AUDIT & COMPLIANCE COMMITTEE
Florida State University
Board of Trustees
Audit and Compliance Committee
Meeting Agenda
November 19, 2020

1. Welcome to Attendees

2. Approval of Minutes for September 10, 2020, Committee Meeting
   Page No: 1-2

3. Office of Compliance and Ethics
   a. Updates since September 11, 2020, Board of Trustees Meeting
      i. Compliance Alliance and Compliance Partners Meetings
      ii. SUS Consortium Meeting Update
      iii. Outside Activity/COI Project

4. Office of Inspector General Services
   a. Renewal of Audit Contract for the John and Mable Ringling
      Art Foundation, Inc.
   b. Promotion of Heather Friend to Position of Director of Audits
      and OIGS Staffing
   c. Certificate of Reaccreditation issued to the OIGS by The
      Commission for Florida Law Enforcement, Inc. 3-9
   d. Discussion of Proposed Change to FSU Regulation 2.025 –
      Direct Support Organizations 10-18
   e. Listing of Audits Issued, In Progress, and Status 19

5. Motion to Adjourn
Florida State University
Audit and Compliance Committee Zoom Meeting
September 10, 2020
Committee Report from 1:15 PM to 2:00 PM

Members Participating: Max Alvarez was in-person and Jim Henderson, Jorge Gonzalez, and Jonathan Levine all joined via Zoom.

1. Call to Order and Welcome

Mr. Jorge Gonzalez, Chairperson, called the meeting to order at 1:15 PM.

2. Approval of September 10, 2020, Audit & Compliance Committee Meeting minutes

Audit and Compliance Committee minutes were approved for the meeting held June 3, 2020.

3. Office of Compliance and Ethics (OCE)

   a. Updates since June 4, 2020, Board of Trustees meeting

Ms. Blank updated the Committee on the office’s activities since the June 4, 2020 Board of Trustees meeting. Ms. Blank thanked the Committee for timely filing Form 1 and Form 6 with the Commission on Ethics. She reported that the University and BOT members were 100% in compliance. Ms. Blank discussed the changes to the Student Conduct Code relating to the new Title IX Regulations that went into effect August 14, 2020. Ms. Blank explained that the OCE has trained about 40 new compliance partners all around campus that will be Hearing Officers, Advisors and Appellant Officers for disciplinary cases, Title IX cases for both student and staff, and academic honor policy cases. She further explained that Title IX hopes to implement all OIGS Title IX audit recommendations by December 2020.

   b. Presentation of 2019-2020 Annual Report and 2020-2021 Work Plan


4. Office of Inspector General Services

   a. Presentation of 2020-2021 Annual Work Plan
Mr. McCall briefly explained the Office of Inspector General Services 2020-2021 Annual Work Plan. He explained the carry-forward audits, as well as new audits in the work plan. The Committee approved the work plan. The OIGS 2020-2021 Annual Work Plan will be on the BOT September 11, 2020, Consent Agenda for approval.

b. **OIGS Staffing and the retirement of Kitty Aggelis, Director of Audits**

Mr. McCall explained that Kitty Aggelis retired from the University on August 30, 2020. He further explained that Kitty had been with the University since 2001 and had a wealth of institutional knowledge. Mr. McCall also explained that prior to COVID-19, the OIGS had two Senior Auditor vacancies. Mr. McCall further explained budget reductions for the University and the reduction of ⅔ of a vacant Senior Auditor position. He also explained that the OIGS is currently advertising for its vacant Director of Audits position.

c. **Updates since June 4, 2020, Board of Trustees Meeting**

   i. **DSO Audit Committee Meetings**

      Mr. McCall updated the Committee on the DSO Audit Committee Meetings and the audit opinions that have been issued were discussed. He also explained that the financial statement audits for the DSO’s are due by October 31, 2020.

   ii. **Northwest Regional Data Center**

      Mr. McCall updated the Committee on the Florida Auditor General’s audit of the Northwest Regional Data Center. Auditor General Staff conducting the audit have followed up on prior year controls relating to logical and physical access. The hope is that when the separate Auditor General federal funds auditors review the audit, any concerns about internal controls will not rise to the level of a significant deficiency.

5. **Listing of Audits Issued, In Progress, and Status**

   Mr. McCall provided a listing of OIGS’ audits issued, in progress, and the status.

6. **Motion to Adjourn**

   Trustee Gonzalez adjourned the meeting at 1:50PM.
To: Commission for Florida Law Enforcement Accreditation, Inc.
From: Team Leader Captain David Pate
Date: July 14, 2020
Re: Florida State University Office of Inspector General Services
    Full Compliance Assessment Report
    Assessment Dates: July 10, 2020

A. Agency/Assessment Information

Chief Executive Officer: Chief Audit Officer Sam McCall
Accreditation Manager: Investigations Manager Pamela Damitz

Standards Manual Version: 2.08

Previous Accreditation Dates: June 2017

Additional Accreditations:

Excelsior Dates:

Assessment Team Recommendation: Reaccreditation

Assessment Team

Team Leader: Captain David Pate
Agency: Florida Fish and Wildlife Conservation Commission,
Division of Law Enforcement
Email address: David.pate@myfwc.com

Team Member: Inspector Supervisor
Edward D. "Doug" Rau
Agency: Department of Corrections, Office of Inspector General
Email address: Edward.Rau@fdc.myflorida.com
B. Standards Summary Tally

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Total Applicable "Other-than-mandatory" Standards: 0

Maximum allowable number of Elected Standards: 0

C. Agency Profile

Florida State University President and Board of Trustees approved a charter for the Office of Audit Services in September 2003. The office's name was changed in November 2012 to the Office of Inspector General Services (OIGS). The Office has the responsibility to investigate alleged fraud, waste, abuse, and other allegations of wrongdoing, which could result in the loss or misuse of university resources.

The OIGS' mission is to provide an independent, objective, and comprehensive program of auditing and investigating university operations; 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.

The OIGS, headed by the chief audit officer, provides a central point for coordinating and carrying out activities that promote accountability, integrity, and objectivity. In addition to the chief audit officer, the office includes two director of audits, one investigations/accreditation manager, six audit administrators (one of these positions also assists with investigations), one office administrator, and one intern.

The OIGS provides fraud training to FSU employees on a quarterly basis and provides literature for familiarization of the OIGS investigative process. Recently, the OIGS
updated the office webpage to include a direct online reporting mechanism for complainants.

The Office of Inspector General Service’s vision is to be an exemplary professional audit and investigative organization that adds value, promotes accountability, fosters transparency and understanding, and is viewed by the university as essential to the proper functioning of university controls and operations.

The Florida State University Office of Inspector General Services received their initial accreditation in 2017.

D. Assessment Summary

Approximately two weeks prior to the onsite, Accreditation Manager (AM) Pamela Damitz contacted the team members and provided the required pre-assessment documentation. Prior to the onsite, Team Leader David Pate communicated via e-mail and telephone with Team Member Doug Rau and briefly discussed Commission philosophy and assessment protocol. The onsite assessment was conducted remotely.

On July 10, 2020, an entrance interview was held with Chief Audit Officer (CAO) Sam McCall and AM Pamela Damitz. CAO McCall thanked the team members and expressed he was looking forward to the review. The team also discussed protocols which would be used to verify observable standards and to remotely conduct interviews.

On behalf of the Commission, Team Leader Pate thanked the members of the FSU OIGS for their diligent preparation.

During the assessment, the team conducted interviews with CAO McCall, AM Damitz, Senior Auditor/Investigator Jeffrey Caines, and Office Administrator Candace Tibbets. All employees interviewed were conversant regarding their policies, security protocols, and compliance with accepted practices for investigations for inspector general offices in Florida.

The team conducted file review throughout the assessment and observed physical and electronic security measures via electronic means. All members of the FSU OIGS were cooperative, eager to assist, and reflective of a well-engaged workforce.

The assessment was completed in one day and the team found no noncompliance issues and no corrective actions. The assessment occurred as smoothly as possible, mainly due to the preparations made by the FSU OIGS staff and the logical and consistent way their policies are written.

At the end of the assessment, an exit interview was held with CAO McCall and AM Damitz. The assessment team provided CAO McCall with feedback on a very successful and detail-oriented assessment cycle.
At the conclusion of the exit interview, CAO McCall reiterated his commitment to the process and gave his thanks to the Commission for the evaluation.

E. Standards Noncompliance Discussion:

None.

F. Corrective Action Discussion:

None.

G. Standards Elected for Exemption:

None.

H. Standards Verified by the Team as “Not Applicable” to the Agency

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I. Standards, the Status of Which, Were Changed by Assessors

None.

J. Public Information Activities

There was no written or electronic correspondence received by the assessment team.

Follow-up by the Assessment Team as a Result of Public Information Activities

None.

K. Exemplary Policies/Projects/Procedures

None.

L. Chapter Summaries

Chapter 1: Organization and Governing Principles (Assigned Assessor: EDR)

The FSU OIGS is headed by the chief audit officer who serves as the inspector general and provides a central point for coordinating and carrying out activities. The purpose, authority, and responsibility of the investigative function was clearly described. The FSU OIGS organization chart and mission statement were located on the agency’s website.
and access was verified through interviews. The mission statement was also posted within the FSU OIGS offices which was verified by photographic observation. All staff acknowledge their independence from impairments and sign an agreement to abide by a code of ethics on an annual basis.

Directives concerning the release of information to the public in accordance with Florida Statutes is clearly described. Interviews confirmed the established procedures pertaining to the notification of appropriate officials concerning significant investigative issues are understood.

Written directives are concise and clearly written, and interviews verified the procedures for dissemination and receipt of new or revised directives within a specified timeframe are followed.

The FSU OIGS has a written directive regarding campaigning, lobbying, and political practices.

The FSU OIGS complied with all CFA annual reporting requirements during the three-year cycle.

Chapter 2: Personnel Practices (Assigned Assessor: EDR)

During the assessment, it was verified all investigative staff have relevant experience or requisite education prior to being appointed to their positions. Interviews verified acknowledgment of position descriptions. Performance evaluations are completed and adhere to accreditation standards. Acknowledgement of expectations are made based upon the position description and acknowledged at the conclusion of the previous year’s evaluation for the upcoming evaluation cycle.

Interviews verified if investigative teams are utilized, they adhere to the requirements concerning the necessary skills described in the standard.

Chapter 3: Training (Assigned Assessor: DP)

A thorough review of training records for all FSU OIGS members was conducted and all member’s individual records were included in their proofs of compliance for assessor review. The training records are maintained in a consistent manner and all members of the FSU OIGS met or exceeded their biennial training requirements. Additionally, all members received their required training within the first six months of their appointment.

Chapter 4: Investigation Process (Assigned Assessor: EDR)

Interviews and a review of provided proofs of compliance confirmed FSU OIGS written directives for processing the intake, assessment, and assignment of complaints, case planning, investigative processes, the conducting of interviews, evidence review, documenting case supporting materials, and the preparation of investigative reports
follow accreditation standards. Only two proofs of compliance for 4.07M were reviewed as there is currently one open case pending for the third-year cycle.

Interviews confirmed a review for legal sufficiency is completed by the university general counsel when necessary.

**Chapter 5: Case Supporting Materials And Evidence (Assigned Assessor: DP)**

Through observation (electronic) and interview, it was determined the FSU OIGS meets and exceeds privacy and security requirements for their investigative records and processes. The FSU OIGS does not seize or store any criminal evidence. All case supporting materials are maintained in a separate secure area with redundant physical security measures in place. All electronic records and databases have appropriate access and security protocols in place, to include their case management log.

**Chapter 6: Whistle-blowers Act (Assigned Assessor: DP)**

The FSU OIGS has thorough policies and procedures in place to ensure compliance with Florida's Whistle-blower's Act. Initial Whistle-blower assessment procedures are in place and staff members are familiar with the confidentiality provisions of the Whistle-blower Act. Whistle-blower determination is conducted on all incoming issues and noted on the individual intake form.

**Chapter 7: Notification Process (Assigned Assessor: DP)**

The policies in place for the FSU OIGS for notifications of case closure are straightforward and ensure all affected parties receive adequate notification of case status or closure. Additionally, there are policies in place for internal notifications to the other members of the university administration when necessary.

**Chapter 8: Case Management (Assigned Assessor: DP)**

The FSU OIGS utilizes a password protected complaint tracking system which provides detailed information to track the intake, processing, and disposition of complaints. The policies and procedures clearly address the process of tracking cases and effective measures have been established to ensure records are retained in accordance with current retention schedules. A review of case files which are electronically maintained within their case management system showed the office has an established and consistent way the files are organized. Any physical files which are maintained are secured appropriately and sufficient proofs of their security measures were provided electronically.

**Chapter 9: Final Reporting Processes (Assigned Assessor: DP)**

The FSU OIGS policies and procedures address investigative conclusions, distribution of final reports, post investigative responses, and notification relating to criminal allegations.
Their policies direct that all final reports will contain the required relevant information and provide findings of fact. The FSU OIGS operations are consistent with Florida Statutes, policies, and Principles and Standards for Offices of Inspector General adopted by the Association of Inspectors General.

M. Summary and Recommendation

The FSU OIGS is an efficient support organization to their parent university. This office has embraced their responsibilities as a steward of public trust for the citizens. The policies of the FSU OIGS are sound, allow for effective workflow, and are compliant with state statute, agency policy, and established principles of operation for investigative functions in an Office of Inspector General.

The assessment team observed a work group which not only has defined missions, but genuinely understands the value the inspector general system provides to not only the university, but to all individual members of the university community. The assessment was flawless, with no discussion of noncompliance issues or file maintenance issues.

The assessment team recommends the Florida State University, Office of Inspector General Services be favorably reviewed for reaccredited status by the Commission for Florida Law Enforcement Accreditation at the next Commission meeting.

Submitted by
Captain David Pate, Team Leader
FSU-2.025 Direct Support Organizations.

(1) The President of the University may recommend to the Board of Trustees that an organization meeting the requirements of Section 1004.28(1) (a), F.S., be designated a Florida State University Direct Support Organization ("DSO"). Upon approval by the Board of Trustees ["BOT"], a DSO shall be considered to be certified and authorized to use the property, facilities and personal services of the University.

(a) All use of personal services must comply with s. 1012.976, F.S.

(b) All use of property, facilities or personal services must:

1. Be used in a manner of primary benefit to the university

2. Be used in a manner which protects the university asset and where the DSO remains ultimately liable for any damage to property or facilities caused by DSO use

3. Be used in a manner consistent with all university regulations and policies applicable to such assets;

4. Be documented by some writing outlining the nature and duration of the use of such asset.

(c) The DSO may not receive cash transfers of state appropriations from the BOT except for funds pledged for capital projects. Allowed transfers of non-appropriated funds to a DSO will be reported to the Florida Board of Governors as required.

(d) A DSO is prohibited from using state funds for travel expenses incurred by the DSO.

(e) All debt issued by a DSO is subject to the State University System Debt Management Guidelines and all public-private partnership transactions involving a DSO are subject to the State University System Public-Private Partnership Guidelines
(2) In order to be considered for certification as a DSO, an organization must fulfill the requirements of Section 1004.28(1)(a), F.S., and must have Articles of Incorporation and Bylaws that together:

(a) Provide that any person employed by the organization shall not be considered to be an employee of the BOT by virtue of employment by the DSO.

(b) Provide that any chief executive officer of the DSO shall be selected as provided by DSO bylaws, with approval of the President of the University ("President"), and that the chief executive officer shall report to the President or a designee reporting directly to the President. (c) Provide that any amendments to the Articles of Incorporation or Bylaws be submitted by the President to the BOT for approval prior to becoming effective.

(c) Provide that the President shall have the following powers and duties:

1. Monitor and control the use of University resources by the organization.

2. Control the use of the University name by the DSO.

3. Monitor compliance of the organization with federal and state laws.

4. Recommend to the governing board of the board of trustees an annual budget.

5. Review and approve quarterly expenditure plans.

6. Approve contributions of funds or supplements to support intercollegiate athletics.

(d) Provide that the organization shall provide equal employment opportunities to all persons regardless of race, creed, color, sex, religion, age, disability, veteran status, marital status, sexual orientation, gender identity, gender expression, national origin or any other legally protected group status.

(e) Prohibit the giving, directly or indirectly, of any gift to a political committee or committee of continuous existence as defined in Section 106.011, F.S., for any purpose.

(3) The President of the University or a designee shall serve on the governing body
and 9/24/2019 executive committee of each DSO. The Chair of the BOT shall appoint a representative to the board of directors and any executive committee of each DSO. All other DSO board member appointments must be approved by the BOT.

(4) Each DSO shall submit an annual budget, which has been approved by its governing board and recommended by the President of the University to the BOT for review. Such proposed budget shall be submitted no later than ninety (90) days after the first day of the fiscal year to which the proposed budget pertains. Each proposed budget shall include therein:

(a) Expenditures for the construction of physical facilities, and

(b) Salary supplements, compensation and benefits provided to the President, University faculty, and staff, and to DSO employees to be paid with assets of the DSO, which shall be specifically identified.

(5) Significant Expenditure Approval.

Unless specifically approved by the BOT in a DSO Budget, any purchase of goods or services, construction or renovation of facilities or acquisition of real property of $2 Million but less than $5 Million will be approved by the BOT Business and Finance Committee; such purchases of $5 Million or more will be approved by the BOT. No related purchases may be split to evade these threshold approval and all purchases of $1 Million or more will be reported to the BOT at its next meeting.

(6) Each DSO shall prepare and submit to the President no later than the first day of each quarter of the organization’s fiscal year a quarterly expenditure plan that separately delineates planned actions which would cause a commitment of University resources or which represent a significant commitment of the resources of the DSO, including:

(a) Major fund raising events and campaigns and their purpose.

(b) Compensation and benefits to University employees and employees of the organization.

(c) Capital projects, including land acquisition, construction, renovation or repair.
(d) Other major commitments of the resources of the organization.

(7) Each DSO shall cause a financial audit of its accounts and records to be conducted by an independent certified public accountant after the close of each fiscal year. The audit report shall be submitted by the President of the University to the BOT Board of Trustees no later than the end of the fourth month following the close of the organization's fiscal year. Annual audits shall be further governed as provided in paragraph (9).

(a) Audits shall be conducted pursuant to Section 1004.28(5), F.S., and in accordance with rules adopted by the Auditor General pursuant to Section 11.45(8), F.S., and Florida State University regulations and policies.

(b) The President shall submit the annual audit report to the Auditor General no later than nine (9) months after the close of the organization's fiscal year.

(8) The President may recommend to the BOT that an organization be decertified as a DSO if the President determines that the organization is no longer serving the best interest of the University. The recommendation for decertification shall include a plan for disposition of the organization's assets and liabilities.

(9) Audit Firm Selection and Approval Process.

(a) Each DSO shall have an audit committee made up of at least three members. All members shall be financially literate and at least one member shall have strong professional working experience in accounting, business, finance, audit, and internal controls. No member of the audit committee may be a member of DSO management. In the event the DSO is unable to identify a qualified audit committee member, the DSO Board may request the BOT Finance, Business and Audit Committee to appoint a qualified person to the DSO audit committee.

(b) Each DSO audit committee shall have an audit charter that shall be approved by the respective DSO Board.

(c) Each DSO audit committee shall select the audit firm to perform the DSO financial statement audit. The DSO audit committee shall forward its selection to the DSO Board for their approval. The DSO Board shall then forward the name of the selected audit firm to the BOT for final approval.
(d) All new audit firm contracts will be for up to a five-year period. At the end of
the period, the DSO may elect to extend the first contract for up to an additional five-year
period or, at its option, issue another Request for Proposal (RFP) for the next period. If the DSO
chooses to issue an RFP for the second period, the current audit firm may respond to the RFP
for consideration for the additional period.

(e) An audit firm entering into a second contract shall designate a new lead
audit partner for the second term.

(f) For current audit firms that have served more than five years but less than ten
years, the DSO, at its option, may extend the current contract to a total of up to ten years to
include the years previously served as the auditor.

(g) Unless approved by the BOT, no audit firm may have an audit contract for
more than five continuous years.

(h) The RFP issued shall identify criteria for evaluation of audit firm proposals to
include, for example, areas such as: experience and ability; understanding of applicable
laws, rules, and regulations; familiarity auditing similar organizations; project requirements,
approach and method; and fee proposal.

(i) The audit committee shall first give consideration to the quality of the audit
proposal in terms of work to be performed and after such deliberation; the audit
committee shall take into consideration the proposed fee. Weights and scoring processes
shall be based on the priorities and needs of the DSO.

(j) Negotiations shall then be held with the first ranked audit firm to agree on
a contract to include the audit fee and related expenses.

(k) If a contract cannot be agreed upon, negotiations shall be formally ended
with that audit firm and negotiations shall be conducted with the second ranked firm and so
on until a contract is agreed upon.

Specific Authority BOG-1.001(3) (j); BO G Reg. Procedure July 21, 2005. Law
Implemented 1004.28 FS, BOG-9.011. History—New 4-21-03, Amended 9-13-07, 6-10-16,
6-7-19

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The 2019 Florida Statutes

Title XVIII
K-20 EDUCATION CODE

Chapter 1004
PUBLIC POSTSECONDARY EDUCATION

1004.28 Direct-support organizations; use of property; board of directors; activities; audit; facilities.--

(1) DEFINITIONS.—For the purposes of this section:

(a) "University direct-support organization" means an organization which is:

1. A Florida corporation not for profit incorporated under the provisions of chapter 617 and approved by the Department of State.

2. Organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of a state university in Florida or for the benefit of a research and development park or research and development authority affiliated with a state university and organized under part V of chapter 159.

3. An organization that is state university board of trustees, after review, has certified to be operating in a manner consistent with the goals of the university and in the best interest of the state. Any organization that is denied certification by the board of trustees shall not use the name of the university that it serves.

(b) "Personal services" includes full-time or part-time personnel as well as payroll processing.

(c) "Property" does not include student fee revenues collected pursuant to ss. 1009.24.

(2) USE OF PROPERTY.—

(a) Each state university board of trustees is authorized to permit the use of property, facilities, and personal services at any state university by any university direct-support organization, and, subject to the provisions of this section, direct-support organizations may establish accounts with the state board of administration for investment of funds pursuant to part IV of chapter 218.

(b) The board of trustees, in accordance with regulations and guidelines of the Board of Governors, shall prescribe by regulation conditions with which a university direct-support organization must comply in order to use property, facilities, or personal services at any state university, including that personal services must comply with s. 1012.976. Such regulations shall provide for budget and audit review and oversight by the board of trustees, including thresholds for approval of purchases, acquisitions, projects, and issuance of debt. No later than July 1, 2019, the transfer of a state appropriation by the board of trustees to any direct-support organization may only include funds pledged for capital projects. Beginning July 1, 2019, and annually thereafter, each university board of trustees shall report to the legislature the amount of state appropriations transferred to any direct-support organization during the previous fiscal year, the purpose for which the funds were transferred, and the remaining balance of any funds transferred.

(c) The board of trustees may not transfer any funds to and shall not permit the use of property, facilities, or personal services at any state university by any university direct-support organization that does not provide equal employment opportunities to all persons regardless of race, color, religion, gender, age, or national origin.

(d) The board of trustees may not permit the use of state funds for travel expenses by any university direct-support organization.

(3) BOARD OF DIRECTORS.—The chair of the university board of trustees shall appoint at least one representative to the board of directors and the executive committee of any direct-support organization established under this section. The president of the university for which the direct-support organization is established, or his or her designee, shall also serve on the board of directors and the executive committee of any direct-support organization established to benefit that university. The university board of trustees shall approve all appointments to any direct-support organization not authorized by this subsection.

(4) ACTIVITIES; RESTRICTION.—A university direct-support organization is prohibited from engaging, either directly or indirectly, any gift to a political committee as defined in s. 106.011 for any purpose.

(5) ANNUAL AUDIT; PUBLIC RECORDS EXEMPTION; PUBLIC MEETINGS EXEMPTION.—

(a) Each direct-support organization shall provide for an annual financial audit of its accounts and records to be conducted by an independent certified public accountant in accordance with rules adopted by the Board of Governors pursuant to s. 111.39(8) and by the university board of trustees. The annual audit report shall be submitted, within 9 months after the end of the fiscal year, to the Auditor General and the Board of Governors for review. The Board of Governors, the university board of trustees, the Auditor General, and the Office of Program Policy Analysis and Government Accountability shall have the authority to require and receive from the organization or from its independent auditor any records relative to the operation of the organization. The identity of donors who desire to remain anonymous shall be protected, and that anonymity shall be maintained in the auditor's report.

(b) Other than the auditor's report, management letter, any records related to the expenditure of state funds, and any financial records related to the expenditure of private funds for travel, all records of the organization and any supplemental data requested by the Board of Governors, the university board of trustees, the Auditor General, and the Office of Program Policy Analysis and Government Accountability shall be confidential and exempt from s. 119.07(1).

(c) Any portion of a meeting of the board of directors of the organization, or of the executive committee or other committees of such board, at which any proposal seeking research funding from the organization or a plan or program for either initiating or supporting research is discussed is exempt from s. 286.011 and s. 24(a), Art. I of the State Constitution.

(6) FACILITIES.—Each direct-support organization is authorized to enter into agreements to finance, design and construct, lease, lease-purchase, purchase, or operate facilities necessary and desirable to serve the needs and purposes of the university, as determined by the systemswide strategic plan adopted by the Board of Governors. Such agreements are subject to the provisions of ss. 1010.62 and 1013.171.

(7) ANNUAL BUDGETS AND REPORTS.—Each direct-support organization shall submit to the university president and the Board of Governors its federal Internal Revenue Service Application for Recognition of Exemption form (Form 1023) and its federal Internal Revenue Service Return of Organization Exempt from Income Tax form (Form 990).

9.011 University Direct Support Organizations and Health Services Support Organizations

(1) University boards of trustees may establish direct support organizations ("DSO") and health services support organizations and certify them to use university property, facilities and personal services. Such support organizations shall be organized and operated to serve the best interests or missions of the university, including a university’s research, education and service missions, and may receive, hold, invest, and administer property and make expenditures to or for the benefit of the university or for the benefit of a research and development park or research and development authority affiliated with a university.

(2) Each board of trustees shall establish by regulation conditions with which a support organization must comply in order to use university property, facilities, or personal services and such additional conditions, controls, and requirements for support organizations as each board deems appropriate to provide for budget and audit review and oversight. In addition, the regulation must include the following conditions:
   (a) The establishment of appropriate thresholds that delineate when approval by the board of trustees is required for the purchase of goods and services by a DSO.
   (b) All debt issued by a DSO is subject to the State University System Debt Management Guidelines and all public-private partnership transactions involving a DSO are subject to the State University System Public-Private Partnership Guidelines.
   (c) The establishment of appropriate thresholds that delineate when approval is required by the board of trustees for the acquisition of real property and the construction or renovation of facilities by a DSO.
   (d) University personal services used by a DSO are subject to the remuneration requirements set forth in section 1012.976, Florida Statutes.
   (e) A DSO is prohibited from using state funds for travel expenses incurred by the DSO.
   (f) A DSO is prohibited from giving, either directly, or indirectly, any gift to a political committee as defined in section 106.011, Florida Statutes, for any purpose.

(3) The Director or Chief Executive Officer of the support organization shall report to the University President or designee.

(4) Operating budgets of support organizations shall be prepared at least annually, and approved by the organization's governing board and the university board of trustees. Significant changes in planned expenditures in the approved budget must be reported to the university board of trustees as soon as practicable but no later than the deadline established by a board of trustees.
(5) Support organizations shall provide for an annual audit conducted pursuant to university regulations or policies. The annual audit report shall be submitted to the university board of trustees for review. The audit report shall be submitted to the Board of Governors, and the Auditor General. The university board of trustees or designee, the Board of Governors, the Auditor General, and the Office of Program and Policy Analysis and Government Accountability may require and receive any records relative to the operation of a support organization from the organization or its independent auditors.

(6) Each support organization shall submit its federal Internal Revenue Service application for Recognition of Exemption form (Form 1023) and its federal Internal Revenue Service Return of Organization Exempt from Income Tax form (Form 990) to the university board of trustees or designee at the times required by the applicable regulation or policy of the board of trustees. Copies of such forms shall be provided by each university to the Board of Governors.

(7) As of July 1, 2019, any transfer of a state appropriation to a DSO is limited to funds pledged for capital projects.
   (a) This regulation does not prohibit the transfer of non-state funds between university DSOs, or the transfer of non-state funds to the DSO, as long as the original source of funding was not a state appropriation.
   (b) A DSO may transfer funds and provide the use of DSO property, facilities or personal services without any charge to the university.
   (c) Effective for fiscal 2018-2019, and annually thereafter, each university will report to the Legislature and the Board of Governors all transfers of state funds to each university DSO, using the format and instructions specified by the Chancellor.

(8) A support organization shall provide equal employment opportunities to all persons, regardless of race, color, national origin, sex, religion, age, disability, marital status, veteran status, or any other basis protected by law.

(9) The chair of the university board of trustees shall appoint at least one representative to each DSO board of directors and executive committee (if any). The university president or designee shall also serve on the board of directors and executive committee of each DSO. The university board of trustees shall approve all appointments to any DSO board other than the chair's representative(s) or the president or president's designee. The chair's designee may not be the university president; nor may the chair and president appoint the same person to represent both the chair and the president on any one DSO board.

(10) University boards of trustees shall decertify a support organization if the university board of trustees or designee determines that the organization is no longer serving the best interest or mission of the university and decertification is appropriate. In
decertifying a support organization, the board of trustees shall require an accounting of
the organization's assets and liabilities and take such reasonable action as necessary to
secure the return of all university property and facilities as requested by the university.

Authority: Section 7(d), Art. IX, Fla. Const., History — Formerly 6C-3.12, 11-18-70,
Amended and Renumber 12-17-74, Amended 4-14-76, 6-25-80, 8-11-85, Formerly 6C-
9.11, Amended 9-28-86, 2-13-89, 4-10-90, 12-9-91, 8-1-94, 4-16-96, Amended and
Renumbered 8-6-09, Amended 11-8-18.
### Status Report for OIGS

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<tr>
<th>Issued Reports</th>
<th>Status</th>
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<tr>
<td><strong>AR 21-01 FSU OIGS Six Month Follow Up Report 1.1.20-6.30.20</strong></td>
<td>Out for Response</td>
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<td><strong>AR 21-02 Admissions Acceptance - Compliance</strong></td>
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<tr>
<td>Seminole Boosters</td>
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<tr>
<td>Earth, Ocean &amp; Atmospheric Sciences Building - Capital Construction</td>
<td>Postponed for now</td>
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<td>National High Magnetic Field Laboratory (Mag Lab)</td>
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<td>Audit of Crime Prevention at the MagLab with FSUPD's Assistance</td>
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<tr>
<td>PBF Seventh Year (2020-2021)</td>
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<td>Preeminence Second Year (2020-2021)</td>
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<td>Athletics Financial</td>
<td>X</td>
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<td>Federal Family Educational Rights and Privacy Act (FERPA)</td>
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<td>Cybersecurity – Continuous Vulnerability Management</td>
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<td>FAMU/FSU College of Engineering</td>
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