



Item: AC: A-M

**Audit and Compliance COMMITTEE**  
Tuesday, February 16, 2021

**SUBJECT: ROLL CALL AND APPROVAL OF THE November 17, 2020 MINUTES**

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**PROPOSED COMMITTEE ACTION**

Initiate roll call to document member participation, ensure quorum, and approve the Minutes of November 17, 2020 meeting.

**COMMITTEE MEMBERS**

Mr. Shaun Davis, Chair	_____
Mr. Robert Stilley, Vice Chair	_____
Mr. Brent Burns (ex-officio)	_____
Mr. Daniel Cane	_____
Mr. Abdol Moabery (ex-officio)	_____
Ms. Elycia Morris	_____
Ms. Celine Persaud	_____
Dr. Kevin Wagner	_____

**PARTICIPATING BOT MEMBERS**

Dr. Malcolm Dorman	_____
Mrs. Barbara Feingold	_____
Mr. Brad Levine	_____
Mrs. Mary Beth McDonald	_____



## **Audit & Compliance Committee**

### **Draft Minutes**

**November 17, 2020**

#### **AC: A-M. Roll Call and Approval of the June 2, 2020 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. Brent Burns (ex-officio), Mr. Abdol Moabery (ex-officio), Ms. Elycia Morris, Ms. Celine Persaud and Mr. Kevin Wagner.

Other Trustees attending the meeting included: Mr. Robert Rubin.

Chair Davis asked for approval of the June 2, 2020 meeting minutes. **A motion was made and seconded to approve the June 2, 2020 Audit and Compliance meeting minutes. With no further discussion, the motion passed unanimously.**

#### **AC: A-1. Request for Approval of the Compliance and Ethics Annual Report (FY 2019-20)**

Ms. Elizabeth Rubin, Chief Compliance Officer, presented the item. Ms. Rubin stated that this annual report is required by the Florida Board of Governors (BOG). This report documents the activities and accomplishments of compliance program activity through the FAU Compliance & Ethics Office and throughout the University. Ms. Rubin's reports covered certain highlights from the report. The first topic she covered was foreign influence, starting with compliance efforts related to the Division of Research, immigration requirements of Global Academic Services, our Export Control and Foreign Gifts and Contracts monitoring, and our Conflicts of Interest practices. She also discussed Athletics issues, including the Name, Image & Likeness issues, rules concerning prospective student-athletes, our rules education efforts, and initiatives we've undertaken to improve our internal communications. Other compliance areas she highlighted related to Covid-19, Data Security, Reporting & Response, Safety, and Health Units.

Trustee Levine asked about cyber security and ransomware. Ms. Rubin said she's discussed this issue with FAU's IT department, and they feel we are reasonably well-positioned against a ransomware attack. There are some small pockets of exposure they are always looking at, but they feel like we generally are not vulnerable to a ransomware attack.

Trustee Moabery asked about naming, image, and likeness legislation. Ms. Rubin and Mr. David Kian, VP Legal Affairs, said the NCAA-backed legislation being developed at the federal level will supersede state law if there was a conflict. Trustee Moabery also asked how will this be managed and if a person will be responsible. Mr. Brian White, VP Athletics, replied that it will all run through their compliance office. They have announced a partnership with Open Door to look at what is the value, among other things, for athletes' name, image & likeness. Open Door will also help with training our athletes.

**A motion was made and seconded to approve the Compliance and Ethics Annual Report (FY 2019-20). With no further discussion, the motion passed unanimously.**

**AC: A-2. Request for Approval of the 2020-21 Work Plan for the Office of Inspector General**

Ms. Stacy Volnick, VP Administrative Affairs and acting Inspector General, presented the item. Ms. Volnick stated that the upcoming year's work plan includes internal audits of our performance-based funding data integrity, NCAA Compliance-Recruiting, and the CARES Act. Ongoing items that are examined annually include FAU Foundation select transactions. Other activities include anonymous complaints, complaints received by the BOG, consultation with university administrators and coordination of university external audits. Chair Davis added that the work plan is developed with the input of the Trustees.

**A motion was made and seconded to approve the 2020-21 Work Plan for the Office of Inspector General. With no further discussion, the motion passed unanimously.**

**AC: I-1. Office of Inspector General's Report of Annual Activities for Fiscal Year Ended June 30, 2020**

Ms. Volnick presented the item. The report highlights the activities of the office throughout the year. More than 50% of the time is spent on internal audits, 27% consulting, 16% follow-up and 5% investigations. The office had six items for audit follow-up recommendations. As of today, most of that follow-up has been completed with one scheduled to be done by December 31. There were no internal audits that resulted in significant investigation of fraud or misuse.

**AC: I-2. Review of Financial Statements for Direct Support Organizations**

Ms. Dorothy Russell, interim VP Financial Affairs, presented the item. Ms. Russell said the financial statements for all University Direct Support Organizations (DSOs) are presented to the BOT annually. They are comprised of the following:

- a. FAU Finance Corporation (FAUFC)
- b. FAU Research Corporation (FAURC)

- c. FAU Clinical Practice Organization (FAU CPO)
- d. FAU Foundation, Inc. (FAUF)
- e. HBOI Foundation, Inc. (HBOIF)

All of the audits have been reviewed and approved by their respective boards. The HBOIF statement is in draft form, as it was just received this morning. We asked them to speak before the board and they declined, given the pending litigation.

Ms. Russell introduced the presenters from Keefe McCullough, who audited the other DSOs. Mr. Israel Gomez presented the audits. The audits were conducted in accordance with generally accepted auditing standards, government auditing standards, and the Florida rules of the auditor general. Keefe McCullough provided an unmodified opinion to every organization, which is the highest level of assurance. They were all clean, unmodified reports. Ms. Russell reported that the HBOIF audit was also clean.

Trustee Stilley said in looking at the HBOIF their administrative costs went up from \$638,000 to \$858,000, which is about a 34% increase. Their overall expenses went up almost a million dollars. He thought those were big increases and asked if they were due to legal fees and not administrative costs. Ms. Russell said she would take her concerns back to the HBOIF and request a written response.

Trustee Burns asked about the HBOIF endowment restrictions that lapsed and the change of asset categories and statement of financial position. Ms. Russel said she will check with the foundation and request a written response. Trustee Burns also asked about the status of litigation. Mr. Kian said the litigation was very active and depositions are taking place this week.

### **AC: I-3. Review of FAU Athletics Department Independent Account Report on Agreed-Upon Procedures**

Mr. Brian White, Vice President for Athletics, presented the item. Mr. White introduced Katie Davis from James Moore, who prepared the report. Ms. Davis reported that the procedures were not changed from previous years, so there was nothing significant to report. There was no findings or concerns from their procedure. On the statement of revenues and expenses, the NCAA has created these categories to apply consistency throughout all member institutions. These categories create some unique treatments to items that are not exactly generally accepted accounting principles, but there is nothing unusual or significant that cause any concern.

Trustee Davis reiterated that there were no findings in this detailed report. He thanked Brian White and the independent accountants for moving this up on their calendar so that delivery of the report would coincide with the other DSOs.

**The meeting was adjourned.**