

**FLORIDA GULF COAST UNIVERSITY BOARD OF TRUSTEES**

**AUDIT AND COMPLIANCE COMMITTEE  
CONFERENCE CALL MEETING**

**Friday, May 1, 2020**

**Florida Gulf Coast University**

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Minutes

**Members:**

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

*Staff (by phone):* President Mike Martin; Vice President and Chief of Staff Susan Evans; Vice President and General Counsel Vee Leonard; Vice President for Student Success & Enrollment Management Mitchell Cordova; Director of Internal Audit Bill Foster; Director of Equity, Ethics and Compliance, and Title IX Coordinator Precious Gunter; University Controller June Gutknecht; Assistant Vice President of Student Enrollment and Financial Services Jorge Lopez; 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 9 a.m. He welcomed all Committee members and noted, due to COVID-19 and social distancing requirements, the following for the record:

- The meeting was duly noticed in accordance with the Board’s Bylaws
- The original agenda was revised as indicated in the meeting notice.
- All participants were calling in to the meeting.
- Public access was provided through a noticed web link for audio access; and
- The meeting notice directed any public comment on an agenda item to be emailed to Susan Evans by 5 p.m. on Wednesday, April 29. Public comment will be read into the record prior to the Committee vote, and the three-minute limit on time will apply.

Chair Fogg asked Vice President and Chief of Staff Susan Evans if any public comments had been received. Ms. Evans confirmed that no public comments had been submitted for the meeting.

45 Chair Fogg asked Ms. Evans to call the roll. Roll call was taken with all four Committee  
46 members participating, thus meeting quorum requirements.

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49 **Item 2: Action Item (See Tabs #2-7)**

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50 Chair Fogg noted there were six action items on the agenda. He called on Director of  
51 Equity, Ethics and Compliance, and Title IX Coordinator Precious Gunter to present the  
52 first two action items.

53

54 **Compliance and Ethics Program Plan (TAB #2)**

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55 Ms. Gunter stated the first action item on the agenda was the Compliance and Ethics  
56 Program Plan. She said the FGCU Board of Trustees (BOT) was required to maintain  
57 the Compliance and Ethics Programs Plan based on Board of Governors Regulation  
58 4.003.

59

60 Ms. Gunter explained the applicable Regulation also required the Chief Compliance  
61 Officer to review and monitor the Program Plan and make recommendations for  
62 changes when necessary to the Audit and Compliance Committee and the full Board for  
63 approval. She reminded the Committee that there had been new Regulations  
64 announced over the course of the last couple of FGCU BOT meetings, specifically  
65 pertaining to the handling of complaints against the President, the BOT, the Chief  
66 Compliance Officer, and the Director of Internal Audit. She said the Compliance Office  
67 Charter and the Audit and Compliance Committee Charter also had been updated. Ms.  
68 Gunter stated the changes made to the Compliance and Ethics Program Plan were to  
69 align with the changes to the aforementioned Regulations and Charters.

70

71 Chair Fogg noted that one of the conforming changes to the Compliance and Ethics  
72 Program Plan (on page 5) related to the protocol for regularly briefing the Audit and  
73 Compliance Committee Chair. He said he had a briefing in March, and that the next  
74 briefing would occur in May. Chair Fogg informed the Committee that as of his last  
75 briefing, nothing had been brought to his attention that warranted Committee  
76 discussion.

77

78 Chair Fogg called for a motion on the Compliance and Ethics Program Plan. Trustee  
79 Stephen Smith made a motion to approve the Compliance and Ethics Program Plan.  
80 Trustee Leo Montgomery seconded the motion.

81

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

84

85

86 **2019 Annual Compliance Report (TAB #3)**

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87 Ms. Gunter stated as previously mentioned with the Compliance and Ethics Program  
88 Plan, the University was required to report every year on the activities of the Program  
89 Plan. She said the 2019 Annual Compliance Report consisted of a report of all the  
90 Compliance Liaisons. She said that 21 campus partners had been identified as

91 Compliance Liaisons within the report. She explained that the report compiled all the  
92 activities that had taken place from January 1, 2019 to December 31, 2019. Ms. Gunter  
93 said the report is a comprehensive summary of the compliance and reporting  
94 responsibilities that existed across the campus. She said if approved, the report would  
95 be recommended for approval to the full Board. Ms. Gunter stated following FGCU BOT  
96 approval, the report then would be submitted to the Board of Governors (BOG).  
97

98 Trustee S. Smith made a motion to approve the 2019 Annual Compliance Report as  
99 amended. Trustee Montgomery seconded the motion.  
100

101 Trustee Darleen Cors asked if a decision had been made regarding the inclusion of the  
102 FGCU Board of Trustees in the *Conflict of Interest and Commitment* section of the 2019  
103 Annual Compliance Report (page 36). Trustee Cors explained that she noticed the  
104 FGCU Foundation Board of Directors and the FGCU Financing Corporation Board of  
105 Directors were listed in the *Conflict of Interest and Commitment* section, but not the  
106 FGCU BOT. Ms. Gunter confirmed that the requested information could be added to  
107 the report as requested.  
108

109 Chair Fogg asked if something had been sent to the trustees regarding Ethics Training.  
110 Ms. Gunter said that it had not yet been sent because the Ethics Training had been  
111 removed from the May 5 BOT meeting agenda and would be an item on the June 9  
112 BOT agenda. Ms. Gunter said she would send the online training information to the  
113 trustees prior to the June BOT meeting.  
114

115 Chair Fogg asked regarding the bullet point on page 5 pertaining to administering and  
116 promoting the FGCU hotline, if it was Ms. Gunter or Director of Internal Audit Bill Foster  
117 responsible for that task. Ms. Gunter responded that hotline calls come in through the  
118 Compliance Office. She said that when the FGCU hotline was originally implemented, it  
119 was being managed in the Internal Audit office but since most of the calls received were  
120 regarding compliance reports, it was moved to her office. She explained that Mr. Foster  
121 still had access, and that whistleblower calls were triaged to his office.  
122

123 Trustee S. Smith noted that the report was very comprehensive and wanted to know if  
124 the BOG would accept the information being submitted and whether an example or  
125 template had been provided for direction. Ms. Gunter said that the format of the report  
126 was the same as what was submitted to the BOG last year, with some additional  
127 information added. She said that the chief compliance officers within the State  
128 University System (SUS) had used the University of Central Florida's (UCF) Annual  
129 Compliance Report as a guide. Ms. Gunter pointed out that one of the items added for  
130 this year was the chart illustrating mandatory trainings at FGCU because it highlighted  
131 all of the required trainings for employees. Trustee S. Smith thanked Ms. Gunter for her  
132 thorough response.  
133

134 There was no public comment, or further Committee discussion. The vote was 4-0 in  
135 favor of the motion.  
136

137 **Florida Gulf Coast University Operational Audit Report for January 2018 through**  
138 **December 2018 (TAB #4)**

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139 Chair Fogg called on Director of Internal Audit Bill Foster to present the next four  
140 agenda items, starting with the Florida Gulf Coast University Operational Audit Report  
141 for January 2018 through December 2018.

142  
143 Mr. Foster said in accordance with Section 11.45 Florida Statutes, the Florida Auditor  
144 General conducted operational audits at least every three years. He said the purpose  
145 was to evaluate management's performance in establishing and maintaining internal  
146 controls, including those designed to prevent and detect fraud, waste and abuse and in  
147 administering assigned responsibilities in accordance with applicable laws, rules,  
148 regulations, contracts, grant agreements, and other guidelines.

149  
150 Mr. Foster stated there were three items in the report that the Auditor General noted.  
151 He said the first finding was pertaining to information technology (IT) user access  
152 privileges, or access to social security numbers. He said employees who needed  
153 access to employee social security numbers, such as payroll related, were automatically  
154 granted access to student social security numbers and vice versa. Mr. Foster said this  
155 was a built-in limitation to the existing Banner system used, and would be resolved with  
156 the adoption of the new Workday system scheduled to begin July 1, 2020.

157  
158 Mr. Foster said the next finding noted was textbook affordability. He said Florida  
159 Statutes required 95 percent compliance of all textbooks posted at least 45 days ahead  
160 of the first day of class of each term. He explained for the audit period tested, spring  
161 and fall of 2018, FGCU had 86 percent and 78 percent compliance. Mr. Foster stated  
162 after the audit period, the current semester with enhanced procedures implemented was  
163 97.4 percent compliant, which was above the required 95 percent. He said textbook  
164 affordability was also a finding in the prior operational report, and FGCU must continue  
165 efforts to meet and maintain the 95 percent requirement

166  
167 Mr. Foster said the third finding noted in the report was for the time period April 2016  
168 through December 2018 testing of 28 administrative hires. He said that 5 of the 28 new  
169 hires did not have copies of the interview and background check forms available. Mr.  
170 Foster stated this had been addressed by initiating mandatory training for interview  
171 panels and committee members, and by adding a search material follow-up as specific  
172 job function in the human resources area to ensure the University procedures were  
173 followed.

174  
175 Chair Fogg offered the observation that this was a clean report. He said that the  
176 auditors will always find a few items, and that the three items found in this report were  
177 all being addressed.

178  
179 Trustee Cors made a motion to accept the Florida Gulf Coast University Operational  
180 Audit Report for January 2018 through December 2018. Chair Fogg seconded the  
181 motion.

182

183 Trustee S. Smith noted that he spent some time speaking with Mr. Foster regarding  
184 pages 18 and 19 because he could not get any of the numbers to “tie.” He said in the  
185 past, assets equaled liabilities plus shareholder equity, but there seemed to be no way  
186 to “tie” the numbers in the report. Trustee S. Smith said that the numbers actually do  
187 “tie” and that perhaps the next report could show an explanation of how to “tie” them.  
188

189 Trustee S. Smith said that he had a question pertaining to capital assets. He said in the  
190 report it stated the depreciation totaled \$17 million, and capital assets were \$541  
191 million. Trustee S. Smith said the numbers imply an average useful life of about 43  
192 years. Trustee S. Smith asked if an average useful life of 43 years could be expected.  
193 Mr. Foster responded the bulk of the university’s assets dollarwise were capital  
194 buildings, and he believed the depreciable life to be 50 years. University Controller  
195 June Gutknecht confirmed that the number was correct.  
196

197 There was no public comment, or further Committee discussion. The vote was 4-0 in  
198 favor of the motion.  
199

200 **Florida Gulf Coast University Student Loan Information Audit Report (TAB #5)**

201 Mr. Foster stated Florida Statutes Section 1009.45 required that loan notification letters  
202 be submitted to students who received student loans.  
203

204 Mr. Foster said the notification letter had four required elements: (1) the student’s total  
205 amount of borrowed student loans; (2) the student’s total potential loan repayment  
206 amount, including principal and interest for the total amount of borrowed student loans;  
207 (3) the student’s monthly loan repayment amounts for the total amount of borrowed  
208 student loans at the time the institution provided the student loan information required;  
209 and (4) the percentage of the borrowing limit that the student had reached at the time  
210 the information was provided. He said for all of the criteria, the University was in  
211 compliance except that for first-time borrowers, the loan summary letters did not include  
212 the percentage borrowed. Mr. Foster said since the FGCU Office of Financial Aid was  
213 made aware, the staff has adjusted procedures to ensure the correct data was now  
214 included in all letters going forward.  
215

216 Chair Fogg called for a motion.  
217

218 Trustee Cors made a motion to accept the Florida Gulf Coast University Student Loan  
219 Information Audit Report. Trustee S. Smith seconded the motion.  
220

221 Trustee Montgomery said he spoke with Mr. Foster regarding the “big picture” of the  
222 program and how it fit into FGCU’s responsibilities and found it to be very helpful.  
223 Trustee Montgomery asked if the University received reports from Ascendium Education  
224 Solutions, which processes the data, and asked if all the State University System (SUS)  
225 institutions used this vendor. Mr. Foster responded that he was unsure if the other SUS  
226 universities used Ascendium, but they were used by many other higher education  
227 institutions. He explained Ascendium Education Solutions, a third-party vendor, was  
228 formerly called Great Lakes.

229 Trustee Montgomery asked if the University knew that Ascendium Education Solutions  
230 was a quality vendor and was processing the institutions data correctly. Mr. Foster  
231 confirmed and explained that the purpose of the audit was to make sure that all the  
232 criteria in the student loan information letters was there except the percent borrowed,  
233 which was missing from the first-time borrower's loan letters.  
234

235 Chair Fogg said it seemed unusual that Ascendium Education Solutions would omit  
236 something as obvious and important as the first-time borrower data piece that was  
237 missing. Mr. Foster said that was why FGCU Financial Aid would be reviewing the  
238 letters to make sure all criteria were included.  
239

240 Trustee Montgomery asked if it was customary when working with a third-party vendor  
241 to process data to receive a report from them stating that their internal controls and  
242 processes have been reviewed, are accurate, and can be relied upon. Mr. Foster said  
243 he was not aware of any such report received from this company. Assistant Vice  
244 President of Student Enrollment and Financial Services Jorge Lopez confirmed a report  
245 could be requested. Mr. Lopez also confirmed that other SUS institutions used  
246 Ascendium Education Solutions for the same type of service.  
247

248 Chair Fogg stated that he believed FGCU should consider requesting a report. Trustee  
249 Montgomery agreed. Chair Fogg asked if this was a tertiary detail or the kind of  
250 omission the vendor was embarrassed about. Mr. Foster explained he believed that  
251 because this was a new State Statute requirement, the vendor may not have been  
252 aware of it. He said the requirement did not go into effect until the 2017-18 year. Chair  
253 Fogg said that the vendor is paid for its services to do the job correctly and that a  
254 discussion should be had with the company. Mr. Foster agreed to do so.  
255

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

259 **Florida Gulf Coast University Athletics National Collegiate Athletics Association**  
260 **(NCAA) Report for Year ended June 30, 2019 (TAB #6)**

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261 Mr. Foster said the report presented the results of the agreed-upon procedures for the  
262 year ended June 30, 2019 as required by the National Collegiate Athletic Association  
263 (NCAA) Bylaws for colleges and universities in Division I athletics. Mr. Foster stated the  
264 NCAA Bylaws provide that the audit could not be performed by employees of the  
265 University.  
266

267 Mr. Foster stated there was a lot of data on equity. He said FGCU had 9 women's and  
268 6 men's sports. He said the main concern was the loss this year of \$68,170 since  
269 Athletics is required to be a self-supporting entity. He said the main reason for the loss  
270 was related to the reduction in ticket sales. Mr. Foster said his concern was making  
271 sure that in future years when anticipated revenues decline, spending also declines to  
272 remain within the budget.  
273

274 Chair Fogg stated the real culprit in the loss of revenue was the men's basketball  
275 program. Mr. Foster agreed.

276  
277 Chair Fogg made a motion to accept the Florida Gulf Coast University Athletics National  
278 Collegiate Athletics Association (NCAA) Report for Year ended June 30, 2019. Trustee  
279 Montgomery seconded the motion.

280  
281 Trustee S. Smith asked that given the situation we currently are in, would the University  
282 have the same issue moving forward regarding revenue decline. Mr. Foster said it was  
283 a possibility but that spring sports were not the big revenue generators each year. He  
284 said the main revenue generators were men's and women's basketball. He stated with  
285 the decline in spring sports, it could potentially be a savings because there would not be  
286 the associated travel expenses. Mr. Foster said the main thing was that Athletics  
287 remain aware of revenue declines and keeping the budget balanced.

288  
289 Trustee S. Smith noted that in terms of the \$68,170 loss, travel is hard to cut back and  
290 asked about other aspects for Athletics to pay attention. Mr. Foster responded Athletics  
291 should look at discretionary spending and generally be aware of what they are  
292 spending. Chair Fogg said he thought travel would automatically be cut back  
293 significantly because if the spring teams were not playing any games, there was no  
294 travel. Mr. Foster agreed.

295  
296 President Mike Martin said that this issue was being addressed both locally and at the  
297 Conference level. He said there was an A-Sun Conference call this week to discuss the  
298 ways in which every member institution could reduce expenses, including travel.  
299 President Martin said it was decided that in the coming season, FGCU would not fly to  
300 any games. As an example, he explained that this meant FGCU would not play at New  
301 Jersey Institute of Technology (NJIT). He said FGCU was looking at ways to join other  
302 Conferences for games, and not play any games that required a trip longer than 6 hours  
303 on a bus. President Martin said that was one of several ways they were looking to  
304 reduce costs across Thea-SUN. He said it was amazing the ideas that came from  
305 FGCU coaches in ways of reducing their costs. President Martin said that Mr. Foster  
306 made a good point in that all of the spring sports have cut their recruiting costs to zero  
307 because the NCAA was allowing seniors in spring sports to have an extra year of  
308 competition. He explained that it meant there would not be a year of scholarships  
309 available for freshmen. President Martin said there was a number of things going on  
310 that would fundamentally change the economics of the Athletic Department for at least a  
311 year.

312  
313 Chair Fogg said he assumed one of the major items to be discussed at the FGCU BOT  
314 meeting next week will be the budget impact of the Coronavirus and the measures  
315 being taken by the SUS and each university to cut costs. President Martin said he  
316 would address the budget situation next week at the BOT meeting but that there were  
317 still many unknowns. He said there is anticipation of a special session of the  
318 Legislature in July, and uncertainties about the parameters of the money coming from  
319 the CARES Act. Chair Fogg requested that President Martin's report at the BOT

320 meeting next week regarding the budget included the Athletics program. President  
321 Martin agreed.

322  
323 Chair Fogg said it was his understanding the BOG raised a question relating to this  
324 report and asked Ms. Evans about that question. Ms. Evans said the question actually  
325 was from the Governor's Office and was regarding the same point Mr. Foster made.  
326 She explained that the Governor's Office had staff assigned to review BOT agenda  
327 packets throughout the SUS. Ms. Evans confirmed the question was regarding the  
328 \$68,170 loss, and the response to the Governor's Office was consistent with what Mr.  
329 Foster reported to the Committee today.

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

333  
334 **WGPU Public Media Audit Report for Years ended June 30, 2019 and June 30,**  
335 **2018 (TAB #7)**

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336 Mr. Foster stated the report presented the results of the audit required by the  
337 Corporation for Public Broadcasting for comparative years ended June 30, 2019 and  
338 June 30, 2018. He said the purpose of the audit, which was required for all public  
339 media radio and television stations, was to document and review the financial activity of  
340 the University's public media function. Mr. Foster said the auditors had a clean opinion,  
341 which is what the University strives to achieve. He said the main difference from 2018  
342 to 2019 was the renovation and replacement of the main transmission tower and related  
343 equipment.

344  
345 Mr. Foster said the main concern with current and future years was making sure that  
346 when anticipated revenues declined, similar to Athletics and the NCAA Report, the  
347 spending also should decline to remain within budget.

348  
349 Trustee S. Smith made a motion to accept the WGPU Public Media Audit Report for  
350 Years ended June 30, 2019 and June 30, 2018. Trustee Cors seconded the motion.

351  
352 Trustee Montgomery said he thought the transmission tower would show up in capital  
353 assets on the report, but it appeared in restricted expendable assets. He asked if  
354 someone could explain this to him. Mr. Foster said that the tower project still was in  
355 process, and that on the revenue statement there was a Public Education Capital  
356 Outlay (PECO) allocation of approximately \$2.8 million. Trustee Montgomery said the  
357 tower was not yet paid for, and not in the cash flow statement. Mr. Foster confirmed  
358 this statement, and said it was not yet complete at the end of 2019.

359  
360 Trustee Montgomery asked for an explanation of fluctuations in other non-operating  
361 revenue. Chair Fogg said it was the PECO allocation they had just discussed. Mr.  
362 Foster agreed.

363  
364 Chair Fogg said the important thing about this report was that it was straightforward and  
365 a clean opinion.

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

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370 **Item 3: Old Business**

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371 There was no old business for discussion.

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374 **Item 4: New Business**

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375 There was no new business for discussion.

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

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379 Chair Fogg said the items acted on today by the Committee would be recommended for  
380 final action by the full Board next week at the conference call on Tuesday, May 5 at 9  
381 a.m. He said at the beginning of the meeting, President Martin would give the Board a  
382 report on the Coronavirus and the University.

383  
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Chair Fogg adjourned the meeting at 9:45 a.m.

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387 Minutes prepared by Tiffany Tramontozzi, FGCU Assistant Director of Board  
388 Operations.

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Agenda Items:

A. See Tabs #2-7

a. [https://www2.fgcu.edu/Trustees/AgendaFile/2020/05-01-2020/FGCUACCMTG\\_AGENDAPACKET\\_5-1-20REVISED.pdf](https://www2.fgcu.edu/Trustees/AgendaFile/2020/05-01-2020/FGCUACCMTG_AGENDAPACKET_5-1-20REVISED.pdf)

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Attachment:

A. Record of Votes

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<b>Record of Votes Audit and Compliance Committee DATE: <u>5/1/2020</u></b>							
		Compliance and Ethics Program Plan (Tab #2) 1- Smith 2- Montgomery	2019 Annual Compliance Report (Tab #3) 1- Smith 2- Montgomery	Florida Gulf Coast University Operational Audit Report for January 2018 through December 2018 (Tab #4) 1- Cors 2- Fogg	Florida Gulf Coast University Student Loan Information Audit Report (Tab #5) 1- Cors 2- Smith	Florida Gulf Coast University Athletics National Collegiate Athletics Association (NCAA) Report for Year ended June 30, 2019 (Tab #6) 1- Fogg 2- Montgomery	WGCU Public Media Audit Report for Years ended June 30, 2019 and June 30, 2018 (Tab #7) 1- Smith 2- Cors
	<b>TRUSTEES</b>	<b>Yes/No</b>	<b>Yes/No</b>	<b>Yes/No</b>	<b>Yes/No</b>	<b>Yes/No</b>	<b>Yes/No</b>
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