1. Welcome to Attendees

2. Approval of February 21, 2019, Committee Minutes

3. Office of Compliance and Ethics
   a. Professional Development
      i. April 2019 University Compliance and Ethics Consortium Meeting
      ii. June 2019 Society of Corporate Compliance and Ethics Higher Education Compliance Conference (Orlando, FL)

   b. Old Projects
      i. Title IX Audit follow-up
      ii. Hazardous Chemicals Audit follow-up
      iii. Outside Employment process
      iv. HIPAA and GDPR gap analyses

   c. New Projects
      i. Security and privacy policy reviews
      ii. Export control and travel review
         1. Hiring of International Travel Safety and Risk Manager (Provost’s Office)
      iii. Athletics
      iv. Compliance.fsu.edu website

   d. Oversight, External Review and DOJ Updates
      i. House Recommended Actions from UCF Investigation (for Audit and Compliance Offices) (attached, please see page 6)
      ii. CEO 19-9, Doing Business with One’s Agency (attached)
      iii. External review (due November 2021)
      iv. April 2019 DOJ Guidance on Evaluating Corporate Compliance Programs

4. Office of Inspector General Services
   a. Annual Review and Approval of OIGS and BOT Audit and Compliance Committee Audit Charter
b. Follow up on Auditor General Report No. 2019-083 dated December 2018 on:
   i. Information Technology Risk Assessments – Update to be provided by Jane Livingston, University Chief Information Office or Bill Hunkapiller, Director of Information Security and Privacy

35-38

   c. Follow up on Office of Inspector General Services reports on:
      i. Cybersecurity training for University staff – Update to be provided by Jane Livingston/Bill Hunkapiller
         39-48
      ii. Coach-owned Summer Athletic Camps
         49-52

   d. 2019 Legislative Session:
      i. Senate Bill 190 – required audit of Preeminent State Research University Program metrics. This is in addition to metrics for PBF (ss. 1001.7065, F.S. and 1001.92, F.S., respectively.)
         Also, new language regarding PECO projects and prioritization.
         53-58

   e. House of Representatives Public Integrity and Ethics Committee recommendations to the BOG, BOT, and University management regarding oversight, knowledge, approval, and expenditure of funds for capital outlay projects.

   f. BOG State University System Internal Management and Accounting Control and Business Process Review
      59-86

   g. Recently Issued OIGS Audits
      i. Undergraduate Tuition and Fee Waivers
      ii. ITS Continuity of Operations Plan and Selected Non-ITS Department Plans
      iii. Office of Business Services Contract Management – Food Services Contract with Sodexo America, LLC
      iv. Center for Leadership and Social Change
      v. Upward Bound Unaffiliated Third Party FSU Credit Union Account
      vi. DSO Financial Statements

   h. Listing of Audits Issued, In Progress, and Status

5. Motion to Adjourn

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Audit and Compliance Committee Meeting

February 21, 2019
1:00 pm

Florida State University
National High Magnetic Field Laboratory
Room B210
Tallahassee, Florida

Trustee Members Present: Jorge Gonzalez, Max Alvarez, Jim Henderson, and Stacey Pierre. In addition, Trustee Brent Sembler attended the meeting via teleconference.

1. Call to Order and Welcome

Mr. Jorge Gonzalez, Chairperson, called the meeting to order at 1:00 pm.

2. Approval of November 15, 2018, meeting minutes

Audit and Compliance Committee minutes were approved for the meeting held November 15, 2018.

3. Office of Compliance and Ethics (OCE)

a. Professional Development

i. January 2019 State University System Compliance Consortium winter meeting (Tampa, FL)

Ms. Blank explained her attendance at the January 2019 State University System Compliance Consortium winter meeting in Tampa, FL. For the first time, there was representation from all Universities. There was also a representative from the Board of Governors. Ms. Blank further explained that all Universities met the benchmark requirements required by BOG checklist and regulation 4.003.

ii. Webinars

Ms. Blank explained the use of webinars around the University. She explained her attendance at multiple webinars so far and also explained University opportunities to attend those webinars.
b. Old Projects

i. BOG Checklist (update from Jan 30-31 BOG meeting)

Ms. Blank explained that the Office of Compliance and Ethics has successfully submitted a completed checklist to the BOG.

ii. Title IX Audit Follow-up

Ms. Blank explained that the Office of Compliance and Ethics continues to address the recommendations from the Title IX Audit issued by the OIGS, working closely with Student Affairs and the Office of Student Rights and Responsibilities.

iii. Hazardous Chemicals Audit Follow-up

Ms. Blank explained that the Office of Compliance and Ethics continues to address the recommendations from the Hazardous Chemicals Audit issued by the OIGS, in terms of software and personnel and how the University handles the use and storage of hazardous chemicals.

iv. Outside Employment process

Ms. Blank explained that the OCE is working with other departments within the University to make disclosure of outside employment an electronic process. She further explained that several other Florida Universities are currently using an electronic process.

c. New Projects

i. HIPAA & GDPR Gap Analysis

Ms. Blank explained that Invitation to Negotiate (ITN) committees were put together for both the HIPAA and GDPR Gap Analyses. She further explained that contracts for both were awarded to the same vendor, Focal Point. She also explained that the projects are expected to begin in February 2019 and end in July 2019.

ii. Conflict of Interest Issues

Ms. Blank explained that she receives several calls per week regarding conflicts of interest and gift issues. She further explained that the OCE's goal is to develop a training course for these particular subjects. Ms. Blank also responded to Trustee Henderson that webinars are currently offered for many other topics, and that it would not be difficult to add more. Ms. Blank also stated that the OCE completed its first
investigation. Ms. Blank explained EthicsPoint and the process of deciding whom those complaints are directed.

4. Office of Inspector General Services

a. The College of Business – Student Investment Fund (SIF) request for approval of Audit Services Contract

Mr. McCall explained that the College of Business, Student Investment Fund is requesting BOT approval of an audit services contract with Lanigan & Associates, PC. The motion was approved.

b. Acceptance of the 2019 Performance Based Funding Audit and Recommendation to the Board for the University President and Board of Trustees Chair to sign the Board of Governors Certification

Mr. McCall explained that acceptance of the 2019 Performance Based Funding Audit will be discussed at the BOT Meeting. He also explained that this is the fifth audit of Performance Based Funding. Mr. McCall discussed the guiding principles for the 10 metrics and that FSU has moved from third to second in funding. Mr. McCall explained the objectives of the audit and provided an overall summary. Mr. McCall explained the BOG required certification page and the change or addition of the 12th certification. Mr. McCall recognized Kitty Aggelis, Heather Harrell, and Jeffrey Caines for performing the audit. A motion to recommend the full BOT accept the report and for the President and BOT Chair to sign the certification was approved.

c. Auditor General Operational Audit Report No. 2019-083 dated December 2018

Mr. McCall explained that the audit report was very positive but there were some areas for improvement. Mr. McCall explained that by University policy an IT Risk Assessment is required to be performed every year. He explained that the University has proposed, as an alternative, to perform risk assessments for 1/3 of the departments each year. Mr. McCall acknowledged Janice Foley as the main contact for IT audits. Mr. McCall further explained that University departments and areas that are more critical would be assessed first. Mr. McCall assured Trustee Gonzalez that at the June 2019 meeting representatives from ITS would attend and provide a presentation regarding risk assessment.

d. DSO Auditor Selection Process

Mr. McCall explained the DSO auditor selection process. Mr. McCall sent a follow-up email/draft memo on November 19, 2018.
e. BOG Regulation 9.011 revisions applicable to University Direct Support Organizations and Health Support Organizations

Mr. McCall explained Senate Bill 4 (regulation), which places additional responsibilities on the BOT, as it relates to DSO operations.

f. University Reserves taking hurricane events into consideration

Mr. McCall explained that the Audit and Compliance Committee will have oversight going forward. President Thrasher briefly discussed University Reserves.

g. Listing of Audits Issued, In Progress, and Status

Mr. McCall explained OIG's audits issued, in progress, and the status; including the review of DSO Financial Statements.

5. Adjournment

Trustee Gonzalez adjourned the meeting at 2:13 pm.
House Report of Investigation Into Unauthorized Use of Appropriated Funds for
Fixed Capital Outlay Projects at the University of Central Florida
Recommended Actions

<table>
<thead>
<tr>
<th>Board of Governors</th>
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<tbody>
<tr>
<td>Checks and balances must be instituted to ensure that no high-ranking administrator becomes a single point of both information and authority with respect to decisions involving significant sums of public funds. Boards of Trustees and the Board of Governors should require universities to notify General Counsel, audit and compliance, and Board of Governors staff of the substance of such decisions. Compliance staff must have authority and opportunity to question the legitimacy of such decisions.</td>
</tr>
<tr>
<td>Trustees should be trained in their constitutional and fiduciary responsibilities.</td>
</tr>
<tr>
<td>Budget and finance decision makers should receive regular notifications of changes in applicable laws and regulations including new Board of Governors guidance.</td>
</tr>
<tr>
<td>The Board of Governors should provide standards for operating budgets and capital outlay budgets consistent with the above recommendations to verify that the laws are faithfully executed.</td>
</tr>
<tr>
<td>The Board of Governors should provide clear guidance for Capital Improvement Plans including BOB 1 and BOB 2 lists to verify the legitimate and appropriate use of each form.</td>
</tr>
<tr>
<td>The Board of Governors should provide or identify standards for project planning that require proper project budgeting and authorizations, particularly funding authorization in budgets approved by a university Board of Trustees.</td>
</tr>
<tr>
<td>The Board of Governors should require Boards of Trustees regularly to review and approve E&amp;G carryforward spending plans.</td>
</tr>
<tr>
<td>The Board of Governors should provide clear written guidance or opinions upon request of university staff and Boards of Trustees on all matters of regulatory significance. FAQs and training modules covering all statutory and regulatory budget and finance matters should be available to all universities. Such information should be kept current with respect to laws and regulations.</td>
</tr>
<tr>
<td>Board of Governors reports should accurately reflect plans or expenditures reported. Funds not legally encumbered should never be characterized as encumbered or expended. Funds committed from E&amp;G carryforward accounts and not encumbered or expended should be reported as E&amp;G carryforward available for any lawful use. Funds transferred to other university accounts but not expended should not be reported as expenditures.</td>
</tr>
<tr>
<td>To remove legal uncertainty about the use of E&amp;G for maintenance, renovation and capital renewal: (I) The Board of Governors should abandon its $2 million limitation on maintenance projects or clarify its statutory or regulatory basis with a legal opinion of its General Counsel or the Attorney General; and (II) The Board of Governors should consistently define “fixed capital outlay,” “maintenance,” “capital renewal,” “deferred maintenance,” “infrastructure,” and related terms consistent with current law.</td>
</tr>
<tr>
<td>The Board of Governors should consider adopting a policy on crisis management, providing intervention and support to institutions affected by financial mismanagement.</td>
</tr>
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</table>
House Report of Investigation Into Unauthorized Use of Appropriated Funds for  
Fixed Capital Outlay Projects at the University of Central Florida

Recommended Actions

<table>
<thead>
<tr>
<th>Board of Governors Office of Inspector General and Director of Compliance</th>
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<tbody>
<tr>
<td>The Board of Governors Inspector General should investigate significant complaints or reports of possible waste, fraud and mismanagement and submit investigative findings to the Board of Governors, the Speaker of the House and Senate President.</td>
</tr>
<tr>
<td>The Board of Governors should ensure that multiple whistleblower paths are available and widely publicized to maximize opportunities for Trustees, employees, students, contractors, and taxpayers to report waste, fraud, mismanagement or other violations of governing laws.</td>
</tr>
<tr>
<td>University Audit and Compliance staff should make annual reports to the Board of Governors Inspector General summarizing their investigative activities, findings and results.</td>
</tr>
<tr>
<td>The Board of Governors should monitor compliance activities in all institutions.</td>
</tr>
<tr>
<td>SUS Boards of Trustees</td>
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</tr>
<tr>
<td>Boards of Trustees should approve Operating Budgets conforming to Florida law with some delineation of authorized expenditures, subject to revision by the Board of Governors.</td>
</tr>
<tr>
<td>Boards of Trustees should approve E&amp;G carryforward commitments reported to the Board of Governors each August and approve university changes to the approved commitments on a quarterly basis.</td>
</tr>
<tr>
<td>Boards of Trustees should review each state audit finding, be fully advised by legal counsel, audit staff and trained administrators of the seriousness of findings of unlawful operations or activities, and maintain regular review of institutional responses until compliance is achieved and certified by the university's chief audit executive, Board of Governors Inspector General, or the Auditor General.</td>
</tr>
</tbody>
</table>
### House Report of Investigation Into Unauthorized Use of Appropriated Funds for Fixed Capital Outlay Projects at the University of Central Florida

#### Recommended Actions

<table>
<thead>
<tr>
<th>SUS Leadership</th>
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<tbody>
<tr>
<td><strong>Capital Outlay Budgets</strong></td>
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<tr>
<td>Capital Outlay Budgets must comply with statutory requirements showing all capital projects and the actual source of funds committed to each project.</td>
</tr>
<tr>
<td>Capital projects in excess of $1 million in cost should not be undertaken before the President and General Counsel certify the actual source of all funds to be expended and that planning and funding conform to the Capital Outlay Budget, Capital Improvement Plan, Master Plan, applicable laws and regulations. Such certifications should be submitted to the Board of Trustees for information at the next scheduled meeting.</td>
</tr>
<tr>
<td><strong>E&amp;G funds</strong></td>
</tr>
<tr>
<td>E&amp;G funds should not be transferred or encumbered except as authorized in budgets and carryforward commitment lists approved by the Board of Trustees.</td>
</tr>
<tr>
<td><strong>All SUS leadership</strong></td>
</tr>
<tr>
<td>All SUS leadership should jointly search for best practices in budgeting and accountability. Each Board of Trustees should adopt policies to ensure adherence to budget and planning laws and regulations.</td>
</tr>
<tr>
<td><strong>University investment policies and accounting of investment shares of various university accounts</strong></td>
</tr>
<tr>
<td>University investment policies and accounting of investment shares of various university accounts should disclose the source and possible use of all funds commingled in investment programs. Care should be taken to avoid risking university reserves or endowments through internal allocation practices that are not fully accountable to the Board of Trustees.</td>
</tr>
<tr>
<td><strong>Internal loans</strong></td>
</tr>
<tr>
<td>Internal loans should be fully disclosed and audited to ensure the safety and security of all funds, particularly E&amp;G funds.</td>
</tr>
<tr>
<td><strong>Each SUS institution</strong></td>
</tr>
<tr>
<td>Each SUS institution should foster a culture that respects and responds to Auditor General Audit Findings.</td>
</tr>
</tbody>
</table>
**SUS General Counsels**

<table>
<thead>
<tr>
<th>The General Counsel, audit, and other compliance offices should help train budget, finance and accounting staff, and their administrative superiors, in applicable laws and regulations.</th>
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<tbody>
<tr>
<td>General Counsels should train Trustees in their budgetary and financial responsibilities.</td>
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<tr>
<td>General Counsel, internal audit, and compliance offices should help train all responsible university administrators in applicable laws and regulations.</td>
</tr>
<tr>
<td>Engagement of legal counsel to certify that each budget document submitted to a Board of Trustees for approval is compliant with applicable laws and regulations.</td>
</tr>
<tr>
<td>SUS Audit and Compliance Offices</td>
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<tr>
<td>----------------------------------</td>
</tr>
<tr>
<td>Capital Outlay Budgets, Fund Composition Reports and E&amp;G carryforward expenditures should be routinely audited.</td>
</tr>
<tr>
<td>Internal auditors should prioritize audits of E&amp;G carryforward distributions and capital project funding.</td>
</tr>
<tr>
<td>Regular internal operational audits to monitor compliance with such policies [Policies developed to ensure adherence to budget and planning laws and regulations].</td>
</tr>
<tr>
<td>Public universities should employ sufficient Audit and Compliance staff to protect the interests of taxpayers and students.</td>
</tr>
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CONFLICT OF INTEREST

STATE UNIVERSITY EMPLOYEES CONTRACTING WITH THE UNIVERSITY ON MATTERS UNRELATED TO THEIR UNIVERSITY DUTIES

To: Names withheld at persons' request (Tallahassee)

SUMMARY:

Under the circumstances presented, based on the application of Section 112.316, Florida Statutes, a prohibited conflict of interest will not be created under either Section 112.313(3) or Section 112.313(7)(a), Florida Statutes, were a company owned by two technical support persons employed in Information Technology Services at a State University to contract with the University to provide catering services at various events, provided that the events are not being organized by Information Technology Services, as the employees have no responsibilities in their public capacities regarding the University's selection or procurement of caterers. CEO 18-5, 18-4, and 07-12 are referenced.¹

QUESTION:

Would a prohibited conflict of interest be created if a company you co-own contracts with a State University to provide catering services, where you are employed by the University in Information Technology Services but your positions do not involve selecting or procuring caterers for University events?

Under the circumstances presented, your question is answered in the negative.

In your letter of inquiry, additional information provided to our staff, and telephone conversations between you and our staff, you state you are employees in Information Technology Services at a State University and, in your private capacities, are co-owners of a catering company. You indicate your company is included on the list of catering vendors kept by an events facility at the University. You relate that University offices, departments, and colleges who host events—as well as some private entities who host events—often contact the University to obtain catering recommendations, and the University provides them with this list.

You further explain that, in your capacities at the University, you have no involvement with, nor influence over, the selection of catering companies for University events. Rather, you relate your work at Information Technology Services is to ensure the technologies and equipment associated with campus-wide services—such as student enrollment services and payroll services—are functioning properly. You emphasize the technical services you perform may require you to interact with various offices, departments, and colleges of the University, but you follow the same processes and protocols with each office, department, and college, and have no particular influence with any part of the University outside of Information Technology Services. You also emphasize that the technical services you provide are unrelated to the catering of University events.

Your specific inquiry is whether you will have a prohibited conflict under any provision of the Code of Ethics should your company cater events offered by University offices, departments, and colleges who might select your company’s name from the University’s list. You indicate your company would not solicit these opportunities, but, rather, would respond to a University office, department, or college contacting your
company due to its presence on the list.\textsuperscript{2}

The prohibitions relevant to your inquiry are Sections 112.313(3) and 112.313(7)(a), Florida Statutes, which state:

DOING BUSINESS WITH ONE'S AGENCY.—No employee of an agency acting in his or her official capacity as a purchasing agent, or public officer acting in his or her official capacity, shall either directly or indirectly purchase, rent, or lease any realty, goods, or services for his or her own agency from any business entity of which the officer or employee or the officer's or employee's spouse or child is an officer, partner, director, or proprietor or in which such officer or employee or the officer's or employee's spouse or child, or any combination of them, has a material interest. Nor shall a public officer or employee, acting in a private capacity, rent, lease, or sell any realty, goods, or services to the officer's or employee's own agency, if he or she is a state officer or employee, or to any political subdivision or any agency thereof, if he or she is serving as an officer or employee of that political subdivision . . . This subsection shall not affect or be construed to prohibit contracts entered into prior to:

(a) October 1, 1975.
(b) Qualification for elective office.
(c) Appointment to public office.
(d) Beginning public employment.
[Section 112.313(3), Florida Statutes.]

CONFLICTING EMPLOYMENT OR CONTRACTUAL RELATIONSHIP.—No public officer or employee of an agency shall have or hold any employment or contractual relationship with any business entity or any agency which is subject to the regulation of, or is doing business with, any agency of which he is an officer or employee . . . ; nor shall an officer or employee of an agency have or hold any employment or contractual relationship that will create a continuing or frequently recurring conflict between his private interests and the performance of his public duties or that would impede the full and faithful discharge of his public duties. [Section 112.313(7)(a), Florida Statutes.]

Were the language of the prohibitions to be considered alone, your company would be selling services to the University (your public agency\textsuperscript{3}), thereby triggering the second part of Section 112.313(3), and you would have an employment or contractual relationship with your company, a business entity, which, by virtue of the catering contract, would be doing business with the University, thereby triggering the first part of Section 112.313(7)(a).\textsuperscript{4}

However, in the past, and in response to unique circumstances, the Commission has applied Section 112.316, Florida Statutes, to negate the application of Sections 112.313(3) and 112.313(7)(a) when a public officer or employee lacks any public capacity responsibility regarding the relationship between his public agency and his private business. Section 112.316 provides:

CONSTRUCTION.—It is not the intent of this part, nor shall it be construed, to prevent any officer or employee of a state agency or county, city,
or other political subdivision of the state or any legislator or legislative employee from accepting other employment or following any pursuit which does not interfere with the full and faithful discharge by such officer, employee, legislator, or legislative employee of his or her duties to the state or the county, city, or other political subdivision of the state involved.

In CEO 07-12, a State University professor inquired whether he would have a prohibited conflict were his architectural/engineering firm to contract with the University to perform work on a project. The Commission applied Section 112.316 to negate the application of Sections 112.313(3) and 112.313(7)(a) as it found the professor played no role at the University concerning the project or the potential contract between the University and his firm. See, also, among others, CEO 18-4 (using Section 112.316 to negate the application of Section 112.313(3) where a city councilperson's company was intending to sell construction services to a local school system encompassed within city government because the city council had no responsibilities regarding the business between the company and the school system) and CEO 18-5 (using Section 112.316 to negate the application of Section 112.313(3) where a company co-owned by a member of a city's planning and zoning board was selling goods and services to the city's community redevelopment agency because the planning and zoning board had no influence over which contracts the community redevelopment agency would approve).

Similarly, here, you relate your University employment responsibilities are not related to selecting caterers or providing catering at University events. Accordingly, under the particular circumstances presented in your inquiry, we find that Section 112.316 will negate the application of Sections 112.313(3) and 112.313(7)(a) if your company contracts to provide catering to University offices, departments, and colleges, provided that the catering is not for an event being sponsored by Information Technology Services.

Your question is answered accordingly.

ORDERED by the State of Florida Commission on Ethics meeting in public session on April 12, 2019, and RENDERED this 17th day of April, 2019.

__________________________
Guy W. Norris, Chair

[1] Prior opinions of the Commission on Ethics may be obtained from its website (www.ethics.state.fl.us).

[2] While your written inquiry concerned catering an event being sponsored by the University's Office of Faculty Development and Advancement, you clarified in subsequent phone conversations that you seek an opinion addressing whether you may cater events for various University offices, departments, or colleges.

[3] For the purposes of Sections 112.313(3) and 112.313(7)(a), your "agency" would be the entire University, as Section 112.312(2), Florida Statutes, defines the term "agency" as "... any public school, community college, or state university ... ."

[4] You relate by phone that any catering contract would be between the University and your company.
1. **Introduction**
The Office of Inspector General Services (OIGS) provides professional internal audit and investigative services at Florida State University.

1.1 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve University operations. It helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

1.2 Investigations are performed to address alleged fraud, waste, abuse or other wrongdoing which could result in the loss or misuse of University resources. Such wrong-doing may come to the attention of the Office during an audit or investigation or through reporting by University faculty, staff, students, or the general public.

2. **Authority for the Office**
The Florida State University President and Board of Trustees (BOT) initially approved a charter for the Office of Audit Services in September 2003. Subsequently, in November 2012, the President approved changing the name from the Office of Audit Services to the Office of Inspector General Services (OIGS). In June 2017, the Board of Trustees approved the establishment of an Audit and Compliance Committee that provides oversight of the OIGS.

3. **Vision**
The OIGS vision is to be an exemplary professional audit and investigative organization that adds value, promotes accountability, fosters transparency and understanding, and to be viewed by the University as essential to the proper functioning of University controls and operations.

4. **Mission**
The OIGS mission is to provide an independent, objective, and comprehensive program of auditing and investigations; to advance accountability through the provision of assurance and consulting services and investigations; and to actively work with University Boards and Committees, management, faculty, and staff in identifying risks, evaluating controls, and making recommendations that promote economical, efficient, effective, equitable, and ethical delivery of services.
5. **Organization**

5.1 The OIGS, headed by the Chief Audit Officer (CAO), provides a central point in the University for coordinating and carrying out activities that promote accountability, integrity, and objectivity.

5.2 The Chair of the Audit and Compliance Committee of the BOT works in concert with the University President prior to any action to hire or terminate the CAO.

5.3 The Chief Audit Officer will report directly and administratively to the University President, functionally to the Audit and Compliance Committee Chair, and he/she shall have unrestricted access to the Board of Trustees.

5.4 The Board of Trustees, or as delegated to the Audit and Compliance Committee by the Board Chair, will:

   a. Approve the charter of the OIGS;
   b. Review the charter at least every three (3) years for consistency with applicable law, Board of Governors (BOG), and University regulations and policies, professional standards, and best practices;
   c. Approve the risk-based annual OIGS workplan;
   d. Receive communications from the CAO on performance relative to the audit plan and other significant matters coming to the attention of the CAO during the year;
   e. Provide to the President, through the Chair, an annual assessment of the performance of the Chief Audit Officer; and
   f. Make appropriate inquiries of management and the CAO to determine the existence of scope or resource limitations.

5.5 Any allegations related to wrongdoing by the CAO shall be reported to the Board of Governors, University President, Chair of the BOT, and Chair of the BOT Audit and Compliance Committee for their review and disposition.

6. **Code of Ethics**

6.1 All OIGS staff shall abide by the *Florida Code of Ethics for Public Officers and Employees* as provided for in Florida Law, any additional code of ethics or conflict of interest policy of the University, and the Code of Ethics issued by The Institute of Internal Auditors and the Association of Inspectors General.

7. **Independence and Objectivity**

7.1 To permit independence and objectivity in mental attitude and appearance, the OIGS will remain free from interference from any element in the University to include matters of topic selection, scope, procedures, frequency, timing, report content, and report issuance. The OIGS will have no direct authority or responsibility over any of the activities it reviews. The OIGS will
not implement internal controls, develop and write policies or procedure, design or install systems, or engage in any activity that may impair independence or objectivity.

5.2 The OIGS may review management initiated initiatives and provide advice and counsel to University departments. Management assistance activities that the OIGS may perform shall meet professional auditing standards and shall result in management accepting responsibility for actions taken in response to accepted recommendations.

5.3 OIGS staff will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activities or processes being examined.

5.4 OIGS staff will make a balanced assessment of all relevant circumstances and not be unduly influenced by their own interests, or those of others, in forming conclusions on engagement results.

8. Authority and Access to Records

8.1 The OIGS provides audit and investigative services to all entities of Florida State University, including schools, colleges, departments, auxiliary enterprises, and Direct Support Organizations (DSOs). Accordingly, the OIGS is authorized to:

a. Have unlimited and unrestricted access to all data, books, records, files, property, information systems, and personnel of Florida State University and its DSOs and component units as deemed necessary to carry out duties and responsibilities;

b. Have "right-to-access" language in all University contracts that allow OIGS access to contractor records supporting amounts due or received, amounts paid or owed, or documentation supporting work products prepared for any University entity;

c. Allocate resources, establish schedules, select subjects, determine scopes of work, and apply techniques required to accomplish objectives; and

d. Obtain essential assistance and cooperation of personnel in areas of the University where audits and investigations are performed.

9. Standards and Professionalism

9.1 Audit and compliance activities will be governed by adherence to The Institute of Internal Auditor’s Professional Practices Framework, which is composed of the Core Principles, the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing. *Other professional auditing standards may be followed, as applicable to the audit engagement.*

9.2 Investigative services will be governed by adherence to *Principles and Standards for Offices of Inspector General* issued by the Association of Inspectors General and *Standards for Complaint Handling and Investigations for the State University System of Florida.*
9.3 The OIGS will adhere to and be guided by applicable Florida law, as well as State University System Board of Governors, Florida State University Board of Trustees, and University regulations, policies, and procedures.

10. **Scope of Work**

10.1 The OIGS’ scope of internal audit and investigative work will include all University colleges, schools, departments, auxiliaries, DSOs and component units. The scope of work will help to ensure that significant:

   a. Risks are appropriately identified and managed;
   b. Assets and resources are properly controlled and safeguarded;
   c. Financial and operational information is accurate and reliable;
   d. State and federal laws, rules, and regulations are complied with; and
   e. Programs and operations are efficient and effective.

10.2 The scope of internal auditing work encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the University’s risk management, control, and governance processes.

10.3 All such work shall be performed with the overarching understanding that establishment of adequate risk management, controls, and governance processes and monitoring thereof are a management responsibility.

11. **Duties and Responsibilities**

11.1 Responsibilities of the OIGS and the CAO:

   a. Develop an internal audit workplan based on a prioritization of the audit universe using a risk-based methodology, including input from the BOT, University President, and senior management.

   b. The CAO will review and adjust the plan as necessary in response to changes in the University’s activities, risks, operations, programs, systems, and controls. Any significant deviation from the approved audit workplan will be discussed with the BOT Audit Committee and communicated, as appropriate, to the President and BOT.

   c. Provide the approved workplan to appropriate University management and the BOG’s Office of Inspector General.

   d. Include in the annual workplan a schedule of planned audit and investigative hours to be applied for the year. The workplan will be revised as needed to meet the requests and needs of the President, Board of Trustees, and the University.

   e. In preparing the annual work plan consider and identify long-range audit topics as well as audit and investigative resource needs of the OIGS. The CAO will communicate the impact of resource limitations and significant interim changes to the BOT Audit and Compliance Committee.
f. Perform assurance and consulting engagements and investigations in accordance with the annual workplan taking into consideration any special tasks or projects requested by University management and the BOT Audit and Compliance Committee.

g. For each audit prepare and distribute a final draft report to the person(s) responsible for supervision of the program function or operational unit who shall respond to the identified issues and recommendations within 20 working days. Such response shall include management’s overall comments about the audit and proposed actions to address issues and recommendations, the person(s) directly responsible for addressing the identified issues, and a target date for estimated completion.

h. For each audit prepare and timely issue a final written audit report to the BOT, President, BOG, other Boards and Committees, the Auditor General, and senior management most responsible for the program, activity, or function audited. The final report will include management’s overall response and proposed actions to address issues identified and related recommendations. As needed and appropriate in the circumstances, any CAO rebuttal or clarifications to management’s response shall be included in the final written audit report or otherwise made available.

i. Maintain confidentiality of all audit working papers and notes related to an audit, and all information received, produced, or derived from an investigation, until such time as a final audit or investigative report is issued in accordance with applicable law.

j. Review management’s follow-up activities intended to address observations or recommendations of external audit or regulatory agencies to include any reports issued by the Auditor General, the Office of Program Policy and Government Accountability, a federal audit organization or its subcontractors, DSO external auditors, or others. All significant findings will remain as open issues until cleared.

k. Conduct follow-up activities for OIGS issued audits at least every six months. As warranted by the specific issues, follow-up activities may occur at any time to protect University financial and program operations.

l. Report the results of any investigation performed in accordance with OIGS policies and procedures.

m. Periodically report in writing and verbally upon request to the BOT, President, and senior management on OIGS activities as well as its performance relative to: its workplan; significant risk exposures and control issues, including fraud/abuse, risk, and governance issues; and other matters as needed or requested.

n. Report at every Board of Trustees Audit and Compliance Committee meeting or at other times, depending on whether there are significance issues of which the Committee should be made aware for their information, discussion, direction, and/or disposition.

o. Hire and retain professional staff with sufficient knowledge, skills, and experience, and professional certifications to fulfill the responsibilities of the OIGS, and ensure
appropriate and required training and education is provided to staff in accordance with applicable professional education standards.

p. Maintain a quality assurance and improvement program that meets the requirements of standards followed. The CAO will communicate to senior management, the BOT, and BOG on the quality assurance and improvement program to include the results of any external quality control review conducted in accordance with the time requirements of the applicable audit and investigative standards followed.

q. Investigate allegations of suspected abuse/fraudulent activities within the University and provide to the BOG, Auditor General, University management and the BOT Audit and Compliance Committee investigative reports issued.

r. Address allegations of waste, fraud, or financial mismanagement. The CAO will use professional judgment in assessing materiality such that it would be appropriate to inform the BOG Office of Inspector General and Director of Compliance of such allegations. Significant and credible allegations shall be addressed to meet the requirements of BOG Regulation 4.001.

s. Investigate complaints received under the State Whistle-blowers Act pursuant to sections 112.3187-112.31895, Florida Statutes, as applicable.

t. Report allegations received by the OIGS that the CAO has reason to believe involve potential violations of criminal law to the University Police, other law enforcement agencies, and other responsible state or federal agencies, as appropriate.

u. Report information received of known or suspected child abuse, abandonment, or neglect committed on the property of the University or during an event or function sponsored by the University to the Florida Department of Children and Families.

v. Assist University Police and other law enforcement organizations with criminal financial and other investigations as requested.

w. Maintain a reporting system that includes mechanisms available for anonymity or confidentiality, whereby University employees and agents may report or seek guidance regarding significant abuse, fraud, or criminal conduct, without fear of retaliation. In cases where a component of the reporting system is managed by another operational unit, the CAO shall have access to reported information.

x. Work cooperatively with the University Compliance and Ethics Officer in the determination of issues that can be addressed most appropriately and efficiently jointly, or by one Office or the other.

y. Provide training to the University community on internal control, risks management, fraud, abuse, administrative investigations, and other matters for which the OIGS has expertise.

z. Maintain a proper balance of audits, investigations, and other accountability activities, with a view toward avoiding any duplication of effort with external auditors.
aa. Coordinate and cooperate with external auditors and regulators, and consider the scope of their work for the purpose of providing optimal audit coverage to the University at reasonable costs.

bb. Review all DSO financial statements and the related external audit reports issued for completeness and compliance with applicable Generally Accepted Accounting Principles, Generally Accepted Government Auditing Standards, and applicable laws, rules, and regulations.

c. Assist and provide technical advice and support to the BOT Audit and Compliance Committee in its selection of any external auditors/consultants to perform work within the University.

dd. The OIGS will have primary responsibility for implementing, coordinating, and managing contracts involving external financial, performance, or compliance audits. The OIGS will assist and provide technical advice and support to the BOT Audit and Compliance Committee in its oversight of DSOs that select external auditors/consultants to perform work for them.

e. Distribute to the Board of Governors, Board of Trustees, University President, and senior management an Annual Report that describes the OIGS accomplishments and significant audits and investigations conducted during the preceding year. The report shall be issued by September 30 following the end of each fiscal year.

______________________________  __________________________
Chief Audit Officer                      Date

______________________________  __________________________
President                               Date

______________________________  __________________________
Audit and Compliance Committee Chair   Date

1. Introduction

The Office of Inspector General Services (OIGS) provides professional internal audit and investigative services at Florida State University.

1.1 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve University operations. It helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

1.2 Investigations are performed to address alleged fraud, waste, abuse or other wrongdoing which could result in the loss or misuse of University resources. Such wrongdoing may come to the attention of the Office during an audit or investigation or through reporting by University faculty, staff, students, or the general public.

2. Authority for the Office

The Florida State University President and Board of Trustees (BOT) initially approved a charter for the Office of Audit Services in September 2003. Subsequently, in November 2012, the President approved changing the name from the Office of Audit Services to the Office of Inspector General Services (OIGS). In June 2017, the Board of Trustees approved the establishment of an Audit and Compliance Committee that provides oversight of the OIGS.

3. Vision

The OIGS vision is to be an exemplary professional audit and investigative organization that adds value, promotes accountability, fosters transparency and understanding, and to be viewed by the University as essential to the proper functioning of University controls and operations.

4. Mission

The OIGS mission is to provide an independent, objective, and comprehensive program of auditing and investigations; to advance accountability through the provision of assurance and consulting services and investigations; and to actively work with University Boards and Committees, management, faculty, and staff in identifying risks, evaluating controls, and making recommendations that promote economical, efficient, effective, equitable, and ethical delivery of services.
5. Organization

5.1 The OIGS, headed by the Chief Audit Officer (CAO), provides a central point in the University for coordinating and carrying out activities that promote accountability, integrity, and objectivity.

5.2 The Chair of the Audit and Compliance Committee of the BOT works in concert with the University President prior to any action to hire or terminate the CAO.

5.3 The Chief Audit Officer will report directly and administratively to the University President, functionally to the Audit and Compliance Committee Chair, and he/she shall have unrestricted access to the Board of Trustees.

5.4 The Board of Trustees, or as delegated to the Audit and Compliance Committee by the Board Chair, will:
   a. Approve the charter of the OIGS;
   b. Review the charter at least every three (3) years for consistency with applicable law, Board of Governors (Bog), and University regulations and policies, professional standards, and best practices;
   c. Approve the risk-based annual OIGS workplan;
   d. Receive communications from the CAO on performance relative to the audit plan and other significant matters coming to the attention of the CAO during the year;
   e. Provide to the President, through the Chair, an annual assessment of the performance of the Chief Audit Officer; and
   f. Make appropriate inquiries of management and the CAO to determine the existence of scope or resource limitations.

5.5 Any allegations related to wrongdoing by the CAO shall be reported to the Board of Governors, University President, Chair of the BOT, and Chair of the BOT Audit and Compliance Committee for their review and disposition.

6. Code of Ethics

6.1 All OIGS staff shall abide by the Florida Code of Ethics for Public Officers and Employees as provided for in Florida Law, any additional code of ethics or conflict of interest policy of the University, and the Code of Ethics issued by The Institute of Internal Auditors and the Association of Inspectors General.

7. Independence and Objectivity

7.1 To permit independence and objectivity in mental attitude and appearance, the OIGS will remain free from interference from any element in the University to include matters of topic selection, scope, procedures, frequency, timing, report content, and report issuance. The OIGS will have no direct authority or responsibility over any of the activities it reviews. The OIGS will
not implement internal controls, develop and write policies or procedure, design or install systems, or engage in any activity that may impair independence or objectivity.

5.2. The OIGS may review management initiated initiatives and provide advice and counsel to University departments. Management assistance activities that the OIGS may perform shall meet professional auditing standards and shall result in management accepting responsibility for actions taken in response to accepted recommendations.

5.4. OIGS staff will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activities or processes being examined.

8. Authority and Access to Records

8.1. The OIGS provides audit and investigative services to all entities of Florida State University, including schools, colleges, departments, auxiliary enterprises, and Direct Support Organizations (DSOs). Accordingly, the OIGS is authorized to:
   a. Have unlimited and unrestricted access to all data, books, records, files, property, information systems, and personnel of Florida State University and its DSOs and component units as deemed necessary to carry out duties and responsibilities;
   b. Have "right-to-access" language in all University contracts that allow OIGS access to contractor records supporting amounts due or received, amounts paid or owed, or documentation supporting work products prepared for any University entity;
   c. Allocate resources, establish schedules, select subjects, determine scopes of work, and apply techniques required to accomplish objectives; and
   d. Obtain essential assistance and cooperation of personnel in areas of the University where audits and investigations are performed.

9. Standards and Professionalism

9.1. Audit and compliance activities will be governed by adherence to The Institute of Internal Auditor’s Professional Practices Framework, which is composed of the Core Principles, the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing. Other professional auditing standards may be followed, as applicable to the audit engagement.

9.2. Investigative services will be governed by adherence to Principles and Standards for Offices of Inspector General issued by the Association of Inspectors General and Standards for Complaint Handling and Investigations for the State University System of Florida.
9.3 The OIGS will adhere to and be guided by applicable Florida law, as well as State University System Board of Governors, Florida State University Board of Trustees, and University regulations, policies, and procedures.

10. Scope of Work

10.1 The OIGS' scope of internal audit and investigative work will include all University colleges, schools, departments, auxiliaries, DSOs and component units. The scope of work will help to ensure that significant:
   a. Risks are appropriately identified and managed;
   b. Assets and resources are properly controlled and safeguarded;
   c. Financial and operational information is accurate and reliable;
   d. State and federal laws, rules, and regulations are complied with; and
   e. Programs and operations are efficient and effective.

10.2 The scope of internal auditing work encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the University's risk management, control, and governance processes.

10.3 All such work shall be performed with the overarching understanding that establishment of adequate risk management, controls, and governance processes and monitoring thereof are a management responsibility.

11. Duties and Responsibilities

11.1 Responsibilities of the OIGS and the CAO:
   a. Develop an internal audit workplan based on a prioritization of the audit universe using a risk-based methodology, including input from the BOT, University President, and senior management.
   b. The CAO will review and adjust the plan as necessary in response to changes in the University's activities, risks, operations, programs, systems, and controls. Any significant deviation from the approved audit workplan will be discussed with the BOT Audit Committee and communicated, as appropriate, to the President and BOT.
   c. Provide the approved workplan to appropriate University management and the BOS's Office of Inspector General.
   d. Include in the annual workplan a schedule of planned audit and investigative hours to be applied for the year. The workplan will be revised as needed to meet the requests and needs of the President, Board of Trustees, and the University.
   e. In preparing the annual work plan consider and identify long-range audit topics as well as audit and investigative resource needs of the OIGS. The CAO will communicate the impact of resource limitations and significant interim changes to the BOT Audit and Compliance Committee.
f. Perform assurance and consulting engagements and investigations in accordance with the annual workplan taking into consideration any special tasks or projects requested by University management and the BOT Audit and Compliance Committee.

g. For each audit prepare and distribute a final draft report to the person(s) responsible for supervision of the program function or operational unit who shall respond to the identified issues and recommendations within 20 working days. Such response shall include management's overall comments about the audit and proposed actions to address issues and recommendations, the person(s) directly responsible for addressing the identified issues, and a target date for estimated completion.

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i. Maintain confidentiality of all audit working papers and notes related to an audit, and all information received, produced, or derived from an investigation, until such time as a final audit or investigative report is issued in accordance with applicable law.

j. Review management’s follow-up activities intended to address observations or recommendations of external audit or regulatory agencies to include any reports issued by the Auditor General, the Office of Program Policy and Government Accountability, a federal audit organization or its subcontractors, DSO external auditors, or others. All significant findings will remain as open issues until cleared.

k. Conduct follow-up activities for OIGS issued audits at least every six months. As warranted by the specific issues, follow-up activities may occur at any time to protect University financial and program operations.

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n. Report at every Board of Trustees Audit and Compliance Committee meeting or at other times, depending on whether there are significance issues of which the Committee should be made aware for their information, discussion, direction, and/or disposition.

o. Hire and retain professional staff with sufficient knowledge, skills, and experience, and professional certifications to fulfill the responsibilities of the OIGS, and ensure
appropriate and required training and education is provided to staff in accordance with applicable professional education standards.

p. Maintain a quality assurance and improvement program that meets the requirements of standards followed. The CAO will communicate to senior management, the BOT, and BOG on the quality assurance and improvement program to include the results of any external quality control review conducted in accordance with the time requirements of the applicable audit and investigative standards followed.

q. Investigate allegations of suspected abuse/fraudulent activities within the University and provide to the BOG, Auditor General, University management and the BOT Audit and Compliance Committee investigative reports issued.

r. Address allegations of waste, fraud, or financial mismanagement. The CAO will use professional judgment in assessing materiality such that it would be appropriate to inform the BOG Office of Inspector General and Director of Compliance of such allegations. Significant and credible allegations shall be addressed to meet the requirements of BOG Regulation 4.001.

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Florida State University
Audit and Compliance Committee Charter

1. Purpose

The Audit and Compliance Committee (the Committee) is a standing committee of the Florida State University Board of Trustees (BOT). The purpose of the Committee is to provide assurances to the BOT regarding University risk management, control, and governance processes thereby assisting the BOT in fulfilling its statutory, fiduciary, and oversight responsibilities. Additionally, the Committee shall provide oversight and direction to the Office of Inspector General Services (OIGS) and the Office of Compliance and Ethics (OCE).

2. Authority

The Board authorizes the Committee to:

2.1 Perform activities within the scope of this charter.
2.2 Participate, through the Chair, in the process of appointment, evaluation, and/or dismissal of the Chief Audit Officer (CAO) or the Chief Compliance and Ethics Officer (CCEO).
2.3 Have unrestricted access to management, faculty, and employees of the university and its component units, all of whom are directed to cooperate with the Committee’s request.
2.4 Meet as needed with those persons responsible for University compliance with state and federal laws and applicable rules, regulations, and policies.
2.5 Have access to all books, records, and facilities thereof of the University.
2.6 Study or investigate any matter related to audit, compliance, or related concerns such as potential fraud or conflicts of interest that the Committee deems appropriate.
2.7 Retain independent counsel, or others to advise the Committee or assist in the conduct of an investigation upon approval of the BOT.
2.8 Meet with the University’s General Counsel to review any legal matters that may have a significant impact on the University’s overall finances, operations, and compliance with regulatory agencies.
2.9 Provide oversight and direction to the OIGS and the OCE to include reviewing and recommending BOT approval of the annual work plan.
2.10 Provide oversight of audits performed of the University and its component units by state and federal auditors, to include the Auditor General, as well as external auditors.
2.11 Review this Charter at least once every three (3) years for consistency with applicable law, BOG, and University regulations and policies, professional standards, and best practices.
2.12 Nothing in this Charter shall be construed to limit the authority of the BOT or the Committee.

3. Organization

Composition

3.1 The Committee shall be appointed and comprised of members of the Florida State University Board of Trustees as provided for in the BOT Operating Procedures.

3.2 The members will be free from any financial, family, or other material personal relationships, including relationships with members of University management, University Office of Inspector General Services and Office of Compliance and Ethics staff, and other professional consultants that would interfere with the exercise of his or her independence to perform assigned duties and responsibilities.

3.3 The majority of the Committee members will be financially literate and collectively having experience in accounting, finance, business, internal controls, risk management, and ethics.

3.4 If possible, the Committee will include at least one member who is considered an accounting or financial expert having an understanding of generally accepted accounting principles and financial statements, internal controls, and the role and responsibilities of internal and external auditors.

Meetings

3.5 A simple majority of the members of the Committee will constitute a quorum for the transaction of business.

3.6 The Committee will meet during regularly scheduled BOT meeting days, or at a minimum of three times per year. Additional meetings may occur as circumstances dictate.

3.7 The Committee Chair will approve the meeting agenda prior to each meeting subject to amendment at the Committee meeting.

3.8 The Committee shall maintain written minutes of meetings.

3.9 The Committee will look to the CAO and the CCEO for staffing and other administrative needs relating to Committee operation.

4. Internal Controls

The Committee will:

4.1 Evaluate the overall effectiveness of the University's system of internal control to include the control environment, risk assessment, control activities, information and communications systems, and monitoring thereof.
4.2. Provide oversight of the University’s internal control structure and the processes in place to ensure the effectiveness and reliability of business, financial and information systems controls.

4.3 Understand the internal control system implemented by management for the University and each component unit for the approval of transactions and the recording and processing of financial data.

5. Risk Management

The Committee will:

5.1 Provide oversight of the University’s enterprise risk management process by reviewing procedures in place to assess and minimize significant risk.

5.2 Review and consider the effectiveness of the University’s process for identifying significant financial, operational, reputational, strategic, compliance and regulatory risk or exposure and management’s plans and efforts to control and monitor such risks.

5.3 Obtain management assurances that internal controls have been established to mitigate major identified risks.

5.4 Evaluate the University’s monitoring of insurance coverage and the process used to identify and manage any uninsured risks.

6. Compliance with Laws, Rules, Regulations, Contracts, and Agreements

The Committee will:

6.1 Review the effectiveness of management’s system for monitoring compliance with laws, rules, regulations, contracts and agreements and for follow-up on any reported non-compliance, fraud, abuse, or ethics violations.

6.2 Obtain regular updates from management and legal counsel regarding compliance matters that may have a material impact on the University’s operations, financial statements, programs, or ethics policies.

6.3 Review and discuss any significant results of compliance audits; any significant matters of litigation or contingencies that may materially affect the University’s financial statements; and any legal, tax or regulatory matters that may have a material impact on University operations, financial statements, policies and programs.

6.4 Ensure that significant compliance findings and recommendations made by the university compliance officer or audit officer are received, discussed, and appropriately acted upon.

6.5 Review the effectiveness of the system for monitoring compliance with laws and regulations and follow-up (including disciplinary action) of significant wrongful acts or non-compliance.
6.6 Ascertain whether the University has an effective process for determining risks and exposure from asserted and unasserted litigation and other claims of noncompliance with laws and regulations.

6.7 Obtain reports concerning financial fraud resulting in losses in excess of $10,000 or of any amount involving a member of senior management.

6.8 Obtain regular updates from the CCEO and CAO regarding compliance matters that may have a material impact on the organization’s financial statements, compliance program, conflict of interest, or ethics policies.

6.9 Review and approve procedures for the receipt, retention, and treatment of complaints regarding financial, compliance, ethics, and conflict of interest matters.

6.10 Review the University’s monitoring of compliance with University policies and standards of ethical conduct and conflict of interest policies.

6.11 Review findings of any examinations by state and federal regulatory agencies.

6.12 Review the University’s process for monitoring contracts and agreements significant to University operations.

7. Ethics and Business Conduct

The Committee will:

7.1 Review University processes to ensure actual or potential conflicts of interest are clearly defined.

7.2 Review the process followed to assure the University’s code of conduct and is communicated to all employees on an annual basis.

7.3 Review University processes to require the reporting and approval of outside businesses involvement, employment, and consulting services.

7.4 Review University policies relating to ethics and business conduct, financial disclosure, and environmental health and safety.

8. Financial Reporting

Financial Statements and Reports

Management is responsible for the preparation, presentation, and integrity of the University’s financial statements and for the appropriateness of the accounting principles and reporting policies used by the University. The following shall be the principle duties and responsibilities of the Committee regarding financial statements:

8.1 Review the annual audited financial statements and ensure that significant findings and recommendations made by the auditors and management’s response are received, discussed, and appropriately acted upon.

8.2 Make inquiries of management and auditors concerning the adequacy and effectiveness of the University’s systems of financial reporting and internal control and compliance.
8.3 Discuss with management, the State Auditor General, and/or other external auditors the appropriateness of accounting principles used by the University and component units.
8.4 Review the audit report on Federal Awards as required by OMB Circular A-133 and State Awards required by Section 215.97, Florida Statutes.
8.5 Review the annual audit reports of component units, including management responses and corrective action plans to address the resulting recommendations.
8.6 Review significant accounting and reporting issues and recent professional regulatory pronouncements, and the impact on the financial statements of the University.
8.7 Review compliance with federal and state guidelines for financial reporting.

9. **External Auditors**

9.1 Monitor the work of the State Auditor General and other external auditors engaged to perform work within the University.
9.2 Review and assist in resolution of any disagreements between management and the external auditors regarding financial reporting.
9.3 Inquire of management as to whether external audits of DSO’s are being acquired in accordance with BOT Regulation 2.025.
9.4 Inquire of management as to whether external audits of auxiliaries are being acquired within the spirit and intent of BOT Regulation 2.025 that is applicable to DSO’s.
9.5 Provide oversight of component units (DSO’s and auxiliaries) that select external auditors to perform audit work.

10. **Office of Inspector General Services**

10.1 Review and approve the annual work plan, ensuring it addresses key areas of risk.
10.2 Approve and periodically review the charter, staffing, and activities of the OIGS.
10.3 Review a summary of significant findings and recommendations of completed work including management’s response and time frame for corrective actions and the appropriateness of proposed actions.
10.4 Obtain periodic progress reports on the status of execution of work plans.
10.5 Review significant changes or deviations from approved work plans.
10.6 Determine the degree of implementation of past recommendations and the sufficiency of actions taken in addressing those recommendations.
10.7 Ensure there are no unjustified restrictions or limitations on the scope of work.
10.8 Through the Chair and with Committee input, provide the President an annual assessment of the performance of the CAO.
10.9 Discuss with the CAO any difficulties encountered in the course of work, including restrictions on the scope of work or access to required information, and any lack of cooperation.
10.10 Review the results of periodic quality assurance reviews performed by external organizations that assess whether work of the OIGS meets professional standards.
10.11 Identify areas warranting policy changes, if any, and make recommendations to the BOT.

10.12 Meet with the CAO to discuss any issues of concern.

10.13 Review controls and guidelines for receiving and investigating reported fraud waste, or abuse.

10.14 Review guidelines for the CAO receiving and investigating complaints relating to the Whistle-blower’s Act pursuant to Chapter 112, Florida Statutes.

10.15 Require the CAO to annually report in writing on the activities of the OIGS.

11. Office of Compliance and Ethics

11.1 Provide governance oversight of the compliance program.

11.2 Review at least every three (3) years and approve the OCE charter and any subsequent revisions.

11.3 Review and approve the OCE Program Plan and any subsequent changes.

11.4 Review a summary of significant findings and recommendations of completed work including management’s response and time frame for corrective actions and the appropriateness of proposed actions.

11.5 Review the independence, qualifications, activities, resources, and structure of the compliance and ethics function and ensure no unjustified restrictions or limitations are made.

11.6 Determine the degree of implementation of past recommendations and the sufficiency of actions taken in addressing those recommendations.

11.7 Through the Chair, and with input from the Committee provide the President an annual assessment of the performance of the CCEO.

11.8 Review the CCEO’s annual report on the effectiveness of the compliance program.

11.9 Review the effectiveness of the University’s efforts to comply with BOG regulations and any applicable federal, state, and local laws, rules, and regulations.

11.10 Review the effectiveness of the compliance and ethics program in preventing and detecting noncompliance, unethical behavior, and criminal misconduct and ensure that it has appropriate standing and visibility across the University.

11.11 Identify areas warranting policy changes, if any, and make recommendations to the BOT.

11.12 Obtain regular updates from the CCEO regarding compliance and ethics matters that may have a material impact on the University’s financial statements or compliance policies.

11.13 Review controls and guidelines for receiving and investigating reported compliance, or ethics complaints.

11.14 Review guidelines relating to CCEO responsibilities under applicable sections of the Federal Sentencing Guidelines.

11.15 Require the CCEO to annually report in writing on the activities of the OCE.
11.16 Review at least once every five years, an external evaluation of the OCE program's design and effectiveness and approve any recommendations for improvement.

This Audit and Compliance Committee Charter is hereby adopted on June 8, 2018

[Signatures and dates]

Date

Date

Date

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In response to our inquiries, University personnel indicated that the 4 employees had the unnecessary access because the University cross-trained personnel to perform backup services in case of an emergency or personnel turnover. Subsequent to our inquiries, University personnel indicated that the unnecessary access for all 4 employees had been removed.

While our examination of University records supporting selected vendor transactions did not disclose any fraud or errors as a result of the unnecessary access privileges, our procedures do not substitute for management's responsibility to implement adequate controls. Unnecessary or inappropriate access privileges assigned to the ERP system applications increase the risk that unauthorized disclosure, modification, or destruction of University data or IT resources may occur.

**Recommendation:** The University should continue efforts to appropriately separate incompatible duties associated with the finance application and remove any unnecessary access privileges detected.

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**Finding 4: Information Technology Risk Assessment**

Management of information technology (IT) related risks is a key part of enterprise IT governance. Incorporating an enterprise perspective into day-to-day governance actions helps entity personnel understand the entity's greatest security risk exposures and determine whether planned controls are appropriate and adequate to secure IT resources from unauthorized disclosure, modification, or destruction.

IT risk assessments at the unit level, including the identification of risks and the evaluation of the likelihood of threats and the severity of threat impact, help support management's decisions in establishing cost effective measures to mitigate risk and where appropriate, formally accept residual risk. In lieu of IT risk assessments at the unit level, an entitywide comprehensive, written IT risk assessment would evaluate network vulnerability assessments and threats and vulnerabilities at the entity, system, and application levels, and document the range of risks that the entity systems and data may be subject to, including those posed by internal and external users.

University policies require that each University unit conduct an annual risk assessment to evaluate the security and privacy of the unit and provide the results to the Director of the Information Security and Privacy (ISP) Office. The risk assessment information assists the University in managing IT risks facing the University.

For the 2017 calendar year, we requested for examination University records supporting each University unit annual risk assessment and found that, contrary to University policies, 239 (88 percent) of the 273 units did not conduct the assessments. In response to our inquiry, University ISP Office personnel indicated that they contacted all University units to conduct the risk assessments but did not follow-up to ensure the risk assessments were conducted and provided to the ISP Office. Additionally, University

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6 Policy 4-OP-H-5 defines a University unit as a "school or college and any departments or divisions which are a subdivision of a college or school; centers, facilities, labs, libraries, or program within a college or school, or as an independent entity; offices; associations; and administrative units."
personnel indicated that a Universitywide comprehensive, written IT risk assessment had not been performed because each University unit was required to conduct an annual risk assessment.

Absent compliance with University annual risk assessment policies or the conduct of a Universitywide comprehensive, written IT risk assessment, there is an increased risk that all likely threats and vulnerabilities have not been identified, the most significant risks have not been addressed, and appropriate decisions have not been made regarding which risks to accept and which risks to mitigate through appropriate controls.

Recommendation: The University should ensure that an IT risk assessment is conducted for each University unit or revise University policies to require and ensure a Universitywide comprehensive, written IT risk assessment is conducted to provide a documented basis for managing IT-related risks.

Finding 5: Direct-Support Organizations

To promote accountability over University property, facility, and personal service use, it is important that public records prescribe the conditions for such use, document appropriate approval before the use occurs, and demonstrate appropriate use. Such records help document authorization for the use, demonstrate the reasonableness of the value associated with that use, and enhance government transparency.

State law provides that a direct-support organization (DSO) is organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to, or for the benefit of the University. Additionally, State law authorizes the Board of Trustees (Trustees) to permit the use of University property, facilities, and personal services by a DSO, and requires the Trustees to prescribe by regulation any condition with which a DSO must comply for such use. University regulations establish procedures for the creation, certification, operation, and decertification of University DSOs and the Trustees approved 10 organizations as DSOs. These DSOs routinely provide supplemental resources and education support services to the University.

As part of our audit, we examined University records supporting DSO use of University property, facilities, and personal services. In response to our request, University personnel provided a list of the University facilities used by the DSOs with an annual rent value totaling $525,459 during the 2017 calendar year. Also, according to University personnel, during the 2017 calendar year, the University provided personal services with related costs totaling $5.1 million to the 10 DSOs and the respective DSOs reimbursed the University for $2.4 million of these costs. University personnel indicated that these costs were based on the services of 134 University employees who provided up to 100 percent of their work effort for the DSOs. However, although we requested, University records were not provided to document the actual time and effort of those employees who provided less than 100 percent of their work effort for the DSOs. In addition, we requested Trustees-approved agreements to evidence the basis for reimbursements totaling $557,245 from one of the University's DSOs, the Florida State University Foundation; however,

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7 Section 1004.28(1)(a)2., Florida Statutes.
8 Section 1004.28(2)(b), Florida Statutes.
4. The personnel who have access to view Social Security number in the student system are required to reconcile documents and data coming from external sources with the University's own records. Social Security Number is part of the identifying information required for these tasks. These personnel require access to data on all students. Whether the individual is a prospective, current, or past student is not a designation that would be useful for that purpose.

Responsible Auditee: Angela McCausland, Senior ERP Director


Auditor's Recommendation:
The University should continue efforts to appropriately separate incompatible duties associated with the finance application and remove any unnecessary access privileges detected.

University's Response:
The University will continue to perform periodic reviews of employee security roles to help minimize the risk of incompatible duties and restrict access based on a demonstrated business need.

Responsible Auditee: Michael Williams, Associate VP for Finance & Administration

Finding 4: Information Technology Risk Assessment

Auditor's Recommendation:
The University should ensure that an IT risk assessment is conducted for each University unit or revise University policies to require and ensure a University-wide comprehensive, written IT risk assessment is conducted to provide a documented basis for managing IT-related risks.

University's Response:
The University will change the FSU Information Security policy by June, 2019 to require risk assessments be completed every 3 years by each university unit. Units will be prioritized using a risk based approach to complete 1/3 of all units within a given year therefore the entire population of units will be completed within 3 years. Risk assessments for the first 1/3 of units will begin in fall of 2019 with a completion of December, 2019. The remaining university units will complete risk assessments in the 2020 and 2021 calendar years. The program will restart in the 2022 calendar year.

Responsible Auditee: Bill Hunkapiller, Director for Information Security and Privacy

Finding 5: Direct-Support Organizations

Auditor's Recommendation:
We recommend that:
- The University employee actual time and effort provided to the DSOs to support the purpose for and value of such services and the distribution of applicable personal services costs among specific University and DSO activities for employees who work on more than one activity.
- The Trustees enter into agreements with DSOs to establish the basis for DSO reimbursements.
Audit of Cybersecurity Training

June 28, 2018

Sam McCall, PhD, CPA, CGMA, CGFM, CIA, CGAP, CIG, Chief Audit Officer
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Executive Summary

This audit evaluated the management and administration of cybersecurity training by selected university units. The audit objectives were derived from the Office of Inspector General Services (OIGS) risk assessment, previous Server Security audits conducted by us, and general knowledge, awareness, and training about the growing threats that place protected and private data and information technology at risk for cybersecurity attacks.

University units cybersecurity training practices in general are not adequate to ensure faculty and staff are trained to safeguard protected and private information. Overall, University units are in non-compliance with Florida State University (FSU) policies and procedures to ensure that all employees receive security training. Only three of eleven units interviewed had formal security training procedures in place. Based on survey results, 97 of 165 (59%) responding employees have not received cybersecurity training which would help them to safeguard information. University units in general do not have procedures in place to record or track employee training. By policy, the Data Owner, being the dean, director, or department head is ultimately responsible for the unit's data resources and ensuring that required training is provided and obtained. Representatives from seven of eleven units reported their awareness of cybersecurity training available at the University and that unit employees have access to and have received cybersecurity training on a variety of topics and issues. Security training resources are available to University units through the FSU Information Technology Services (ITS) and the Information Security and Privacy Office (ISPO). ITS/ISPO, the University's central information security organization, security practices generally align and in some cases exceed those of other contacted agencies, organizations, and universities.

Prior to completion of fieldwork for this audit, FSU Human Resources announced that cybersecurity training has been included in the New Employee Orientation. We acknowledge HR's positive actions to implement cybersecurity training for new hires. Such training should extend to existing employees by University units to achieve compliance with the University’s Information Security Policy.

The objectives of our audit were to evaluate cybersecurity training by selected university units and to determine whether security training is being implemented by university units in accordance to Florida State University (FSU) policies and procedures Information Security Policy, 4-OP-H-5 and Safeguarding of Confidential and Personal Information, 4-OP-F-7.
Specifically, our objectives were to:

- Determine whether faculty and staff are receiving cybersecurity training;
- Determine who is responsible for the unit’s data resources and ensuring that cybersecurity training occurs;
- Determine the types of cybersecurity training available to and received by faculty and staff;
- Determine if the cybersecurity training faculty and staff are receiving is adequate to safeguard protected and private information; and
- Determine how the Information Technology Services (ITS)/Information Security Privacy Office (ISPO), the University’s central information technology organization cybersecurity training practices align with recommended best practices and how they compare with practices of contacted agencies, organizations, and universities.

Conclusions

Our audit of cybersecurity training concluded that:

- University units are not ensuring that all faculty and staff receive cybersecurity training. Based on survey results, 97 of 165 (59%) responding employees stated that they had not received cybersecurity training.
- University units in general do not have procedures in place to record and track employee training. Only three of eleven units had procedures in place to record and track employee training.
- By policy, the Data Owner, being the dean, director, or department head is ultimately responsible for the unit’s data resources and ensuring that required training is provided and obtained.
- Representatives from seven of eleven units reported their awareness of cybersecurity training available at the University and that unit employees have access to and have received cybersecurity training on a variety of topics and issues hosted by the unit or via ISPO on-site training or SANS videos.
- University units cybersecurity training practices in general are not adequate to ensure faculty and staff are trained to safeguard protected and private information. Only three of eleven units interviewed had formal cybersecurity training and only the Controller’s Office has demonstrated and implemented training practices outlined in the Unit Security and Privacy Training Plan.
- The University’s central information technology organization (ITS/ISPO) security practices generally align with and in some instances exceed those of contacted agencies, organizations, and universities.
4-OP-H-5 Information Security Policy

**Responsible Executive:** Finance and Administration

**Approving Official:** Vice President for Finance and Administration

**Effective Date:** February 23, 2016

**Last Revision Date:** Unrevised at this time.

I. INTRODUCTION

A. OBJECTIVE

The protection of Florida State University (FSU) data is critical to the University mission. Information security underpins the University’s ability to be a good steward of the information entrusted to it by its students and employees, and by its extended community of patients, alumni, donors, volunteers and many others.

The FSU Information Security Policy establishes a framework of minimum standards and best practices for the security of data and Information Technology (IT) resources at Florida State University.

B. SCOPE

The Information Security Policy applies to all users of University IT resources, whether they are officially affiliated with the University or not, and to all uses of those resources, whether on campus or from remote locations. The policy applies to both University-owned computers (including those purchased with grant funds) and personally-owned or leased computers that connect to the Florida State University network. It applies to all devices that store FSU data. This policy applies to those who provide system, desktop, network, or other IT support, both Information Technology Services (ITS) personnel and University unit support staff. It also applies to those who partner with FSU to provide or receive services or information; therefore, contracts and agreements must include language whereby the contractor/partner agrees to comply with this policy.

C. DEFINITIONS

- **Availability** – the principle that authorized users have timely and reliable access to information and information technology resources.

- **Confidentiality** – the principle that information is accessible only to those authorized (authorized
Cryptography – the discipline that embodies the principles and methods for the transformation of data in order to hide semantic content, prevent unauthorized use, or prevent undetected modification. Cryptography is a method to protect data and includes both encryption (which is reversible) and hashing (which is not reversible, or "one way").

Data Owner – the head of a unit - dean, director, department head - who is ultimately responsible for that unit's data resources.

Data Manager – the unit employee(s) the data owner has delegated as operational oversight for the unit's data resources.

Encryption – the process of changing plaintext data into ciphertext through the use of a cryptographic algorithm for the purpose of security or privacy.

Integrity – the principle that assures information remains intact, correct, authentic, accurate and complete. Integrity involves preventing unauthorized and improper creation, modification, or destruction of information.

Member or Member of the FSU Community – an authorized user of an FSU IT resource; includes faculty, staff, contractors, students, volunteers.

Private - data for which the unauthorized disclosure may have moderate adverse effects on the University's reputation, resources, services, or individuals.

Protected - data deemed confidential under federal or state law or rules, FSU contractual obligations, or privacy considerations such as the combination of names with respective Social Security Numbers. Protected data requires the highest level of safeguarding protection.

Public - data for which disclosure to the public poses negligible or no risk to the University's reputation, resources, services, or individuals; data that has been deemed public by state or federal law. This is the default data classification, and should be assumed when there is no information indicating that data should be classified as private or protected.

University Unit - refers to a school or college and any departments or divisions which are a subdivision of a college or school; centers, facilities, labs, libraries, or program within a college or school, or as an independent entity; offices; associations; and administrative units.

D. EXCEPTIONS

To request an exception for any provision of this policy, the University unit’s Information Security Manager must first obtain approval from the unit’s dean, department head, or director, and then send the approved request to the Director of Information Security and Privacy for determination. The exception request must be specific, include reasons for not complying with a provision, and the alternative control(s) to be adopted that will achieve the intended security goal.

E. CONSEQUENCES

Disciplinary action for violating this policy is governed under the University's Standards for Disciplinary Action for violation of provision of University Policy. Users who violate this policy may be subject to other penalties and disciplinary action, both within and outside the University. Additionally, independent of such procedures, the University may temporarily suspend, block or restrict access to an account or IT resources when it appears necessary to do so in order to protect the integrity, security, or functionality of University or other IT resources, or to protect the University from liability. The University may refer suspected violations of applicable law to appropriate law enforcement agencies.

II. POLICY

A. Director of Information Security and Privacy

The FSU Director of Information Security and Privacy directs the Information Security and Privacy Office (ISPO) for the University. The Director reports to the FSU Chief Information Officer and the
Provost, and serves as the Chief Information Security Officer and the Chief Privacy Officer for FSU.

B. General Standards for All University Units

Information Security Manager

1. Each University unit and related affiliate organization shall designate an Information Security Manager (ISM) who will manage the unit's information security program. The dean, director, or department head of the unit will notify the Director of Information Security and Privacy of the ISM within 30 days of appointment.

2. The Unit ISM has the following duties that will be included in the position description:
   a. Maintain the unit's information security program according to the policy and guidelines promulgated by the ISPO,
   b. Immediately report suspected or confirmed computer and privacy incidents to the ISPO,
   c. Serve as liaison for the unit with the ISPO, and
   d. In coordination with the Unit Privacy Coordinator, ensure all unit staff receive information security and privacy training.

Protecting Data and Information

1. Any information, including e-mail messages or other data, produced, transmitted, or received by University employees "pursuant to law or ordinance or in connection with the transaction of official business" is defined as a public record by Florida Law, and is subject to the provisions of Chapter 119, Florida Statutes. Public records are subject to inspection and copying upon request by any member of the public (except as specifically exempted by law), may not be deleted or destroyed except as authorized by law and must be retained according to retention guidelines published by the state of Florida. Nothing in the Information Security Policy should be construed to impair the public's access rights under Article I, Section 24 of the Florida Constitution, Chapter 119, Florida Statutes or other applicable state or federal law.

2. Each University unit bears responsibility
   a. To protect the confidentiality (authorized access), availability, and integrity of University information
   b. The levels of controls required to ensure that protections are appropriate are based on knowledge of what data the unit has
   c. and, classifying that data as protected, private, or public.

   The following standards support this effort and, unless otherwise stated, must be performed by each University unit.
   i. Every unit and individual must exercise due diligence to protect protected information.
   ii. FSU deans, directors, and department heads have direct operational-level responsibility for information management and are considered data owners.
   iii. In accordance with FSU Privacy Policy and Guidelines, each data owner or designated data manager(s) must maintain a reference list of the data and information collected, processed, transmitted, or stored by the units under his/her purview.
   iv. Only authorized individuals will have access to protected and private information.
   v. Authorization for access must be promptly removed when a user's University affiliation changes (e.g., reassigned duties, employed by a different
vi. Data owners or their designated data managers are responsible for authorizing access to information and must periodically review access rights to ensure validity.

vii. Every unit must provide training on proper handling of information for workers whose duties involve contact with protected or private information or the IT resources that house protected or private information.

viii. Encryption must be used to ensure authorized access when protected or private information is sent via email and when it is transmitted across the network.

ix. Where technology permits and reliable key management practices are used to ensure against data loss, encryption may be used to safeguard protected or private information at rest.

x. Wireless transmission of FSU data must be implemented using strong cryptography for authentication and transmission.

xi. Mobile devices (such as portable hard drives, USB drives, smart phones, tablets, and laptops) that contain protected or private information must be encrypted.

xii. When authorized by the applicable retention schedule, information, regardless of media type, must be destroyed; electronic data must be maintained in accordance with the same retention requirements that apply to the same data in non-electronic format.

xiii. Computer equipment and information media (e.g., hard drives, thumb drives) must be sanitized prior to reassignment (e.g., wipe and then re-image) and must be sanitized or destroyed before disposal. (See NIST Special Publication 800-88, Guidelines for Media Sanitization)

Appropriate Use of Information Technology Resources

1. All FSU desktops, laptops, and mobile devices must employ a screensaver or inactivity lock of no more than 30 minutes, and require a password or pin for unlocking.

2. University computer users shall have unique user accounts.

3. Accounts that have administrator permissions must not be used as a user's default account.

4. All FSU computers must enable up-to-date anti-malware protection.

Contracts and Agreements

1. FSU deans, directors, and department heads must establish procedures to ensure contracts and agreements involving IT resources, cloud or other outsourced services, guarantee compliance with the FSU Information Security Policy.

2. When protected information is shared with non-FSU entities, agreements that specify appropriate use, storage, and eventual destruction of the information must be in place.

Risk Management

1. Each University unit will conduct an annual risk analysis to evaluate the information security and privacy status of the unit.

2. Each University unit will provide the analysis results to the Director of ISPO.

3. Based on the results of the risk analysis, the University unit will develop a mitigation plan to correct deficiencies.

4. The ISPO will develop guidelines and tools to help units with the risk analysis process.

5. University units must develop and maintain a written business continuity plan that provides information on recurring backup procedures, and also recovery procedures from both
C. General Standards for All Individuals

FSU provides a wide variety of IT resources, including computers, networks, software, computer accounts, cellular phones, office telephones and hand-held/wireless devices, for use by University students, faculty, and staff. These resources are administered by the Information Technology Services, schools, colleges, departments, and institutes, and are intended for the legitimate business of the University. User accounts and IT resources provided to faculty, staff, and students of FSU come with the associated responsibility to abide by University policies and procedures, state and federal laws and rules, and other applicable contractual obligations (such as PCI-DSS).

This policy should not abridge academic freedom, constitutional guarantees of free speech, or freedom of expression; rather, this policy contributes to the protection of these ideals by helping reduce risks of unauthorized access and modification of information, ensure appropriate availability of information, and protect individuals’ privacy. In addition to consideration of legal liability issues, the institutional image and reputation of FSU as a major research institution are valuable assets requiring protection.

Each member (faculty, staff, contractors, students, and certain visitors) of the FSU community and anyone who connects a device to the FSU network is responsible for the following.

Compliance

1. Each member of the FSU community (subsequently referred to as member) is responsible for complying with FSU security policies and procedures when performing University work or when using University information technology resources.

2. Each member must comply with applicable state and federal information security laws and rules, and with contractual obligations (e.g. Payment Card Industry Data Security Standards).

3. Unauthorized or fraudulent use of University computing resources may result in criminal prosecution.

4. The University may remove a website from any FSU server if the website is found to be in violation of federal, state, or local laws or rules, or FSU rules, policies or procedures (including this policy).

5. The University reserves the right to contain security exposures due to devices that are:
   a. imposing an exceptional load on IT resources (e.g., email spamming, network denial of service);
   b. disrupting the network;
   c. exhibiting a pattern of malicious network traffic scanning or attacking others;
   d. exhibiting behavior consistent with compromise.

Monitoring of University IT Resources

1. To help secure the infrastructure and in response to malicious activity to ensure effective mitigation, the FSU ISPO may perform or authorize network security monitoring, Intrusion detection/prevention, website scanning, network scanning, and other security procedures. Use of FSU information technology resources constitutes consent to monitoring activities.

Data Protection

1. Each member must ensure University data stored on workstations and other devices or locations under the user’s control (as opposed to a regularly backed-up shared directory) is routinely backed up.

2. Protected and private information sent via email must be encrypted.

3. Log off or lock the workstation prior to leaving the work area (Windows shortcut: Windows+L and on a Mac CTRL+Shift+Eject/Power).

4. Personal device use cannot be avoided in the University environment; however, it does
pose risks (e.g., data leakage, malware introduction, unauthorized access). Members of the FSU community must exercise caution to protect and secure their personal devices that are used on the FSU network or that store University data.

Network and Device Protection

1. Owners of devices that connect to the FSU network must comply with the following:
   a. All computers and other devices capable of running anti-malware software must employ licensed and up-to-date anti-malware. Failure to do so may result in revocation of network access;
   b. All computers and other devices must have up-to-date security patches;
   c. Owners must ensure default and vendor-supplied passwords are changed.

2. All individuals (and departments) are prohibited from running any service or device which disrupts or interferes with the FSU network.

3. The installation of network devices must be approved by ITS Network Services. This includes, but is not limited to: hubs, routers, switches, remote access devices, modems, wireless access points or any other devices that allow access to the FSU network.

Accounts and Passwords

1. Members must not share FSU accounts, passwords, personal identification numbers, security tokens, smart cards, identification badges, or other devices used for identification and authentication purposes.

2. Each member is accountable for activities performed by his/her account.

3. VPN (Virtual Private Network) accounts may not be shared.

4. Members must use a long, complex password where possible.

Immediately report suspected account compromises according to incident reporting procedures (https://its.fsu.edu/sites/g/files/upcbnu1011/files/FSU%20Incident%20Response%20and%20Reporting%20Procedures%20January2019.pdf)

5. Immediately report lost security tokens, smart cards, identification badges, or other devices used for identification and authentication purposes according to incident reporting procedures.

Personal Use

1. Personal use of University IT resources,
   a. must not interfere with the performance of the member's job duties or other FSU responsibilities;
   b. must not result in additional cost to the University;
   c. must not consume significant amounts of IT resources (e.g., bandwidth, storage);
   d. must not violate this policy.

Individual University units may implement additional limits on personal use of University IT beyond the parameters in this policy. Any additional limits must be documented by the unit and shared with unit members and the Information Security and Privacy Office.

Inappropriate Use

1. Inappropriate use of FSU email includes, but is not limited to, the following:
   a. auto-forwarding FSU business emails to a non-University email address;
   b. Impersonating another person;
   c. distribution of malware;
   d. forging email headers;
   e. Propagating "chain" letters, spam, junk mail, etc.

2. Members may not use University IT resources for the following:
   a. personal financial gains (e.g., running a business) or non-FSU commercial purposes;
   b. accessing or viewing pornographic or obscene materials unless necessary and
Coach Owned Summer Camps
Update on Issues and Progress To Date (May 20, 2019)
Based on Original OIGS Audit Report Number 17-09
Issued June 20, 2017

<table>
<thead>
<tr>
<th>Report Number</th>
<th>Original Issue for Resolution</th>
<th>How Issue Was Resolved</th>
<th>Date Issue Resolved</th>
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<tr>
<td></td>
<td><strong>Coach Authority to Operate Cross-country Camp.</strong> The cross-country coach did not have explicit authority to operate a summer camp included in his employment contract or University position description.</td>
<td>Explicit authority to operate a summer camp was added to the cross-country coach's contract.</td>
<td>June 2017</td>
</tr>
<tr>
<td></td>
<td><strong>Employment Classification.</strong> Seven of the nine camps properly processed employment taxes through the University for University employees who worked for the camps in the course of their employment. As a result, the payments were properly reported as a fringe benefit of employment. However, the volleyball and cross-country camps classified FSU employees working for the camps in the course of their employment as independent contractors for federal tax purposes. These camps should have, but did not, process the FSU employee’s compensation through University payroll as a fringe benefit.</td>
<td>The Athletics Department reported that all full-time employees who served as 2017 Summer Camp staff were paid through University payroll. OIGS confirmed that the camps that did not previously pay their full-time employees through University payroll were in compliance in Summer 2017.</td>
<td>August 2017</td>
</tr>
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<td></td>
<td><strong>Worker’s Compensation Coverage.</strong> Nine of the ten summer camps purchased Workers’ Compensation Insurance coverage as required in Chapter 440, Florida Statutes. However, the football summer camp has not carried Workers’ Compensation since May 2013, two years after our prior audit. As a result, if one of the workers were to be injured, including student-athletes, they would not be covered</td>
<td>Willie Taggart, LLC obtained worker’s compensation coverage effective 5-31-2018, for individuals including student athletes working in the summer camps who were classified as independent contractors.</td>
<td>May 2018</td>
</tr>
</tbody>
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by Workers’ Compensation. They likely also would not be covered by health insurance, as the injury would be work related.

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<tr>
<th>Liability Insurance. The coach-owned camps carry general liability insurance levels required by the University to protect the camp, its employees and the University from claims involving bodily injury or property damage. However, as student-athletes are paid as independent contractors, rather than as employees, the insurer for all but the golf camp reports that the student-athletes would not have coverage. Absent general liability insurance coverage, the student-athletes are individually liable for claims filed against them for bodily injury or property damage. These expenses may include the cost of hiring an attorney, out-of-court settlements and judgments awarded by courts.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sexual Abuse and Molestation Coverage. At the time of our audit the football and golf camps carried additional sexual abuse and molestation coverage. It was recommended for all campus.</td>
</tr>
</tbody>
</table>

| The general liability insurance policies were updated to include sexual abuse and molestation coverage. As a result of this audit, the department consulted a local insurance expert who reported that accident medical coverage and sexual molestation insurance would serve to protect the student athletes from the harm indicated in the OIGS findings, regardless of work classifications. |
| Auditor’s Note: The OIGS will contact individual insurers to determine whether the general liability policies extend coverage to all individuals working in the camps regardless of work classifications. |

| Background Checks. Compliance with background check laws was improved after the release of our 2011 audit; however, there was a change in personnel in several key roles in the Athletics Department and non-compliance again occurred in the 2015 summer camps, especially in the football summer camp where 156 of 280, or 66%, of camp workers did not complete a background check. In March 2017, we were provided documentation that shows the football camp |
| The Department established a process to compare individuals compensated by each coach-owned athletics camp with those individuals that received a background check and were permitted to work the camps. The athletics department completed a reconciliation that demonstrated a high level of |
| December 2018 |
improving compliance for the summer 2016 camps. The unaudited documentation shows a decrease in the number of camp workers over the previous summer by 65%, from 280 to 98 workers and that 17 of the 98 paid workers, or 17%, did not complete a background check.

compliance with the background check requirements. The Athletics Department also reported incorporating language in the coaches employment contracts, at the time they are open for negotiation, which allows the University, at its sole discretion, to withhold summer camp operation expense reimbursements for a violation or breach of the camp requirements.

**Athletic Summer Camp Organizational Structure.** As part of management's planned actions the Athletics Department planned to research and analyze camp structures at institutions similar to FSU to identify a structure that exposes the University to the least risk while affording the Department's sports programs the opportunity to host athletics sports camps.

The Athletics Department found that the structure of athletics camps on University campuses varies widely. Athletics Department management concluded the coach-owned camp model is the most feasible option for the department at this time due to fiscal constraints. December 2018

**Pending Implementation**

Employment Classification. At least nine of the 10 camps paid summer camp workers (who were not University employees), including student-athletes, as independent contractors when the individuals may have been more appropriately paid as camp employees. By paying these individuals as independent contractors, as opposed to camp employees, the coach owned camps did not withhold or remit employment taxes.

The most recent response from the Athletics Department states:

The majority of athletics summer camp proprietors have responded to the survey requesting answers to the following questions:

- Did the camp hire individuals as independent contractors?
- Were student-athletes hired as
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<th>independent contractors?</th>
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<tr>
<td>- If you hire individuals as independent contractors, have you received a written opinion from an independent professional or regulatory agency (competent to opine on the employment status of workers as employees or independent contractors) confirming that you are appropriately classifying workers as independent contractors? (If so, please provide the written opinion.)</td>
</tr>
<tr>
<td>- If you have not obtained a written opinion as previously mentioned and you hire independent contractors, would you be willing to obtain an opinion confirming that you are appropriately classifying workers as independent contractors?</td>
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The Department is following up with two sport programs that hosted camps last summer that have not responded to the survey.
expansion, and renovation projects that impact the university's consolidated infrastructure, physical facilities, and natural environment, including its lands, improvements, and capital equipment.

4. Establishing policies that promote college affordability, including ensuring that the costs of university fees, textbooks, and instructional materials are minimized whenever possible.

5. Creation and implementation of institutionwide rules and regulations.

6. Institutional ethics and conflicts of interest.

7. Best practices for board governance.

8. Understanding current national and state issues in higher education.

9. Any other responsibilities the Board of Governors deems necessary or appropriate.

(5) POWERS AND DUTIES RELATING TO ACCOUNTABILITY.—

(e) The Board of Governors shall maintain an effective information system to provide accurate, timely, and cost-effective information about each university. The board shall continue to collect and maintain, at a minimum, management information as such information existed on June 30, 2002. To ensure consistency, the Board of Governors shall define the data components and methodology used to implement ss. 1001.7065 and 1001.92. Each university shall conduct an annual audit to verify that the data submitted pursuant to ss. 1001.7065 and 1001.92 complies with the data definitions established by the board and submit the audits to the Board of Governors Office of Inspector General as part of the annual certification process required by
the Board of Governors.

(i) The Board of Governors shall match individual student information with information in the files of state and federal agencies that maintain educational and employment records. The board must enter into an agreement with the Department of Economic Opportunity that allows access to the individual reemployment assistance wage records maintained by the department. The agreement must protect individual privacy and provide that student information may be used only for the purposes of auditing or evaluating higher education programs offered by state universities.

(12) PUBLIC EDUCATION CAPITAL OUTLAY.—The Board of Governors shall submit the prioritized list as required by s. 1013.64(4). Projects considered for prioritization shall be chosen from a preliminary selection group which shall include the list of projects maintained pursuant to paragraph (d) and the top two priorities of each state university.

(a) The board shall develop a points-based prioritization method to rank projects for consideration from the preliminary selection group that awards points for the degree to which a project meets specific criteria compared to other projects in the preliminary selection group. The board shall consider criteria that evaluates the degree to which:

1. The project was funded previously by the Legislature and the amount of funds needed for completion constitute a relatively low percentage of total project costs;

2. The project represents a building maintenance project or the repair of utility infrastructure which is necessary to preserve a safe environment for students and staff, or a project
The 2018 Florida Statutes

Title XLVIII  K-20 EDUCATION CODE  Chapter 1001
K-20 GOVERNANCE  View Entire Chapter

1001.7065 Preeminent state research universities program.—

(1) STATE UNIVERSITY SYSTEM SHARED GOVERNANCE COLLABORATION.—A collaborative partnership is established between the Board of Governors and the Legislature to elevate the academic and research preeminence of Florida's highest-performing state research universities in accordance with this section. The partnership stems from the State University System Governance Agreement executed on March 24, 2010, wherein the Board of Governors and leaders of the Legislature agreed to a framework for the collaborative exercise of their joint authority and shared responsibility for the State University System. The governance agreement confirmed the commitment of the Board of Governors and the Legislature to continue collaboration on accountability measures, the use of data, and recommendations derived from such data.

(2) ACADEMIC AND RESEARCH EXCELLENCE STANDARDS.—The following academic and research excellence standards are established for the preeminent state research universities program:

(a) An average weighted grade point average of 4.0 or higher on a 4.0 scale and an average SAT score of 1800 or higher on a 2400-point scale or 1200 or higher on a 1600-point scale for fall semester incoming freshmen, as reported annually.

(b) A top-50 ranking on at least two well-known and highly respected national public university rankings, including, but not limited to, the U.S. News and World Report rankings, reflecting national preeminence, using most recent rankings.

(c) A freshman retention rate of 90 percent or higher for full-time, first-time-in-college students, as reported annually to the Integrated Postsecondary Education Data System (IPEDS).

(d) A 4-year graduation rate of 60 percent or higher for full-time, first-time-in-college students, as reported annually to the IPEDS. However, for the 2018 determination of a state university's preeminence designation and the related distribution of the 2018-2019 fiscal year appropriation associated with preeminence and emerging preeminence, a university is considered to have satisfied this graduation rate measure by attaining a 6-year graduation rate of 70 percent or higher by October 1, 2017, for full-time, first-time-in-college students, as reported to the IPEDS and confirmed by the Board of Governors.

(e) Six or more faculty members at the state university who are members of a national academy, as reported by the Center for Measuring University Performance in the Top American Research Universities (TARU) annual report or the official membership directories maintained by each national academy.

(f) Total annual research expenditures, including federal research expenditures, of $200 million or more, as reported annually by the National Science Foundation (NSF).

(g) Total annual research expenditures in diversified nonmedical sciences of $150 million or more, based on data reported annually by the NSF.
(h) A top-100 university national ranking for research expenditures in five or more science, technology, engineering, or mathematics fields of study, as reported annually by the NSF.

(i) One hundred or more total patents awarded by the United States Patent and Trademark Office for the most recent 3-year period.

(j) Four hundred or more doctoral degrees awarded annually, including professional doctoral degrees awarded in medical and health care disciplines, as reported in the Board of Governors Annual Accountability Report.

(k) Two hundred or more postdoctoral appointees annually, as reported in the TARU annual report.

(l) An endowment of $500 million or more, as reported in the Board of Governors Annual Accountability Report.

(3) PREEMINENT STATE RESEARCH UNIVERSITY DESIGNATION.—

(a) The Board of Governors shall designate each state university that annually meets at least 11 of the 12 academic and research excellence standards identified in subsection (2) as a “preeminent state research university.”

(b) The Board of Governors shall designate each state university that annually meets at least 6 of the 12 academic and research excellence standards identified in subsection (2) as an “emerging preeminent state research university.”

(4) PREEMINENT STATE RESEARCH UNIVERSITY INSTITUTE FOR ONLINE LEARNING.—A state research university that, as of July 1, 2013, meets all 12 of the academic and research excellence standards identified in subsection (2), as verified by the Board of Governors, shall establish an institute for online learning. The institute shall establish a robust offering of high-quality, fully online baccalaureate degree programs at an affordable cost in accordance with this subsection.

(a) By August 1, 2013, the Board of Governors shall convene an advisory board to support the development of high-quality, fully online baccalaureate degree programs at the university.

(b) The advisory board shall:

1. Offer expert advice, as requested by the university, in the development and implementation of a business plan to expand the offering of high-quality, fully online baccalaureate degree programs.

2. Advise the Board of Governors on the release of funding to the university upon approval by the Board of Governors of the plan developed by the university.

3. Monitor, evaluate, and report on the implementation of the plan to the Board of Governors, the Governor, the President of the Senate, and the Speaker of the House of Representatives.

(c) The advisory board shall be composed of the following five members:

1. The chair of the Board of Governors or the chair’s permanent designee.

2. A member with expertise in online learning, appointed by the Board of Governors.

3. A member with expertise in global marketing, appointed by the Governor.

4. A member with expertise in cloud virtualization, appointed by the President of the Senate.

5. A member with expertise in disruptive innovation, appointed by the Speaker of the House of Representatives.

(d) The president of the university shall be consulted on the advisory board member appointments.

(e) A majority of the advisory board shall constitute a quorum, elect the chair, and appoint an executive director.

(f) By September 1, 2013, the university shall submit to the advisory board a comprehensive plan to expand high-quality, fully online baccalaureate degree program offerings. The plan shall include:

1. Existing on-campus general education courses and baccalaureate degree programs that will be offered online.

2. New courses that will be developed and offered online.

3. Support services that will be offered to students enrolled in online baccalaureate degree programs.

4. A tuition and fee structure that meets the requirements in paragraph (k) for online courses, baccalaureate degree programs, and student support services.

5. A timeline for offering, marketing, and enrolling students in the online baccalaureate degree programs.

6. A budget for developing and marketing the online baccalaureate degree programs.

7. Detailed strategies for ensuring the success of students and the sustainability of the online baccalaureate degree programs.

Upon recommendation of the plan by the advisory board and approval by the Board of Governors, the Board of Governors shall award the university $10 million in nonrecurring funds and $5 million in recurring funds for fiscal year 2013-2014 and $5 million annually thereafter, subject to appropriation in the General Appropriations Act.

(e) Beginning in January 2014, the university shall offer high-quality, fully online baccalaureate degree programs that:

1. Accept full-time, first-time-in-college students.

2. Have the same rigorous admissions criteria as equivalent on-campus degree programs.

3. Offer curriculum of equivalent rigor to on-campus degree programs.

4. Offer rolling enrollment or multiple opportunities for enrollment throughout the year.

5. Do not require any on-campus courses. However, for courses or programs that require clinical training or laboratories that cannot be delivered online, the university shall offer convenient locational options to the student, which may include, but are not limited to, the option to complete such requirements at a summer-in-residence on the university campus. The university may provide a network of sites at convenient locations and contract with commercial testing centers or identify other secure testing services for the purpose of proctoring assessments or testing.

6. Apply the university's existing policy for accepting credits for both freshman applicants and transfer applicants.

(h) The university may offer a fully online Master's in Business Administration degree program and other master's degree programs.

(i) The university may develop and offer degree programs and courses that are competency based as appropriate for the quality and success of the program.

(j) The university shall periodically expand its offering of online baccalaureate degree programs to meet student and market demands.

(k) The university shall establish a tuition structure for its online Institute in accordance with this paragraph, notwithstanding any other provision of law.

1. For students classified as residents for tuition purposes, tuition for an online baccalaureate degree program shall be set at no more than 75 percent of the tuition rate as specified in the General Appropriations Act pursuant to s. 1009.24(4) and 75 percent of the tuition differential pursuant to s. 1009.24(16). No distance learning fee, fee for campus facilities, or fee for on-campus services may be assessed, except that online students shall pay the university's technology fee, financial aid fee, and Capital Improvement Trust Fund fee. The revenues generated from the Capital Improvement Trust Fund fee shall be dedicated to the university's Institute for online learning.

2. For students classified as nonresidents for tuition purposes, tuition may be set at market rates in accordance with the business plan.

3. Tuition for an online degree program shall include all costs associated with instruction, materials, and enrollment, excluding costs associated with the provision of textbooks and instructional materials pursuant to s. 1004.085 and physical laboratory supplies.

4. Subject to the limitations in subparagraph 1., tuition may be differentiated by degree program
as appropriate to the instructional and other costs of the program in accordance with the business
plan. Pricing must incorporate innovative approaches that incentivize persistence and completion,
including, but not limited to, a fee for assessment, a bundled or all-inclusive rate, and sliding scale
features.

5. The university must accept advance payment contracts and student financial aid.

6. Fifty percent of the net revenues generated from the online institute of the university shall be
used to enhance and enrich the online institute offerings, and 50 percent of the net revenues
generated from the online institute shall be used to enhance and enrich the university’s campus
state-of-the-art research programs and facilities.

7. The institute may charge additional local user fees pursuant to s. 1009.24(14) upon the
approval of the Board of Governors.

8. The institute shall submit a proposal to the president of the university authorizing additional
user fees for the provision of voluntary student participation in activities and additional student
services.

(5) PREEMINENT STATE RESEARCH UNIVERSITIES PROGRAM SUPPORT.—

(a) A state university that is designated as a preeminent state research university shall submit to
the Board of Governors a 5-year benchmark plan with target rankings on key performance metrics for
national excellence. Upon approval by the Board of Governors, and upon the university’s meeting the
benchmark plan goals annually, the Board of Governors shall award the university its proportionate
share of any funds provided annually to support the program created under this section.

(b) A state university designated as an emerging preeminent state research university shall submit to
the Board of Governors a 5-year benchmark plan with target rankings on key performance metrics for
national excellence. Upon approval by the Board of Governors, and upon the university’s meeting the
benchmark plan goals annually, the Board of Governors shall award the university its proportionate share of any funds provided annually to support the program created under this section.

(c) The award of funds under this subsection is contingent upon funding provided by the
Legislature to support the preeminent state research universities program created under this section.
Funding increases appropriated beyond the amounts funded in the previous fiscal year shall be
distributed as follows:

1. Each designated preeminent state research university that meets the criteria in paragraph (a)
shall receive an equal amount of funding.

2. Each designated emerging preeminent state research university that meets the criteria in
paragraph (b) shall, beginning in the 2018-2019 fiscal year, receive an amount of funding that is equal
to one-fourth of the total increased amount awarded to each designated preeminent state research
university.

(6) PREEMINENT STATE RESEARCH UNIVERSITY FLEXIBILITY AUTHORITY.—The Board of Governors is
encouraged to identify and grant all reasonable, feasible authority and flexibility to ensure that each
designated preeminent state research university and each designated emerging preeminent state
research university is free from unnecessary restrictions.

(7) PROGRAMS OF EXCELLENCE THROUGHOUT THE STATE UNIVERSITY SYSTEM.—The Board of
Governors shall establish standards and measures whereby individual undergraduate, graduate, and
professional degree programs in state universities which objectively reflect national excellence can
be identified and make recommendations to the Legislature by September 1, 2018, as to how any
such programs could be enhanced and promoted.

History.—s. 13, ch. 2013-27; s. 5, ch. 2014-100; s. 1, ch. 2015-136; s. 1, ch. 2016-92; s. 10,
INTERNAL MANAGEMENT AND ACCOUNTING CONTROL AND BUSINESS PROCESS REVIEW

THIS CONTRACT ("Contract") is made as of the Effective Date by and between Florida State University Board of Trustees, a public body corporate of the State of Florida, acting for and on behalf of Florida State University, whose address is 222 S. Copeland Avenue, Westcott Building – Suite 211, Tallahassee, Florida 32306-1480 (hereinafter "FSU") and Crowe LLP (hereinafter "Contractor"), a Management consulting company authorized to do business in the State of Florida, whose address is 225 West Wacker Drive, Suite 2600, Chicago, Illinois 60606. Any addenda underlying this Contract are attached hereto and are incorporated in their entirety by reference herein.

Recitals:

WHEREAS, on behalf of the Florida State University System (SUS) Board of Governors (BOG), FSU, and Contractor seek to enter into this Contract for the provision of services by Contractor to the BOG on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the premises, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, FSU and Contractor agree as follows:

1. **Effective Date, Term and Renewal.** The Contract shall be effective on the date signed by both FSU and Contractor (the "Effective Date"). The contract’s initial term is from the Effective Date through November 30, 2019 or through completion of all of Contractor’s duties and obligations under this contract and shall remain in full force and effect upon satisfaction of Florida State University and the Board of Governors, unless terminated earlier as provided in this contract. In no event is this contract binding on FSU unless FSU’s authorized representative has signed it.

2. **Scope of Services.** Contractor shall be responsible for providing services as identified in Exhibit 1, in support of an Internal Business Process Review.

3. **Compensation.** In consideration of the timely and satisfactory performance of services in accordance with this Contract, FSU agrees to make payment to Contractor as follows:

   (a) **Fees.** FSU will pay Contractor a fixed fee of $549,920 inclusive of travel expenses.

   (b) **Invoicing and Payment.** All invoices shall include FSU’s Purchase Order (PO) number, correct remit address, description of goods/services provided (with amount), and total invoice amount. At no time is a Contractor authorized to submit a PO invoice directly to an individual or the ordering department. Except where stipulated otherwise on the PO, address all invoices to:

       Mail: Florida State University
       Accounts Payable
       UCA 5607 University Center
       Tallahassee, FL 32306-2391

       Email: CTL-Invoices@fsu.edu

   (c) **Payment Terms & Interest.** FSU will pay Contractor within forty (40) days of receipt of the invoice, goods received, or services performed, whichever is later. The Parties agree that in accordance with Section 215.422, Florida Statutes, FSU shall pay Contractor, interest at a rate as established by Section 55.03(1), Florida Statutes, on the unpaid balance, if a warrant in payment of an invoice is not issued within forty (40) days after receipt of a correct invoice and receipt, inspection, and approval of the services. Interest payments of less than one dollar ($1) will not be enforced unless Contractor requests payment. To obtain the applicable interest rate, please contact the University Controller’s Payables and Disbursements Section at (850) 644-5021.

4. **False Claims.** The Contractor represents and agrees that information submitted in support of its requests for payment is the basis of payment and is true and accurate to the best of knowledge of the responsible signatory. A
violation of this provision shall subject the violator to the provisions of Sec. 68.082, F.S., pertaining to false claims against the State, and/or Sec. 837.06, F.S., pertaining to false official statements.

5. **Payment Contingent on Appropriation.** This paragraph applies if this Contract expires in a fiscal year subsequent to the fiscal year in which the Contract is entered. The State of Florida’s fiscal year comprises July 1 through June 30. FSU’s performance and obligation to pay under this Contract is contingent upon an annual appropriation by the Legislature. If the Legislature fails to make the necessary appropriation, FSU will determine if there are other unencumbered funds which are available and which can be lawfully expended to pay for FSU’s obligations hereunder. If FSU determines that there are no such funds, FSU shall promptly notify Contractor. The giving of notice shall be deemed to have cancelled this Contract by mutual consent, with the date of notice being the date of cancellation.

6. **Mandatory Reserve.** In the event that the Florida State Governor and Cabinet are required to impose a mandatory reserve on appropriations, FSU shall amend this Contract to place in reserve the amount determined by FSU to be necessary because of the mandatory reserve. Such amendments may provide for adjustments in the deliverable products and services as may be necessary.

7. **Restrictions on Use of Funds.** Pursuant to Sec. 216.347, F.S., no funds awarded under this contract may be used for the purpose of lobbying the Legislature, the judicial branch, or a State agency.

8. **Termination of Contract.** This Contract may be terminated: 1) by mutual consent of FSU and Contractor; or 2) upon thirty (30) days’ written notice by either FSU or Contractor with or without cause (if for cause, the party in breach shall have an opportunity to cure such breach within such thirty (30) day period, any uncured breach thereof will result in a termination for cause under this item (2); or 3) unilaterally by FSU for cause, including without limitation, Contractor’s refusal to allow access by members of the public to all documents, papers, letters and materials made or received in conjunction with the Contract that are subject to Chapter 119, F.S., and are not exempt from public inspection by Sec. 119.07(3), F.S., or by other provisions of general or special law.

9. **Contract Managers.** The Contract Managers for the BOG/FSU and Contractor shall be:

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<tr>
<th>For FSU:</th>
<th>For Contractor:</th>
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<tbody>
<tr>
<td>Kyle Clark</td>
<td>Mark Maraccini</td>
</tr>
<tr>
<td>Vice President of Finance and Administration</td>
<td>Partner</td>
</tr>
<tr>
<td>Florida State University</td>
<td>Crowe LLP</td>
</tr>
<tr>
<td>Suite 214, Westcott Building</td>
<td>Telephone: 630-990-4410</td>
</tr>
<tr>
<td>Tallahassee, FL 32306-1320</td>
<td>FAX: (312) 899-5300</td>
</tr>
<tr>
<td>Telephone: (850) 644-4444</td>
<td>Email: <a href="mailto:mark.maraccini@crowe.com">mark.maraccini@crowe.com</a></td>
</tr>
<tr>
<td>Email: <a href="mailto:kyle@fsu.edu">kyle@fsu.edu</a></td>
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10. **Coordination with Contract Manager.** Contractor shall coordinate with and assist BOG/FSU’s Contract Manager in the performance of the latter’s responsibilities, which include without limitation:

(a) Monitoring the activities of Contractor.

(b) Receiving and reviewing the reports of Contractor to determine whether the objectives of the Contract are being accomplished.

(c) Receiving and reviewing the invoices for payment of funds to assure that the requirements of the Contract have been met and that payment is appropriate.

(d) Evaluating the process used by Contractor to monitor the activities of any subcontractor or assignee, if any.

(e) Establishing the right for the Contract Manager to directly access subcontractors and assignees, if any, as the Contract Manager deems necessary.
11. **Notice.** Notice pursuant to this Contract shall be sufficient if given in writing, mailed or delivered so as to be received in the ordinary course of business by the Contract Manager for the recipient party at the address set forth above, with a copy thereof furnished by email to the recipient’s email address set forth above.

12. **Dispute Resolution.** Any dispute concerning performance of the Contract shall be decided by FSU’s designated Contract Manager, who shall reduce the decision to writing and serve a copy on the Contractor. The decision shall be final and conclusive unless within ten (10) days from the date of receipt, the Contractor files with FSU a petition for an administrative hearing. FSU’s decision on the petition shall be final, subject to the Contractor’s right to review pursuant to Florida Board of Governors Regulations. Exhaustion of administrative remedies is an absolute condition precedent to the Contractor’s ability to pursue any other form of dispute resolution, provided, however, that the parties may employ the alternative dispute resolution procedures outlined in Chapter 120. Without limiting the foregoing, the exclusive venue of any legal or equitable action that arises out of or relates to the Contract shall be the appropriate court in Leon County, Florida; in any such action, Florida law shall apply. Each party shall be liable for its own costs and fees, including attorney’s fees.

13. **Insurance.** Contractor and Contractor’s subcontractors shall have and maintain types and amounts of insurance that at a minimum cover their exposure in performing this Contract. FSU is self-insured, and will provide its Certificate of Insurance upon request; FSU is not required to obtain additional insurance for this Contract. Providing and maintaining adequate insurance coverage is a material obligation of the Contractor. Upon request, the Contractor shall provide a certificate of insurance. The limits of coverage under each policy maintained by the Contractor shall not be interpreted as limiting the Contractor’s liability and obligations under this Contract. All insurance policies shall be through insurers authorized to be eligible to write policies in Florida. Contractor shall comply with specific FSU insurance provisions as prescribed at [http://procurement.fsu.edu/InsuranceProvisions](http://procurement.fsu.edu/InsuranceProvisions) unless stipulated otherwise within the PO or Contract.

14. **Indemnification.** Contractor agrees to indemnify and hold free and harmless, and defend the University, the Florida State University Board of Trustees, Florida State University Officers, employees and agents from and against any and all actions, claims, liabilities, assertions of liability, losses, costs and expenses, which in any manner directly or indirectly may arise or be alleged to have arisen, or resulted or alleged to have resulted from negligent acts that resulted in bodily injury or property damage or any infringement of third party intellectual property rights caused by Contractor or its officers, employees, agents and contractors, in connection with this Contract. Notwithstanding the foregoing, Contractor and its present and former partners, principals and employees shall not be liable for any special, consequential, incidental, exemplary damages or loss (or any profits, taxes, interest, tax penalties, savings or business opportunity) or any loss, damage, or liability arising from the negligence or willful misconduct of FSU.

15. **Copyright, Patents and Royalties.** The Contractor, without exception, shall indemnify and save harmless FSU and its employees from liability of any nature or kind, including cost and expenses for or on account of any copyrighted, patented, or unpatented invention, process, or article manufactured or used in the performance of this Contract, including its use by FSU. If the Contractor uses any design, device, or materials covered by letters, patent, trademark, copyright or other intellectual property right or other right, it is mutually agreed and understood without exception that the Contract pricing shall include all royalties or cost arising from the use of such design, device or materials in any way involved in the work. Contractor also shall indemnify and hold harmless FSU and the FSU Board of Trustees and FSU’s officers, employees, agents and/or servants from and against any and all liabilities, actions, damages, suits, proceedings and judgments from claims instituted or recovered against FSU by any person or persons whomsoever on account of FSU’s use or sale of such article in violation of rights under such patent, copyright, trademark, other intellectual property right or other right.

16. **Public Records Access.** FSU may immediately cancel this Contract in the event Contractor refuses reasonable public access to all documents, papers, letters, or other materials made or received by Contractor in conjunction with this Contract, unless the reports are exempt from Section 24(e) of Article I of the Florida Constitution or Section 119.07(1), Florida Statutes.

17. **Public Records, Contract for Services.** IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR’S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT: (850) 644-4440, Office of General
Counsel, Florida State University, 222 South Copeland Street, Suite 424, Westcott Building, Tallahassee, FL 32306-1400.

To the extent that Contractor meets the definition of "Contractor" under Section 119.0701, Florida Statutes, in addition to other contract requirements provided by law, Contractor must comply with public records laws, including the following provisions of Section 119.0701, Florida Statutes:

(a) Keep and maintain public records that ordinarily and necessarily would be required by the public agency in order to perform the service.

(b) Provide the public with access to public records on the same terms and conditions that the public agency would provide the records and at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes, or as otherwise provided by law.

(c) Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law, regulation, or accounting oversight body.

(d) Meet all requirements for retaining public records and transfer, at no cost to the public agency all public records in possession of the Contractor upon termination of the contract and destroy any duplicate public records disclosure requirements. All records stored electronically must be provided to the public agency in a format that is compatible with the information technology systems of the public agency.

If Contractor does not comply with a public records request, FSU shall enforce the contract provisions in accordance with the contract.

18. **Equal Opportunity.** Florida State University is an equal opportunity employer and federal contractor or subcontractor. Consequently, the parties agree that, as applicable, they will abide by the requirements of 41 CFR 60-1.4(a), 41 CFR 60-300.5(a) and 41 CFR 60-741.5(a) and that these laws are incorporated herein by reference. These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, sexual orientation, gender identity or national origin. These regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, protected veteran status, or physical or mental disability. The parties also agree that, as applicable, they will abide by the requirements of Executive Order 13496 (29 CFR Part 471, Appendix A to Subpart A), relating to the notice of employee rights under federal labor laws.

19. **Confidentiality of Information, Non-Disclosure.** Each party acknowledges that its employees may, in the performance of the Contract, come into the possession of proprietary or confidential information owned by or in the possession of the other. Neither party will use any such information for its own benefit or make such information available to any person, firm, corporation, or other organizations, whether or not directly or indirectly affiliated with either party unless required by law, regulation, or accounting oversight body. If Contractor is exposed to FSU's confidential information, Contractor will keep such information confidential and will act in accordance with any guidelines and applicable laws (such as FERPA and the Gramm-Leach-Bliley Act). Confidential information shall not include information that is public record pursuant to Florida law (Florida Statutes Chapter 119), and FSU will respond to public records requests without any duty to give Contractor prior notice. This provision shall survive termination of the Contract. If Contractor is providing software, FSU may create and return a copy of the software and related documentation for backup and disaster recovery purposes, and for archival purposes for use after the Contract is terminated or expires.

20. **Marks, Names, Logos, Designations.** The Contractor is not authorized to use the names, symbols, emblems, designs, colors, uniforms, logos, designations and other proprietary marks of FSU in connection with advertising, merchandising, promotion and sale of products or services without the prior written approval FSU's Office of Trademark and Licensing. Should Contractor desire to pursue the opportunity to advertise, Contractor should contact the Office of University Trademark Licensing at 225 University Center, Suite C-5100, Tallahassee, FL 32306-2710; Telephone: 850-644-3141. For more information, visit: licensing.fsu.edu. For more information regarding use of the certain university emblems and logos, contact the Office of University Trademark Licensing at 850-644-3141 or visit licensing.fsu.edu.
21. **Independent Audit.** FSU will have the right, at FSU’s sole cost, to audit Contractor’s fee and expense information and work product materials ("Records") using its personnel pertaining to the Contract. Such audit will be completed by FSU or its representatives at Contractor’s office, on reasonable advance notice, and on dates and times mutually agreed to by the parties. If the audit reveals Contractor owes FSU money, Contractor will pay the amount due within thirty (30) days of the date we notify Contractor of the audit results. If the audit reveals FSU owes Contractor money, FSU will pay Contractor within thirty (30) days of the date the audit is complete. In regards to any request to audit or examine records, Contractor shall have the right to redact or provide summary level reports of other client or third party information to protect the confidentiality and security of those other clients and third parties.

22. **Florida State University’s Data and Security Standards.** Contractor agrees that it shall protect the data it receives from or on behalf of FSU at all times in accordance with standards prescribed within FSU’s Information Security and Privacy Standard Terms and Conditions attached as Exhibit 2. FSU is not contracting with Crowe for Crowe to collect protected or private health information from individuals on behalf of the Universities.

23. **Conflict of Interest.** Contractor certifies that (i) no relationship, whether by blood, marriage, business association, capital funding agreement or by any other such kinship or connection exists between its corporation other than the relationships which have been previously disclosed to FSU in writing and (ii) Contractor has not been an employee of any component institution of FSU within the immediate twelve (12) months. Any violation of this conflict of interest policy will result in immediate cancellation of this Agreement in addition to a potential debarment of Contractor from doing business with FSU.

24. **Non-Agency Contractor.** If Contractor is not an agency of the State of Florida, Contractor guarantees that no individual shall render service under this Contract who is also being paid in any capacity by the State of Florida, except the service of such an individual may be utilized when Contractor can clearly establish that such service is being rendered at such times and locations as to be apart from all obligations of said individual to the State.

25. **Independent Contractor Status.** Contractor is an independent contractor and this Agreement does not form a joint venture or partnership. FSU will not be responsible for the Federal Insurance Contribution Act (FICA) payments, federal or state unemployment taxes, income tax withholding, Workers Compensation Insurance payments, or any other insurance payments, nor will FSU furnish any medical or retirement benefits or any paid vacation or sick leave. Contractor is responsible for conduct of business operation, including employee salaries, travel, etc.

26. **Tax.** FSU is exempt from State sales and use tax.

27. **Non-Solicitation.** During the term of this Contract and for a period of (insert non-Solicitation Period) following the termination of this Contract, i) Contractor agrees not to hire or attempt to hire any employee, Contractor, Sub-Contractor or other agent of FSU and ii) FSU agrees not to hire any Contractor personnel furnished by Contractor hereunder, without express written consent of the Contractor.

28. **Force Majeure.** No default, delay, or failure to perform on the part of Contractor or FSU shall be considered a default, delay or failure to perform otherwise chargeable hereunder, if such default, delay or failure to perform is due to causes beyond either party’s reasonable control including, but not limited to: strikes, lockouts, or inactions of governmental authorities, epidemics, war, embargoes, fire, earthquake, acts of God, or default of common carrier. In the event of such default, delay or failure to perform, any delay or time by which either party is otherwise scheduled to perform shall be extended automatically for a period of time equal in duration to the time lost by reason of the excused default, delay or failure to perform.

29. **Emergency Support.** It is hereby made a part of this Contract that before, during and after a public emergency, disaster, hurricane, flood, or other acts of God, that Florida State University (FSU) and the State University System (SUS) shall be provided goods and services on a first priority basis. It is vital and imperative that the students, faculty and staff are protected from any emergency, which threatens public health and safety.

Awarded Contractor agrees to provide, rent, sell, lease all goods and services required by Florida State University and the State University System (SUS) on a first priority basis. FSU and the SUS expects to pay a fair and reasonable price for all goods and services in the event of a disaster, emergency, or hurricane, if not otherwise listed in your proposal. Awarded Contractor shall furnish a twenty-four (24) hour phone number in the event of such an emergency.
30. **Survival.** All obligations of the parties under the terms of this Contract as of the date of termination shall survive such termination.

31. **Discrepancy of Contract terms.** Should any terms or condition of this Contract or application thereof to any person or circumstance be held invalid, such invalidity shall not affect other terms, conditions, or applications of the agreement which can be given effect without the invalid term, condition or application; to this end the terms and conditions of this Contract are declared severable.

32. **Assignment.** Contractor may not assign or subcontract all or any portion of this Contract without the advance written consent of FSU.

33. **Modification of Contract.** This Contract may not be modified unless in writing signed by FSU and Contractor.

34. **Contract Construction.** FSU and Contractor waive application of the principle of contract construction that ambiguities are to be construed against a contract's drafter, and agree that this Contract is their joint product.

35. **Headings.** The headings throughout the Contract and Addendum(s) are for reference only and are not given legal effect.

36. **Waiver.** Failure of any party to timely enforce any of the terms or provisions of the Contract shall not constitute a waiver of any such terms or provisions in the future; such terms and/or provisions shall continue in full force and effect.

37. **Severability.** If any provision of the Contract and Addendum(s) is declared unenforceable or invalid, the remaining provisions will remain in force.

38. **Governing Law and Venue.** The Contract shall be governed by the laws of the State of Florida, and venue for purposes of any action brought to enforce or construe the Contract shall lie in Leon County, Florida.

39. **Attorney Review.** FSU and Contractor acknowledge that they have had their respective attorneys review and approve this Contract or that they have had the opportunity to do so.

40. **Conflict with Purchase Order.** Both Parties acknowledge that FSU may use preprinted purchase orders or other formats as it deems fit. The Parties agree that, in the event of conflict between the text of an order and this Contract, the terms and conditions of this Contract will prevail. No additional or different terms contained in any quotation, offer or acknowledgment or other document issued by Contractor will be of any force or effect.

41. **Entire Contract.** This Contract as amended and its Attachments, represent the entire contract between the parties, and supersede any and all prior agreements, negotiations and proposals, written or oral, relating to the subject matter. In the case of dispute or ambiguity arising between or among the documents, the order of precedence of document interpretation is the same as noted above.

42. **LIMIT OF LIABILITY:** Except where it is judicially determined that Contractor performed its Services with recklessness or willful misconduct, Contractor's liability shall not exceed fees paid by FSU to Contractor for the portion of the work giving rise to liability. A claim for a return of fees paid shall be the exclusive remedy for any damages. This limitation of liability is intended to apply to the full extent allowed by law, regardless of the grounds or nature of any claim asserted, and including, without limitation, to claims based on principles of contract, negligence or other tort, fiduciary duty, warranty, statute or common law. This limitation of liability shall also apply after termination of this agreement.

**IN WITNESS WHEREOF,** the parties hereto have executed this Contract as of the date first set below above.
FSU:
THE FLORIDA STATE UNIVERSITY BOARD
OF TRUSTEES, a public body corporate, acting for
and on behalf of THE FLORIDA STATE
UNIVERSITY

CONTRACTOR:
CONTRACTOR NAME

Signature: Kyle Clark
Name: Kyle Clark
Title: Vice President for Finance and Administration
Date: 5/6/2019 | 9:09 AM EDT

Signature: Mark Maraccini
Name: Mark Maraccini
Title: Partner
Date: 5/7/2019 | 10:30 AM EDT

BOG:
THE FLORIDA STATE UNIVERSITY SYSTEM BOARD OF GOVERNORS

Signature: Tim Jones
Name: Tim Jones
Title: Vice Chancellor
Date: 4/18/2019 | 7:32 AM EDT
Proposal Attached.
Proposal to Provide Internal Management and Accounting Control and Business Process Review

January 11, 2019

Submitted to:
Rosey Murton, CPPQ, CPPB
Chief Procurement Officer
State University System (SUS) of Florida Board of Governors
325 West Gaines Street, Suite 1614
Tallahassee, Florida 32399-0400

Submitted by:
Mark Maraccini, Partner (IL CPA)
Crowe LLP
401 East Jackson Street, Suite 2900
Tampa, Florida 33602-5187
Direct 830.990.4410
Tel 813.223.1316
Fax 813.229.5952
mark.maraccini@crowe.com
January 11, 2016

Rosey Burton, CPPO, CPPB
Chief Procurement Officer
State University System (SUS) of Florida Board of Governors
325 West Gaines Street, Suite 1614
Tallahassee, Florida 32306-0400

Dear Board of Governors:

Crowe LLP appreciates the opportunity to present our proposal to provide Internal Management and Accounting Control and Business Process Review services to the State University System of Florida Board of Governors ("SUS" or "Board"). We understand, based on your RFQ that SUS is seeking an experienced, professional firm with proven experiences in business process internal control systems to perform, as needed, an evaluation and risk assessment of SUS's internal controls systems over operations, reporting, and compliance. I believe that our approach to risk assessments of internal controls systems fit well with SUS's objectives, specifically as it pertains to identifying and responding to risks that threaten assets, services, reputation, and strategic initiatives.

Crowe is a public accounting, consulting, and technology firm with offices throughout the United States and around the world. Our vision is built on deep specialization and a focus on our clients, our people, and the hallmarks of our profession: integrity, objectivity, and independence. We forge each relationship with the intention of delivering exceptional client service while upholding our firm’s core values and strong professional standards. Crowe has delivered value to our clients for decades by listening to their needs and developing a comprehensive understanding of their businesses and would appreciate the opportunity to do the same for you. Crowe will be strategically teaming with Huron Consulting Group (Huron) for this project.

I believe our firm’s experience and expertise in risk management services puts us in a position to form a valuable professional relationship with the SUS.

- **Risk Management (RM) Expertise** - consulting services is one of our key service offerings within our Public Sector Services practice. We have several professionals, whom we have included on our proposed team roster, who specialize in RM specifically for public sector organizations. Examples of the types of clients for whom we have provided these types of RM assessments include higher education institutions, not-for-profit organizations, governmental agencies, and transit authorities. We also are very active in thought leadership on ERM in the public sector, and have led various training sessions, webinars, and have presented at several professional speaking events on this topic.

- **Strategic View on Risk** - While we understand that the focus of this engagement will be on assessing risks to the SUS, I believe that tying those risks back to the University’s and the SUS' mission, vision, and strategic initiatives will create tremendous value. I have included a brief synopsis of the ways in which our approach would provide value to the SUS by tying strategy with risk and performance in order to evaluate strengths and gaps, and make recommendations for improving your risk management practices.

- **Strong public sector consulting practice.** Professionals throughout our firm who devote their efforts to serving more than 800 not-for-profit organization clients. This commitment to specialization allows us to develop and retain personnel who are very familiar with the not-for-profit environment, work with diverse organizational and governance structures, and participate in understanding, developing and implementing best practices with our clients.
We have also made a long-term investment in developing our higher-education practice. We have more than 170 professionals throughout our firm who devote their efforts to serving more than 150 colleges and universities. This commitment to specialization allows us to develop and retain personnel who are very familiar with the higher education environment, work with diverse organizational and governance structures, and participate in understanding, developing and implementing best practices with our clients.

**Client Service Experience.** We want to build strong relationships with our clients and dedicate ourselves to understanding ways in which we can ensure the services and experience we are providing are in alignment with their needs and expectations. We believe it is important to strive for continuous improvement in the ways we interact with and deliver those services to clients. We do this, in part, through our client service model and seeking feedback on our performance from our clients.

**We Collaborate and Provide Knowledge Transfer.** Our approach to your needs will be flexible and provide value added ideas and solutions to issues that arise during the project. We are well positioned to serve as a partner who is results oriented to help execute your plans, and to provide ways to meet your objectives. We will serve many of your requirements with our team, and because we operate a national practice, we will be able to pull expertise from many parts of the firm to review your needs.

We welcome the opportunity to discuss this further with you. Should there be any questions with regard to our response, please do not hesitate to contact me via telephone at 630.990.4410 or via email at mark.maraccini@crowe.com. We look forward to the opportunity to discuss our response and welcome the opportunity to demonstrate our service capabilities.

Thank you for taking the time to consider Crowe. We are looking forward to demonstrating why Crowe is the best firm to exceed your expectations.

Sincerely,

Mark Maraccini
Partner (IL CPA)
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Company Overview
Organizational Structure

Crowe: Building Lasting Value
Crowe is a public accounting, consulting, and technology firm that combines deep industry and specialized expertise with innovation. By listening to our clients, we learn about their businesses and the challenges they face. Our dedicated teams strive to deliver exceptional client service while upholding our core values and strong professional standards. We invest in tomorrow because we know smart decisions build lasting value for our clients, people, and profession.

Headquartered in Chicago, Illinois, Crowe is a global accounting, consulting, and technology firm with U.S. locations across the nation. The firm’s CEO is responsible for directing the ongoing management of the firm. The CEO appoints people and committees to assist with firm management and recommends initiatives for strategy, policies, and direction to the Board of Directors, which is the Firm’s governing body. The firm’s CEO is a CPA.

The Board of Directors function is responsible for approving the strategic direction of the firm and top-level governance. It approves long-range strategies, business plans, performance goals, and major transactions that could significantly affect the firm’s business and partners. Its authority includes firm management and structure, election of the CEO, approval of the firm’s capital policies, adjustments in the firm’s allocation of income to partners, and general oversight of partnership operations. All voting members of the Board of Directors are CPAs.

Founded in 1942 as Crowe Chizik, Crowe provides a wide variety of high-quality services, including audit and accounting, tax, technology, and advisory services. The firm has been providing auditing services for 75 years and has more than 4,100 personnel.

National Reputation and Global Reach
Given today’s rapid globalization and increasingly competitive markets, business leaders are expressing needs we can help fulfill with our deep specialization and industry-focused audit, tax, advisory, risk, and performance services. At Crowe, we use the comprehensive knowledge we gain through a global network to offer timely, accurate, and cost-effective services no matter where your business is located. We can help sort through the complexities for U.S. companies with operations abroad and for global companies doing business in the United States.

Deep Specialization
Our vision is built on deep specialization and a "One Crowe" approach – a focus on our clients, our people, and the hallmarks of our profession: integrity, objectivity, and independence. By aligning our specialists along industry lines, we bring deeper and broader knowledge to our services. This industry specialization gives us a better view to understand your business and the unique challenges you face. You can trust us to help you with your market and business challenges because of our proven reputation and track record for credibility among key industry players, including lenders and professional organizations.

Technology-Driven Solutions
At Crowe, innovation is part of our culture. Our accomplished software development team works in conjunction with our firm’s thought leaders and industry specialists to cultivate original, practical solutions that help address our clients’ most pressing challenges. Connecting deep industry knowledge with innovative technology, we help clients streamline and effectively manage complex processes.

Exceptional Client Experience
Our professionals are committed to maintaining the firm’s reputation for technical excellence, team effectiveness, and high-quality service. The Crowe client relationship model provides the framework for delivering exceptional service and client satisfaction while upholding the industry’s strong professional ethics and standards. These high expectations are articulated in our client experience strategy. We hold ourselves accountable to the standards of superior performance by monitoring our service through feedback tools to track client satisfaction, engagement value, and timely issue resolution.
## Proposed Project Schedule

### Project Delivery Timeline

We have provided below a tentative schedule for performing key phases of the project and the time expected to be at each University to complete each phase of the risk assessments. The schedule below assumes an award date of March 1, 2019. Because of the inherent overlap between the Universities, some of the tasks can be performed concurrently between schools. Universities were grouped by undergrad enrollment to maximize the likely similarities in business processes and risk factors. It is estimated that Task Number 2, 3, and 4 will take two weeks per University to complete and these tasks cannot be performed simultaneously with other Universities.

**Group One: UCF, FIU, UF, FSU**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Start Date</th>
<th>End Date</th>
</tr>
</thead>
</table>

**Group Two: USF, FAU, FGCU, UNF**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Start Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Initial Assessment</td>
<td>5/20/2019</td>
<td>5/24/2019</td>
</tr>
<tr>
<td>5. Presentations</td>
<td>7/15/2019</td>
<td>7/19/2019</td>
</tr>
<tr>
<td>6. Reporting</td>
<td>7/15/2019</td>
<td>7/19/2019</td>
</tr>
</tbody>
</table>

**Group Three: UWF, FAMU, FPU, NCF**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Start Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Planning</td>
<td>7/22/2019</td>
<td>7/26/2019</td>
</tr>
<tr>
<td>2. Initial Assessment</td>
<td>7/29/2019</td>
<td>8/2/2019</td>
</tr>
</tbody>
</table>
Fee Summary
Our goal in setting fees is simple: to provide long-term, cost-effective pricing for our clients. We are confident that we can work together to achieve an optimized plan for internal audit services.

We are committed to working with you to make sure the scope of our proposal is appropriate. While we experience cost increases throughout our relationships with our clients, we make every effort to structure an engagement fee arrangement, which will meet your needs while providing us with sufficient resources to perform the expected work.

Task #1: Initial Assessment – Business Process Review
Task #2: Risk Assessment
Task #3: Review, comment on, and recommend improvements of business and operational structural elements.
Task #4: Presentations to Committees and Individuals
Task #5: Facilitate a "Project Evaluation/Lessons Learned" Session at the end of the project and create a report of the findings.

Total Fees for Services: $548,920

* Travel and out-of-pocket expenses for the scheduled services outlined in this response are included in the fee quote above.

Fee Assumptions
- **NO ADDITIONAL CHARGE** for access to our thought leadership e-communications, webinars and literature.
- **NO ADDITIONAL CHARGE** for use of our secure information-sharing tool (CiRT) to gather and track audit requests or for additional data analytics tools that we incorporate into our audits
- Fees include professional time for work associated with on-site and off-site performance and documentation of procedures, preparation of written drafts and final reports, and presentation of results.
- Our policy is to bill for reasonable actual out-of-pocket expenses incurred.
- We will not surprise you with additional fees that have not been agreed to by all parties in advance. We will not charge for routine telephone calls, which are considered to be part of the basic services. If a question results in significant research or additional work or if we are requested to perform a consulting project, such effort is billed separately. We will provide you with an estimate of fees for such services and obtain management approval before proceeding.

Fees for Additional Services
Professional fees for special projects outside of the agreed-upon scope will be determined based on project factors, such as type of project, subject matter experience required, scope, and resource requirements. Prior to commencing additional services, we will obtain your approval and agreement on the scoping and pricing.
Services Delivery Plan
Our Understanding of your Needs
Crowe understands that SUS is seeking an internal management and financial controls review to evaluate the strength of existing internal controls, and additionally, a review of business processes to identify any areas of risk for the SUS. Crowe understands the importance of having proper controls surrounding Florida’s twelve universities, with current enrollment of more than 350,000 students, 60,000 faculty and staff, and an annual operating budget of more than $14 billion, efficient operations and risk mitigation should be of paramount importance. In the orange boxes below, Crowe listed the core requirements sought by SUS and in the proceeding paragraphs, Crowe identified how our methodology is wholly capable of providing quality deliverables that are specifically tailored to meet your needs.

1. Initial Assessment – Business Process Review

Core Requirement: Review of key documentation including regulations, business policies, procedures and processes and business requirements.
Deliverable: Initial report, to the BOG Office indicating that reviews are complete and provide an initial recommendation for scope of services.

2. Risk Assessment

Core Requirement: Prepare a risk assessment that includes risks arising from Contractor's review of regulations, business policies, procedures and processes and business requirements. Contractor shall consider other critical project processes and other sources of possible risk. As part of the Risk Assessment, Contractor will also prepare an alignment and business process readiness review that assesses how well the SUS is aligned with State and Board regulation and policy/procedures.
Contractor shall include, but is not limited to, the following items in the Risk Assessment:

• A description of each risk and its risk level (i.e. green, yellow, red). Include explanation of the criteria used to determine the risk level;
• Recommend responses such as mitigation, contingency, and avoidance strategies.

Deliverables: Risk Assessment Report and Alignment and Business Process Readiness Review
3 Business Process Improvements
Core Requirement: Review, comment on, and recommend improvements of business and operational structural elements, including the following:

- Estimated budget and schedule review;
- Business processes and workflow structure;
- Accounting and financial controls;
- Detailed risk assessment;
- Initial solution requirements analysis;
- Perform an analysis of selected electronic data on a limited basis for anomalies or unusual transactions; and


4 Presentations to Committees and Individuals
At the request of Board prepare and deliver presentations to committees and individuals about status of the project and Contractor’s work on the project requests, dates, times, and locations shall be sent and confirmed, via email, to Contractor.

5 Reporting
Core Requirement: Facilitate a “Project Evaluation/Lessons Learned” Session at the end of the project and create a report of the findings.

Deliverable: Lessons Learned Report

Crowes Methodology
Risk Assessment Approach
In completing the objectives established by SUS, Crowe will use a phased approach in its risk assessment to compile and evaluate existing internal controls and business processes in place. The outcome is an impactful message to SUS’s leadership on key organizational risks and how SUS is currently prepared to respond to them. This information will allow SUS to strengthen its internal control environment and withstand any for unforeseen business challenges. In the following paragraphs, we have provided our risk-based methodology for developing our internal control review, which has proven successful on our many other higher education clients. However, we realize that each organization is unique and has distinct ways of conducting business. Therefore, please note that our primary goal is to serve your specific needs and we will adapt our approach at your direction.
Phase 1: Initial Planning
In preparation for this engagement, we will conduct due diligence to gain an understanding of the mission, vision, and values of the SUS. We will inquire at a high level to the existence and maturity of any risk management practices, policies, and frameworks. This understanding must not only be specific to the assessment of risks, but also provide a broader perspective of the organization’s approach toward risk management. We will meet with the leadership team to identify key participants and stakeholders and to discuss the SUS approach to risk management. We will also conduct an entrance conference to confirm project roles and responsibilities (both from Crowe and from SUS personnel), project milestones, timelines for completion, and final deliverables.

Phase 2: Risk Identification
Early on in the engagement, we will request documentation on strategic plans, risk management policies, business continuity/disaster recovery practices, organizational charts, audited financial statements, internal audit reports, annual reports and other available documentation to begin developing a risk register or inventory of risks. From the understanding gained by Crowe, we will draft an initial report, to the BOG Office indicating that reviews are complete and provide an initial recommendation for scope of services to complete Deliverable #1.

We will also use this initial research as a basis for documenting interview questions for management, and identifying potential gaps or opportunities to improve the risk management structure.

To further Crowe’s understanding of the risks surrounding SUS a list of focused questions will be compiled. They will be used to conduct interviews with participants and varying stakeholders to gain perspectives on risks, their potential to occur, and their impact on the integrity of SUS internal management and financial controls. Individual and group interviews will be carefully planned and conducted and will likely cover specific areas including:

- **Governance, Culture, and Capabilities:** Understanding managerial tone, employee accountability, risk management training, risk terminology and the frequency and venue of risk-based discussions.
- **Risk Strategy / Strategic Plan:** Understanding SUS strategic mission, its framework for measuring and managing risk, its operating policies and procedures and its risk tolerance or appetite.
- **Risk Management Activities:** Examining the integration of a variety of risk management activities with a focus toward resource optimization. This may also include formal methods of communication, risk escalation sequence and parameters of accountability. It will also focus on examining the strength of the internal control structure at a high level.
- **Technology / Tools:** Analyzing SUS utilization of risk monitoring tools, risk modeling and quantification techniques, and performance metrics.

After completion of the interviews and analysis of the information, Crowe will compile a high-level assessment of key control objectives, risks, control mechanisms, and identify any “gaps” that may leave a significant level of residual risk to a control objective. The outcome of this phase will serve as the preliminary risk assessment.

Phase 3: Risk Assessment
We will use the preliminary risk assessment developed in Phase 2 as a tool to facilitate our independent risk assessment. The Crowe team will assign measures to risks through the use of our common terminology and scoring methodology, which we will demonstrate in advance. We will rank risks according to likelihood of occurrence and potential impact on achieving related goals and objectives. The result will be a clear, concise view of SUS risks, which will help inform management decisions on further action. After we have rated each risk, we will create graphical displays of the risks based on criticality.

This initial assessment will be based on the SUS’ inherent risk, which means risk in the context of the SUS’ environment regardless of mitigating tactics and controls. The inherent risk assessment is used to develop the risk profile, and as a baseline for the next phase of our approach, where we assess the “residual” risk, which is essentially the risk that remains after considering mitigating tactics and internal controls.
We will conclude Phase 3 by presenting our risk assessment to management with specific areas to explore further along with our recommend approach such as such as mitigation, contingency, and avoidance strategies to address the first component of Deliverable #2. The results are delivered in a comprehensive reporting package that will enable the Board and management to make key decisions regarding their focus and investment in risk management and mitigation efforts. We will customize the reporting package based on SUS' needs, but a typical package will include the following:

- Executive Summary Report
- Observations and Recommendations Summary
- Risk Profile
- Risk Heat Map

We have included examples of what several of these reports could look like on the following pages; however, please note that we have significant reporting capabilities to customize reports to meet your specifications.

**Example Sample Risk Heat Map**

![Risk Heat Map Diagram]

**Phase 4: Control Assessment**

We will confirm with management the greatest risk areas upon which to perform our control assessment. In this phase, we will focus on clarifying and evaluating the various mitigating tactics and controls that were previously identified, as well as any additional measures to provide a thorough assessment of these high-risk areas.

Our first task for this phase is to conduct detailed process interviews with staff involved in the mitigating tactic or control being analyzed, and perform walkthroughs to observe how the activity actually occurs. Interviews will be comprehensive in nature and will incorporate as many staff involved in the process as possible to get input on the process from as many employees as feasible. We will analyze the information communicated to us and compare to the other interviews for this process and to the walkthroughs to ensure a consistent process is being communicated. We will note any inconsistencies between the interviews and between our interviews and our walkthrough. We may also request additional documentation to substantiate management's explanation and our understanding, as deemed necessary.
In order to enhance our understanding of the current processes and internal controls of the processes, we will analyze the documentation, which may include but is not limited to written policies and procedures, forms, checklists, and other items used to assist staff with the process. These documents will be analyzed for proper controls and compared to the information provided during our interviews and our walkthroughs to determine any differences between the documented process and the actual process being performed. The documentation obtained will also be compared to industry best practice. Based upon the results of our documentation analysis, we may require limited follow-up interviews to verify information compiled during the documentation analysis stage of the project. We will develop observations and recommendations based on any gaps or inefficiencies noted during our assessment and use them to assess further the current business processes used by SUS.

**Phase 6: Business Process Improvement**

Based on the results of the risk and control assessments Crowe will consolidate the relevant information concerning SUS business processes to formulate observations and recommendations addressing any noted gaps between leading best practices and SUS’s current business processes to address the second component of Deliverable #2. Additionally, the Business Process Improvement report used to address Deliverable #3 will highlight inconsistencies in internal controls and business process designs between the varying Universities and the SUS. Specifically, Crowe’s recommendations will focus on ways to strengthen business process in the SUS and between Universities in the following areas:

- Estimated budget and schedule review;
- Business processes and workflow structure;
- Accounting and financial controls;
- Detailed risk assessment;
- Initial solution requirements analysis;
- Perform an analysis of selected electronic data on a limited basis for anomalies or unusual transactions

**Phase 6: Presentations and Reporting**

To ensure the engagement is as successful as possible consistent communication is key. Crowe will present any information discovered during or at the completion of our work to any committees or individuals involved to satisfy the requirements of Deliverable #4. Additionally, on top of the reports that were mentioned previously, Crowe will provide a report documenting the lessons that we learned throughout the engagement in completion of Deliverable #5. The purpose of providing this Information is to allow future project teams, whether Crowe employees or not, to work as efficient and effective as possible with the most recent information.
Technology and Innovation
1. Do you have any updates to project approach, taking into account discussions and information provided in meeting this past Wednesday.

As included in our response to the RFP and through our oral presentation, Crowe will use a phased approach to compile and evaluate the existing internal controls and business processes in place at each University. Crowe believes that our proposed project approach including the clarifications noted below is fully capable of providing a high quality deliverable that adds value to the SUS’ operations. Based on our discussions at the oral presentation, we would like to expand and further clarify certain tasks of the proposed engagement. Please note that the information provided below supplements our approach and does not supplant any tasks or phases.

**Task 1: Planning**

As stated previously, in preparation for this engagement, we will conduct our due diligence to gain an understanding of the mission, vision, and values of the SUS. Based on the Project Timeline provided below, planning stages occur once for each grouping of Universities and once at the onset of the project during the Overall Engagement Planning period. The Overall Engagement Planning period starts when the project is awarded and lasts approximately two-weeks. During this time, we will begin to develop an understanding of the SUS’s management philosophy, relevant policies and procedures, business operations, and other factors that could affect our perception of the organization. To facilitate our understanding of the entity Crowe believes it is essential to hold a formal meeting with the members of the BOG. Moreover, our understanding of the SUS would not be complete without gaining an understanding of any unique circumstances in which BOG personnel are already aware.

Additionally, during the Overall Engagement Planning period, Crowe will open formal communication with all of the Universities involved to further aid our understanding of the entity. Crowe intends to request and review the published work products of previous auditors, both external and internal, so that any previous findings or recommendations can be incorporated into our assessment. Open communication with the Universities will also help us create an effective and efficient project management schedule. Seeing as each University will likely have different time constraints and varying availability for us to conduct our fieldwork, Crowe will use the Overall Engagement Planning period to create a Project Timeline that is accommodative of each University’s needs.

**Task 2: Initial Assessment**

Early on in the engagement, we will request documentation on strategic plans, risk management policies, business continuity/disaster recovery practices, organizational charts, audited financial statements, Internal audit reports, annual reports and other available documentation to begin developing a risk register, or inventory of risks, for each University. From the understanding gained by Crowe, we will draft an initial report, to the BOG Office indicating that reviews are complete and provide an initial recommendation for the scope of services to be performed. At this point Crowe will determine which specialists may be needed on which assessment team and to which University they will be assigned. This includes both Crowe personnel and personnel from the Huron Consulting Group (Huron). Huron personnel will be staffed as subject matter experts (SME) and their specific Higher Education expertise will be employed to address areas where the most severe risks are present.

**Task 4: Internal Control Review and Business Process Improvement**

Based on the results of the risk and control assessments Crowe will consolidate the relevant information concerning the SUS’s business processes to formulate observations and recommendations, addressing any noted gaps between leading industry best practices and the SUS’s current business practices. Additionally, the Business Process Improvement report will highlight inconsistencies in internal controls and business process designs between the varying Universities and the SUS. Crowe’s recommendations will focus on ways to strengthen the businesses processes in the SUS and between Universities in areas concerning accounting and financial controls, workflow structure, and other areas identified in the risk
assessment. Prior to creating the draft report for each University Crowe will hold a formal meeting with the applicable process owners to communicate any noted observations and recommendations.

2. Please submit revised project timeline to reflect update/status report to BOG in August, final presentation and report at end of October (10/31)

Based on our discussion the Crowe team has revised the projected project timeline. The revised timeline includes two assessment teams working concurrently from 3/18/2019 – 5/31/2019 and then one assessment team performing tasks on the remaining four universities from 6/3/2019 – 8/16/2019. Per our discussion, the project has two major presentation milestones to the BOG, with a status report due in August and a final presentation at the end of October. Crowe will determine the appropriate project schedule, including the order of site visits, during the Overall Engagement Planning task to ensure that the final presentations are delivered on time and are of high quality work. The timeframe for project completion is outlined below.

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<thead>
<tr>
<th>Assessment Team #1 and #2</th>
<th>Timeline</th>
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<tbody>
<tr>
<td>Activity / Task</td>
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<table>
<thead>
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<th>Assessment Team #1</th>
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<td>Task 3.11</td>
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3. Can your firm provide samples of similar work product (redacted as necessary) that would be similar to this project?

We have provided relevant sample reports from both Crowe and Huron. Please see Appendix A for sample reports from similar work performed.

4. Please provide revised fee structure and a project total fee (inclusive of travel)

Our original proposed fee for the project was $549,920 included expenses. The SUS subsequently asked for a fee estimate utilizing a more aggressive timeline. Due to the administrative effort to insert a second team including additional training and logistical oversight, we proposed a fee increase of $27,000. Subsequently, at our oral presentation on February 20, 2019, the SUS introduced a revised timeline that was in between the previous two timelines. As part of our commitment to the SUS, we would like to waive any additional fees for adding a second team and delivering our services in accordance with the revised timeline presented in this response. Thus, we would not request any fee increase to meet the expedited timeline and maintain our fee at the original quoted amount of $549,920 including expenses. We feel that this price is fair to conduct 12 quality risk assessments utilizing industry and risk specialists, prepare 13 risk assessment reports (including one project summary report and include all travel and expenses for each of the 12 universities. We have included a summary of the project deliverables and our overall project total fee inclusive of travel below:
Florida State University System (SUS) Board of Governors (BOG)
Review of Processes and Internal Control Request for Quotation
Clarification Questions

Detailed Fee Structure

Deliverable #1: Initial Assessment – Business Process Review

Deliverable #2: Risk Assessment

Deliverable #3: Review, comment on, and recommend improvements of business and operational structural elements.

Deliverable #4: Presentations to Committees and Individuals

Deliverable #5: Facilitate a "Project Evaluation/Lessons Learned" Session at the end of the project and create a report of the findings.

Total Fees for Services $549,820

5. Please confirm and identify set project deliverables: Minimum expectation is 12 individual Institution reports and 1 roll-up report for BOG

We confirm that the project would entail 12 individual reports and 1 project summary report to the BOG. We have provided an estimated project deliverable timeline below.

<table>
<thead>
<tr>
<th>Project Deliverables</th>
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<tr>
<td>Reports for Universities 1-6 (6 reports)</td>
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<tr>
<td>Reports for Universities 7-12 (6 reports)</td>
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<tr>
<td>Reports for Universities 13-18 (6 reports)</td>
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<tr>
<td>Summary Report for BOG</td>
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* Assessment team two works concurrently with assessment team one
## Status Report for 2018-19

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<th>Issued Reports</th>
<th>Planning</th>
<th>Field Work</th>
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