FLORIDA GULF COAST UNIVERSITY BOARD OF TRUSTEES

AUDIT AND COMPLIANCE COMMITTEE

Tuesday, September 10, 2019

COHEN CENTER BALLROOM, ROOM # 203
Florida Gulf Coast University

Minutes

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

Others:
Trustees: Trustee Blake Gable; Trustee Robbie Roepstorff; and Trustee Richard Eide, Jr.

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

Item 1: Call to Order, Roll Call, and Opening Remarks
Chair Joseph Fogg called the meeting to order at 8 a.m. He welcomed all Committee members and other trustees not on the Committee, and said the meeting had been duly noticed. He asked Vice President and Chief of Staff Susan Evans to call the roll. Roll call was taken with all Committee members present, thus meeting quorum requirements.

Item 2: Consent Agenda (See Tab #1)
Chair Fogg stated there was one item on the Consent Agenda: the Minutes of the June 6, 2019 Conference Call Meeting.

Trustee Leo Montgomery made a motion to approve the Consent Agenda. Trustee Stephen Smith seconded the motion.
There was no public comment, or Committee discussion. The vote was 4-0 in favor of the motion.

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

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

**Investigation – Bishop (TAB #2)**

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

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

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

Chair Fogg stated the Audit and Compliance Committee Charter indicated if fraud was discovered, the Committee had a responsibility to ensure measures were taken to prevent future similar fraud. He quoted the Audit and Compliance Committee Charter provision: “Review the effectiveness of the compliance and ethics program to prevent or detect criminal conduct, unethical behavior, and noncompliance. When such conduct is detected, ensure that the University takes all reasonable steps to prevent further similar conduct from recurring.” He asked what steps, if any, should be taken by the Committee following the investigation by internal staff to comply with that provision in the Charter.
Ms. Leonard stated the University had an obligation to ensure there were sufficient
controls in place and to ensure the controls were performed by staff through appropriate
training and knowledge. She suggested the Committee ask Mr. Foster to come back
and report, to assure the Committee the controls were in place and would be followed.
She explained Mr. Foster would interact with the staff members involved to ensure
those staff members were aware of what should have occurred and ensure there was
compliance with the appropriate controls in the future.

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

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

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

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

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

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

Mr. Foster explained this was the Office of Internal Audit Annual Report prepared to
comply with the Board of Governors Regulation 4.002, which required each university to
prepare a report summarizing the activities of the Office of Internal Audit (Office of
Internal Audit) for the preceding fiscal year. He stated the fall and spring meetings of
the Chief Audit Executives of the 12-member State University System (SUS) institutions
reflected the ever-increasing emphasis by the Legislature and Board of Governors
(BOG) on Internal Audit’s role to monitor compliance with university spending in addition
to the Performance Measures Data Integrity. He noted the 2019-2020 Internal Audit
Work Plan included audits to address these risks, and the Office of Internal Audit team
was committed to providing independent, objective assurance services. He explained
within the report, the Office of Internal Audit intended to demonstrate that the internal
auditing function was operating as intended. He noted based on the program of work completed during the year, he had the following representations: 1) All audits were performed in accordance with the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing*; 2) The work plan and each individual audit were risk-driven; 3) All significant observations were reported; and 4) He received cooperation from management and staff in performing the audit work. He thanked the President, the Audit and Compliance Committee, and the full FGCU Board of Trustees for their continued support. He thanked the staff of the Office of Internal Audit for their work and dedication.

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

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

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

He reported management responsible for the International Travel: Outgoing Student and Faculty Audit implemented the recommendations made in the 2017-2018 audit report: record keeping and University-Wide International Travel Policy (International Service Office), lack of liability waivers (Lutgert College of Business), third party agreements (Office of Student Involvement), and export controls monitoring for compliance and training (Office of Research and Graduate Studies). He stated the recommendation regarding policies and procedures enhancement for Internships & Co-
Operative Programs Office would be addressed after the Director for this Office was hired.

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

- Institute of Internal Auditors (IIA)
- Association of College and University Auditors (ACUA)
- Information Systems Audit and Control Association (ISACA)
- Association of Certified Fraud Examiners (ACFE)
- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- State University Audit Council (SUAC)
- Association of Government Accountants (AGA)

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

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

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

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

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

Mr. Foster reported that to comply with Board of Governors Regulation 4.002, the Office of Internal Audit must develop, at least annually, audit plans which were communicated to the President and submitted to the FGCU Board of Trustees for approval. He stated in developing the 2019-2020 Internal Audit Work Plan, the Office of Internal Audit performed a University-wide internal audit risk assessment, a process which identified and analyzed risks facing Florida Gulf Coast University. He explained the objective of the risk assessment was to align Internal Audit’s resources with the processes which posed the highest risks to the University’s ability to achieve its objectives. He stated in addition, the Office of Internal Audit considered fraud risk factors in developing this assessment.
He reported while completing this year’s risk assessment, the Office of Internal Audit met with members of the President’s Cabinet, collectively and individually, to identify changes in risks from the prior year. He noted where additional risks were identified, the Office of Internal Audit met with selected department heads, as examples, Information Technology Services, Athletics, and Institutional Equity and Compliance. He reported at the conclusion of these meetings and reviews, this information was discussed with the Chair of the Audit and Compliance Committee, and with the President for input and guidance.

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

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

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

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

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

Degree Works Audit (TAB #5)

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

He stated the first objective of the Audit was to determine whether Degree Works’ capabilities were appropriately utilized and its limitations were addressed. He stated it was discovered that each college utilized Degree Works differently. He noted there was
a data analytics and reporting group which was considering other potential uses or
features of the software to enhance student success at the University.

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

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

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

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

Trustee S. Smith also directed his question to Provost and Vice President for Academic
Affairs James Llorens. Provost Llorens stated the Degree Works staff worked out of the
Office of the Provost. He noted there was continuous updating of curriculum,
continuous review of curriculum working with the academic units, and continuous
communication with the advisors to ensure accuracy. He stated he felt Degree Works
was a good tool for FGCU and was a tool many universities utilized. He stated FGCU
staff ensured Degree Works information was as accurate as possible, and any change
to curriculum was automatically included in Degree Works. He stated Degree Works
was used to audit and ensure a student completed all requirements for degree
completion.
Trustee S. Smith summarized the benefit of Degree Works was ensuring that students’ individual courses of study met the requirements of the degree program to graduate. Provost Llorens agreed.

Chair Fogg called for a motion.

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

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

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

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

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

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

He stated the next objective was to determine whether revenues were properly assessed, collected and deposited in the correct accounts. He noted it was determined this was the case. He stated the final objective was to determine whether expenditures
were appropriate, properly authorized, and in compliance with applicable guidelines. He noted it was determined this was the case.

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

Chair Fogg called for a motion.

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

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

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

Trustee Montgomery asked about the aggregate amount of revenues derived from diving activity annually and the number of revenue sources. Dr. Lindsey responded that it is a minimal amount but that it had grown over time, and is now starting to become more of a steady stream. He said that Vester has reached the point where regularized policies and procedures are needed. Trustee Montgomery asked if it was more of
routine revenues versus non-routine revenues. Dr. Lindsey replied that most were auxiliary revenues and fees for visiting scholars, summer camps, and outside groups. There was no public comment, or further Committee discussion. The vote was 4-0 in favor of the motion.

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

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

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

Chair Fogg called for a motion.

Trustee S. Smith made a motion to accept the Florida Retirement System Audit and to recommend its acceptance to the FGCU Board of Trustees. Trustee Cors seconded the motion.
Chair Fogg asked if this was an annual audit. Mr. Foster responded in the negative; he explained this was a random audit required by the Florida Retirement System.

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

**Item 5: Old Business**

There was no old business for discussion.

**Item 6: New Business**

**Discussion of Charters and Possible Revised Language**

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

**1. Audit and Compliance Committee Charter**

Chair Fogg directed the Committee’s attention to the Audit and Compliance Committee Charter. He asked the Committee to turn to page 4 to the language stating, “Obtain regular updates regarding compliance matters from the President to the Chair of the Audit and Compliance Committee.” He noted this was not regularly occurring and that he had not had an update since February. He said if regular updates were not going to occur, the language should be removed from the Charter. Trustee Cors stated she felt it was important for updates to be given regularly. Chair Fogg noted in recent months the Board had been made aware that the Board of Governors (BOG) was expecting the boards of trustees and their relevant committees to do their job; therefore, if updates were not going to be given regularly then this requirement should be removed from the Charter. Trustee Montgomery noted he did not feel that more insignificant compliance updates should be required immediately to the Audit and Compliance Committee as long as management was monitoring compliance matters and controls and the Committee was eventually informed. Chair Fogg said he was not specifically referring to the misuse of the $7,700 in the Bishop matter, but about matters in general. Chair Fogg stated that if he is not aware of what is occurring, he cannot brief the Audit and Compliance Committee at a meeting. Trustee Cors added that the Chair also could not determine what the Committee would need to know if he was not informed. Trustee S. Smith said he would like to hear President Martin’s thoughts on the matter.
President Martin stated that he and Ms. Gunter had alerted Chair Fogg in February to concerns of Dr. Bishop’s prior behavior from his previous employment in the School District of Lee County. President Martin stated this was a tricky subject, as reporting of compliance problems prior to proper investigation could negatively affect those being investigated. He stated any matters which he believed fell under the auspices of the Audit and Compliance Committee were regularly reported. He explained nothing much of note had been happening recently; therefore, there were no reports. He stated he did not wish to waste trustees’ time when there was nothing of substance to report. He said to some extent there were contradictions in other parts of University policy, for example the Delegations of Authority to the President which state that issues will be discussed with the Chair of the FGCU Board of Trustees. He stated there was a complex conversation to be had that addressed when it was appropriate to pre-screen those issues with the Chair of the Board first. He stated he felt the Charter language could be cleaned up and if the Committee Chair wished to schedule regular times to receive this type of information, even if there was nothing to report, he would be accommodating. He stated he also did not wish to put any information on public record in any way until he was absolutely certain the public record would be accurate. He explained, for example in Dr. Bishop’s case, he did not want to make an accusation regarding Dr. Bishop which could in any way become public until it was certain the accusation was substantive. He stated he would not have wished to tarnish Dr. Bishop’s reputation if the accusation had proven to be unsubstantiated.

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

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

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

Trustee S. Smith stated he would be more comfortable with adjusting how the regular compliance updates were done versus eliminating this language from the Charter. He said he felt that Chair Fogg and President Martin, along with Ms. Gunter, needed to figure out the right method and frequency of communications. Trustees Montgomery and Cors agreed.
Chair Fogg stated the Office of Internal Audit Charter contained language which was confusing, and he was unable to grasp its understanding. He stated he did not know what “reporting functionally to the Chair and administratively to the President” (found on page 1) meant. He stated he felt this language should be removed or clarified. Trustee Montgomery said that the Committee needed to think about the language before it was taken out of the Charter. Chair Fogg said that since this discussion was not noticed as an action item, nothing would be changed today, and the Committee could determine if they wanted to add this as an action item at the next Audit and Compliance Committee meeting. Trustee Montgomery said he would think about it further, but he felt that the Director of Internal Audit did have a responsibility to keep the Committee informed. Chair Fogg responded that unfortunately, the only way to keep the Committee informed under Sunshine Laws was through a public meeting. Trustee Montgomery replied that the Chair could be briefed, and at that time, make a determination if it was information that should be shared with the Committee in a public meeting. Chair Fogg said that if the language were to remain in the Charter, he would want to have clarification on the meaning.

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

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

Chair Fogg stated his difficulty with the language was the word “reports” and not the word “informs.” He noted he understood the importance of being “informed.” He said
he would welcome an effort from President Martin or his colleagues to clarify the
language.

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

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

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

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

There was no further new business for discussion.

Item 7: Closing Remarks, and Adjournment
Chair Fogg adjourned the meeting at 9 a.m.

Minutes prepared by Transcription Experts, and reviewed by Tiffany Jackson, FGCU
Assistant Director of Board Operations.
Agenda Items:

A. See Tabs # 1-7

Attachment:

A. Record of Votes
<table>
<thead>
<tr>
<th>TRUSTEES</th>
<th>Consent Agenda (Tab #1) 1- Montgomery 2- Smith</th>
<th>Office of Internal Audit Annual Report for 2018-2019 (Tab #3) 1- Cors 2- Montgomery</th>
<th>Risk Assessment for 2019-2020 Internal Audit Work Plan (Tab #4) 1- Cors 2- Smith</th>
<th>Degree Works Audit (Tab #5) 1- Smith 2- Montgomery</th>
<th>Vester Marine &amp; Environmental Science Research Field Station Audit (Tab #6) 1- Cors 2- Montgomery</th>
<th>Florida Retirement System Audit (Tab #7) 1- Smith 2- Cors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Trustee Darleen Cors</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>2 Trustee Leo Montgomery</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>3 Trustee Stephen Smith</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>4 Trustee Joseph Fogg</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>