



Item: AC: A-M

Audit and Compliance COMMITTEE
Tuesday, June 4, 2019

SUBJECT: ROLL CALL AND APPROVAL OF THE March 26, 2019 MINUTES

PROPOSED COMMITTEE ACTION

Initiate roll call to document member participation, ensure quorum, and approve the Minutes of March 26, 2019 meeting.

COMMITTEE MEMBERS

Mr. Shaun Davis, Chair _____

Mr. Robert Stilley, Vice Chair _____

Mr. Anthony Barbar (ex-officio) _____

Mr. Kevin Buchanan _____

Mr. Brent Burns _____

Dr. Jeffrey Feingold _____

Mr. Abdol Moabery (ex-officio) _____

Dr. Kevin Wagner _____

PARTICIPATING BOT MEMBERS

Dr. Michael Dennis _____

Dr. Malcolm Dorman _____

Mr. Brad Levine _____

Mrs. Mary Beth McDonald _____

Mr. Robert Rubin _____



Audit & Compliance Committee

Draft Minutes

Tuesday, March 26, 2019

AC: A-M. Roll Call and Approval of the November 13, 2018 Meeting Minutes

Mr. Shaun Davis, Chair of the Board of Trustees Audit and Compliance Committee, convened the meeting. Roll call commenced with the following committee members, in addition to Mr. Davis, participating: Mr. Robert Stilley, Vice Chair; Mr. Anthony Barber (ex-officio), Mr. Brent Burns, Mr. Kyle MacDonald, and Mr. Kevin Wagner.

Other Trustees attending the meeting included: Dr. Michael Dennis, Dr. Malcolm Dorman, Mr. Brad Levine, Ms. Marybeth McDonald, and Mr. Robert Rubin.

Chair Davis asked for approval of the January 29, 2019 meeting minutes. **A motion was made and seconded to approve the January 29, 2019 Audit and Compliance meeting minutes. With no further discussion, the motion passed unanimously.**

AC: I-1. Review of Summary of Follow-Up on Audit Recommendations Scheduled to be Implemented during the Period of April 1 through December 31, 2018

Ms. Stacy Volnick, VP of Administrative Affairs and interim Inspector General, presented the item. Ms. Volnick is presenting on the follow-up of audits conducted for the nine months which ended December 31. They were conducted on minors on campus, university meal plans, minor construction projects, and federal awards. Seven of the recommendations from those audits were found fully implemented, two were partially implemented, one was not implemented and one was indeterminate. The one that was not yet implemented was about spend authorizations for travel that needed to be submitted as required by FAU policy and state statutes. Since this audit, Financial Affairs has implemented a process for doing so, effective March 9. The delay was due to a new financial system. All authorized travelers will be paid through expense reports only and a validation was created that requires spend authorizations for all authorized travel on expense reports. Financial Affairs believes that with the new process, this recommendation will be considered fully implemented at the next audit review cycle.

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

a) Harbor Branch Oceanographic Institute Foundation, Inc.

Mr. David Kian, VP of Legal Affairs and General Council, presented the item, as presenter on the agenda, Mr. Jeff Atwater, was in Tallahassee. Mr. Kian said the audit of financial statements

of HBOIF was for statements ended June 30, 2017 and 2018. They were conducted by independent outside auditors. The auditors opined that they were given sufficient information to form a basis for their opinion. In their opinion, their financial statements, in both 2017 and 2018, in all material respects, accurately and fairly presented the assets and cash flows of the HBOI Foundation. It was a clean audit with no comments.

Mr. Kian also gave an update of the litigation that the HBOI Foundation launched against the University. It is now on its third judge. Both sides were surprised at two hearings where filed motions were set to be heard, but each of the prior judges recused themselves after discovering they had conflicts. With the third judge being appointed, we have agreed with outside counsel to present a motion to the judge for early review of all of the facts and witnesses and ask the judge if he needs to recuse himself. A motion will be heard next month. Once that is decided and we have this judge, we have some litigation strategies that Mr. Kian would share with the trustees privately.

Chair Davis asked Ms. Volnick to come back to the podium to go over what the Board of Governors and others have been looking at with spending at universities. He wanted the trustees to hear what we are doing to ensure transparency and compliance with all requirements. Ms. Volnick said the Office of Inspector General at FAU does the internal audits and management reviews of the university. In addition, there are several internal and external agencies that conduct reviews and audits of the university. In conversations with President Kelly, we have determined that it would be best to create a central repository of all audits. We can then look at those recommendations in a central location, identify who is responsible at the university and follow-up in a timely manner. As we look for a new Inspector General, it will be one of the position's responsibilities to ensure that all audits, not just those done by that office, are followed-up by that office.

Chair Davis adjourned the meeting of the Audit & Compliance Committee.