

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

2  
3                   **AUDIT AND COMPLIANCE COMMITTEE**  
4                   **CONFERENCE CALL MEETING**

5  
6                   **Thursday, February 13, 2020**

7  
8                   **EAGLE CONFERENCE ROOM**  
9                   **Florida Gulf Coast University**

10 \_\_\_\_\_  
11                   Minutes

12  
13 **Members:**

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

16  
17 *Not Present:* Trustee Stephen Smith (Excused Absence)

18  
19 **Others:**

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; Director of Internal Audit Bill Foster; Associate General Counsel Lisa Jones;  
24 Director of Operations Tiffany Reynolds; Assistant Director of Board Operations Tiffany  
25 Tramontozzi; Project Manager Melissa Pind; and Executive Assistant to the Vice  
26 President and Chief of Staff Bruna Ugolotti.

27  
28  
29 **Item 1: Call to Order, Roll Call, and Opening Remarks**

30 Chair Joseph Fogg called the meeting to order at 3 p.m. He welcomed all Committee  
31 members and said the meeting had been duly noticed and was originating from the  
32 Eagle Conference Room in Edwards Hall at Florida Gulf Coast University. He asked  
33 Vice President and Chief of Staff Susan Evans to call the roll. Roll call was taken with  
34 three of four Committee members participating, thus meeting quorum requirements.  
35 Trustee Stephen Smith was granted an excused absence.

36  
37  
38 **Item 2: Action Item (See Tab #1)**

39 Chair Fogg noted there was one action item on the agenda: Florida Gulf Coast  
40 University Performance Based Funding Data Integrity Audit for Board of Governors.

45 **Florida Gulf Coast University Performance Based Funding Data Integrity Audit for**  
46 **Board of Governors (TAB #1)**

---

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

51  
52 Ms. Evans said the first item from Trustee S. Smith related to the user access for the  
53 State University Data System (SUDS). She stated that Trustee S. Smith would like Mr.  
54 Foster to address what had been done with the three user accounts with expired  
55 passwords and to describe the nature of the user accounts. Ms. Evans said, for  
56 example, was the access for the user accounts read-only; were the users able to edit  
57 data, etc. She said the second item that Trustee S. Smith would like addressed related  
58 to the SUDS testing that was done for the audit. Ms. Evans stated that Trustee S.  
59 Smith would like Mr. Foster to describe the testing of completeness and the testing of  
60 accuracy to ensure that sufficient information was examined.

61  
62 Chair Fogg thanked Ms. Evans for the summary of Trustee S. Smith's email; stated the  
63 email had been provided to the members of the Committee; and indicated appreciation  
64 to Trustee Smith. He asked Mr. Foster to present the agenda item and speak to the  
65 points raised.

66  
67 Mr. Foster stated that he had spoken with Trustee S. Smith yesterday to address his  
68 questions regarding the SUDS user access. Mr. Foster explained that the three  
69 individuals indicated in the audit report as having expired access had user access to  
70 only view, but not edit or change, submitted data. He said that since the three users  
71 involved did not have the need to use their access for over a year, the Office of  
72 Institutional Research (IR) removed their access. Mr. Foster said that while IR would  
73 like until June to complete a comprehensive policy on user access, he recommended  
74 that all users' access be reviewed immediately and terminated or adjusted as  
75 appropriate.

76  
77 Trustee Darleen Cors asked if the review of all users' access would change from the  
78 June 2020 deadline to now instead. Mr. Foster responded that the review of all current  
79 users' access would occur immediately.

80  
81 Mr. Foster said that regarding SUDS testing, the Office of Internal Audit (OIA) reviewed  
82 the testing performed in the past four years by outside auditors. He said the OIA  
83 performed tests of completeness to ensure that the data set was complete, tests of  
84 accuracy, and a review of controls. He explained for testing of completeness, the OIA  
85 compared the number of files sent to the source data, and obtained explanations for  
86 variances. He said, for example, if 1,000 items were sent, they looked at the source.  
87 He said if the source had 1,010, they would look at the 10 different items for  
88 explanation.

89

90 He said for tests of accuracy, the OIA performed random sampling and tested the data  
91 sent to the original source. He explained the testing involved data elements in 12 of the  
92 13 annual data submissions that related to the three Performance Based Funding (PBF)  
93 Metrics selected and involved 462 items tested in total. Mr. Foster said the first metric  
94 tested was *Metric 5: Academic Progress Rate (2<sup>nd</sup> Year Retention with GPA above 2.0)*  
95 and a total of 282 items were tested. He said for the Admissions (ADM) file, they tested  
96 three submission terms for one element related to Metric 5, with a total of 60 items  
97 tested. He stated that for the retention file, they tested the annual submission for three  
98 elements related to Metric 5, with a total of 42 items tested. He said for the Degrees  
99 Awarded (SIFD) file, they tested three submission terms for one data element related to  
100 Metric 5, with a total of 90 items tested. He stated for the Student Instruction File (SIF),  
101 they tested three submission terms for 11 data elements related to Metric 5, with a total  
102 of 90 items tested.

103

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

113

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

120

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

127

128 Mr. Foster said in relation to the actual audit, an outside CPA firm was used for the past  
129 four years to perform the data testing, and it was done internally this year. Mr. Foster  
130 introduced Internal Auditor II Jena Valerioti and Internal Auditor II Ron Tortorello from  
131 the OIA, who performed the audit with Internal Auditor III Carol Slade. He thanked the  
132 auditors for their work. He said that in their opinion based on the work performed, the  
133 internal controls; processes and procedures in place to ensure completeness; accuracy;  
134 and overall timeliness were operating effectively. Mr. Foster said they believed their

135 audit could be relied upon by President Martin and the FGCU Board of Trustees as a  
136 basis to certify the representations to the BOG related to PBF.

137  
138 Chair Fogg said on page 3 of the audit, under *Audit Scope*, it stated “Detailed sampled  
139 testing of data elements in the submissions submitted to the BOG was limited to the  
140 submissions files that support metrics 5, 7, and 9.” Chair Fogg asked why the sample  
141 testing was limited to metrics 5, 7, and 9. Mr. Foster responded he reviewed how other  
142 institutions in the State University System conducted testing, and saw that some tested  
143 two metrics while others tested as many as 10. He said that FGCU wanted to fall  
144 somewhere in the middle for testing, and wanted to meet the deadlines for the audit.  
145 Chair Fogg asked who made the supervisory decision that the scope of the audit was  
146 limited to the three metrics that were selected. Mr. Foster said that the decision was  
147 his, and he had conferred with President Martin and FGCU Board of Trustees Chair  
148 Blake Gable.

149  
150 Chair Fogg stated on the bottom of page 3 of the audit, it said “Benchmarks for  
151 Excellence are based on the Board of Governors 2025 System Strategic Plan goals and  
152 analysis of relevant data trends,” and asked for the meaning. Mr. Foster stated that it  
153 was language used by the BOG to explain background information on the metrics and  
154 was one of the key components of the Performance Funding Model.

155  
156 Chair Fogg asked who was the University Data Administrator in IR, as referenced on  
157 page 4 of the audit report. Provost and Vice President for Academic Affairs James  
158 Llorens stated that Director of Institutional Research and Analysis Bob Vines was the  
159 University Data Administrator, and he reported to the Office of the Provost.

160  
161 Chair Fogg asked with regard to the three users whose access was removed from the  
162 system, since their passwords had expired were they unable to use the system anyway.  
163 Mr. Foster said that since their passwords had expired, they were unable to access the  
164 system, and further that their access had since been removed. Chair Fogg stated he  
165 thought it was important for the Committee to realize that even though the three  
166 individuals should have been removed from the system sooner, their ability to access  
167 the system on an unauthorized basis was effectively terminated the minute their  
168 passwords expired. Mr. Foster agreed.

169  
170 Chair Fogg asked what the term “Banner” meant. Mr. Foster explained that Banner was  
171 the name of the enterprise resource program at FGCU where financial and student data  
172 was currently held.

173  
174 Trustee Cors asked how many individuals had access to the SUDS system. Mr. Foster  
175 said there were 12 users. Trustee Cors said that since there were not many users, the  
176 University could keep a close watch on the system. Mr. Foster agreed.

177  
178 Trustee Cors asked in relation to metrics 5, 7, and 9, was there a particular reason  
179 those metrics were chosen. Mr. Foster said the three metrics were very relevant to  
180 FGCU. Chair Fogg asked would this audit be conducted again. Mr. Foster stated the

181 audit would be done again next year. Chair Fogg asked if three different metrics would  
182 be selected for the audit next year. Mr. Foster responded that this was possible. Chair  
183 Fogg asked if the three metrics were so important that they should be repeated again in  
184 the audit next year. Mr. Foster said the determination would be made at a later date.  
185 Chair Fogg requested the Audit and Compliance Committee participate in a discussion  
186 regarding the selection of the metrics for the next audit. President Martin stated that  
187 this would occur.

188

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

204

205 Trustee Montgomery said any time there were loose controls over program changes,  
206 there was a high risk of something happening unbeknownst to administrators. Trustee  
207 Montgomery asked if Mr. Foster shared his thoughts on the program changes and the  
208 weaknesses listed in the report. Mr. Foster responded in the affirmative. He said there  
209 needed to be documentation that any changes to the program were approved and  
210 authorized by management. Trustee Montgomery asked if the controls were tested so  
211 only authorized persons could access the programs and make changes. Mr. Foster  
212 responded that they wanted this to be the process to show any outside party that  
213 changes were documented and authorized by management. He said if something  
214 inadvertent were to happen, the University would have more evidence showing that a  
215 change was perpetrated by an outside source (e.g., malware, ransomware, etc.).  
216 Trustee Montgomery said logs, strict approval processes, and tests conducted before  
217 and after changes occurred, were things to be looked at and implemented. Mr. Foster  
218 said those items were included in the report. Trustee Montgomery said there should be  
219 an emphasis on making the changes he had just mentioned. Chair Fogg said Trustee  
220 Montgomery's point would be noted for the record. President Martin said that they  
221 would look into this further.

222

223 Trustee Fogg called for a motion.

224

225 Trustee Cors made a motion to accept the Florida Gulf Coast University Performance  
226 Based Funding Data Integrity Audit for the Board of Governors and to recommend its

227 acceptance to the FGCU Board of Trustees. Trustee Montgomery seconded the  
228 motion.

229  
230 There was no public comment, or further Committee discussion. The vote was 3-0 in  
231 favor of the motion.

232  
233

234 **Item 3: Old Business**

---

235 There was no old business for discussion.

236  
237

238 **Item 4: New Business**

---

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

251

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

261

262 There was no further new business for discussion.

263  
264

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

---

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

269

270 Chair Fogg adjourned the meeting at 3:27 p.m.

271  
272

273 Minutes prepared by Tiffany Tramontozzi, FGCU Assistant Director of Board  
274 Operations.

275  
276  
277  
278  
279  
280  
281  
282  
283  
284  
285

286 Agenda Items:

287 A. See Tab #1

288 a. [https://www2.fgcu.edu/Trustees/AgendaFile/2020/02-13-  
289 2020/FGCUACCMTG\\_AGENDAPACKET\\_2.13.20.pdf](https://www2.fgcu.edu/Trustees/AgendaFile/2020/02-13-2020/FGCUACCMTG_AGENDAPACKET_2.13.20.pdf)

290  
291

292 Attachment:

293 A. Record of Votes

<b>Record of Votes</b> <b>Audit and Compliance Committee</b> <b>DATE: <u>2/13/2020</u></b>		Florida Gulf Coast University Performance Based Funding Data Integrity Audit for Board of Governors (Tab #1) 1- Cors 2- Montgomery
	<b>TRUSTEES</b>	<b>Yes/No</b>
1	Trustee Darleen Cors	Yes
2	Trustee Leo Montgomery	Yes
3	Trustee Stephen Smith (excused absence)	
4	Trustee Joseph Fogg	Yes