Minutes

Members:
Present: Trustee Joseph Fogg III (by phone) – Chair; Trustee Darleen Cors (by phone); and Trustee Leo Montgomery (by phone).

Not Present: Trustee Stephen Smith (Excused Absence)

Others:
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; Director of Internal Audit Bill Foster; Associate General Counsel Lisa Jones; Director of Operations Tiffany Reynolds; Assistant Director of Board Operations Tiffany Tramontozzi; 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 3 p.m. He welcomed all Committee members and said the meeting had been duly noticed and was originating from the Eagle Conference Room in Edwards Hall at Florida Gulf Coast University. He asked Vice President and Chief of Staff Susan Evans to call the roll. Roll call was taken with three of four Committee members participating, thus meeting quorum requirements. Trustee Stephen Smith was granted an excused absence.

Item 2: Action Item (See Tab #1)
Chair Fogg noted there was one action item on the agenda: Florida Gulf Coast University Performance Based Funding Data Integrity Audit for Board of Governors.
Florida Gulf Coast University Performance Based Funding Data Integrity Audit for Board of Governors (TAB #1)

Chair Fogg noted that Trustee Stephen Smith provided Ms. Evans some information to be included in the Committee discussion since he was unable to attend today’s meeting. He asked Ms. Evans to briefly restate Trustee S. Smith’s email, and said Mr. Foster would address the comments in his presentation of the agenda item.

Ms. Evans said the first item from Trustee S. Smith related to the user access for the State University Data System (SUDS). She stated that Trustee S. Smith would like Mr. Foster to address what had been done with the three user accounts with expired passwords and to describe the nature of the user accounts. Ms. Evans said, for example, was the access for the user accounts read-only; were the users able to edit data, etc. She said the second item that Trustee S. Smith would like addressed related to the SUDS testing that was done for the audit. Ms. Evans stated that Trustee S. Smith would like Mr. Foster to describe the testing of completeness and the testing of accuracy to ensure that sufficient information was examined.

Chair Fogg thanked Ms. Evans for the summary of Trustee S. Smith’s email; stated the email had been provided to the members of the Committee; and indicated appreciation to Trustee Smith. He asked Mr. Foster to present the agenda item and speak to the points raised.

Mr. Foster stated that he had spoken with Trustee S. Smith yesterday to address his questions regarding the SUDS user access. Mr. Foster explained that the three individuals indicated in the audit report as having expired access had user access to only view, but not edit or change, submitted data. He said that since the three users involved did not have the need to use their access for over a year, the Office of Institutional Research (IR) removed their access. Mr. Foster said that while IR would like until June to complete a comprehensive policy on user access, he recommended that all users’ access be reviewed immediately and terminated or adjusted as appropriate.

Trustee Darleen Cors asked if the review of all users’ access would change from the June 2020 deadline to now instead. Mr. Foster responded that the review of all current users’ access would occur immediately.

Mr. Foster said that regarding SUDS testing, the Office of Internal Audit (OIA) reviewed the testing performed in the past four years by outside auditors. He said the OIA performed tests of completeness to ensure that the data set was complete, tests of accuracy, and a review of controls. He explained for testing of completeness, the OIA compared the number of files sent to the source data, and obtained explanations for variances. He said, for example, if 1,000 items were sent, they looked at the source. He said if the source had 1,010, they would look at the 10 different items for explanation.
He said for tests of accuracy, the OIA performed random sampling and tested the data sent to the original source. He explained the testing involved data elements in 12 of the 13 annual data submissions that related to the three Performance Based Funding (PBF) Metrics selected and involved 462 items tested in total. Mr. Foster said the first metric tested was Metric 5: Academic Progress Rate (2nd Year Retention with GPA above 2.0) and a total of 282 items were tested. He said for the Admissions (ADM) file, they tested three submission terms for one element related to Metric 5, with a total of 60 items tested. He stated that for the retention file, they tested the annual submission for three elements related to Metric 5, with a total of 42 items tested. He said for the Degrees Awarded (SIFD) file, they tested three submission terms for one data element related to Metric 5, with a total of 90 items tested. He stated for the Student Instruction File (SIF), they tested three submission terms for 11 data elements related to Metric 5, with a total of 90 items tested.

Mr. Foster said for Metric 7: University Access Rate (Percent of Undergraduates with a Pell-grant), the OIA tested a total of 120 items. He said for the Student Financial Aid (SFA) awards file, they tested one submission term for three data elements related to Metric 7, with a total of 30 items tested. He stated for the SIF, they tested three submission terms for six data elements related to Metric 7. He explained of the six data elements tested, four of the elements were the same as Metric 5. Mr. Foster said the OIA used the same random sample from the testing of the SIF for Metric 5 to test the additional two data elements for Metric 7. He said there was a total of 90 elements tested.

He said for Metric 9: Board of Governors Choice - Percent of Bachelor’s Degrees without Excess Hours, the OIA tested 60 items. He stated for the Hours to Degree (HTD) testing, they tested the annual submission for the HTD Courses to Degree file for six elements relating to Metric 9, with a total of 30 items tested. He said for the HTD Hours to Degree file, they tested the annual submission for one data element related to Metric 9, with a total of 30 items tested.

Mr. Foster stated that in review of Trustee S. Smith’s questions, he verified the PBF final scores and found that there were processes in place at the University to predict final PBF scores; FGCU was in constant contact regarding scores with the Board of Governors (BOG) staff; and the University always reviewed the predicted values with the end values. He said the predicted values were based on preliminary data and not by a statistical model.

Mr. Foster said in relation to the actual audit, an outside CPA firm was used for the past four years to perform the data testing, and it was done internally this year. Mr. Foster introduced Internal Auditor II Jena Valerioti and Internal Auditor II Ron Tortorello from the OIA, who performed the audit with Internal Auditor III Carol Slade. He thanked the auditors for their work. He said that in their opinion based on the work performed, the internal controls; processes and procedures in place to ensure completeness; accuracy; and overall timeliness were operating effectively. Mr. Foster said they believed their
Chair Fogg said on page 3 of the audit, under *Audit Scope*, it stated “Detailed sampled testing of data elements in the submissions submitted to the BOG was limited to the submissions files that support metrics 5, 7, and 9.” Chair Fogg asked why the sample testing was limited to metrics 5, 7, and 9. Mr. Foster responded he reviewed how other institutions in the State University System conducted testing, and saw that some tested two metrics while others tested as many as 10. He said that FGCU wanted to fall somewhere in the middle for testing, and wanted to meet the deadlines for the audit.

Chair Fogg asked who made the supervisory decision that the scope of the audit was limited to the three metrics that were selected. Mr. Foster said that the decision was his, and he had conferred with President Martin and FGCU Board of Trustees Chair Blake Gable.

Chair Fogg stated on the bottom of page 3 of the audit, it said “Benchmarks for Excellence are based on the Board of Governors 2025 System Strategic Plan goals and analysis of relevant data trends,” and asked for the meaning. Mr. Foster stated that it was language used by the BOG to explain background information on the metrics and was one of the key components of the Performance Funding Model.

Chair Fogg asked who was the University Data Administrator in IR, as referenced on page 4 of the audit report. Provost and Vice President for Academic Affairs James Llorens stated that Director of Institutional Research and Analysis Bob Vines was the University Data Administrator, and he reported to the Office of the Provost.

Chair Fogg asked with regard to the three users whose access was removed from the system, since their passwords had expired were they unable to use the system anyway. Mr. Foster said that since their passwords had expired, they were unable to access the system, and further that their access had since been removed. Chair Fogg stated he thought it was important for the Committee to realize that even though the three individuals should have been removed from the system sooner, their ability to access the system on an unauthorized basis was effectively terminated the minute their passwords expired. Mr. Foster agreed.

Chair Fogg asked what the term “Banner” meant. Mr. Foster explained that Banner was the name of the enterprise resource program at FGCU where financial and student data was currently held.

Trustee Cors asked how many individuals had access to the SUDS system. Mr. Foster said there were 12 users. Trustee Cors said that since there were not many users, the University could keep a close watch on the system. Mr. Foster agreed.

Trustee Cors asked in relation to metrics 5, 7, and 9, was there a particular reason those metrics were chosen. Mr. Foster said the three metrics were very relevant to FGCU. Chair Fogg asked would this audit be conducted again. Mr. Foster stated the
Chair Fogg asked if three different metrics would be selected for the audit next year. Mr. Foster responded that this was possible. Chair Fogg asked if the three metrics were so important that they should be repeated again in the audit next year. Mr. Foster said the determination would be made at a later date. Chair Fogg requested the Audit and Compliance Committee participate in a discussion regarding the selection of the metrics for the next audit. President Martin stated that this would occur.

Trustee Leo Montgomery asked if the University used sample selection software with a confidence level and precision in determining the sample size. Mr. Foster stated the OIA did not use software, but selected the sample based on his past experience in conducting audits. Trustee Montgomery said we could not conclude with the samples that we were 95 percent confident, with 2 percent precision that what was examined was accurate. Mr. Foster agreed that it could not be concluded with the sample that it was 95 percent confident with a 2 percent precision. Trustee Montgomery stated the tests were informal or subjective samples. Mr. Foster agreed, and stated auditor judgement was used. Trustee Montgomery asked if Mr. Foster would consider being more formal about the selection of the samples to eliminate any bias. Mr. Foster said that could be done. Trustee Montgomery suggested Mr. Foster consider a more formal selection of samples, and that it should be viewed as an improvement for the future. Chair Fogg requested that Mr. Foster provide the Committee with his thoughts regarding Trustee Montgomery’s suggestion at the next Audit and Compliance Committee meeting.

Trustee Montgomery said any time there were loose controls over program changes, there was a high risk of something happening unbeknownst to administrators. Trustee Montgomery asked if Mr. Foster shared his thoughts on the program changes and the weaknesses listed in the report. Mr. Foster responded in the affirmative. He said there needed to be documentation that any changes to the program were approved and authorized by management. Trustee Montgomery asked if the controls were tested so only authorized persons could access the programs and make changes. Mr. Foster responded that they wanted this to be the process to show any outside party that changes were documented and authorized by management. He said if something inadvertent were to happen, the University would have more evidence showing that a change was perpetrated by an outside source (e.g., malware, ransomware, etc.).

Trustee Montgomery said logs, strict approval processes, and tests conducted before and after changes occurred, were things to be looked at and implemented. Mr. Foster said those items were included in the report. Trustee Montgomery said there should be an emphasis on making the changes he had just mentioned. Chair Fogg said Trustee Montgomery’s point would be noted for the record. President Martin said that they would look into this further.

Trustee Fogg called for a motion.

Trustee Cors made a motion to accept the Florida Gulf Coast University Performance Based Funding Data Integrity Audit for the Board of Governors 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 3-0 in
favor of the motion.

**Item 3: Old Business**

There was no old business for discussion.

**Item 4: New Business**

Chair Fogg stated he had a conversation with Mr. Foster regarding meetings between
the outside State auditors and the Audit and Compliance Committee. Chair Fogg said
there had been meetings in the past, but it had not been done on a regular basis. Chair
Fogg requested that Mr. Foster research the practices at other institutions within the
State University System (SUS). He also asked Mr. Foster to speak to the State auditors
about meeting with the Audit and Compliance Committee at the beginning and end of
the audit process to review the audit report. Trustee Montgomery concurred and said
he thought it would be useful to the Committee and would provide some comfort in
understanding the scope of the auditors’ work and conclusions. Trustee Cors also
concurred. Mr. Foster stated he had already reached out via email to the other SUS
audit directors to inquire about their individual university practices. Chair Fogg
suggested this be discussed at the next Audit and Compliance Committee meeting.

Trustee Montgomery stated the independent audit report conducted by Crowe, LLP, as
required by the BOG for all SUS institutions, had favorable findings for FGCU. He
congratulated the team for being able to have such an outstanding outcome on the
report. Trustee Montgomery asked if other universities’ audit reports conducted by
Crowe were available to review. Ms. Evans said that when she initially sent the Crowe
report to the FGCU Board of Trustees, she also included the summary report for the
entire SUS. She said that since that time, she now had access to the other state
universities’ reports as part of the most recent BOG agenda packet and would be happy
to share links to the reports with the Committee.

There was no further new business for discussion.

**Item 5: Closing Remarks, and Adjournment**

Chair Fogg said the item accepted by the Committee today would be recommended for
final acceptance by the full Board next week at the conference call on Tuesday,
February 18 at 9 a.m.

Chair Fogg adjourned the meeting at 3:27 p.m.
Minutes prepared by Tiffany Tramontozzi, FGCU Assistant Director of Board Operations.

Agenda Items:
A. See Tab #1

Attachment:
A. Record of Votes
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<thead>
<tr>
<th>TRUSTEES</th>
<th>Yes/No</th>
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<tbody>
<tr>
<td>1    Trustee Darleen Cors</td>
<td>Yes</td>
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<tr>
<td>2    Trustee Leo Montgomery</td>
<td>Yes</td>
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<td>3    Trustee Stephen Smith (excused absence)</td>
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<td>4    Trustee Joseph Fogg</td>
<td>Yes</td>
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