

1 **FLORIDA GULF COAST UNIVERSITY BOARD OF TRUSTEES**

2
3 **AUDIT AND COMPLIANCE COMMITTEE**

4
5 **Tuesday, September 10, 2019**

6
7 **COHEN CENTER BALLROOM, ROOM # 203**
8 **Florida Gulf Coast University**

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10

Minutes

11
12 **Members:**

13 *Present:* Trustee Joseph Fogg III – Chair; Trustee Darleen Cors; Trustee Leo
14 Montgomery; and Trustee Stephen Smith.

15
16 **Others:**

17 *Trustees:* Trustee Blake Gable; Trustee Robbie Roepstorff; and Trustee Richard Eide,
18 Jr.

19
20 *Staff:* President Mike Martin; Provost and Vice President for Academic Affairs James
21 Llorens; Vice President for Administrative Services and Finance, and Executive Director
22 of FGCU Financing Corporation Steve Magiera; Vice President and Chief of Staff Susan
23 Evans ; Vice President and General Counsel Vee Leonard; Vice President for Student
24 Success & Enrollment Management Mitchell Cordova; Senior Vice President for
25 Strategy and Program Innovation Mike Rollo; Director of Equity, Ethics and Compliance,
26 and Title IX Coordinator Precious Gunter; Director of Internal Audit Bill Foster; Director
27 of Operations Tiffany Reynolds; Assistant Director of Board Operations Tiffany Jackson;
28 Project Manager Melissa Pind; and Executive Assistant to the Vice President and Chief
29 of Staff Bruna Ugolotti.

30
31
32 **Item 1: Call to Order, Roll Call, and Opening Remarks**

33

Chair Joseph Fogg called the meeting to order at 8 a.m. He welcomed all Committee
34 members and other trustees not on the Committee, and said the meeting had been duly
35 noticed. He asked Vice President and Chief of Staff Susan Evans to call the roll. Roll
36 call was taken with all Committee members present, thus meeting quorum
37 requirements.

38
39
40 **Item 2: Consent Agenda (See Tab #1)**

41

Chair Fogg stated there was one item on the Consent Agenda: the Minutes of the June
42 6, 2019 Conference Call Meeting.

43
44 Trustee Leo Montgomery made a motion to approve the Consent Agenda. Trustee
45 Stephen Smith seconded the motion.

46 There was no public comment, or Committee discussion. The vote was 4-0 in favor of
47 the motion.
48

49

50 **Item 3: Information Item (See Tab #2)**

51 Chair Fogg noted there was one information item and five action items today, followed
52 by a discussion item under “New Business.” He called on Director of Internal Audit Bill
53 Foster to present items.
54

54

55 **Investigation – Bishop (TAB #2)**

56 Mr. Foster stated this verbal report represented an investigation into the University-
57 issued purchasing card (P-Card) activity of Dr. Winston Bishop, who previously was
58 employed in the Division of Student Success and Enrollment Management as an
59 Assistant Director of Outreach Programs in the department of Student Support
60 Services. He reported Dr. Bishop had the ability to make expenditures, and some were
61 determined to be inappropriate and unauthorized. He reported: (1) all misspent funds
62 were recovered; (2) Dr. Bishop was terminated from FGCU; (3) there were appropriate
63 controls in place; and (4) staff was investigating where controls and processes were not
64 followed and how processes and controls could be enhanced going forward.
65

65

66 Chair Fogg asked how much money was involved. Mr. Foster responded approximately
67 \$7,700. Chair Fogg asked if this had been repaid. Mr. Foster responded in the
68 affirmative.
69

69

70 Chair Fogg asked Vice President and General Counsel Vee Leonard if there was any
71 criminal aspect to the inappropriate expenditures. Ms. Leonard responded there was
72 fraud involved; however, with an arrest the State Attorney would have to determine
73 whether or not it would be feasible to prosecute. She explained there can be excessive
74 costs incurred in prosecuting, and in this case all monies were repaid. Chair Fogg
75 asked if the decision not to press charges was made by the State Attorney. Ms.
76 Leonard responded in the negative; rather, the University determined that since the
77 funds were repaid, the University was satisfied with the outcome, and there would be no
78 additional benefit for the University in prosecution. Chair Fogg asked if the University
79 was free to make this determination as a matter of law. Ms. Leonard responded in the
80 affirmative.
81

81

82 Chair Fogg stated the Audit and Compliance Committee Charter indicated if fraud was
83 discovered, the Committee had a responsibility to ensure measures were taken to
84 prevent future similar fraud. He quoted the Audit and Compliance Committee Charter
85 provision: “Review the effectiveness of the compliance and ethics program to prevent or
86 detect criminal conduct, unethical behavior, and noncompliance. When such conduct is
87 detected, ensure that the University takes all reasonable steps to prevent further similar
88 conduct from recurring.” He asked what steps, if any, should be taken by the
89 Committee following the investigation by internal staff to comply with that provision in
90 the Charter.
91

91

92 Ms. Leonard stated the University had an obligation to ensure there were sufficient
93 controls in place and to ensure the controls were performed by staff through appropriate
94 training and knowledge. She suggested the Committee ask Mr. Foster to come back
95 and report, to assure the Committee the controls were in place and would be followed.
96 She explained Mr. Foster would interact with the staff members involved to ensure
97 those staff members were aware of what should have occurred and ensure there was
98 compliance with the appropriate controls in the future.

99
100 Chair Fogg stated a report from Mr. Foster should be added as an agenda item for the
101 next Audit and Compliance Committee meeting.

102
103 Trustee Stephen Smith stated he understood there were controls in place, but the
104 incident still occurred. He asked how this happened. Mr. Foster responded the controls
105 were not followed. Trustee S. Smith asked if there was second party review for the
106 credit card expenditures. Mr. Foster responded there was more than one layer of
107 review in the process. He indicated the processes, as stated, were not always followed
108 properly. He stated he was trying to determine why the controls were not followed, and
109 what needed to be adjusted to ensure the controls were followed.

110
111 Chair Fogg asked if there was consensus to hear a more detailed report from Mr. Foster
112 following his further investigation at the next meeting. The Committee agreed.

113
114 President Martin stated the University was trying to use the incident as a teachable
115 moment. He noted the fraud was discovered at a lower level, and those individuals tried
116 to handle the issue themselves – which was how the money was repaid. He noted that
117 the fraud totaled about \$7,800 dollars, and last year P-Cards accounted for \$7.8 million
118 dollars; therefore, he felt the system, by and large, worked very well. He stated he
119 believed staff members made judgements which were outside of their authority level,
120 but this would be explained at the next Committee meeting, along with what actions
121 would be taken to ensure this was not repeated.

122
123

124 **Item 4: Action Items** (See Tabs #3-7)

125
126 **Office of Internal Audit Annual Report for 2018-2019 (TAB #3)**

127 Mr. Foster explained this was the Office of Internal Audit Annual Report prepared to
128 comply with the Board of Governors Regulation 4.002, which required each university to
129 prepare a report summarizing the activities of the Office of Internal Audit (Office of
130 Internal Audit) for the preceding fiscal year. He stated the fall and spring meetings of
131 the Chief Audit Executives of the 12-member State University System (SUS) institutions
132 reflected the ever-increasing emphasis by the Legislature and Board of Governors
133 (BOG) on Internal Audit's role to monitor compliance with university spending in addition
134 to the Performance Measures Data Integrity. He noted the 2019-2020 Internal Audit
135 Work Plan included audits to address these risks, and the Office of Internal Audit team
136 was committed to providing independent, objective assurance services. He explained
137 within the report, the Office of Internal Audit intended to demonstrate that the internal

138 auditing function was operating as intended. He noted based on the program of work
139 completed during the year, he had the following representations: 1) All audits were
140 performed in accordance with the Institute of Internal Auditors *International Standards*
141 *for the Professional Practice of Internal Auditing*; 2) The work plan and each individual
142 audit were risk-driven; 3) All significant observations were reported; and 4) He received
143 cooperation from management and staff in performing the audit work. He thanked the
144 President, the Audit and Compliance Committee, and the full FGCU Board of Trustees
145 for their continued support. He thanked the staff of the Office of Internal Audit for their
146 work and dedication.

147
148 He reported the Institute of Internal Auditors' professional standards required the Office
149 of Internal Audit to possess the knowledge, skills, and other competencies needed to
150 perform its responsibilities. He stated he was pleased to report the approval of adding a
151 staff member to the office in May 2019. He noted Mr. Ron Tortorello came to the Office
152 of Internal Audit with a master's degree in information assurance and computer security
153 and two years' experience in information technology audits primarily in the banking
154 industry. He stated this would help staff perform better to its ability. He stated
155 according to the Standards, internal assessments must include ongoing monitoring of
156 the performance of internal audit activity and periodic self-assessments. He stated the
157 Office of Internal Audit conducted a variety of internal assessments during the course of
158 its routine audit processes. He stated they additionally completed an Internal
159 Assessment Evaluation Summary for the 2018-2019 year, with a rating of "Generally
160 Conforms," which was the highest rating available.

161
162 Mr. Foster reported the last External Assessment was during 2016-2017, and again the
163 University earned the highest possible rating at that time. He stated during the year his
164 Office completed the Performance Measures Data Integrity Audit, Degree Works Audit,
165 and Vester Marine & Environmental Science Research Field Station Audit; he expected
166 to have the Information Technology Security Audit completed by the end of the calendar
167 year.

168
169 He reported in regard to audit follow-up, management responsible for the Academic
170 Camps Audit took steps to implement the recommendations made in the 2017-2018
171 audit report including: conducting background screenings in compliance with Florida
172 Department of Children and Families requirements, using approved waivers, enhancing
173 procedures to identify unknown camps, as well as enhancing procedures regarding
174 campers' insurance and compliance with cash collection procedures.

175
176 He reported management responsible for the International Travel: Outgoing Student
177 and Faculty Audit implemented the recommendations made in the 2017-2018 audit
178 report: record keeping and University-Wide International Travel Policy (International
179 Service Office), lack of liability waivers (Lutgert College of Business), third party
180 agreements (Office of Student Involvement), and export controls monitoring for
181 compliance and training (Office of Research and Graduate Studies). He stated the
182 recommendation regarding policies and procedures enhancement for Internships & Co-

183 Operative Programs Office would be addressed after the Director for this Office was
184 hired.

185
186 Mr. Foster stated members of the Office of Internal Audit held memberships in the
187 following professional organizations to increase knowledge, better serve FGCU, and
188 convey their knowledge to others:

- 189
190
- 191 • Institute of Internal Auditors (IIA)
 - 192 • Association of College and University Auditors (ACUA)
 - 193 • Information Systems Audit and Control Association (ISACA)
 - 194 • Association of Certified Fraud Examiners (ACFE)
 - 195 • American Institute of Certified Public Accountants (AICPA)
 - 196 • Florida Institute of Certified Public Accountants (FICPA)
 - 197 • State University Audit Council (SUAC)
 - 198 • Association of Government Accountants (AGA)

199 He reported during 2018-2019, two members of the Office of Internal Audit served as
200 Vice President and Governor of the Southwest Florida Chapter of the IIA. He stated
201 during 2018-2019, each Office of Internal Audit staff member met the required hours
202 improving their internal auditing skills and knowledge of higher education issues through
203 Continuing Professional Education (CPE). He reported during 2018-2019, the Director
204 served on the Independent Validation Team which reviewed the self-assessment of the
205 Office of Internal Audit at the University of North Florida (UNF).

206
207 Chair Fogg called for a motion to approve the Internal Audit Annual Report and to
208 recommend its approval to the FGCU Board of Trustees.

209
210 Trustee Darleen Cors made a motion to approve the Internal Audit Annual Report and
211 to recommend its approval to the FGCU Board of Trustees. Trustee Leo Montgomery
212 seconded the motion.

213
214 There was no public comment, or Committee discussion. The vote was 4-0 in favor of
215 the motion.

216
217 **Risk Assessment for 2019-2020 Internal Audit Work Plan (TAB #4)**

218 Mr. Foster reported that to comply with Board of Governors Regulation 4.002, the Office
219 of Internal Audit must develop, at least annually, audit plans which were communicated
220 to the President and submitted to the FGCU Board of Trustees for approval. He stated
221 in developing the 2019-2020 Internal Audit Work Plan, the Office of Internal Audit
222 performed a University-wide internal audit risk assessment, a process which identified
223 and analyzed risks facing Florida Gulf Coast University. He explained the objective of
224 the risk assessment was to align Internal Audit's resources with the processes which
225 posed the highest risks to the University's ability to achieve its objectives. He stated in
226 addition, the Office of Internal Audit considered fraud risk factors in developing this
227 assessment.

228 He reported while completing this year's risk assessment, the Office of Internal Audit
229 met with members of the President's Cabinet, collectively and individually, to identify
230 changes in risks from the prior year. He noted where additional risks were identified,
231 the Office of Internal Audit met with selected department heads, as examples,
232 Information Technology Services, Athletics, and Institutional Equity and Compliance.
233 He reported at the conclusion of these meetings and reviews, this information was
234 discussed with the Chair of the Audit and Compliance Committee, and with the
235 President for input and guidance.

236
237 Chair Fogg called for a motion to approve the Risk Assessment for 2019-2020 Internal
238 Audit Work Plan and to recommend its approval to the Board.

239
240 Trustee Cors made a motion to approve the Risk Assessment for 2019-2020 Internal
241 Audit Work Plan and to recommend its approval to the FGCU Board of Trustees.
242 Trustee S. Smith seconded the motion.

243
244 Chair Fogg asked if there was any Committee discussion. Trustee S. Smith asked if the
245 Audit Work Plan was included with this Risk Assessment. Mr. Foster responded in the
246 affirmative. Trustee S. Smith stated he felt it would be helpful if a list of areas audited,
247 including dates, was made available to provide perspective regarding why certain areas
248 were chosen for audit over others. Mr. Foster stated he had a history of audits
249 performed over the last 12 years he would provide. Chair Fogg requested the
250 information be put into a spreadsheet.

251
252 Trustee Montgomery suggested the audit areas be categorized as A, B or C, with a
253 coded indication as to which were required annual audits, required audits every certain
254 number of years, or something similar. Chair Fogg reiterated that a spreadsheet would
255 be helpful for categorizing all this information. Mr. Foster said he would develop the
256 spreadsheet as requested.

257
258 There was no public comment, or further Committee discussion. The vote was 4-0 in
259 favor of the motion.

260
261 **Degree Works Audit (TAB #5)**

262 Mr. Foster reported the Degree Works Audit presented a limited scope audit of the
263 Degree Works software program to determine whether it provided accurate and timely
264 degree advice for reviewing a student's progress towards degree completion. He stated
265 Degree Works was a computerized, Web-based advising tool, student academic
266 planner, reporting, and enrollment management software package utilized by various
267 University departments. He stated it provided accurate and timely degree advice for
268 students, advisors and faculty in reviewing a student's progress toward degree
269 completion.

270
271 He stated the first objective of the Audit was to determine whether Degree Works'
272 capabilities were appropriately utilized and its limitations were addressed. He stated it
273 was discovered that each college utilized Degree Works differently. He noted there was

274 a data analytics and reporting group which was considering other potential uses or
275 features of the software to enhance student success at the University.

276

277 He stated the second objective was to determine whether data represented in Degree
278 Works was accurate compared to original sources. He indicated 30 items were tested
279 from different Colleges within FGCU, and the test yielded no differences between the
280 data in Banner and the Degree Works data.

281

282 He stated the third objective was to determine whether the access controls to the
283 program data were appropriate, and if sufficient training was available. He reported the
284 Degree Works Access Control Policy for users, available on SharePoint, did not
285 adequately reflect the current reporting structure of the advising function. He stated
286 only appropriate users should be granted access to the Degree Works functions (such
287 as course exceptions), and policies should reflect the current organization of the
288 University. He noted there was a change in the University's organization which directly
289 impacted primary user groups of Degree Works. He stated all academic advisor
290 positions now were located within the Student Success and Enrollment Management
291 division. He stated it was recommended that the Academic and Curriculum Support
292 Group work with all applicable departments to update the Degree Works Access Policy
293 to include considerations for the restructured University function. He stated the
294 appropriate departments concurred with these recommendations.

295

296 Chair Fogg asked if Degree Works was a commercially available product which the
297 University purchased. Mr. Foster responded in the affirmative. Chair Fogg asked if this
298 was the same program most other universities used for the same purpose. Mr. Foster
299 responded he was unsure. Vice President for Student Success and Enrollment
300 Management Mitch Cordova responded that Degree Works was a commonly used
301 software application. Chair Fogg asked if he was pleased with the software. Dr.
302 Cordova responded in the affirmative.

303

304 Trustee S. Smith asked if the Degree Works software worked properly, and if the
305 University was happy with it. Mr. Foster responded in the affirmative. He reiterated
306 each College within the University used the program in a different manner. He stated
307 the audit was to determine if the software enabled access to proper tools and if the tools
308 provided the correct data. He noted the audit confirmed this was the case.

309

310 Trustee S. Smith also directed his question to Provost and Vice President for Academic
311 Affairs James Llorens. Provost Llorens stated the Degree Works staff worked out of the
312 Office of the Provost. He noted there was continuous updating of curriculum,
313 continuous review of curriculum working with the academic units, and continuous
314 communication with the advisors to ensure accuracy. He stated he felt Degree Works
315 was a good tool for FGCU and was a tool many universities utilized. He stated FGCU
316 staff ensured Degree Works information was as accurate as possible, and any change
317 to curriculum was automatically included in Degree Works. He stated Degree Works
318 was used to audit and ensure a student completed all requirements for degree
319 completion.

320 Trustee S. Smith summarized the benefit of Degree Works was ensuring that students'
321 individual courses of study met the requirements of the degree program to graduate.
322 Provost Llorens agreed.

323
324 Chair Fogg called for a motion.

325
326 Trustee S. Smith made a motion to accept the Degree Works Audit and to recommend
327 its acceptance to the FGCU Board of Trustees. Trustee Montgomery seconded the
328 motion.

329
330 There was no public comment, or further Committee discussion. The vote was 4-0 in
331 favor of the motion.

332
333 **Vester Marine & Environmental Science Research Field Station Audit (TAB #6)**

334 Chair Fogg called on Mr. Foster to present the Vester Marine & Environmental Science
335 Research Field Station Audit.

336
337 Mr. Foster stated this report represented a limited scope audit of the Vester Marine &
338 Environmental Science Research Field Station. He stated the Office of Internal Audit
339 reviewed the University's operations as related to Vester's activities, revenues,
340 expenditures, and related internal controls for calendar year 2018. He stated Vester
341 was located on Little Hickory Island in Bonita Springs, Florida, 12 miles from FGCU's
342 main campus and provided research support services, primarily access to the water,
343 boats, and the appropriate infrastructure for researchers, students, and faculty to
344 perform marine research.

345
346 He stated the first objective was to determine whether there were sufficient internal
347 controls in place for identified Vester activities. He noted the guidance for administering
348 Vester should be documented in a manual that contained procedures specific to Vester
349 in addition to referencing established University policies, where applicable. He stated a
350 written manual supported allowable practices and consistency in daily operations. He
351 stated during review, it was noted Vester followed appropriate guidelines for campus-
352 wide activities with preexisting University policies and procedures which included
353 activities related to lab classes, volunteers, tangible personal property, payroll, budgets,
354 and camps; however, for some activities specific to Vester, there were no policies and
355 procedures or well-documented guidelines. He stated the Office of Internal Audit
356 recommended Vester management develop and maintain an operations manual which
357 addressed all facets of Vester operations. He stated a typical manual would cover
358 areas such as planning, administration, programs, facilities, finance, diving, and boat
359 safety, and the manual should be reviewed regularly and updated periodically as
360 activities and conditions changed. He reported management agreed with the
361 recommendation.

362
363 He stated the next objective was to determine whether revenues were properly
364 assessed, collected and deposited in the correct accounts. He noted it was determined
365 this was the case. He stated the final objective was to determine whether expenditures

366 were appropriate, properly authorized, and in compliance with applicable guidelines. He
367 noted it was determined this was the case.

368
369 He reported the Institutional Safety Committee (ISC) Guidelines stated there was a
370 Diving Control Board that oversaw, approved, and monitored diving activity with self-
371 contained underwater breathing apparatus (SCUBA) equipment. He noted staff was
372 unable to determine if the Diving Control Board was operating as stated since its
373 minutes and approved applications for diving were not available for review. He stated
374 the Office of Internal Audit recommended the Office of Research and Graduate Studies
375 ensure the Diving Control Board operated as stated in the ISC guidelines to comply with
376 all applicable regulations. He stated the Office of Research and Graduate Studies
377 agreed with the recommendation and noted recently the dive program was accepted to
378 the American Academy of Underwater Sciences, the gold standard of scientific diving in
379 the United States, and that one of the requirements of this acceptance was to keep
380 detailed records of activities ranging from diver health to gear maintenance to dive plan
381 approvals.

382
383 Chair Fogg called for a motion.

384
385 Trustee Cors made a motion to accept the Vester Marine & Environmental Science
386 Research Field Station Audit and to recommend its acceptance to the FGCU Board of
387 Trustees. Trustee Montgomery seconded the motion.

388
389 Chair Fogg stated he had visited the Vester facility, and he could envision the facility
390 playing a larger role for FGCU as The Water School plan developed.

391
392 Trustee S. Smith asked the depth of the dives. He said he was asking from a safety
393 perspective. Provost Llorens stated they would obtain this information from the Vester
394 Field Station. He said that most of the dives were not too far offshore. Interim Dean of
395 the College of Arts and Sciences Chuck Lindsey stated dives went to different depths
396 from relatively shallow to deep, ranging from 10 feet to 100 feet. He noted Vester was
397 expanding capacity to go offshore and perform even deeper dives. He stated there was
398 a part-time dive safety officer who had the requisite qualifications to oversee and
399 monitor deep dives and ensure the dives were being performed safely. He stated
400 Vester had professionals who accompanied the divers to ensure the dives were done
401 correctly. Chair Fogg said that having read the audit report, it served as an example of
402 the importance of auditing different areas because as the case with the Vester audit,
403 there were some areas found to be non-compliant with important rules, which would
404 now be corrected. Trustee S. Smith commented that a 100-foot dive could be
405 dangerous and should require professional management.

406
407 Trustee Montgomery asked about the aggregate amount of revenues derived from
408 diving activity annually and the number of revenue sources. Dr. Lindsey responded that
409 it is a minimal amount but that it had grown over time, and is now starting to become
410 more of a steady stream. He said that Vester has reached the point where regularized
411 policies and procedures are needed. Trustee Montgomery asked if it was more of

412 routine revenues versus non-routine revenues. Dr. Lindsey replied that most were
413 auxiliary revenues and fees for visiting scholars, summer camps, and outside groups.

414
415 There was no public comment, or further Committee discussion. The vote was 4-0 in
416 favor of the motion.

417

418 **Florida Retirement System Audit (TAB #7)**

419 Mr. Foster reported this summer FGCU was selected for an audit of FGCU's reporting
420 to the Florida Retirement System (FRS). He stated among other data, the Office of
421 Internal Audit provided a list of all FGCU employees who received workers'
422 compensation from July 2010 to April 2019. He reported over the nine-year period
423 there were 25 employees who received workers' compensation. He noted if an
424 employee on workers' compensation returned to active employment at FGCU for at
425 least one month, or was approved by FRS for disability retirement and was in the FRS
426 pension plan or investment plan, FGCU must go back and retroactively report the
427 regular earnings the employee would have received from FGCU during the time the
428 employee was on workers' compensation leave. He explained the intent was to keep
429 the employee whole for earnings credited in the FRS audit. He noted based on
430 reviewing a sample payroll for the month of April 2019, the auditors determined there
431 were potentially five employees who may have been entitled to this retroactive
432 adjustment. He explained workers' compensation previously had been administered by
433 the State, and after it transitioned to the University, FGCU staff was not aware of the
434 retroactive earnings adjustment requirement. He stated upon notification from the
435 auditors, staff further reviewed and determined of the 25 employees on workers'
436 compensation leave during this time period, a total of seven employees were eligible for
437 this retroactive earnings adjustment. He reported since then FGCU staff adjusted
438 procedures to track employees on workers' compensation leave. He noted currently
439 there was one employee on workers' compensation leave.

440

441 He reported the second item was employment of an FRS retiree. He stated when an
442 employee retired into FRS, the employee was required to wait one year after retirement
443 or Deferred Retirement Option Program (DROP) termination before working for an FRS
444 employer to be eligible to receive a refund of employee contributions. He said the
445 employee must be off the payroll of any FRS employer for three calendar months. He
446 noted it was discovered there were two employees who had violated these
447 requirements; these two employees were notified more than once and were required to
448 sign a document indicating receipt of notification of the FRS requirements. He noted
449 after the audit, FRS contacted both employees and took appropriate actions. Mr. Foster
450 said that his office is reviewing all nine years of payroll history and comparing it to FRS
451 databases to determine if there were any other individuals in this category.

452

453 Chair Fogg called for a motion.

454

455 Trustee S. Smith made a motion to accept the Florida Retirement System Audit and to
456 recommend its acceptance to the FGCU Board of Trustees. Trustee Cors seconded the
457 motion.

458 Chair Fogg asked if this was an annual audit. Mr. Foster responded in the negative; he
459 explained this was a random audit required by the Florida Retirement System.

460
461 There was no public comment, or further Committee Discussion. The vote was 4-0 in
462 favor of the motion.

463
464

465 **Item 5: Old Business**

466 There was no old business for discussion.

467
468

469 **Item 6: New Business**

470

471 **Discussion of Charters and Possible Revised Language**

472 Chair Fogg stated he placed on today's agenda a discussion about the three Charters
473 related to the Audit and Compliance Committee: (1) the Audit and Compliance
474 Committee Charter; (2) the Office of Internal Audit Charter; and (3) the Compliance
475 Office Charter. He said that the earlier discussed investigation on Dr. Winston Bishop
476 prompted him to take a closer look at the Charters, and review whether there were other
477 items in them that did not comply. He said that the things taking place on the ground
478 should be consistent with the Charters, and if they were not, a change needed to occur.
479 He noted that each trustee had a copy of each Charter shown with some thoughts and
480 suggestions he had for possible revisions. He said that this item was not noticed for
481 Action today, but that he would like to have a Committee conversation about it.

482

483 **(1) Audit and Compliance Committee Charter**

484 Chair Fogg directed the Committee's attention to the Audit and Compliance Committee
485 Charter. He asked the Committee to turn to page 4 to the language stating, "Obtain
486 regular updates regarding compliance matters from the President to the Chair of the
487 Audit and Compliance Committee." He noted this was not regularly occurring and that
488 he had not had an update since February. He said if regular updates were not going to
489 occur, the language should be removed from the Charter. Trustee Cors stated she felt
490 it was important for updates to be given regularly. Chair Fogg noted in recent months
491 the Board had been made aware that the Board of Governors (BOG) was expecting the
492 boards of trustees and their relevant committees to do their job; therefore, if updates
493 were not going to be given regularly then this requirement should be removed from the
494 Charter. Trustee Montgomery noted he did not feel that more insignificant compliance
495 updates should be required immediately to the Audit and Compliance Committee as
496 long as management was monitoring compliance matters and controls and the
497 Committee was eventually informed. Chair Fogg said he was not specifically referring
498 to the misuse of the \$7,700 in the Bishop matter, but about matters in general. Chair
499 Fogg stated that if he is not aware of what is occurring, he cannot brief the Audit and
500 Compliance Committee at a meeting. Trustee Cors added that the Chair also could not
501 determine what the Committee would need to know if he was not informed. Trustee S.
502 Smith said he would like to hear President Martin's thoughts on the matter.

503

504 President Martin stated that he and Ms. Gunter had alerted Chair Fogg in February to
505 concerns of Dr. Bishop's prior behavior from his previous employment in the School
506 District of Lee County. President Martin stated this was a tricky subject, as reporting of
507 compliance problems prior to proper investigation could negatively affect those being
508 investigated. He stated any matters which he believed fell under the auspices of the
509 Audit and Compliance Committee were regularly reported. He explained nothing much
510 of note had been happening recently; therefore, there were no reports. He stated he did
511 not wish to waste trustees' time when there was nothing of substance to report. He said
512 to some extent there were contradictions in other parts of University policy, for example
513 the Delegations of Authority to the President which state that issues will be discussed
514 with the Chair of the FGCU Board of Trustees. He stated there was a complex
515 conversation to be had that addressed when it was appropriate to pre-screen those
516 issues with the Chair of the Board first. He stated he felt the Charter language could be
517 cleaned up and if the Committee Chair wished to schedule regular times to receive this
518 type of information, even if there was nothing to report, he would be accommodating.
519 He stated he also did not wish to put any information on public record in any way until
520 he was absolutely certain the public record would be accurate. He explained, for
521 example in Dr. Bishop's case, he did not want to make an accusation regarding Dr.
522 Bishop which could in any way become public until it was certain the accusation was
523 substantive. He stated he would not have wished to tarnish Dr. Bishop's reputation if
524 the accusation had proven to be unsubstantiated.

525
526 Chair Fogg stated any conversation pursuant to compliance he had with staff, including
527 President Martin, would be oral and not be on public record and would not rise to
528 Sunshine disclosures. He indicated this was at least one confidential method of
529 keeping at least one member of the Committee updated regarding compliance issues.
530 Chair Fogg stated that he remained uncomfortable with the language in the Charter as it
531 currently stood.

532
533 Director of Equity, Ethics and Compliance, and Title IX Coordinator Precious Gunter
534 stated that Chair Fogg's last briefing regarding compliance matters actually was in June
535 2019. She stated President Martin was unable to participate in the briefing; however,
536 she had briefed Chair Fogg. Chair Fogg agreed and noted the briefing was prior to the
537 previous meeting. He asked if there had been a briefing prior to the meeting. Ms.
538 Gunter responded in the negative.

539
540 Chair Fogg stated again that he remained uncomfortable with the Charter's language
541 regarding regular updates on compliance matters.

542
543 Trustee S. Smith stated he would be more comfortable with adjusting how the regular
544 compliance updates were done versus eliminating this language from the Charter. He
545 said he felt that Chair Fogg and President Martin, along with Ms. Gunter, needed to
546 figure out the right method and frequency of communications. Trustees Montgomery
547 and Cors agreed.

548
549

(2) Office of Internal Audit Charter

550
551 Chair Fogg stated the Office of Internal Audit Charter contained language which was
552 confusing, and he was unable to grasp its understanding. He stated he did not know
553 what “reporting functionally to the Chair and administratively to the President” (found on
554 page 1) meant. He stated he felt this language should be removed or clarified. Trustee
555 Montgomery said that the Committee needed to think about the language before it was
556 taken out of the Charter. Chair Fogg said that since this discussion was not noticed as
557 an action item, nothing would be changed today, and the Committee could determine if
558 they wanted to add this as an action item at the next Audit and Compliance Committee
559 meeting. Trustee Montgomery said he would think about it further, but he felt that the
560 Director of Internal Audit did have a responsibility to keep the Committee informed.
561 Chair Fogg responded that unfortunately, the only way to keep the Committee informed
562 under Sunshine Laws was through a public meeting. Trustee Montgomery replied that
563 the Chair could be briefed, and at that time, make a determination if it was information
564 that should be shared with the Committee in a public meeting. Chair Fogg said that if
565 the language were to remain in the Charter, he would want to have clarification on the
566 meaning.

567
568 Trustee S. Smith asked Chair Fogg if he had any input on the evaluation of the Director
569 of Internal Audit. Chair Fogg responded not in any formal way, but is occasionally
570 asked his thoughts informally. He said that he was not sure in what sense the position
571 of Director of Internal Audit reported to him, and if it did not, he did not want the Board
572 of Governors (BOG) thinking that it did. Trustee Montgomery said that audit committee
573 charters in corporate America typically state that the committee reports to the board.
574 He said there needed to be some language reflected in the Charter as it related to the
575 Sunshine Law, but that he would think about it before the next meeting. Chair Fogg
576 stated that the language referred to two individuals who reported functionally to the
577 Chair and administratively to the President.

578
579 President Martin stated FGCU’s accrediting agency the Southern Association of
580 Colleges and School (SACS), defined the role of the Board, and there were parameters
581 outside of FGCU’s control of which the Board needed to be cognizant. He stated the
582 question of how to keep the Board through this Committee involved in the policy side of
583 administering the University versus managing the University needed to be discussed.
584 He stated the BOG could voice its opinion; however, SACS ultimately decides whether
585 FGCU’s accreditation was up to standard. He stated the Charter language could be
586 revisited; however, it was important for this Committee to be informed at the level
587 necessary to appropriately change and create policy through accreditor approved
588 methods. He explained regarding the language of the Charter, “administrative” had to
589 do with management, and “functional” had to do with policy. He said that he felt it would
590 be entirely appropriate for Mr. Foster to come to the Audit and Compliance Committee
591 with policy changes but the day-to-day management aspects should fall to the
592 administration at the University.

593
594 Chair Fogg stated his difficulty with the language was the word “reports” and not the
595 word “informs.” He noted he understood the importance of being “informed.” He said

596 he would welcome an effort from President Martin or his colleagues to clarify the
597 language.

598
599 Trustee S. Smith stated he believed it was important for the function of the Office of
600 Internal Audit to be a somewhat independent of the Office of the President and more
601 aligned with the Committee, and it was important for the Office of Internal Audit to
602 function on its own without excessive external pressures. He stated he would like the
603 language to reflect where and how the Committee was the oversight group for the Office
604 of Internal Audit, and when it was appropriate for the University to step in.

605
606 Chair Fogg stated the language on page 2, point number 4 under Duties and
607 Responsibilities, which read “Keep the President and the Board of Trustees informed...”
608 should read “Keep the President, the Committee, and the Board of Trustees informed.”
609 Trustees S. Smith and Cors both agreed.

610

611 **(3) Compliance Office Charter**

612 Chair Fogg stated the Compliance Office Charter, page 4, contained the same language
613 as the Office of Internal Audit Charter: “reporting functionally to the Chair and
614 administratively to the President.” He stated he did not believe the Committee needed
615 to discuss this language again, but it did need to be clarified. He stated the action item
616 for this would be proposed language from the administration to clarify what this meant.
617 He indicated this was important as the Committee members were unfamiliar with the
618 rules of accreditation, and he agreed the Committee did not wish to jeopardize FGCU’s
619 accreditation. He stated that the Committee did, however, wish to have language that
620 reflected what was happening.

621

622 FGCU Board of Trustees Chair Blake Gable stated he wished to see what some of the
623 larger SUS universities’ charters said in relation to the Internal Auditor. Chair Fogg
624 agreed and noted when the Charter was created, other university charters were used
625 for reference. He stated he remembered no two universities had the same language in
626 its charters.

627

628 There was no further new business for discussion.

629

630

631 **Item 7: Closing Remarks, and Adjournment**

632 Chair Fogg adjourned the meeting at 9 a.m.

633

634

635

636

637

638

639 Minutes prepared by Transcription Experts, and reviewed by Tiffany Jackson, FGCU
640 Assistant Director of Board Operations.

641

642 Agenda Items:

643 A. See Tabs # 1-7

644 a. [https://www2.fgcu.edu/Trustees/AgendaFile/2019/9-10-2019/FINAL-](https://www2.fgcu.edu/Trustees/AgendaFile/2019/9-10-2019/FINAL-FGCUACCMTG-AGENDAPACKET_9-10-2019.pdf)
645 [FGCUACCMTG-AGENDAPACKET_9-10-2019.pdf](https://www2.fgcu.edu/Trustees/AgendaFile/2019/9-10-2019/FINAL-FGCUACCMTG-AGENDAPACKET_9-10-2019.pdf)

646

647

648

649 Attachment:

650 A. Record of Votes

651

Record of Votes Audit and Compliance Committee DATE: <u>9/10/2019</u>							
		Consent Agenda (Tab #1) 1- Montgomery 2- Smith	Office of Internal Audit Annual Report for 2018-2019 (Tab #3) 1- Cors 2- Montgomery	Risk Assessment for 2019-2020 Internal Audit Work Plan (Tab #4) 1- Cors 2- Smith	Degree Works Audit (Tab #5) 1- Smith 2- Montgomery	Vester Marine & Environmental Science Research Field Station Audit (Tab #6) 1- Cors 2- Montgomery	Florida Retirement System Audit (Tab #7) 1- Smith 2- Cors
	TRUSTEES	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
1	Trustee Darleen Cors	Yes	Yes	Yes	Yes	Yes	Yes
2	Trustee Leo Montgomery	Yes	Yes	Yes	Yes	Yes	Yes
3	Trustee Stephen Smith	Yes	Yes	Yes	Yes	Yes	Yes
4	Trustee Joseph Fogg	Yes	Yes	Yes	Yes	Yes	Yes