



FLORIDA STATE UNIVERSITY

BOARD OF TRUSTEES

Audit and Compliance Committee

MEETING MINUTES

Thursday, February 23, 2023

1:00 p.m. – 2:00 p.m.

Jim Moran Building
111 S. Monroe St
Tallahassee, FL 32301
Room 308

In-person attendees: Trustee Jim Henderson.

Attended via Zoom: Trustee Maximo Alvarez.

I. **Call to Order and Welcome**

Trustee Alvarez called the meeting to order at 1:00 p.m.

II. **Approval of Minutes**

Audit and Compliance Committee (A&C Committee) minutes were approved for the meeting held on November 17, 2022.

III. **Office of Inspector General Services**

a. **State University System Performance Audits**

Mr. Baldwin introduced Heather Friend (Director of Audits) and asked that she provide a high-level overview of the results of the Performance-Based Funding Metrics and Preeminent Research University Metrics audits.

➤ **Action Item I: Performance-Based Funding Metrics**

Ms. Friend explained that Florida Statutes require the University to audit the Performance-Based Funding and Preeminence Research University Metrics annually. Ms. Friend explained that OIGS identified two issues and both issues related to the underreporting of

data in the 2021-2022 Student Financial Aid (SFA) file. Ms. Friend explained that if the data had been included in the SFA file, it would have improved the University's performance with Metric 3 (Average Cost to Student) and Metric 7 (University Access Rate). Ms. Friend explained that the Office of Financial Aid has developed its corrective action plan and will work with the Office of Institutional Research to determine whether the file needs to be resubmitted to the BOG. Ms. Friend further explained that OIGS will follow up with the Office of Financial Aid to ensure these issues have been resolved going forward.

➤ **Action Item II: Preeminent Research University Funding Metrics**

Ms. Friend explained that OIGS did not identify any issues for this audit engagement.

Dr. Rick Burnette explained that the Office of Institutional Research worked with the Office of Financial Aid, based on the information provided, made the updates, and resubmitted the files. Dr. Burnette explained that the Office of Institutional Research thought it was best to update the file for Metric 3, although there was no material difference because the University has 10 points, by such a wide margin, it was inconsequential. Dr. Burnette further explained that the access rate on Metric 7 may have been consequential, but the corrective actions will include the Office of Institutional Research taking primary ownership of the file submission. Dr. Burnette explained that after two findings, it is in the best interest of the University to have the Office of Institutional Research drive the submission process. Dr. Burnette explained that he does not anticipate any problems in the future.

Trustee Alvarez moved to approve Action Items I and II. The motion was seconded by Trustee Henderson, and Action Items I and II were approved unanimously.

b. **Action Item III: Real Estate Foundation's Request for Approval of Contract Extension**

Mr. Baldwin explained the FSU Real Estate Foundation's request for approval for Thomas Howell Ferguson, P.A. to enter into a one-year audit contract extension, with a rotation in lead audit partner.

Trustee Alvarez moved to approve Action Item III. The motion was seconded by Trustee Henderson, and Action Item III was approved unanimously.

IV. **OIGS Status Report**

Mr. Baldwin explained that OIGS has initiated its Risk Assessment process. Mr. Baldwin further explained that questionnaires will be sent out starting on Monday, February 27, 2023, and interviews will be conducted with various cabinet members, Deans, and other leaders of the University. Mr. Baldwin explained that the questionnaire and interviews will assist OIGS in developing its audit plan for the fiscal year 2023-2024. Mr. Baldwin explained that OIGS will have the audit plan to the Committee for approval at the June 2023 BOT meeting.

Mr. Baldwin also explained that OIGS has completed 6 audits. Mr. Baldwin further explained that OIGS has closed 13 audits for FY 2022-2023. Mr. Baldwin explained that OIGS has also initiated 3 new audits since the November 2022 A&C Committee meeting. Mr. Baldwin explained that OIGS has also started 2 advisory projects with the College of Fine Arts and Student Affairs. In

addition to the advisory projects, Mr. Baldwin explained that Marla Vickers and Trustee Thiel have asked OIGS to participate on the Naming and Gifts Acceptance & Counting Committees.

V. Enterprise Risk Management Update

Mr. Baldwin explained that the Enterprise Risk Management (ERM) Campus Kick-off meeting was held on January 26, 2023, where they discussed the purpose of the ERM Committee and its Governance Structure. Mr. Baldwin further explained that President McCullough and Kyle Clark were able to select Committee members and discussed members' roles and responsibilities. Mr. Baldwin explained that Kyle Clark was selected as the Chair of the Committee and the Committee is comprised of representatives from various divisions and offices across campus. Mr. Baldwin explained that the Committee member list is not all-inclusive and members will be added and removed as needed based on the strategic vision of President McCullough. Mr. Baldwin provided a high-level overview of what an ERM process implementation looks like and explained that the Committee has President McCullough and the BOT's full support. Mr. Baldwin further explained that the Committee is in the process of discussing the meeting frequency. He explained that a draft Charter has been drafted and is currently being reviewed by Chairman Clark. Mr. Baldwin explained that the Committee will be working on developing the risk appetite levels and identifying the top significant risks to the University, as well as identifying assessment areas and risk owners. Mr. Baldwin feels the University will have a very good process in place over the next several years.

Mr. Clark explained how appreciative he is that Mr. Baldwin brought in best practices to the University. Mr. Clark explained that these practices are what he is familiar with in terms of the way the program is structured at previous institutions, and the way it's structured at most research universities. Mr. Clark also explained that next week, the Committee will meet to specifically discuss cybersecurity. Mr. Clark explained that cyber threats are one of the biggest threats to the University. Mr. Clark further explained that the University does carry cybersecurity insurance. He explained that there is never too much a University can do relative to cybersecurity and cyber threats. Mr. Clark explained that the University has a very competent team of professionals that help manage and mitigate cyber threats and they have made some recommendations in terms of additional software products that can be used. Mr. Clark explained that the University has authorized the team to move forward with those items and that they are on a timeline to be installed as soon as the University receives the products. Mr. Clark also explained that he is going to have a conversation with the ERM Committee regarding TikTok and the security threats that TikTok poses. Mr. Clark explained that TikTok will be included on the ERM Committee's next agenda.

VI. Open Forum for Trustees

Trustee Alvarez opened the floor for any items that needed to be discussed. There were no items presented for discussion.

VII. Adjournment

Trustee Alvarez adjourned the meeting at 1:26 p.m.