Follow-up, Executive Expense Review, Global Internal Auditing Standards and its impact on Office of Internal Audit, and Quality Assurance Review (QAR) which was currently being undertaken to comply with the BOG regulations and the Internal Auditing Standards.

Board Chair Hosseini requested the OIA perform a second-year audit of the Post-Tenure Faculty Review process and CAE Raniga agreed.

- **Internal Audit Annual Report**

CAE Raniga provided a summary of the FY24 OIA Annual Report, outlining the Purpose, Mission, Vision, and Values, and that this report was also required by BOG regulation. The key highlights from "The Year in Review" are as follows: staffing and resources, updated assurance map, Development of a risk-based annual audit plan, Incorporated agile approach to auditing and enhanced data analytics, added value while mitigating risk to improve business processes, OIA coordination of external audit activities, value-added consulting opportunities, Investigations and risk management, and External leadership activities. In addition, CAE Raniga informed the committee of the required communications as per the Institute of Internal Audit regarding independence of the internal audit function, management's acceptance of risks, impairments to independence or objectivity, QAR, and any disclosures of nonconformance.

- **Audits of Affiliated Organizations**

Chief Financial Officer Taylor Jantz stated the audit of our affiliated organizations is our standard practice, and an in-depth report of the audit findings will be provided at the December meeting. He noted we had some minor findings with some of our affiliates that have since been addressed by University Controller Matt Ellis.

- **Consulting Agreement Policy**

Committee Chair O'Keefe summarized the proposed consulting agreement provisions to governance standards:

- o For UF and our Direct Service Organizations (DSOs), including both the UF Foundation (UFF) and the University Athletic Association (UAA):
  - The President must approve any consulting agreements between $100,000 and $999,999.
  - The Board of Trustees Chair must approve any consulting agreements of $1,000,000 or more.
- o For UF Health and Shands entities:
  - The President must approve any consulting agreements between $1,000,000 and $3,999,999.
  - The Board of Trustees Chair must approve any consulting agreements of $4,000,000 or more.

Vice President and General Counsel Ryan Fuller noted additional governance standards revisions will be brought to the Board at the December meeting through the GGRIA Committee, including the faculty raise pool and C-Suite hires at UF Health.

4.0   New Business
There was no new business to come before the committee.

5.0   Adjourn
There being no further discussion, Committee Chair Daniel T. O'Keefe adjourned the meeting at 10:59 a.m.