



FLORIDA STATE UNIVERSITY

BOARD OF TRUSTEES

Audit and Compliance Committee



FLORIDA STATE UNIVERSITY

BOARD OF TRUSTEES

Audit and Compliance Committee

MEETING AGENDA

Thursday, February 27, 2025

2:00 – 3:15 pm

Florida State University

Westcott Building

Conference Room 211A

222 South Copeland St.

Tallahassee, FL 32306

The agenda will be followed in subsequent order and items may be heard earlier than the scheduled time.

I. Call to Order and Welcome

Trustee Peter Jones, Chair

II. Approval of Minutes

November 20, 2024, Meeting Minutes

III. Office of Compliance and Ethics Informational Items and Updates

Mr. Robert Large, Chief Compliance & Ethics Officer

- Foreign Gifts and Contracts January report update
- Financial disclosures (Form 1)
- Conflict of Interest/Commitment disclosure process update
- General operational update

IV. Office of Audit and Advisory Services Action Items for Consideration of Recommendation to the Board of Trustees

Mr. Undra Baldwin, Chief Audit Officer

- A. Action Item I: Request for Approval: State University System Performance Audits: Performance Based Funding Metrics (Audit & Compliance)**
- B. Action Item II: Request for Approval: State University System Performance Audits: Preeminent Research University Funding Metrics (Audit & Compliance)**
- C. Action Item III: Request for Approval: Revised Office of Audit and Advisory Services Charter as per the Institute of Internal Auditors Standards Revisions – effective Jan. 9, 2025 (Audit & Compliance)**

D. Action Item IV: Request for Approval: Revised Audit & Compliance Committee Charter as per Institute of Internal Auditors Standards Revisions – effective Jan. 9, 2025 (Audit & Compliance)

V. Office of Audit and Advisory Services Informational Items and Updates

Mr. Undra Baldwin, Chief Audit Officer

- Status Update – OAAS Audits
- Institutional Risk Management Update

VI. Open Forum for Trustees

Trustee Peter Jones, Chair

VII. Adjournment

Trustee Peter Jones, Chair



FLORIDA STATE UNIVERSITY
BOARD OF TRUSTEES
Audit and Compliance Committee

MEETING MINUTES

November 20, 2024



FLORIDA STATE UNIVERSITY

BOARD OF TRUSTEES

Audit and Compliance Committee

MEETING MINUTES (DRAFT)

November 20, 2024

1:45 p.m. – 2:40 p.m.

North Florida Innovation Labs

Room 202

Attended in Person: Chair Maximo Alvarez, Board of Trustees (BOT) Chairman Peter Collins, Trustee Jim Henderson

Attended via Zoom (committee): N/A

Absent (committee): N/A

Staff (committee): Undra Baldwin, Chief Audit Officer; Robert Large, Compliance and Ethics Officer

Others in attendance: Kyle Clark, Senior Vice President for Finance and Administration; Michael Williams, Associate Vice President for Finance and Administration; Lisa Scoles, Deputy General Counsel; Dr. Mary Sechrist, Director of Research Integrity, Security, and Ethics; Edna Gasque, Office of Compliance & Ethics; Caroline Klancke, Office of Compliance & Ethics; Jordan Huston, Office of Compliance & Ethics; Paul Douglas (EisnerAmper); Matt Stewart (EisnerAmper); Rudy Dubose (EisnerAmper); and Joanna Palmer, Office of Audit and Advisory Services

I. Call to Order and Welcome *Trustee Maximo Alvarez, Chair*

Chair Alvarez called the meeting to order at 1:45 pm. There was a quorum.

II. Approval of Minutes
September 12, 2024, Meeting Minutes

BOT Chairman Collins moved to approve the A&C Meeting minutes from September 12, 2024. Trustee Henderson seconded the motion, and the minutes were approved unanimously by all present at the meeting.

**III. Office of Compliance and Ethics
Informational Items and Updates**
Mr. Robert Large, Chief Compliance & Ethics Officer

Mr. Robert Large was recognized to present the following Informational Items for the Office of Compliance and Ethics (OCE):

- A. Overview of Compliance and Ethics Program Plan**
- B. Update on external review**
- C. General operational update**

In summary, Mr. Large provided an overview of the Compliance and Ethics Program Plan. The program is required by BOG Regulation 4.003 and is based on the US Sentencing Commission Guidelines, sharing that the Program Plan was first adopted in 2018.

- A. Mr. Large explained the program structure in relation to executive oversight, the standards of conduct/policies and procedures, reporting, education and training, as well as audit and monitoring, enforcement and discipline and response and prevention.

The second informational item was the external review update and next steps. The OCE will be engaging with the Compliance Partnership Committee to discuss the plan for the external review, which will be conducted in the spring of 2025. The OCE is currently completing a self-assessment in preparation for the external review. Feedback from the external review and campus partners will help provide updates, and Mr. Large will engage with the FSU Board of Trustees (BOT) on this. The proposed updated program plan will be presented at a 2025 FSU BOT meeting.

- B. BOT Chairman Collins requested that the review be completed in April so that it can be discussed at the April BOT workshop retreat. Mr. Large responded that the goal is to complete this review by April.

Mr. Large shared current staffing updates, highlighting that he has filled all vacancies but one and hopes to hire an administrative person soon. Funding has been secured for a Student Ombudsman. BOT Chairman Collins stated that the Student Ombudsman position is critical for the University and a high priority for the provost.

- C. Lastly, Compliance and Ethics Week was celebrated November 3-9, 2024. There was a kickoff meeting with the Compliance Partnership Committee, and the inaugural issue of the Compliance and Ethics Newsletter was released.

**IV. Office of Audit and Advisory Services
Informational Items and Updates**

Mr. Undra Baldwin, Chief Audit Officer

Mr. Baldwin was recognized to present the following Informational Items for the Office of Audit and Advisory Services (OAAS):

- A. Status Update FY2024-2025 Audits**
- B. EisnerAmper Introduction – Paul Douglas**
- C. Fraud Awareness Week (November 17-23, 2024)**
- D. Institute of Internal Auditors Standards Revisions – effective Jan. 9, 2025**
 - a. The Essential Relationship Between the A&C and the Internal Audit Function: Opportunities for A&C Engagement**

A. Mr. Baldwin provided a status update of the Operational and IT audits completed and still in progress.

In summary:

- i. One Operational Audit has been completed
- ii. One Advisory Project has been completed
- iii. Four Operational Audits are in progress
- iv. One IT Audit has been completed
- v. Five IT Audits are in progress

B. EisnerAmper (EA) Principal, Paul Douglas, introduced Matt Stewart and Rudy Dubose (EA staff dedicated to the FSU co-source arrangement) and explained briefly the association between his firm and FSU.

C. Fraud Awareness Week is November 17-23, 2024. OAAS has taken this as an opportunity to become more visible on campus by hosting a tabling event in the Student Union, providing information, learning opportunities, and giving away OAAS swag items. It is a goal of OAAS to have a more visible presence on campus to increase awareness of the Office and the services the Office provides.

D. The Institute of Internal Auditors Standards Revisions become effective January 9, 2025. Information about the “Essential Relationship Between the A&C Committee and the Internal Audit Function and Opportunities for Engagement” was shared. Mr. Baldwin also provided an overview of the International Professional Practices Framework (IPPF) Evolution, the new IPPF structure, the importance of internal auditing, effective internal auditing, and overall governance by the A&C, which outlined the roles of senior management and the A&C.

V. Open Forum for Trustees
Trustee Maximo Alvarez, Chair

Chair Alvarez opened the floor to discuss any additional items.

SVP Clark provided an overview and update of the findings from the Auditor General's Operational Audit with the A&C.

Trustee Henderson suggested that Mr. Large and Mr. Baldwin collaborate further on bringing more information to the A&C and full BOT about their work on Enterprise Risk Management, in addition to other initiatives.

VI. Adjournment
Trustee Maximo Alvarez, Chair

Chair Alvarez adjourned the meeting at 2:40pm.

DRAFT



FLORIDA STATE UNIVERSITY
BOARD OF TRUSTEES
Audit and Compliance Committee

Office of Audit and Advisory Services

ACTION ITEM I



FLORIDA STATE UNIVERSITY

BOARD OF TRUSTEES

Audit and Compliance Committee

ACTION ITEM I

February 27, 2025

SUBJECT: Request for Approval of Office of Audit and Advisory Services (OAAS) Performance-Based Funding Metrics Audit and Preeminent Research University Funding Metrics Audit

PROPOSED COMMITTEE ACTION

FSU OAAS' request for BOT approval of the Performance-Based Funding Metrics Audit and the Preeminent Research University Funding Metrics Audit.

AUTHORITY FOR BOARD OF TRUSTEES ACTION

1. Florida Statute 1001.706(5)(e): Each University shall conduct an annual audit to verify 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.
2. BOG Regulation 5.001(8): University chief audit executives shall conduct or cause to have conducted an annual data integrity audit to verify the data submitted for implementing the Performance-Based Funding Model complies with the data definitions established by the Board of Governors. The audit report shall be presented to the University's Board of Trustees for its review, acceptance, and use in completing the data integrity certification. The audit report and data integrity certification are due to the Board of Governors' Office of Inspector General by March 1 each year.

BACKGROUND INFORMATION

ADDITIONAL COMMITTEE CONSIDERATIONS

No additional Committee Considerations

Supporting Documentation Included: Request for Approval I Memo – Performance-Based Funding Metrics Audit, Preeminent Research University Funding Metrics Audit, and Data Integrity Certification form.

Submitted by: Undra Baldwin



OFFICE OF AUDIT & ADVISORY SERVICES

Office of Audit and Advisory Services
Westcott – Suite 407
222 South Copeland Street
P.O. Box 3061390
Tallahassee, Florida 32306-1390

MEMORANDUM

TO: Dr. Richard McCullough, President
FROM: Undra Baldwin, Chief Audit Officer
DATE: February 3, 2025
SUBJECT: Consent Agenda Items for the February 28, 2025, BOT Meeting

Please find enclosed the FSU Office of Audit and Advisory Services request for BOT approval of the Performance-Based Funding Metrics and Preeminent Research University Funding Metrics audit reports and recommendation for the President and BOT Chair to sign the Data Integrity Certification Form.

I respectfully request these items to be placed on the BOT Consent Agenda for the February 28, 2025, BOT meeting.

Thank you.

Attachments



Data Integrity Certification

March 2025

In accordance with Board of Governors Regulation 5.001(8), university presidents and boards of trustees are to review, accept, and use the annual data integrity audit to verify the data submitted for implementing the Performance-based Funding model complies with the data definitions established by the Board of Governors.

Given the importance of submitting accurate and reliable data, boards of trustees for those universities designated as preeminent or emerging preeminent are also asked to review, accept, and use the annual data integrity audit of those metrics to verify the data submitted complies with the data definitions established by the Board of Governors.

Applicable Board of Governors Regulations and Florida Statutes: Regulations 1.001(3)(f), 3.007, and 5.001; Sections 1001.706(5)(e), 1001.7065, and 1001.92, Florida Statutes.

Instructions: To complete this certification, university presidents and boards of trustees are to review each representation in the section below and confirm compliance by signing in the appropriate spaces provided at the bottom of the form. Should there be an exception to any of the representations, please describe the exception in the space provided.

Once completed and signed, convert the document to a PDF and ensure it is ADA compliant. Then submit it via the Chief Audit Executives Reports System (CAERS) by the **close of business on March 1, 2025**.

University Name: Florida State University

Data Integrity Certification Representations:

1. I am responsible for establishing and maintaining, and have established and maintained, effective internal controls and monitoring over my university's collection and reporting of data submitted to the Board of Governors Office which will be used by the Board of Governors in Performance-based Funding decision-making and Preeminence or Emerging-preeminence Status.
2. In accordance with Board of Governors Regulation 1.001(3)(f), my Board of Trustees has required that I maintain an effective information system to provide accurate, timely, and cost-effective information about the university, and shall require that all data and reporting requirements of the Board of Governors are met.
3. In accordance with Board of Governors Regulation 3.007, my university provided accurate data to the Board of Governors Office.

Data Integrity Certification, March 2025

4. In accordance with Board of Governors Regulation 3.007, I have tasked my Data Administrator to ensure the data file (prior to submission) is consistent with the criteria established by the Board of Governors. The due diligence includes performing tests on the file using applications, processes, and data definitions provided by the Board Office. A written explanation of any identified critical errors was included with the file submission.
5. In accordance with Board of Governors Regulation 3.007, my Data Administrator has submitted data files to the Board of Governors Office in accordance with the specified schedule.
6. I am responsible for taking timely and appropriate preventive/ corrective actions for deficiencies noted through reviews, audits, and investigations.
7. I recognize that Board of Governors' and statutory requirements for the use of data related to the Performance-based Funding initiative and Preeminence or Emerging-preeminence status consideration will drive university policy on a wide range of university operations – from admissions through graduation. I certify that university policy changes and decisions impacting data used for these purposes have been made to bring the university's operations and practices in line with State University System Strategic Plan goals and have not been made for the purposes of artificially inflating the related metrics.
8. I certify that I agreed to the scope of work for the Performance-based Funding Data Integrity Audit and the Preeminence or Emerging-preeminence Data Integrity Audit (if applicable) conducted by my chief audit executive.
9. In accordance with section 1001.706, Florida Statutes, I certify that the audit conducted verified that the data submitted pursuant to sections 1001.7065 and 1001.92, Florida Statutes [regarding Preeminence and Performance-based Funding, respectively], complies with the data definitions established by the Board of Governors.

Exceptions to Note: While the Preeminent Research University Funding audit identified an opportunity for improvement surrounding the Preeminent Metric K – Number of Post-Doctoral Appointees process, the overall impact on the calculation of the metrics was immaterial.

Data Integrity Certification, March 2025

Data Integrity Certification Representations, Signatures:

I certify that all information provided as part of the Board of Governors Data Integrity Certification for Performance-based Funding and Preeminence or Emerging-preeminence status (if applicable) is true and correct to the best of my knowledge; and I understand that any unsubstantiated, false, misleading, or withheld information relating to these statements render this certification void. My signature below acknowledges that I have read and understand these statements. I certify that this information will be reported to the board of trustees and the Board of Governors.

Certification: _____
University President

Date: _____

I certify that this Board of Governors Data Integrity Certification for Performance-based Funding and Preeminence or Emerging-preeminence status (if applicable) has been approved by the university board of trustees and is true and correct to the best of my knowledge.

Certification: _____
University Board of Trustees Chair

Date: _____

Performance-Based Funding Metrics Data Integrity Audit



OFFICE OF AUDIT & ADVISORY SERVICES

**Office of Audit and Advisory Services
Report #AR25-03**

January 6, 2025

Undra Baldwin, Chief Audit Officer

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EXECUTIVE SUMMARY

A. Background

In 2014, the Florida Board of Governors (BOG) approved the Performance-Based Funding (PBF) model. The model includes 10 PBF Metrics that evaluate Universities within the State University System (SUS) of Florida on a range of areas (e.g., graduation rates, job placement, academic progress rate). PBF Metric 10 (see description below) is a choice Metric which was selected by the University's Board of Trustees (BOT) and focuses on areas of improvement or the specific mission of the University. The remaining PBF Metrics are common to all Universities.

The 10 PBF Metrics consist of the following:

- Metric 1: Percent of Bachelor's Graduates Enrolled or Employed One Year After Graduation
- Metric 2: Median Wages of Bachelor's Graduates Employed One Year After Graduation
- Metric 3: Average Cost to the Student (Net Tuition & Fees per 120 Credit Hours for Resident Undergraduates)
- Metric 4: Four-Year Graduation Rate – Full-time, First Time in College (FTIC) Students
- Metric 5: Academic Progress Rate (Second Fall Retention Rate with at Least 2.0 GPA for Full-Time, FTIC Students)
- Metric 6: Percentage of Bachelor's Degrees Awarded within Programs of Strategic Emphasis
- Metric 7: University Access Rate (Percent of Undergraduates with a Pell Grant)
- Metric 8: Percentage of Graduate Degrees Awarded within Programs of Strategic Emphasis
- Metric 9a: Three-Year Graduation Rate - Florida College System (FCS) Associate in Arts Degree (AA) Transfer Students
- Metric 9b: Six-Year Graduation Rate - FTIC Pell Recipient Students
- Metric 10: Number of Bachelor's Graduates who passed an Entrepreneurship Class

Florida Statutes 1001.706, Powers and Duties of the BOG, requires the BOG to define the data components and methodology used to implement Florida Statutes 1001.92, State University System Performance-Based Incentive, and requires each University to conduct an annual audit to verify that the data submitted pursuant to Florida Statutes 1001.92 complies with the data definitions established by the BOG. The BOG has provided methodology documents for all PBF Metrics common to the institutions. The calculations of the PBF Metrics are based on data submitted through the State University Database System. See **Appendix A** for the complete list of data files used for the calculation of each PBF Metric.

B. Objectives and Scope

The specific objectives of this audit were to:

1. Determine whether the processes established by FSU ensure the completeness, accuracy, and timeliness of data submissions to the BOG that support the PBF Metrics.
2. Provide an objective basis of support for the President and BOT Chair to sign the representations made in the PBF Metrics/Preeminent Research University Funding Metrics Data Integrity Certification Letter.

The scope of this audit covered data submissions to the BOG from January 2023 through July 2024. OAAS performed detailed testing on all data submissions to the BOG used for these Metrics.

C. Standards

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*. These standards require that audit departments plan and perform the audit to obtain sufficient, reliable, relevant, and useful evidence. It is our opinion that the evidence obtained during our review provides a basis for the findings and conclusion noted in this report.

D. Overall Conclusion

Overall, it appears that FSU has established adequate controls and processes to:

1. Ensure the completeness, accuracy, and timeliness of data submissions to the BOG, which support FSU's PBF Metrics.
2. Affirm the representations in the Data Integrity Certification Letter.

APPENDIX A – PERFORMANCE-BASED FUNDING METRICS DATA SOURCES

Metric	Description	Data Source Submitted to BOG	Applicable University
1	Percent of Bachelor's Graduates Enrolled or Employed One Year After Graduation	BOG Submission File – Degrees Awarded File (SIFD)	All SUS Universities
2	Median Wages of Bachelor's Graduates Employed One Year After Graduation	BOG Submission File – SIFD	All SUS Universities
3	Average Cost to Student (Net Tuition & Fees per 120 Credit Hours for Resident Undergraduates)	BOG Submission Files – Student Instruction File (SIF), Student Financial Aid File (SFA), Hours to Degree File (HTD)	All SUS Universities
4	Four-Year Graduation Rate (Full-time, FTIC Students)	BOG Submission Files – SIF, SIFD, Retention File	All SUS Universities
5	Academic Progress Rate (Second Fall Retention Rate with at Least 2.0 GPA for Full-Time, FTIC Students)	BOG Submission Files – Fall SIF – two consecutive terms	All SUS Universities
6	Percentage of Bachelor's Degrees Awarded within Programs of Strategic Emphasis	BOG Submission Files – SIFD	All SUS Universities
7	University Access Rate	BOG Submission Files – SIF, SFA	All SUS Universities
8	Percentage of Graduate Degrees Awarded within Programs of Strategic Emphasis	BOG Submission Files – SIFD	All SUS Universities
9a	Three-Year Graduation Rate – FCS AA Transfer Students	BOG Submission Files – SIF, SIFD, Retention File	All SUS Universities
9b	Six-Year Graduation Rate – FTIC Pell Recipient Students	BOG Submission File – SIF, SIFD, SFA, Retention File	All SUS Universities

Metric	Description	Data Source Submitted to BOG	Applicable University
10	Number of Bachelor's Graduates who passed an Entrepreneurship Class	Provided to the BOG by Institutional Research	FSU

Note: The PBF Model includes 10 Metrics that evaluate Universities within the SUS of Florida on a range of issues. The first 9 Metrics are the same for each University. The 10th Metric is University-specific, chosen by each University's Board of Trustees.

APPENDIX B – AUDIT RATINGS

Material:

- Violation of policies/procedures/laws and/or unacceptable level of internal controls that either does or could pose an unacceptable level of exposure to the University.
- Issue(s) could have a high impact on the University.
- Major opportunities to improve effectiveness and efficiency exist.
- Immediate corrective action by management is required.

Significant:

- Violation of policies/procedures/laws and/or lack of internal controls that either do or could pose a substantial level of exposure to the University.
- Issue(s) could have a medium impact on the University.
- Substantial opportunities to improve effectiveness and efficiency exist.
- Prompt corrective action by management is essential in order to address the noted concern(s) and reduce the risk(s) to the University.

Moderate:

- Violation of policies/procedures/laws and/or lack of internal controls that either do or could pose a moderate level of exposure to the University.
- Issue(s) identified are either (a) not likely but could have a medium impact on the University or (b) likely and could have a low impact on the University.
- Notable opportunities to improve effectiveness and efficiency exist.
- Corrective action is needed by management in order to address the noted concern and reduce risks to a more desirable level.

Minor:

- Insignificant or immaterial reportable issue(s) or opportunities for improvement were identified during the audit.



FLORIDA STATE UNIVERSITY

BOARD OF TRUSTEES

Audit and Compliance Committee

Office of Audit and Advisory Services

ACTION ITEM II



FLORIDA STATE UNIVERSITY

BOARD OF TRUSTEES

Audit and Compliance Committee

ACTION ITEM I

February 27, 2025

SUBJECT: Request for Approval of Office of Audit and Advisory Services (OAAS) Performance-Based Funding Metrics Audit and Preeminent Research University Funding Metrics Audit

PROPOSED COMMITTEE ACTION

FSU OAAS' request for BOT approval of the Performance-Based Funding Metrics Audit and the Preeminent Research University Funding Metrics Audit.

AUTHORITY FOR BOARD OF TRUSTEES ACTION

1. Florida Statute 1001.706(5)(e): Each University shall conduct an annual audit to verify 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.
2. BOG Regulation 5.001(8): University chief audit executives shall conduct or cause to have conducted an annual data integrity audit to verify the data submitted for implementing the Performance-Based Funding Model complies with the data definitions established by the Board of Governors. The audit report shall be presented to the University's Board of Trustees for its review, acceptance, and use in completing the data integrity certification. The audit report and data integrity certification are due to the Board of Governors' Office of Inspector General by March 1 each year.

BACKGROUND INFORMATION

ADDITIONAL COMMITTEE CONSIDERATIONS

No additional Committee Considerations

Supporting Documentation Included: Request for Approval I Memo – Performance-Based Funding Metrics Audit, Preeminent Research University Funding Metrics Audit, and Data Integrity Certification form.

Submitted by: Undra Baldwin



OFFICE OF AUDIT & ADVISORY SERVICES

Office of Audit and Advisory Services
Westcott – Suite 407
222 South Copeland Street
P.O. Box 3061390
Tallahassee, Florida 32306-1390

MEMORANDUM

TO: Dr. Richard McCullough, President
FROM: Undra Baldwin, Chief Audit Officer
DATE: February 3, 2025
SUBJECT: Consent Agenda Items for the February 28, 2025, BOT Meeting

Please find enclosed the FSU Office of Audit and Advisory Services request for BOT approval of the Performance-Based Funding Metrics and Preeminent Research University Funding Metrics audit reports and recommendation for the President and BOT Chair to sign the Data Integrity Certification Form.

I respectfully request these items to be placed on the BOT Consent Agenda for the February 28, 2025, BOT meeting.

Thank you.

Attachments



Data Integrity Certification

March 2025

In accordance with Board of Governors Regulation 5.001(8), university presidents and boards of trustees are to review, accept, and use the annual data integrity audit to verify the data submitted for implementing the Performance-based Funding model complies with the data definitions established by the Board of Governors.

Given the importance of submitting accurate and reliable data, boards of trustees for those universities designated as preeminent or emerging preeminent are also asked to review, accept, and use the annual data integrity audit of those metrics to verify the data submitted complies with the data definitions established by the Board of Governors.

Applicable Board of Governors Regulations and Florida Statutes: Regulations 1.001(3)(f), 3.007, and 5.001; Sections 1001.706(5)(e), 1001.7065, and 1001.92, Florida Statutes.

Instructions: To complete this certification, university presidents and boards of trustees are to review each representation in the section below and confirm compliance by signing in the appropriate spaces provided at the bottom of the form. Should there be an exception to any of the representations, please describe the exception in the space provided.

Once completed and signed, convert the document to a PDF and ensure it is ADA compliant. Then submit it via the Chief Audit Executives Reports System (CAERS) by the **close of business on March 1, 2025**.

University Name: Florida State University

Data Integrity Certification Representations:

1. I am responsible for establishing and maintaining, and have established and maintained, effective internal controls and monitoring over my university's collection and reporting of data submitted to the Board of Governors Office which will be used by the Board of Governors in Performance-based Funding decision-making and Preeminence or Emerging-preeminence Status.
2. In accordance with Board of Governors Regulation 1.001(3)(f), my Board of Trustees has required that I maintain an effective information system to provide accurate, timely, and cost-effective information about the university, and shall require that all data and reporting requirements of the Board of Governors are met.
3. In accordance with Board of Governors Regulation 3.007, my university provided accurate data to the Board of Governors Office.

Data Integrity Certification, March 2025

4. In accordance with Board of Governors Regulation 3.007, I have tasked my Data Administrator to ensure the data file (prior to submission) is consistent with the criteria established by the Board of Governors. The due diligence includes performing tests on the file using applications, processes, and data definitions provided by the Board Office. A written explanation of any identified critical errors was included with the file submission.
5. In accordance with Board of Governors Regulation 3.007, my Data Administrator has submitted data files to the Board of Governors Office in accordance with the specified schedule.
6. I am responsible for taking timely and appropriate preventive/ corrective actions for deficiencies noted through reviews, audits, and investigations.
7. I recognize that Board of Governors' and statutory requirements for the use of data related to the Performance-based Funding initiative and Preeminence or Emerging-preeminence status consideration will drive university policy on a wide range of university operations – from admissions through graduation. I certify that university policy changes and decisions impacting data used for these purposes have been made to bring the university's operations and practices in line with State University System Strategic Plan goals and have not been made for the purposes of artificially inflating the related metrics.
8. I certify that I agreed to the scope of work for the Performance-based Funding Data Integrity Audit and the Preeminence or Emerging-preeminence Data Integrity Audit (if applicable) conducted by my chief audit executive.
9. In accordance with section 1001.706, Florida Statutes, I certify that the audit conducted verified that the data submitted pursuant to sections 1001.7065 and 1001.92, Florida Statutes [regarding Preeminence and Performance-based Funding, respectively], complies with the data definitions established by the Board of Governors.

Exceptions to Note: While the Preeminent Research University Funding audit identified an opportunity for improvement surrounding the Preeminent Metric K – Number of Post-Doctoral Appointees process, the overall impact on the calculation of the metrics was immaterial.

Data Integrity Certification, March 2025

Data Integrity Certification Representations, Signatures:

I certify that all information provided as part of the Board of Governors Data Integrity Certification for Performance-based Funding and Preeminence or Emerging-preeminence status (if applicable) is true and correct to the best of my knowledge; and I understand that any unsubstantiated, false, misleading, or withheld information relating to these statements render this certification void. My signature below acknowledges that I have read and understand these statements. I certify that this information will be reported to the board of trustees and the Board of Governors.

Certification: _____
University President

Date: _____

I certify that this Board of Governors Data Integrity Certification for Performance-based Funding and Preeminence or Emerging-preeminence status (if applicable) has been approved by the university board of trustees and is true and correct to the best of my knowledge.

Certification: _____
University Board of Trustees Chair

Date: _____

Preeminent Research University Funding Metrics Audit



OFFICE OF AUDIT & ADVISORY SERVICES

Office of Audit and Advisory Services

Report #AR25-05

January 28, 2025

Undra Baldwin, Chief Audit Officer

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EXECUTIVE SUMMARY

A. Background

In 2013, the Florida Board of Governors (BOG) voted to designate Florida State University (FSU) as a Preeminent State University. Florida Statutes 1001.7065, Preeminent State Research Universities Program, details the 13 academic and research excellence standards established for the program. FSU's performance results related to the Preeminent Research University Funding (PRF) Metrics are reported annually in the Accountability Plan. Universities are eligible for Emerging Preeminent status if they meet 7 of 13 PRF Metrics, and for Preeminent status if they meet 12 of 13 Metrics¹. FSU met all 13 benchmarks in the State University System of Florida 2024 Accountability Plan, which is the most recently available report.

The 13 PRF Metrics consist of the following:

- Metric A: Average Grade Point Average (GPA) and SAT Score
- Metric B: Public University National Rankings
- Metric C: Freshman Retention Rate
- Metric D: Four-Year Graduation Rate
- Metric E: National Academy Memberships
- Metric F: Total Annual Research Expenditures (\$M)
- Metric G: Total Annual Non-Medical Science and Engineering Research Expenditures (\$M)
- Metric H: Number of Broad Disciplines Ranked in Top 100 for Research Expenditures
- Metric I: Utility Patents Awarded
- Metric J: Doctoral Degrees Awarded Annually
- Metric K: Number of Post-Doctoral Appointees
- Metric L: Endowment Size (\$M)
- Metric M: Total Annual Science and Engineering Research Expenditures (\$M)

¹ The University of Central Florida is recognized as having Emerging Preeminent status. Meanwhile, Florida State University, Florida International University, University of Florida, and University of South Florida are designated as "Preeminent Research Universities".

Florida Statutes 1001.706, Powers and Duties of the BOG, requires the BOG to define the data components and methodology used to implement Florida Statutes 1001.7065 and requires each University to conduct an annual audit to verify that the data submitted pursuant to Florida Statutes 1001.7065 complies with the data definitions established by the BOG. The BOG last updated the PRF Metrics Methodology Document in October 2020. The data supporting the PRF Metrics comes from a variety of sources, including:

- Data submitted to the BOG
- Data reported to external entities

See **Appendix A** for the complete list of sources for each PRF Metric.

B. Objectives and Scope

The specific objectives of this audit were to:

1. Determine whether the processes established by FSU ensure the completeness, accuracy, and timeliness of data submissions to the BOG that support the PRF Metrics.
2. Provide an objective basis of support for the President and BOT Chair to sign the representations made in the Performance-Based Funding Metrics/Preeminent Research University Funding Metrics Data Integrity Certification Letter.

The scope of this audit covered data submissions from January 2023 through July 2024. OAAS performed detailed testing on all data submissions used for these Metrics.

C. Standards

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*. These standards require that audit departments plan and perform the audit to obtain sufficient, reliable, relevant, and useful evidence. It is our opinion that the evidence obtained during our review provides a basis for the findings and conclusion noted in this report.

D. Overall Conclusion

Overall, it appears that the University has established adequate controls and processes to:

1. Ensure the completeness, accuracy, and timeliness of data submissions to the BOG and external entities, which support the University's PRF metrics.
2. Affirm the representations in the Data Integrity Certification form.

While we have identified opportunities for improvement regarding the process surrounding Preeminent Metric K – Number of Post-Doctoral Appointees, we view the overall impact on the calculation of the PRF Metrics as immaterial.

SUMMARY OF ISSUES

Issue #1: (Moderate) The Graduate School's process for determining which employees to include in the count for the Preeminent Metric K - Number of Post-Doctoral Appointees needs improvement.

Per Florida Statute 1001.7065, Preeminent State Research Universities Program, Metric K - Number of Post-Doctoral Appointees, is based on having 200 or more postdoctoral (postdoc) appointees annually. The source for this Metric is the National Science Foundation (NSF)/National Institutes of Health Survey of Graduate Students and Post-doctorates in Science and Engineering (Survey).

Each year, the Graduate School submits a postdoc appointee count in the Survey. According to the Survey methodology, "the definition of a postdoc varies by institution. Respondents were instructed to use their institution's definition²."

Several years ago, the Graduate School created the Postdoc Scholar Count Instructions (Count Instructions) for identifying which employees to include in the Survey. The Count Instructions include additional employee job codes to use for the count, as well as additional steps needed to verify the count. The Count Instructions generally align with the NSF definition.

In addition, the Office of Postdoctoral Affairs' created the Handbook for Postdoctoral Fellows (Postdoc Manual), which includes a more restrictive definition than the NSF definition. The Postdoc Manual is located on both the Office of Postdoctoral Affairs' and Office of Human Resources' (HR's) websites.

A postdoc fellow, defined in the Postdoc Manual, includes the following:

- Appointees must be awarded a Ph.D. or equivalent doctorate (e.g., Sc.D., M.D.) in an appropriate field within 5 years prior to appointment. Exceptions can be made on an individual basis when justifiable and accompanied by supporting documents with prior approval from the Office of Postdoctoral Affairs.
- Individuals may not hold an appointment as a postdoc scholar for longer than four years. Under special circumstances, as approved in advance by the Provost, postdoc appointments may be renewed for an additional year for a maximum of five years total.

² NSF defines a postdoc as "meeting both of the following qualifications: (1) holds a recent doctoral degree, generally awarded within the past 5-7 years, such as Ph.D. or equivalent (e.g., Sc.D., D.Eng.), or first-professional degree in a medical or related field (e.g., MD, DDS, DO, DVM), or foreign degree equivalent to a U.S. doctoral degree; and (2) has a limited-term appointment, generally no more than 5-7 years, primarily for training in research or scholarship, and working under the supervision of a senior scholar in a unit affiliated with the institution."

The Postdoc Manual identifies 2 classifications for postdoc appointments: Postdoctoral Scholar Appointments (hired under job code M9189) and Postdoctoral Courtesy Appointments (hired under job code H9189).

In our testing of 50 sampled postdocs for the Fall 2023 postdoc count, we noted the following:

1. **The Count Instructions and the Postdoc Manual are not aligned with each other. In addition, while discussions were held with FSU Leadership regarding the Count Instructions, no documentation was provided to confirm that the Count Instructions or the Postdoc Manual were formally approved.**
2. **Five (5) employees included in the postdoc count were included in non-postdoc job codes per the Count Instructions. However, no documentation was provided of the Graduate School's communication with the departments confirming the employee was performing postdoc duties.** Some departments will move employees out of a postdoc job code classification to another job code in order to provide benefits to that employee. Currently, FSU does not have a specific job code classification for postdocs with benefits. We were unable to determine whether the employee's job duties remained aligned with those of a postdoc. **One (1) of these employees, a Senior Research Associate, should not have been included in the count due to the nature of the employee's position.**
3. **The Count Instructions do not have mechanisms in place to review the length of time an employee can be counted as a postdoc. Three (3) employees included in the postdoc count were included in the Survey for longer than 7 years, which is not aligned with the NSF guidelines. One (1) of these employees, a Senior Research Associate, was discussed above in #2.** Although the Postdoc Manual states that exceptions are allowed (e.g., due to COVID), the Graduate School does not receive documentation concerning whether these postdocs received a waiver or any other type of exception.
4. **The Graduate School could not provide documentation regarding the reason for including 1 postdoc in the Fall 2023 count.** This postdoc's start day was 1/8/2024, which is outside the Fall 2023 term.
5. **The Graduate School uses the effective date rather than the termination date (official last day worked) to determine whether the appointment was active during the Fall term.** This practice could result in a postdoc being included in the Metric, although they may not have actually worked during the term.

DETAILED OBSERVATIONS

Issue #1: The Graduate School's process for determining which employees to include in the count for the Preeminent Metric K - Number of Post-Doctoral Appointees needs improvement.

Rating: Moderate

Condition:

Per Florida Statute 1001.7065, Preeminent State Research Universities Program, Metric K - Number of Post-Doctoral Appointees, is based on having 200 or more postdoc appointees annually. The source for this Metric is the NSF/National Institutes of Health Survey of Graduate Students and Post-doctorates in Science and Engineering (Survey).

Each year, the Graduate School submits a postdoc appointee count in the Survey. According to the Survey methodology, "the definition of a postdoc varies by institution. Respondents were instructed to use their institution's definition³."

Several years ago, the Graduate School created the Postdoc Scholar Count Instructions (Count Instructions) for identifying which employees to include in the Survey. The Count Instructions include additional employee job codes to use for the count, as well as additional steps needed to verify the count. The Count Instructions generally align with the NSF definition.

In addition, the Office of Postdoctoral Affairs' created the Handbook for Postdoctoral Fellows (Postdoc Manual), which includes a more restrictive definition than the NSF definition. The Postdoc Manual is located on both the Office of Postdoctoral Affairs' and HR's websites.

A postdoc fellow, defined in the Postdoc Manual, includes the following:

- Appointees must be awarded a Ph.D. or equivalent doctorate (e.g., Sc.D., M.D.) in an appropriate field within 5 years prior to appointment. Exceptions can be made on an individual basis when justifiable and accompanied by supporting documents with prior approval from the Office of Postdoctoral Affairs.

³ NSF defines a postdoc as "meeting both of the following qualifications: (1) holds a recent doctoral degree, generally awarded within the past 5-7 years, such as Ph.D. or equivalent (e.g., Sc.D., D.Eng.), or first-professional degree in a medical or related field (e.g., MD, DDS, DO, DVM), or foreign degree equivalent to a U.S. doctoral degree; and (2) has a limited-term appointment, generally no more than 5-7 years, primarily for training in research or scholarship, and working under the supervision of a senior scholar in a unit affiliated with the institution."

- Individuals may not hold an appointment as a postdoc scholar for longer than four years. Under special circumstances, as approved in advance by the Provost, postdoc appointments may be renewed for an additional year for a maximum of five years total.

The Postdoc Manual identifies 2 classifications for postdoc appointments: Postdoctoral Scholar Appointments (hired under job code M9189) and Postdoctoral Courtesy Appointments (hired under job code H9189).

The Survey states that the count period is the Fall term. The Graduate School determines the date range for the count by using the Academic Calendar as defined by the Office of Faculty Development. The range for the count is the first day of the faculty appointment calendar of the Fall term, to the last day of the Fall term. The date range used for the Fall 2023 count was 8/7/2023 through 12/20/2023. The postdoc appointment needs to be active at some point during this date range to be counted.

In our testing of 50 sampled postdocs for the Fall 2023 postdoc count, we noted the following:

- 1. The Count Instructions and the Postdoc Manual are not aligned with each other. In addition, while discussions were held with FSU Leadership regarding the Count Instructions, no documentation was provided to confirm that the Count Instructions or the Postdoc Manual were formally approved.**
- 2. Five (5) employees included in the postdoc count were included in non-postdoc job codes per the Count Instructions. However, no documentation was provided of the Graduate School's communication with the departments confirming the employee was performing postdoc duties.** Some departments will move employees out of a postdoc job code classification to another job code in order to provide benefits to that employee. Currently, FSU does not have a specific job code classification for postdocs with benefits. We were unable to determine whether the employee's job duties remained aligned with those of a postdoc. **One (1) of these employees, a Senior Research Associate, should not have been included in the count due to the nature of the employee's position.**
- 3. The Count Instructions do not have mechanisms in place to review the length of time an employee can be counted as a postdoc. Three (3) employees included in the postdoc count were included in the Survey for longer than 7 years, which is not aligned with the NSF guidelines. One (1) of these employees, a Senior Research Associate, was discussed above in #2.** Although the Postdoc Manual states that exceptions are allowed (e.g., due to COVID), the Graduate School does not receive documentation concerning whether these postdocs received a waiver or any other type of exception. The table below identifies the 3 postdocs whose appointments were over 7 years from the start of the Fall 2023 count period (i.e., 8/7/2023).

Employee	Job Code	Job Title	Hire Date	Termination Date
Employee 1	M9189	Postdoctoral Scholar	4/9/2012	9/17/2013
	T004	Researcher	6/24/2019	4/22/2020
	T004/ M9189P/ M9189 ⁴	Researcher/ Postdoctoral Scholar Non- Exempt/ Postdoctoral Scholar	5/1/2013	12/17/2024
Employee 2 <i>Note: This employee is also included in #2.</i>	91659S ⁵	Sr Research Associate	12/23/2013	Active
Employee 3 <i>Note: This employee is also included in #2.</i>	M9189N	Postdoctoral Scholar Research	7/29/2013	12/31/2017
	9080AS	Research Faculty I	1/1/2018	Active

4. The Graduate School could not provide documentation regarding the reason for including 1 postdoc in the Fall 2023 count.

This postdoc's start day was 1/8/2024, which is outside the Fall 2023 term.

5. The Graduate School uses the effective date, rather than the termination date (official last day worked) to determine whether the appointment was active during the Fall term.

This practice could result in a postdoc being included in the Metric, although they may not have actually worked during the term.

Criteria:

- NSF/National Institutes of Health Survey of Graduate Students and Post-doctorates in Science and Engineering
- Postdoc Scholar Count Instructions
- Handbook for Postdoctoral Fellows.

Causes:

The causes are:

⁴ This employee record began as job code T004 (Researcher) on 5/1/2013, was changed to job code M9189P (Post-doctoral Scholar Non-Exempt) on 8/10/2018, and M9189 (Post-doctoral Scholar) on 2/1/2019.

⁵ This employee record began as 91209S (Assoc In) on 8/10/2009, changed to 91669S (Research Associate) on 8/8/2013, and changed to 91659S (Sr. Research Associate) on 12/23/2013.

- The Graduate School's processes for determining the postdoc count are inconsistent with the Postdoc Manual.
- Some postdocs are moved into other job codes for benefits or funding purposes while still performing postdoc duties, which provides challenges in performing the annual count.

Risks/Effects:

Reputational impact due to inaccurate postdoc counts reported.

Recommendations:

- The Graduate School should work with HR to determine a viable course of action concerning postdoc classifications.
- The Graduate School should update the Count Instructions to ensure the correct job codes are listed, proper verification procedures are listed for non-postdoc job codes, and detailed procedures for how the postdoc appointment length is determined and approved. In addition, FSU Leadership should approve the methodology document and any significant changes, including job code changes, to the methodology guidelines going forward.
- The Graduate School should update the Postdoc Manual to align with the Count Instructions. This update should include information regarding any updates to postdoc job codes, as well as prescriptive guidelines defining postdoc conditions, acceptable exceptions, the process for obtaining those exceptions, and who is responsible for approving those exceptions. The updated Postdoc Manual should be approved by FSU Leadership, as well as any significant changes.
- The Graduate School should update the Count Instructions to ensure they have documentation for any employee included in the postdoc count that is considered an exception (i.e., not consistent with FSU's definition).
- The Graduate School should update the Count Instructions to ensure that the termination date at the time of their review is used when identifying active appointments instead of the effective date.

Management's Corrective Action(s):

1. Work with HR to determine a viable course of action concerning postdoc classifications.
2. Codify the Postdoc Scholar Count Instructions as the methodology for generating the NSF Postdoctoral Scholar Survey.
3. Align the language in the Postdoc Manual to be consistent with the Count Instructions.
4. In both the Count Instructions and the Postdoc Manual documents:
 - a. Improve operational definitions and conditions and procedures for waivers and exceptions.
 - b. Define the timing window parameters associated with the classification of being a Postdoctoral Scholar at FSU in consultation with leadership.
 - c. Get Provost approval of final documents.

Name(s) and Title of Employee(s) Responsible for Implementing Corrective Action(s)

Dr. Mark Riley, Dean of the Graduate School

Target Date for Implementing Corrective Action(s):

End of June 2025 prior to the beginning of the Fall 2025 NSF Survey countable period.

APPENDIX A – PREEMINENT RESEARCH UNIVERSITY FUNDING METRICS DATA SOURCES

Metric	Description	Data Source
A	Average GPA and SAT Score for Incoming Freshman in Fall Semester	BOG Submission File – Fall Admissions File
B	Number of Top 50 Public University National Rankings	External Websites - BOG maintains the official list of publications
C	Freshman Retention Rate (Full-time, First Time in College (FTIC))	BOG Submission Files – Fall Student Instruction File (SIF) for two consecutive years
D	Four-Year Graduation Rate (Full-time, FTIC)	BOG Submission Files – Retention File, SIF, and Degrees Awarded File (SIFD)
E	Number of National Academy Memberships	Official Membership Directories on External Websites – BOG maintains a list of acceptable organizations
F	Total Annual Research Expenditures	National Science Foundation (NSF) Higher Education Research and Development (HERD) Survey
G	Total Annual Non-Medical Science and Engineering Research Expenditures	NSF HERD Survey
H	Number of Broad Disciplines Ranked in Top 100 for Research Expenditures	Research expenditure data using the NSF's National Center for Science and Engineering Statistics online data tool
I	Number of Utility Patents Awarded over Three Calendar-Year Period	As reported by the United States Patent and Trademark Office for the most recent three years
J	Number of Doctoral Degrees Awarded Annually	BOG Submission File - SIFD
K	Number of Post-Doctoral Appointees	NSF Survey of Graduate Students and Post-Doctorates in Science and Engineering Survey
L	Endowment Size	National Association of College and University Business Officers (NACUBO) and Commonfund Institute's annual online report of Market Value of Endowment Assets
M	Total Annual Science and Engineering Research Expenditures	NSF HERD Survey

Note: The University of Central Florida is recognized as having Emerging Preeminent status. Meanwhile, Florida State University, Florida International University, University of Florida, and University of South Florida are designated as "Preeminent Research Universities".

APPENDIX B – AUDIT RATINGS

Material:

- Violation of policies/procedures/laws and/or unacceptable level of internal controls that either does or could pose an unacceptable level of exposure to the University.
- Issue(s) could have a high impact on the University.
- Major opportunities to improve effectiveness and efficiency exist.
- Immediate corrective action by management is required.

Significant:

- Violation of policies/procedures/laws and/or lack of internal controls that either do or could pose a substantial level of exposure to the University.
- Issue(s) could have a medium impact on the University.
- Substantial opportunities to improve effectiveness and efficiency exist.
- Prompt corrective action by management is essential in order to address the noted concern(s) and reduce the risk(s) to the University.

Moderate:

- Violation of policies/procedures/laws and/or lack of internal controls that either do or could pose a moderate level of exposure to the University.
- Issue(s) identified are either (a) not likely but could have a medium impact on the University or (b) likely and could have a low impact on the University.
- Notable opportunities to improve effectiveness and efficiency exist.
- Corrective action is needed by management in order to address the noted concern and reduce risks to a more desirable level.

Minor:

- Insignificant or immaterial reportable issue(s) or opportunities for improvement were identified during the audit.



FLORIDA STATE UNIVERSITY

BOARD OF TRUSTEES

Audit and Compliance Committee

Office of Audit and Advisory Services

ACTION ITEM III



FLORIDA STATE UNIVERSITY

BOARD OF TRUSTEES

Audit and Compliance Committee

ACTION ITEM III

February 27, 2025

SUBJECT: Request for Approval of Revised Office of Audit and Advisory Services (OAAS) Charter – New Standards Requirement

PROPOSED COMMITTEE ACTION

FSU OAAS' request for BOT approval of the Revised OAAS Charter – New Standards Requirement.

AUTHORITY FOR BOARD OF TRUSTEES ACTION

1. **BOG Regulation 4.002(3)**: Each Board of Trustees shall adopt a charter that defines the duties and responsibilities of the office of chief audit executive. The charter shall be reviewed at least every three (3) years for consistency with applicable Board of Governors and University regulations, professional standards, and best practices.
2. **BOG Regulation 4.002(3)**: Audit engagements shall be performed in accordance with the *International Professional Practices Framework*, published by The Institute of Internal Auditors, Inc.; the *Government Auditing Standards*, published by the United States Government Accountability Office; and/or the *Information Systems Auditing Standards* published by ISACA.

BACKGROUND INFORMATION

The International Professional Practices Framework (IPPF), which organizes The IIA's authoritative body of knowledge on the professional practice of internal auditing, was updated in January 2024. The new Global Internal Audit Standards became effective on January 9, 2025, for all organizations that perform audits in accordance with them.

Designed to help elevate internal audit performance, quality, and consistency across sectors, the Standards have been updated with a focus on internal audit strategy, stakeholder relationships, and internal audit performance measurement and accountability. They also introduce the governance conditions essential for effective internal auditing.

ADDITIONAL COMMITTEE CONSIDERATIONS

No additional Committee Considerations

Supporting Documentation Included: Request for Approval II Memo – Revised OAAS Charter – New Standards Requirement.

Submitted by: Undra Baldwin



OFFICE OF AUDIT & ADVISORY SERVICES

Office of Audit and Advisory Services
Westcott – Suite 407
222 South Copeland Street
P.O. Box 3061390
Tallahassee, Florida 32306-1390

MEMORANDUM

TO: Dr. Richard McCullough, President
FROM: Undra Baldwin, Chief Audit Officer
DATE: February 3, 2025
SUBJECT: Consent Agenda Item for the February 28, 2025, BOT Meeting

Please find enclosed the FSU Office of Audit and Advisory Services request for BOT approval of the Revised OAAS Charter which aligns with the updated auditing standards that became effective on January 9, 2025.

I respectfully request that this item to be placed on the BOT Consent Agenda for the February 28, 2025, BOT meeting.

Thank you.

Attachments

**Office of Audit and Advisory Services
Audit Charter**

1. Introduction

The Office of Audit and Advisory Services at Florida State University (hereafter referred to as “OAAS” and the “University,” respectively) has prepared this Charter to serve as a guide in the performance of its duties. The Charter does not include, nor is it intended to include, all the duties and responsibilities of OAAS.

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 OAAS during an audit or investigation or through reporting by University faculty, staff, students, or the general public.

2. Authority for OAAS

In September 2003, the Florida State University President (hereafter referred to as “President”) and the Board of Trustees (hereafter referred to as “BOT”) initially approved a charter for the Office of Audit Services. In November 2016, the Board of Governors (hereafter referred to as “BOG”) adopted Regulation 4.002 – State University System Chief Audit Executives. The BOT reaffirmed the charter in June 2021. On July 1, 2023, the FSU President and the BOT approved the change of the Office name to OAAS.

BOG Regulation 4.002 states, “Each university shall have an office of chief audit executive as a point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in the operations of the university.”

3. Purpose

OAAS 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. OAAS works in conjunction with other offices and departments to monitor the risk management processes and provide assistance as needed. OAAS assists employees of the University in the effective discharge of their responsibilities, thereby protecting the resources and the students it serves.

4. Strategy

➤ **Strategic and Operational Risk Management**

- a. Identify and assess significant risks that could impact the University's operations, financial performance, and reputation.
- b. Evaluate the adequacy and effectiveness of risk management processes and controls.
- c. Promote a culture of risk awareness and accountability.

- d. Review and assess the efficiency and effectiveness of key business processes and internal controls and compliance with applicable laws, regulations, and policies.
- e. Identify opportunities for improvement and cost savings.
- f. Evaluate the effectiveness of the University's governance framework and internal control systems.

➤ **Implement Supporting Initiatives**

- a. Develop and maintain a comprehensive annual audit plan aligned with the University's strategic goals and risk profile.
- b. Conduct timely and thorough compliance reviews, investigations, and audits, including financial, operational, and information technology.
- c. Integrate data analytics and artificial intelligence tools into audit procedures to enhance accuracy and efficiency.
- d. Prepare clear and concise audit reports highlighting key findings, recommendations, and management action plans.
- e. Follow up on audit recommendations to ensure timely and effective implementation.
- f. Stay current with industry best practices and emerging trends in internal auditing.
- g. Build strong relationships with key stakeholders, including the Board of Trustees, University Leadership, and academic and administrative units.

➤ **Professional Development and Talent Management**

- a. Continuously train and develop staff to increase their auditing knowledge, skills, and abilities.
- b. Promote continued collaborations between auditing staff and University Leadership and stakeholders.
- c. Encourage staff to actively attend local and national professional auditing organizations' meetings and events and seek volunteer positions.
- d. Support staff in obtaining professional auditing certifications.
- e. Develop succession planning for all critical and key auditing positions.

5. Mission

OAAS' mission is to:

- a. Provide an independent, objective, and comprehensive program of auditing and investigations.
- b. Improve the University's operations through the provision of assurance and consulting services and investigations.
- c. Actively work with University Boards and Committees, management, faculty, and staff.

- d. Identify risks, evaluate controls, and make recommendations that promote economic, efficient, effective, unbiased, and ethical delivery of services.
- e. Evaluate and improve the effectiveness of risk management, control, and governance processes.

6. Vision

OAAS' vision is to add value and be trusted advisors for the University and the Board of Trustees. We will accomplish our vision by being an exemplary, professional audit and investigative organization that implements innovative processes, utilizes automation, performs robust risk-based assessments, and promotes ethical behavior.

7. Core Values

OAAS' core values are:

- a. Integrity – Ensure projects are performed with confidentiality, fairness, and objectivity. The basis of our existence, credibility, and effectiveness.
- b. Quality and Accuracy – Demonstrate excellence by performing audits/investigations that are accurate and timely and provide results and recommendations which will enhance operations.
- c. Innovative – Utilize automation and data analytics to support our systematic, disciplined approach of completing audits/investigations.
- d. Teamwork – Accomplish goals and objectives through collaborative efforts with faculty, staff, and external teams.
- e. Value Added – Identify process improvements and promote efficiencies that will result in the overall improvement for the University and/or quantifiable cost savings.

8. Organization

OAAS, headed by the [Chief Audit Executive](#)/Chief Audit Officer (hereafter referred to as CAO), provides a central point in the University for coordinating and carrying out activities that promote accountability, integrity, and objectivity. The CAO will report directly and administratively to the President, functionally to the Chair of the BOT Audit and Compliance Committee (hereafter referred to as Chair A&C) and shall have unrestricted access to the BOT. [This positioning provides the organizational authority and status to bring matters directly to the President and escalate matters, when necessary, to the BOT through the Chair A&C without interference and supports OAAS' ability to maintain objectivity.](#)

The Chair A&C works in concert with the President prior to any action to hire or terminate the CAO. Any allegations related to wrongdoing by the CAO shall be reported to the BOG, President, Chairman of the BOT, and Chair A&C for their review and disposition.

9. Code of Ethics

All OAAS 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 (IIA), Association of Certified Fraud Examiners (ACFE), the Association of Inspectors General (AIG), and the Information Systems Audit and Control Association (ISACA).

The CAO will ensure that internal auditors conform to the *Global Internal Audit Standards*, including the Principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.

10. Independence and Objectivity

- a. To permit independence and objectivity in mental attitude and appearance, OAAS 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. OAAS will have no direct authority or responsibility over any of the activities audited. OAAS will not implement internal controls, develop and write policies or procedures, design or install systems, or engage in any activity that may impair independence or objectivity.
- b. OAAS may review management-initiated projects and provide advice and counsel to University departments. Management assistance activities that OAAS may perform shall meet professional auditing standards and result in management accepting responsibility for actions taken in response to accepted recommendations.
- c. OAAS staff will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activities or processes being examined.
- d. OAAS 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.

11. Authority and Access to Records

OAAS provides audit and investigative services to all entities of Florida State University, including schools, colleges, departments, auxiliary enterprises, and Direct Support Organizations (DSOs). Accordingly, OAAS 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 its duties and responsibilities.
- b. Have “right-to-audit” language in all University contracts.

- c. Allocate resources, establish schedules, select subjects, determine scopes of work, and apply techniques required to accomplish objectives.
- d. Obtain essential assistance and cooperation from personnel in areas of the University where audits and investigations are performed.

The President and the Chair A&C have the authority to request audits and advisory services to be added to the audit plan at their discretion. Decisions to amend the approved audit plan are made in light of the University's risk profile and available audit resources. Additionally, the CAO has the authority to direct OAAS to audit specific areas of the University.

12. Standards and Professionalism

Audit and compliance activities will be performed, documented, and communicated in accordance with the *International Professional Practices Framework* published by The IIA, which consists of the *Global Internal Audit Standards* and *Topical Requirements*. Other professional auditing standards may be followed, as applicable to OAAS.

Investigative services will be governed by adherence to Principles and Standards for Offices of Inspector General issued by the Association of Inspectors General, and the Standards for Complaint Handling and Investigations for the State University System of Florida.

OAAS will adhere to and be guided by applicable Florida law, as well as State University System Board of Governors, BOT, and University regulations, policies, and procedures.

13. Duties and Responsibilities

OAAS' responsibilities include, but are not limited to, the examination and evaluation of the adequacy and effectiveness of the University's governance, risk management, and internal controls, as well as the quality of performance in carrying out assigned responsibilities to achieve the University's stated goals and objectives. This includes, but is not limited to, the following:

- a. Develop an internal audit plan based on a prioritization of the audit universe using a risk-based methodology, including input from the BOT, President, and Executive Management.
- b. Perform assurance and consulting engagements and investigations in accordance with the annual audit plan, taking into consideration any special tasks or projects requested by the President, the BOT A&C, and University management.
- c. 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 plan will be discussed with the President and BOT Audit Committee and communicated, as appropriate, to the BOT. In addition,

the CAO will communicate the impact of resource limitations and significant audit plan changes to the BOT A&C.

- d. Document OAAS' strategy, including vision, strategic objectives, and supporting initiatives, and review with the BOT A&C and Executive Management periodically.
- e. Provide the approved audit plan to appropriate University management and the BOG's Office of Inspector General. The audit plan will be revised as needed to meet the requests and needs of the President, BOT, and the University.
- f. Conduct follow-up activities for OAAS-issued audits annually. As warranted by the specific issues, follow-up activities may occur at any time to protect University financial and program operations.
- g. Periodically report in writing and verbally upon request to the BOT, President, and Executive Management on OAAS activities as well as its performance relative to: its audit plan; significant risk exposures and control issues, including fraud/abuse, risk, and governance issues; and other matters as needed or requested.
- h. Report at every BOT A&C meeting or at other times, depending on whether there are significant issues the Committee should be made aware of for their information, discussion, direction, and/or disposition.
- i. Recruit, develop, and retain professional staff with sufficient knowledge, skills, and experience, and professional certifications to fulfill the responsibilities of OAAS and ensure appropriate and required training and education are provided to staff in accordance with applicable professional education standards.
- j. OAAS staff will 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.
- k. Maintain a reporting system that includes mechanisms available for anonymity or confidentiality, whereby University employees, students, vendors, contractors, and other interested parties 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.
- l. 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.
- m. Provide training to the University community on internal control, risks management, fraud, abuse, administrative investigations, and other matters for which OAAS has expertise.
- n. 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.

- o. 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 Analysis and Government Accountability, a federal audit organization or its subcontractors, DSO external auditors, or others.
- p. Assist and provide technical advice and support to the BOT A&C in its selection of any external auditors/consultants to perform work within the University.
- q. OAAS will have primary responsibility for implementing, coordinating, and managing contracts involving external financial, performance, or compliance audits. OAAS will assist and provide technical advice and support to the BOT A&C in its oversight of DSOs that select external auditors/consultants to perform work for them.
- r. Distribute to the Board of Governors, BOT, President, and Executive Management an Annual Report that describes OAAS’ 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.

14. OAAS performs three types of projects:

a. Audits

Audits are assurance services defined as examinations of evidence for the purpose of providing an independent assessment of governance, risk management, and control processes for the organization. Examples include:

- Operational – designed to evaluate the effectiveness, efficiency, and reasonableness of a department’s operational processes.
- Compliance – designed to determine if activities are in compliance with applicable regulations, policies, procedures, and practices.
- Financial – designed to examine the accounting and reporting of financial transactions.
- Information Systems – designed to examine the accuracy, reliability, access controls, and security of information systems.

b. Advisory and Consulting Services

Advisory and consulting services are designed to add value to and improve the University’s risk management and control processes. These engagements are performed upon request by Executive Management or departmental managers. Consulting services offered by OAAS include risk and internal control assessments, workshops, and other services, as requested.

c. Investigations

Investigations are independent evaluations of allegations generally focused on improper organization activities including misuse of University resources, fraud, financial irregularities, significant internal control weaknesses, and unethical behavior or actions. Examples of other duties are as follows:

- Investigate allegations of suspected abuse/fraudulent activities within the University and provide to the BOG, President, University management, and the BOT A&C investigative reports issued. The final OAAS investigative report may also be distributed to any other parties deemed necessary by the CAO.
- 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.
- Investigate complaints received under the State Whistle-blowers Act pursuant to sections 112.3187-112.31895, Florida Statutes, as applicable.
- Report allegations received by OAAS 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.
- 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.
- Assist University Police and other law enforcement organizations with criminal financial and other investigations as requested.

15. Quality Assurance and Improvement Program

~~OAAS will maintain a quality assurance and improvement program (QAIP) that covers all aspects of the internal audit process. The program will include an evaluation of OAAS' conformance with the Definition of Internal Auditing and the *Standards* and an evaluation of whether staff comply with the *Code of Ethics*. The program also assesses the efficiency and effectiveness of OAAS activity and identifies opportunities for improvement.~~

OAAS will maintain a quality assurance and improvement program (QAIP) that complies with the *Global Internal Audit Standards*, as published by The IIA. The CAE will develop, implement, and maintain a QAIP that covers all aspects of the internal audit function. The program will include internal and external assessments of the internal audit function's conformance with the *Global Internal Audit Standards*, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program will also assess, if applicable,

compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function’s deficiencies and opportunities for improvement.

~~The CAO will communicate to the President, Chair A&C, and Executive Management on OAAS’ quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.~~

Annually, the CAO will communicate to the President, Chair A&C, and Executive Management on the internal audit function’s QAIP, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments, which are conducted at least every five years, and any action plans to address any identified deficiencies or opportunities for improvement.

_____ President, Florida State University	_____ Date
_____ Board of Trustees’ Chair, Audit and Compliance Committee	_____ Date
_____ Chief Audit Officer, Florida State University	_____ Date

History: 9-2003; revised: 8-18-2010; 11-19-2012; 3-4-2016; 6-7-2018; 6-6-2019, 8-30-2023, mm-dd-yy

Note: Charter not changed but reaffirmed: 2-21-17, 6-3-2020



FLORIDA STATE UNIVERSITY

BOARD OF TRUSTEES

Audit and Compliance Committee

Office of Audit and Advisory Services

ACTION ITEM IV



FLORIDA STATE UNIVERSITY

BOARD OF TRUSTEES

Audit and Compliance Committee

ACTION ITEM IV

February 27, 2025

SUBJECT: Request for Approval of the Revised Audit and Compliance Committee Charter – New Standards Requirement

PROPOSED COMMITTEE ACTION

FSU OAAS' request for BOT approval of the Revised Audit and Compliance Committee Charter – New Standards Requirement.

AUTHORITY FOR BOARD OF TRUSTEES ACTION

1. **BOG Regulation 4.002(2)**: Each Board of Trustees shall establish a Committee responsible for addressing audit, financial, and fraud-related compliance, controls, and investigative matters. For purposes of this regulation, this Committee will be referred to as the Audit and Compliance Committee. This Committee shall have a charter approved by the Board of Trustees and reviewed at least every three (3) years for consistency with applicable Board of Governors and University regulations, professional standards, and best practices.
2. **BOG Regulation 4.002(3)**: Audit engagements shall be performed in accordance with the *International Professional Practices Framework*, published by The Institute of Internal Auditors, Inc.; the *Government Auditing Standards*, published by the United States Government Accountability Office; and/or the *Information Systems Auditing Standards* published by ISACA.

BACKGROUND INFORMATION

The International Professional Practices Framework (IPPF), which organizes The IIA's authoritative body of knowledge on the professional practice of internal auditing, was updated in January 2024. The new Global Internal Audit Standards became effective on January 9, 2025, for all organizations that perform audits in accordance with them.

Designed to help elevate internal audit performance, quality, and consistency across sectors, the Standards have been updated with a focus on internal audit strategy, stakeholder relationships, and internal audit performance measurement and accountability. They also introduce the governance conditions essential for effective internal auditing.

ADDITIONAL COMMITTEE CONSIDERATIONS

No additional Committee Considerations

Supporting Documentation Included: Request for Approval III Memo – Revised Audit and Compliance Committee Charter – New Standards Requirement.

Submitted by: Undra Baldwin



OFFICE OF AUDIT & ADVISORY SERVICES

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P.O. Box 3061390
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MEMORANDUM

TO: Dr. Richard McCullough, President
FROM: Undra Baldwin, Chief Audit Officer
DATE: February 3, 2025
SUBJECT: Consent Agenda Item for the February 28, 2025, BOT Meeting

Please find enclosed the FSU Office of Audit and Advisory Services request for BOT approval of the Revised Audit and Compliance Committee Charter which aligns with the updated auditing standards that became effective on January 9, 2025.

I respectfully request that this item to be placed on the BOT Consent Agenda for the February 28, 2025, BOT meeting.

Thank you.

Attachments

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 Audit and Advisory Services (OAAS) 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 OAAS 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 and approve 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 Audit and Advisory 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 Audit and Advisory 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 OAAS.~~
10.2 Revised: Approve and periodically review the charter, staffing, budget, resources, and activities of the OAAS.
- 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.~~
10.7 Revised: Work with senior management to ensure there are no unjustified restrictions to data, records, information, personnel, and physical properties 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.~~
10.9 Revised: Address any challenges or difficulties faced by OAAS, and ensure the CAO has the necessary support to overcome these challenges.
- 10.10 ~~Review the results of periodic quality assurance reviews performed by external organizations that assess whether the work of the OAAS meets professional standards.~~
10.10 Revised: Ensure periodic quality assurance reviews are conducted by external organizations. Review the results and address any identified deficiencies.
- 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.~~
10.12 Revised: Hold regular meetings with the CAO to discuss any issues of concern. Provide support and guidance as needed.
- 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 OAAS.

- New: Ensure OAAS functions comply with applicable state law, professional standards, and best practices.
- New: Collaborate with the CAO and senior management to define OAAS' mandate, specifying its authority, role, and responsibilities.
- New: Review OAAS' strategy, including vision, strategic objectives, and supporting initiatives with the CAO and senior management periodically.
- New: Establish agreed-upon criteria with the CAO to determine what constitutes a significant error or omission in final engagement communications.
- New: Engage with senior management to appoint a CAO with the necessary qualifications and competencies.
- New: Review and approve any additional roles or responsibilities assigned to the CAO, and establish safeguards to maintain OAAS' independence.

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 July 1, 2023.

Board of Trustee Chair

Date

President

Date

Audit and Compliance Committee Chair

Date