

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

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

5
6 **Tuesday, May 1, 2018**

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8 **CALL ORIGINATED FROM EDWARDS HALL, ROOM #309**
9 **Florida Gulf Coast University**

10
11 Meeting Minutes

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13 **Members:**

14 *Present:* Trustee Joseph Fogg III (by phone) – Chair; Trustee Darlene Cors (by phone);
15 Trustee Richard Eide, Jr. (by phone).

16
17 *Not Present:* Trustee Leo Montgomery (Excused Absence).

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19 **Others:**

20 *Staff:* President Michael 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 for University
23 Advancement, and Executive Director of FGCU Foundation Chris Simoneau; Vice
24 President and Chief of Staff Susan Evans; Vice President and General Counsel Vee
25 Leonard; Chief Compliance and Ethics Officer Stacey Chados; Director of Internal Audit
26 Bill Foster; Director of Operations Tiffany Reynolds; Assistant Director of Board
27 Operations Tiffany Jackson; Project Manager Melissa Pind; and Executive Assistant to
28 the Vice President and Chief of Staff Bruna Ugolotti.

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

32 Chair Joe Fogg called the meeting to order at 11 a.m. He welcomed all members and
33 said the meeting had been duly noticed and was originating from Edwards Hall Room
34 309 on the campus of Florida Gulf Coast University. He requested Vice President and
35 Chief of Staff Susan Evans call the roll and state for the record which trustees and staff
36 members were present. Roll call was taken with three of four Committee members
37 present, thus meeting quorum requirements.

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

41 Chair Fogg stated there was one item on the Consent Agenda, the Minutes of the
42 FGCU Audit and Compliance Committee meeting on February 20, 2018.

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44 Trustee Darlene Cors made a motion to approve the Consent Agenda. Trustee Richard
45 Eide seconded the motion.

46 As follow up to the February 20, 2018 minutes, Chair Fogg stated at the last meeting
47 there had been a discussion about the Board of Governors' (BOG) increasing interest in
48 having universities monitor Direct Support Organizations (DSOs). At the last Committee
49 meeting, there had been some indication there might be clarifying legislation passed at
50 the last session. He stated this did not happen, and so more specific guidance in this
51 matter still was being sought. He informed the Committee members that he and
52 Director of Internal Audit Bill Foster were planning to attend the Audit Committee
53 meeting of the FGCU Foundation Board the next morning as part of their efforts to
54 provide oversight for the activities of the DSO. He asked President Martin to determine
55 from the BOG its view as to whether Trustee Fogg's and Mr. Foster's participation in
56 that type of meeting was appropriate.

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58 President Martin stated he had not had a response from the BOG, but he would follow
59 up today.

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61 There was no public comment or further Committee discussion. The vote was 3-0 in
62 favor of the motion.

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65 **Item 3: Action Items (See Tab #2-3)**

66 Chair Fogg asked Director of Internal Audit Bill Foster to present these items.

67

68 **FGCU Audited Financial Statements for the Fiscal Year Ended June 30, 2017 (TAB**
69 **#2)**

70 Mr. Foster stated the auditors had determined the Financial Statements fairly present
71 the financial position of the University. He said this was known as a clean opinion and
72 was what the accounting area strived for each year. He pointed out pages 4–15
73 contained the Management's Discussion and Analysis, where management described in
74 reader friendly terms what had occurred in the last fiscal year. He added this section
75 pointed out major transactions and presented comparative figures from the prior year.
76 He said pages 16–17 were the statement of the position, and that years ago, this
77 statement was known as the Balance Sheet. The first column was titled "University,"
78 and contained figures for the University and the FGCU Financing Corporation. The
79 second column was titled "Component Unit" and represented the Foundation's
80 information. He said at year end, there were total assets of \$647 million and \$127
81 million, total liabilities of \$306 million and \$3 million, with net position of \$368 million and
82 \$124 million, respectively for the "University" and the "Component Unit" columns. He
83 explained the figures on these pages, and on the following page 18, Statement of
84 Revenues, Expenses and Changes in Net position. He said the statement was formerly
85 known as an Income Statement. For the year, FGCU had \$120 million and \$14 million
86 in operating revenue, \$225 million and \$17 million operating expenses, net non-
87 operating revenue \$97 million and \$9 million. He said pages 20–21 were the Statement
88 of Cash Flow, which showed the effects to cash from the financial transactions during
89 the year. The net effect was a \$34,000 decrease in cash and cash equivalents for the
90 year. Pages 22-52 contained Notes to the Financial Statements, which contained a
91 significant amount of information to explain the various line items in the Financial

92 Statements. He said compared to Management's Discussion and Analysis, these notes
93 were not necessarily as reader friendly. He added that pages 53-55 Supplementary
94 Information was the information the State of Florida had used to determine pension and
95 health insurance subsidy liabilities. He concluded by noting that pages 56-57 were the
96 Auditor's Report on Internal Control and Compliance, and that this report related
97 financial reporting and compliance with Government Auditing Standards. He said there
98 were no deficiencies in the internal controls noted.

99
100 Chair Fogg commented that the two most important takeaways were that (1) there was
101 a clean opinion, and (2) there were no significant problems raised in the Management's
102 Discussion and Analysis.

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104 Chair Fogg called for further comments. Hearing none, he asked for a motion.

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106 Trustee Cors made a motion to accept the Audited Financial Statements for the Fiscal
107 Year Ended June 30, 2017 and to recommend it to the FGCU Board of Trustees.
108 Trustee Eide seconded the motion. There was no public comment or Committee
109 discussion. The vote was 3-0 in favor of the motion.

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111 **State of Florida Compliance and Internal Controls over Financial Reporting and**
112 **Federal Awards Audit (TAB #3)**

113 Mr. Foster stated he was requesting this audit be accepted and recommended to the
114 FGCU Board of Trustees.

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116 Mr. Foster said as a condition of receiving federal funds, the US Office of Management
117 and Budget (OMB) required an audit of the State of Florida's financial statements and
118 major Federal awards programs, as described in *Title 2 U.S. Code of Federal*
119 *Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit*
120 *Requirements for Federal Awards* (Uniform Guidance). He stated for the year ending
121 2017, there was one FGCU finding related to Student Financial Assistance Cluster. He
122 reported the Auditor General's Office looked at 33 checks for refunds of Federal
123 Financial Aid and found one check which had been late. He added FGCU had been
124 included in the finding because the report was on the State University System as a
125 whole, not each individual university. He reported the dollar amount of the check was
126 \$7,300, and although FGCU attempted to refund the student, it did not meet the State
127 guidelines for the number of days to issue the refund. After this had been brought to the
128 University's attention, the funds were refunded to the student. He stated since this
129 occurrence, enhanced procedures for handling unclaimed checks containing Title IV
130 Higher Education funds had been implemented, and monthly reviews are conducted to
131 identify and track unclaimed checks starting at 60 days after the check is issued. He
132 also stated that routine and systematic attempts to notify a student or parent of an
133 unclaimed check are made by letter, email, and phone. He said that if the check
134 remains uncashed, sufficient time is allocated to process the return of the funds to the
135 applicable program, and additional attempts to contact the student are ceased. He
136 concluded that these procedures provide for the return of all unclaimed checks
137 containing Title IV Higher Education funds within the allowed time frame.

138 Chair Fogg called for questions or discussion. Hearing none, he called for a motion.

139

140 Trustee Cors made a motion to accept the State of Florida Compliance and Internal
141 Controls over Financial Reporting and Federal Awards Audit and recommend it to the
142 FGCU Board of Trustees. Trustee Eide seconded the motion. There was no public
143 comment, or Committee discussion. The vote was 3-0 in favor of the motion.

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146 **Item 4: Old Business**

147 There was no old business for discussion.

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150 **Item 5: New Business**

151 There was no new business for discussion.

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154 **Item 6: Chair's Closing Remarks & Meeting Adjournment**

155 Chair Fogg adjourned the Audit and Compliance Committee meeting at 11:13 a.m.

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

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168 Agenda Items:

169 A. See Tabs #1-3

170 a. [https://www2.fgcu.edu/Trustees/AgendaFile/2018/05-01-
171 2018/FGCUBOTMTG%20-%20AGENDAPACKET%20-%20ACC_5-
172 01-2018.pdf](https://www2.fgcu.edu/Trustees/AgendaFile/2018/05-01-2018/FGCUBOTMTG%20-%20AGENDAPACKET%20-%20ACC_5-01-2018.pdf)

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175 Attachment:

176 A. Record of Votes

Record of Votes Audit and Compliance Committee DATE: <u>5/1/2018</u>		Consent Agenda (Tab #1) 1- Cors 2- Eide	FGCU Audited Financial Statements for the Fiscal Year Ended June 30, 2017 (Tab #2) 1- Cors 2- Eide	State of Florida Compliance and Internal Controls over Financial Reporting and Federal Awards Audit (Tab #3) 1- Cors 2- Eide
	TRUSTEES	Yes/No	Yes/No	Yes/No
1	Trustee Darleen Cors	Yes	Yes	Yes
	Trustee Richard Eide	Yes	Yes	Yes
2	Trustee Leo Montgomery (excused absence)			
4	Trustee Joseph Fogg	Yes	Yes	Yes