

Audit & Compliance Committee

Draft Minutes

December 6, 2019

AC: A-M. Roll Call and Approval of the June 4, 2019 Meeting Minutes

Mr. Shaun Davis, Chair of the Board of Trustees Audit and Compliance Committee, convened the meeting. Roll call commenced with the following committee members, in addition to Mr. Davis, participating: Mr. Robert Stilley, Vice Chair; Mr. Anthony Barber (ex-officio), Mr. Kevin Buchanan, Mr. Brent Burns, Mr. Abdol Moabery (ex-officio) and Mr. Kevin Wagner.

Other Trustees attending the meeting included: Dr. Michael Dennis, Dr. Malcolm Dorman, Mr. Brad Levine, Ms. MaryBeth McDonald, and Mr. Robert Rubin.

Chair Davis asked for approval of the June 4, 2019 meeting minutes. **A motion was made and seconded to approve the June 4, 2019 Audit and Compliance Committee meeting minutes. With no further discussion, the motion passed unanimously.**

AC: A-1. Review and Approval of the Compliance and Ethics Annual Report (FY 2018-19)

Ms. Elizabeth Rubin, Chief Compliance and Ethics Officer, presented the report. Ms. Rubin highlighted that compliance and ethics are everyone's responsibility. The report summarized the Compliance and Ethics Program's activities during the fiscal year. It included ongoing and project specific items, and compiled efforts led by the office and other units of the university. Next year's report will correspond to the approved Compliance and Ethics Work Plan.

Ms. Rubin went over executive oversight of the office, standards of conduct, regulations & policies, effective lines of communication, education & training, audit & monitoring, enforcement & discipline, and response & prevention.

A motion was made and seconded to approve the Compliance and Ethics Annual Report (FY 2018-19). With no further discussion, the motion passed unanimously.

AC: I-1. Review of Financial Statements for FAU Direct Support Organizations

Mr. Jeff Atwater, VP of Financial Affairs, presented the item. There are five items.

- a) **FAU Foundation, Inc.**
- b) **FAU Research Corporation**

c) FAU Clinical Practice Organization

d) FAU Finance Corporation

Mr. Atwater introduced the auditors from Keefe McCullough who worked on items a-d. They are Bill Benson, managing partner, and Israel Gomez, audit partner. Mr. Benson said they meet with all of the committees from each organization. Mr. Gomez said the audits were conducted in accordance with generally accepted auditing standards. In all four instances, Keefe McCullough provided unmodified opinions, which is the highest level of assurance. It is a clean opinion.

Vice Chair Moabery asked if there were any recommendations made that the board should be aware of. Mr. Benson said there were no audit findings.

e) HBOI Foundation Inc.

Mr. Atwater said the foundation have chosen not to be present. They did provide the audit from BDO Auditors, which was a clean opinion. It stated the auditors' opinion that the financial statements reported fairly in all material respects the financial position of the foundation as of June 30, 2019 and 2018. There were no recommendations.

Trustee Wagner asked if it was normal to use different auditors for the different DSOs. Mr. Atwater said it can be normal. Chair Davis said yes, each entity can hire their own auditors. Trustee Moabery asked if there were any management letter issued and how they describe the issues between the university and them. Mr. Atwater said there was no management letter and nothing describing the issues. Trustee Levine asked Mr. Kian about the board accepting the audit with the dispute going on. Mr. Kian replied that there is no action that the board takes, this is an informational item. However, it is worth noting our procedures that the leadership of the DSO and the auditors present in front of the board. They are obviously not here. The leadership of HBOIF said because of the dispute, they will not appear in front of the board. Mr. Kian also noted that their conduct in this matter is something we are including in the litigation. Trustee Levine wanted it noted that he feels uncomfortable with this audit without having management representation. Trustee McDonald asked if there was a question whether HBOIF is a DSO. Mr. Kian replied that in our view the law is clear that they are a DSO. HBOIF is contesting that, and that issue is what the litigation is about. Trustee Stilley asked if we asked BDO directly to attend. Mr. Kian said that we asked the leadership at HBOIF and they replied no. Since BDO is contracted through HBOIF, they would have said no as well.

AC: I-2. Review of FAU Athletics Department Independent Accounts Report on Agreed-Upon Procedures

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Mr. Brian White, VP of Athletics, presented the item. He asked Katie Davis, from James Moore, to discuss the report. Ms. Davis said they performed an audit of FAU's compliance with NCAA agreed-upon procedures in the athletic department's statement of revenues and expenses. This report is for fiscal year 2018. The audit found nothing that was unusual or concerning. They feel good with how management is operating the department. There are a couple of comments within the report. Those comments would not lead to anything from a violation standpoint with the NCAA.

Chair Davis adjourned the meeting of the Audit & Compliance Committee.

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