FLORIDA GULF COAST UNIVERSITY BOARD OF TRUSTEES

AUDIT AND COMPLIANCE COMMITTEE
CONFERENCE CALL MEETING

Tuesday, May 1, 2018

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

Meeting Minutes

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

Not Present: Trustee Leo Montgomery (Excused Absence).

Others:
Staff: President Michael 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 for University Advancement, and Executive Director of FGCU Foundation Chris Simoneau; Vice President and Chief of Staff Susan Evans; Vice President and General Counsel Vee Leonard; Chief Compliance and Ethics Officer Stacey Chados; 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 Joe Fogg called the meeting to order at 11 a.m. He welcomed all members and said the meeting had been duly noticed and was originating from Edwards Hall Room 309 on the campus of Florida Gulf Coast University. He requested Vice President and Chief of Staff Susan Evans call the roll and state for the record which trustees and staff members were present. Roll call was taken with three of four 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 FGCU Audit and Compliance Committee meeting on February 20, 2018.

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

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

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

**Item 3: Action Items** (See Tab #2-3)
Chair Fogg asked Director of Internal Audit Bill Foster to present these items.

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

Mr. Foster stated the auditors had determined the Financial Statements fairly present the financial position of the University. He said this was known as a clean opinion and was what the accounting area strived for each year. He pointed out pages 4–15 contained the Management’s Discussion and Analysis, where management described in reader friendly terms what had occurred in the last fiscal year. He added this section pointed out major transactions and presented comparative figures from the prior year. He said pages 16–17 were the statement of the position, and that years ago, this statement was known as the Balance Sheet. The first column was titled “University,” and contained figures for the University and the FGCU Financing Corporation. The second column was titled “Component Unit” and represented the Foundation’s information. He said at year end, there were total assets of $647 million and $127 million, total liabilities of $306 million and $3 million, with net position of $368 million and $124 million, respectively for the “University” and the “Component Unit” columns. He explained the figures on these pages, and on the following page 18, Statement of Revenues, Expenses and Changes in Net position. He said the statement was formerly known as an Income Statement. For the year, FGCU had $120 million and $14 million in operating revenue, $225 million and $17 million operating expenses, net non-operating revenue $97 million and $9 million. He said pages 20–21 were the Statement of Cash Flow, which showed the effects to cash from the financial transactions during the year. The net effect was a $34,000 decrease in cash and cash equivalents for the year. Pages 22-52 contained Notes to the Financial Statements, which contained a significant amount of information to explain the various line items in the Financial Statements.
Chair Fogg commented that the two most important takeaways were that (1) there was a clean opinion, and (2) there were no significant problems raised in the Management’s Discussion and Analysis.

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

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

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

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

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

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

Chair Fogg commented that the two most important takeaways were that (1) there was a clean opinion, and (2) there were no significant problems raised in the Management’s Discussion and Analysis.
Chair Fogg called for questions or discussion. Hearing none, he called for a motion.

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

**Item 4: Old Business**

There was no old business for discussion.

**Item 5: New Business**

There was no new business for discussion.

**Item 6: Chair’s Closing Remarks & Meeting Adjournment**

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

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

Agenda Items:

A. See Tabs #1-3


Attachment:

A. Record of Votes
## Record of Votes
Audit and Compliance Committee

**DATE:** 5/1/2018

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<tr>
<th>TRUSTEES</th>
<th>Yes/No</th>
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<tr>
<td>1 Trustee Darleen Cors</td>
<td>Yes</td>
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<td>2 Trustee Richard Eide</td>
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<td>2 Trustee Leo Montgomery (excused absence)</td>
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<td>4 Trustee Joseph Fogg</td>
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