



**New College of Florida Board of Trustees
Audit and Compliance Committee Meeting
June 23, 2023 at 10:30am**

Meeting Agenda

1. Call to Order

- Confirm Public Notice of Meeting
- Roll Call
 - Lance Karp, Chair
 - Mark Bauerlein
 - Ron Christaldi
 - Matthew Spalding
 - Amy Reid
- Establish Quorum

2. Consideration of Draft Minutes from March 24, 2023 Meeting

- **Committee Action:** Approve minutes.

3. Fraud Risk Assessment Update

- **Information Item:** Review the updated Fraud Risk Assessment. Discuss audit plans to enhance controls.

4. 2022-2023 Annual Report of Audit and Compliance Activities

- **Information Item:** Review the report of all Risk Management, Compliance, Internal Audit, Investigation, Management Assist, and Administrative activity by the Office of Internal Audit and Compliance for the fiscal year 2022-2023.

5. 2023-2024 Internal Audit Plan

- **Committee Action:** Approve the proposed risk-based Internal Audit Plan for fiscal year 2023-2024 including an Office of Internal Audit and Compliance annual \$267K budget including the Chief Audit Executive's remuneration and Co-sourced audit fees.

6. Crowe Direct Support Organization (DSO) Findings Status Report

- **Information Item:** Review the May 2023 Crowe Report Findings Corrective Action Status report submitted to the State University System of Florida Board of Governors.

7. Internal Audit Department Peer Review

- **Information Item:** Peer review status update. Report should be ready for next Audit and Compliance Committee meeting. (No Attachments)

8. Penetration Test Report (Closed Session with Trustees, CISO, and General Counsel)

- **Information Item:** Discuss results of independent expert External Penetration Test report. (Report to be presented during meeting)

9. Update on Investigation Activities (Closed Session with Trustees and General Counsel)

- **Information Item:** Discuss open alleged Whistleblower complaints. (No Attachments)

Other Business

Adjournment



New College of Florida Board of Trustees Audit and Compliance Committee Meeting Minutes for March 24, 2023

Meeting Agenda

1. Call to Order/Roll Call

Chair Karp called the meeting to order at 12:05 p.m. over a Zoom conference call. Roll call confirmed that a quorum was present.

Committee Members in Attendance:

Lance Karp, Chair
Mark Bauerlein
Ron Christaldi
Matthew Spalding
Debra Jenks, Ex Officio

Participating University Staff: CAE/CCO Alexander G. Tzoumas; General Counsel Bill Galvano; VP of Finance and Administration Chris Kinsley; and acting Chief of Staff Christie FitzPatrick.

2. Consideration of Draft Minutes from August 25, 2022 Meeting

- **Committee Action:** Consideration of the August 25, 2022 Audit and Compliance Committee meeting minutes was submitted for approval. Motion by Ron Christaldi and second by Trustee Spalding. Motion was unanimously approved.

3. Discussion of Board of Governor's Regulations 4.002, CAE Responsibilities and 4.003, Compliance and Ethics Program

- **Information Item:** The CAE walked through key elements of the Board of Governor's regulations pertaining to the duties of the Audit and Compliance Committee and CAE/COO.

4. Discussion of the Audit and Compliance Committee Charter

- **Information Item:** The CAE walked through key elements of the Audit and Compliance Committee Charter.

5. Discussion of Internal Audit and Compliance Department Charter

- **Information Item:** The CAE walked through key elements of the Internal Audit and Compliance function Charter.

6. Discussion of Enterprise Risk Management Program

- **Information Item:** The CAE highlighted the COSO based Enterprise Risk Management Program framework. Trustee Bauerlein inquired about the nature of the inherent risk ratings.

7. Discussion of the Annual Performance Funding Metrics Audit Report

- **Information Item:** The CAE presented the Mauldin and Jenkins FY21-22 annual Performance Funding Metrics Audit Report and noted there were zero audit exceptions. Mr. Tzoumas explained the approach used covered all 10 of the performance metrics every three years.

8. Discussion of the DAVID Audit Results

- **Information Item:** The CAE reviewed the results of the annual DAVID audit as required by the Florida Department of Highway Safety and Motor Vehicles. There were zero audit exceptions.



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9. Discussion of the Certification of Foreign Influence Legislation Compliance

- **Information item:** CAE/CCO Tzoumas explained that the university's Office of Research Programs and Services (ORPS) had developed a program to comply with the Board of Governors' regulation on Foreign Influence Compliance and Submission Guidance. The ORPS had conducted the Foreign Influence compliance check as required by the Board of Governor's Office of Inspector General and Director of Compliance. The review confirmed the requirements of Board of Governors Regulation 9.012, Foreign Influence, and House Bill 7017 on Foreign Influence were in place. The required Certification of Foreign Influence Legislation Compliance was completed and filed by the CAE as required.

10. Discussion of Identity Theft Program

- **Information Item:** The CAE reviewed the status of Identity Theft Program as required by the university's Regulation 3-1014, Identity Theft.

11. Discussion of Management Consulting Engagement - Student Research Employee Payroll

- **Information Item:** The CAE reviewed management's resolution of student summer grant payroll control challenges.

12. Discussion of Annual State of Florida Auditor General's Financial Audit for FY 21-22

- **Information Item:** The CAE reviewed the results of the annual State of Florida Auditor General's Financial Audit for FY 21-22. Financial statements were fairly presented with zero internal control deficiencies identified. The CAE pointed out the Audit results demonstrated how well the university's Finance Department was being managed.

13. Discussion of the Annual Development Corporation Financial Statement Audit for FY 21-22

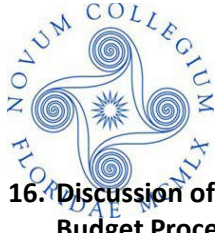
- **Information Item:** The CAE reviewed the annual Development Corporation financial statement audit for FY 21-22 by Mauldin & Jenkins. The auditors found the financial statement was fairly presented.

14. Discussion of the New College Foundation Annual External Audit Report for FY 21-22

- **Information Item:** The CAE reviewed results of Mauldin & Jenkins annual audit of the New College Foundation (NCF) financial statements for fiscal year (FY) 21-22. The auditors found the financial statement was fairly presented. The CAE walked through some of the changes in year-over-year financial results, including a material operating deficit, unrealized endowment portfolio losses, and the need to draw down on unrestricted reserves.

15. Discussion of the Crowe Direct-Service-Organization Findings Status Report

- **Information Item:** The CAE highlighted the observations of the Crowe control review and provided a status of corrective action to remediate the reported findings. The CAE also reviewed the NCF Crowe Report Findings Corrective Action Status report submitted to the State University System of Florida Board of Governors.



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16. Discussion of the Management Consulting Engagement - New College Foundation Investment and Budget Process Controls Evaluation

- **Information Item:** The CAE reviewed the observations and recommendations identified during the NCF Investment and Budget process controls evaluation.

17. Discussion of the Cyber Security Penetration Test

- **Information Item:** The CAE updated the Committee on efforts to perform an external Cyber Security penetration test. The CAE and management have identified a reputable third party to perform an external penetration test of system security.

18. Discussion of the Annual Compliance Partner Reporting

- **Information Item:** The CAE informed the Committee all 14 of the university departments with compliance roles have provided their Annual Compliance Reports.

19. Update on Title IX Activities

- **Information Item:** The CAE informed the Committee two Title IX Hearings had been completed. During the process, it had been observed investigations had not been performed in a timely manner. The acting VP of Student Affairs with responsibility for the Title IX program had arranged for an external Title IX program review. The program review report would be provided to the Committee once completed.

20. Discussion of the Internal Audit Department Peer Review

- **Information Item:** The CAE explained that while a peer review was completed for the university's Office of the Chief Compliance Officer in accordance with Board of Governor's regulation 4.003, State University System Compliance and Ethics Programs, the Board of Governor's Office of Internal Audit and Compliance is requesting a second peer review be performed of the Office of Internal Audit in accordance with Board of Governor's regulation 4.002, Officer of Chief Audit Executive. The now retired and well-respected Chief Audit Executive for Florida State University, Sam McCall, has offered to perform the external peer review of the Office of Internal Audit for a nominal fee which the CFO has agreed to fund. The CAE planned to would work with management to gain comfort with a peer reviewer and arrange for the review.

Other Business

Clarification of Audit and Compliance Committee Authority

- Trustee Christaldi raised the question as to whether the Audit and Compliance Committee should be delegated authority to approve audit and compliance related action items or if those items should be presented to the full Board of Trustees for approval. Trustee Jenks and General Counsel Galvano agreed further discussion of the approach was merited. Trustee Christaldi requested the CAE create a summary of the types of items that required Trustee approval. The CAE would then organize a meeting with Trustee Christaldi, Counsel Galvano and President Corcoran to form a recommendation for Board of Trustee consideration.

Adjournment at 1:09pm

COSO 2013: Fraud Risk Assessment Audit and Compliance Committee


June 23, 2023

By Alexander Tzoumas, CRMA

COSO Framework

- Committee of Sponsoring Organizations Framework Principle
 - The organization considers the potential for fraud in assessing risks to the achievement of objectives.
 - Incorporates the concept of fraud risk assessment.
 - Considerations related to various types of fraud, including fraudulent financial reporting, fraudulent nonfinancial reporting, misappropriation of assets, safeguarding of assets, management override, and corruption.
 - Evaluating incentives, pressures, opportunities, attitudes, and rationalizations.

Fraud Risk Assessment

- Source: Association of Certified Fraud Examiners (ACFE)
 - Serves as a benchmark to measure our progress
 - Initial assessment was a compilation of management's self assessments and internal audit control design evaluations
 - Multiple remediation actions in progress
 - Certain items within management's risk appetite
 - Will evaluate progress on a semi-annual basis
- 

Comparison of 2022 Initial Assessment to 2023 Results

- Areas with Lowest Scores

- Module 4: Skimming Schemes (prior year 64% improved to 82%)

- Identifies opportunities to enhance segregation of duties, audit trail, and fraud detection efforts. Smaller departments have limited personnel and thus segregation options.

Discontinued acceptance of cash.

- Module 5: Cash Larceny Schemes (prior year 71% improved to 76%)

- Identifies opportunities to enhance segregation and rotation of duties, as well as additional audit trails. Smaller departments have limited personnel and thus segregation and rotation options. **Discontinued acceptance of cash.**

- Module 14: Conflicts of Interest (prior year 67% remains at 67%)

- Additional efforts are needed to proactively identify vendor fraud or abuse.

FY 23-24 Vendor Audit Planned.

Comparison of 2022 Initial Assessment to 2023 Results

- Average total score increased from 86% to 90%
- Module 4 – Skimming Schemes showed largest improvement (Was 64% improved to 82%)
 - Employee satisfaction with pay and management interaction improved.
- Module 11 – Theft of Inventory and Equipment showed 2nd largest improvement (Was 85% improved to 96%)
 - Pcard controls improved, employee satisfaction with pay improved.
- Module 7 – Cash Register Schemes showed 3rd largest improvement (was 85% improved to 92%)
 - Improved cash reconciliation and management review controls.

2021 Initial Assessment Scores

2022 Assessment (February)

	Module 1 - Employee Assessment	Module 2 - Management/Key Employee Assessment	Module 3 - Physical Controls to Deter Employee Theft and Fraud	Module 4 - Skimming Schemes	Module 5 - Cash Larceny Schemes	Module 6 - Check Tampering Schemes	Module 7 - Cash Register Schemes
# of Questions	34	34	12	24	18	20	18
# Answered Favorably	29	28	12	14	12	18	11
# Answered Unfavorably	4	5	0	8	5	2	2
# N/A	1	1	0	2	1	0	5
Fraud Score	88%	85%	100%	64%	71%	90%	85%
2021 Fraud Score (Apr)	70%	85%	100%	52%	50%	84%	58%
2022 Fraud Score (Feb)	88%	85%	100%	64%	71%	90%	85%
Difference	26%	0%	0%	21%	41%	7%	45%

2023 Assessment (June)

	Module 1 - Employee Assessment	Module 2 - Management/Key Employee Assessment	Module 3 - Physical Controls to Deter Employee Theft and Fraud	Module 4 - Skimming Schemes	Module 5 - Cash Larceny Schemes	Module 6 - Check Tampering Schemes	Module 7 - Cash Register Schemes
# of Questions	34	34	12	24	18	20	18
# Answered Favorably	30	29	12	18	13	19	12
# Answered Unfavorably	3	4	0	4	4	1	1
# N/A	1	1	0	2	1	0	5
Fraud Score	91%	88%	100%	82%	76%	95%	92%
2022 Fraud Score (Feb)	88%	85%	100%	64%	71%	90%	85%
2023 Fraud Score (June)	91%	88%	100%	82%	76%	95%	92%
Difference	3%	4%	0%	29%	8%	6%	9%

2021 Initial Assessment Scores

Module 8 - Purchasing and Billing Schemes	Module 9 - Payroll Schemes	Module 10 - Expense Schemes	Module 11 - Theft of Inventory and Equipment	Module 12 - Theft of Proprietary Information	Module 13 - Corruption Schemes	Module 14 - Conflicts of Interest	Module 15 - Fraudulent Financial Reports	Total
23	19	7	27	12	13	6	27	294
21	15	7	22	11	12	4	25	241
2	3	0	4	0	1	2	2	40
0	1	0	1	1	0	0	0	13
91%	83%	100%	85%	100%	92%	67%	93%	86%
78%	72%	86%	77%	100%	85%	60%	93%	77%
91%	83%	100%	85%	100%	92%	67%	93%	86%
17%	15%	17%	10%	0%	9%	11%	0%	12%

Module 8 - Purchasing and Billing Schemes	Module 9 - Payroll Schemes	Module 10 - Expense Schemes	Module 11 - Theft of Inventory and Equipment	Module 12 - Theft of Proprietary Information	Module 13 - Corruption Schemes	Module 14 - Conflicts of Interest	Module 15 - Fraudulent Financial Reports	Total
23	19	7	27	12	13	6	27	294
21	15	7	22	11	12	4	26	251
2	3	0	1	0	1	2	1	27
0	1	0	4	1	0	0	0	16
91%	83%	100%	96%	100%	92%	67%	96%	90%
91%	83%	100%	85%	100%	92%	67%	93%	86%
91%	83%	100%	96%	100%	92%	67%	96%	90%
0%	0%	0%	13%	0%	0%	0%	4%	5%



New College
THE HONORS COLLEGE of Florida

Annual Report of Internal Audit and Compliance Activities

2022-2023

Distribution list:

Richard Corcoran, President
NCF Board of Trustees
Board of Governors

Prepared by:

Alexander G. Tzoumas, CIA, CFE, CISA, CRMA, CDPSE
Chief Audit Executive and Chief Compliance Officer

Introduction –

Alexander G. Tzoumas assumed responsibilities as the new Chief Audit Executive (CAE) and Chief Compliance Officer (CCO) in December 2020. Mr. Tzoumas is responsible for all the Internal Audit, Compliance, Enterprise Risk Management, and Title IX Hearing activities. Mr. Tzoumas has brought the internal audit work in-house with the exception of the Performance Based Funding Audit and Penetration Testing. Mr. Tzoumas utilizes a risk-based audit program to identify and schedule audits of the highest risk areas of the university and its direct service organizations. Mr. Tzoumas accomplished the identification of high-risk areas through the implementation of a Committee of Sponsoring Organization (COSO) Enterprise Risk Management Program and a Certified Fraud Examiners Association published Fraud Risk Assessment. Mr. Tzoumas has also commenced the review of compliance with university regulations, Federal laws and state statutes while supporting the introduction of new regulations to assure compliance and conformity with the Florida State University System Board of Governors regulations and Federal Laws.

The following Annual Report of Internal Audit and Compliance Activities is intended to fulfill the Board of Governors (BOG) regulation 4.002 State University System Chief Audit Executives requirement that an annual report summarizing the activities of the Office for the preceding fiscal year be provided to the university President, Board of Trustees, as well as the State University System Board of Governors.

Summary of Activities

I. Risk Management

1. To support the achievement of the university's strategic plan and develop a risk-based audit program, the Office of Internal Audit and Compliance (Office) maintained a COSO based Enterprise Risk Management (ERM) program which identifies and quantitatively rates material risks to the achievement of the university's key strategic objectives and presents management's planned mitigation strategies. Changes to risk rankings are continuously monitored and provided to the Audit and Compliance Committee at each meeting. The ERM framework was implemented with zero cost to the university for external consultant support. The program includes risk assessments of the following key strategic objectives:
 - Avoiding Adverse Legal Action
 - Cyber Security Effectiveness
 - Adequacy of Insurance Coverages
 - Human Resources
 - Code of Conduct and Regulatory Compliance
 - Environmental Safety and Emergency Management
 - Faculty Development
 - Campus Facilities – Housing
 - Revenue

- Business Continuity
 - Economic and Political Risk
 - Strategic Growth Initiatives
 - Campus Safety and Security
 - Financial Reporting
2. The Office worked with the President, CFO, Campus Police and AVP of Facilities to develop and implement a strategy to mitigate the risk of physical harm to senior executives. The security measures include the installation of panic alarms, cameras, and limited access to facilities after business hours. The CAE was appointed the head of the Cook Hall Security Committee.

II. Compliance

1. The Office worked with the Title IX Coordinator to create a Title IX Hearing Board. Mr. Tzoumas received advanced Title IX Hearing training and served as the Hearing Officer on two Title IX appeals.
2. The Office worked with management to provide campuswide Family Education Rights and Privacy Act (FERPA) training.
3. The Office formed a Red Flags Program compliance team to help assure the university had an effective identify theft prevention program in place.
4. The Office worked with Student Affairs to revise the Student Code of Conduct in compliance with changes required by House Bill 233 requiring intellectual freedom & viewpoint diversity.
5. In order to maintain a strong relationship with the Office of the Inspector General and Director of Compliance for the Board of Governor's (BOG) Auditor General, and build a university culture of regulatory compliance, the Office worked with the Office of Reserve and Grants to implement the new House Bill 7017 requirements for monitoring Research Foreign Influence. Office also supported the filing of the required annual Foreign Gift Certification.
6. To support compliance with Board of Governors regulation 4.002, State University System Chief Audit Executive, the Office evaluated the university's fraud risk by updating an enterprise wide Fraud Risk Assessment using the Association of Certified Fraud Examiners framework. The assessment was used to identify areas where additional internal controls and fraud prevention efforts were required. The Fraud Risk Assessment update found eight of the 15 processes showed improvement with the average score increasing from 86% to

90%. The Office will continue to work with management to implement effective internal controls and fraud prevention efforts to further decrease the risk of fraud.

7. The Office worked with management to understand the Florida Statutory considerations and data involved with the settlement of a faculty payroll dispute involving the 12-month faculty receiving a 27th paycheck during the 2020-2021 fiscal year.
8. The Office worked with General Counsel on the development of a New College of Florida Director Support Organizations regulation, no. 3-7001, to comply with the Board of Governor's regulations no. 9.011, University Direct Support Organizations and Health Services Support Organizations, and Florida statute no. 1004.28, Direct-support organizations; use of property; board of directors; activities; audit; facilities.
9. The Office modified the university's Allegation Intake, Investigation, and Discipline regulation, no. 3-3-4010, regarding procedures used to receive and investigate student complaints, including those involving Campus Police.
10. The Office worked with the Compliance Liaisons from fourteen departments to create an annual Compliance Partner Reports which highlight successes and challenges involved with achieving regulatory compliance requirements. The departments include: Academic Affairs, Communications, Counseling and Wellness Center, Enrollment and Financial Aid, Facilities, Finance, Human Resources, IT, Police, Procurement, Registrar, Research and Grants, Student Affairs, and Title IX.
11. The Office communicated the key aspect of the Whistleblower Hotline to the campus community.
12. The Office supported university efforts to comply with Florida State Records Retention requirements.

III. Internal Audit & Control Activities

1. The Office completed a detailed internal control evaluation of the Enrollment and Admissions Departments.
2. The Office performed a detailed internal control evaluation of the New College of Florida (NCF) Foundation Budget and Investment processes. The Office also devoted more than 40 hours to support the Board of Governor's appointed Crowe accounting firm's audits of both the New College Development Corporation (NCDC) and New College Foundation (NCF) to follow-up on open findings. Remediation of one of the Crowe NCF findings remains open.

3. Office retained Mauldin & Jenkins to perform the annual Performance-based Funding Program audit as of September 30, 2022 per BOG requirements. The audit approach was modified to rotate coverage of each of the metrics every three years at a substantial cost savings. While prior year audits had not identified submission errors, the current audit identified an error in the coding of upper-class and lower-class students. The reporting error was immediately corrected.

The Office also worked with management to help forecast the level of 2022-2023 performance for each of the ten metrics. Management is working to develop and implement a strategy to improve performance and achieve the minimum funding levels required to earn \$4.9 million in funding.

4. The Office assisted the State of Florida Auditor General with the completion of the annual Financial Statement Audit.
5. The Office assisted the State of Florida Auditor General with the completion of the tri-annual Operational Audit.
6. The Office assisted the State of Florida Auditor General with the completion of the Federal Awards Audit.
7. The Office assisted the State of Florida Auditor General with the completion of the bi-annual Financial Aid Audit. The Office also assisted university management with the clearing of findings reported in the prior Auditor General's Statewide Student Financial Assistance Audit report.
8. The Office supported management's efforts to clear the recommendations for improvement with the Office of the Registrar presented in The American Association of Collegiate Registrars and Admissions Officers (AACRAO) Consulting report. One area of particular concern was FERPA compliance issues which have been resolved.
9. The Office completed the Florida State required Driver and Vehicle Information Data Base (DAVID) Audit which enables the university to continue to have access to vehicle owner identification and information used to prevent parking abuse and assure student safety.
10. The Office performed an Institute of Internal Auditors self-assessment to support the Board of Governors required Peer Review of the Office. External independent peer review is scheduled to be completed in July 2023.
11. The Office coordinated an independent expert external penetration test to confirm controls and precautions to protect university systems and data from unauthorized access were effective.

12. The Office evaluated the results of the Service Organization Control Audit for the cloud-based Azure and Dynamics 365 systems where the university's Banner general ledger, payroll, and accounts receivable applications is housed.
13. Performed a follow-up on all prior audit findings to confirm timely remediation in accordance with management's responses.

IV. Investigations

1. The Office completed an investigation of student admissions discrimination and inequity. An employee was released for circumventing the Admissions Review Board when inappropriately denying student applications.
2. The Office received a complaint concerning the selection of a university mascot and confirmed the appropriate protocol was used to select a mascot.
3. The Office investigated a complaint Board of Trustee meeting materials had not been provided timely in advance of the meeting. While some meeting materials were not provided until the morning of the meeting, the Sunshine Act does not prescribe a timeframe for the provision of material other than a "reasonable" period of time. General Counsel indicated meeting material would be provided in a timelier manner going forward.
4. The Office received a complaint the New College Foundation was using restricted funds to cover the portion of the university personnel remuneration that was over the limit allowed by State Statute 1012.976, Remuneration of state university employees; limitations.

V. Management Assists

1. The Chief Audit Executive sat on the search committee for the selection of General Counsel.
2. The Chief Audit Executive sat on the search committee for the selection of the Registrar.
3. Developed a risk-based analysis of the university's deferred maintenance per request by Board of Trustees' Chair, President, and VP of Finance and Administration.

VI. Administration

1. In order to maintain a strong understanding of current auditing and compliance issues, trends, and best practices, the Chief Audit Executive (CAE) completed seventy-eight hours of continuing education. After completing the required level of continuing education, the CAE renewed the Certified Internal Auditor, Certified Fraud Examiner, Certified Data

Privacy Solutions Engineer, Certified Information Systems Auditor and Certificate in Risk Management Assurance designations for another year.

2. In order to assure the compliant and effective operation of the Audit and Compliance Committee of the Board of Trustees, the Office managed the creation of meeting minutes, public postings, and agendas; as well as fulfilling committee member requests and inquiries.

Contact Information

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2023-24 Fiscal Year Internal Audit, Risk Management, and Compliance Activity Plan

Project Description	Company Contact	Auditor	Hours To Complete	Location	Audit Budget Impact	Planned Audit Period	Objective/Status	Risk Management Impact
Internal Audits								
Support State Auditor and BOG Audits	CFO	Audit Exec	160	Finance	\$0	July through December	Support seamless completion of State Auditor Financial Statement, Operational, Federal Award, and Financial Aid audits as well as BOG requests and audit follow-up.	Ensure good standing with State Auditor's office and Board of Governors with timely and complete request responses and reliable identified deficiency remediation.
Student Housing	Vice President of Student Affairs	Audit Exec	80	Housing Facilities	\$0	May	Create high level report on state of student housing including availability of safe rooms to accommodate enrollment growth, student satisfaction rating, maintenance level and planning, and general management of operations.	Confirm students are living in a safe and inviting environment conducive to academic success.
IT General Control and Cyber Security Audit, including Access Security	CFO	Audit Exec	120	Campus wide IT Resources	\$20,000	April	Confirm the design and effectiveness of IT general controls and security measures, including SOC2 reports from 3rd parties. Conduct phishing vulnerability test to enhance access security. Confirm effective data back-up and recovery protocols are in place	Reduce risk of cyber breach and data ransom including interruption in access to, corruption of, or loss of university data processing systems and/or critical information. Avoid reputation damage.
Follow-up on Foundation, Payroll and other Audit Report Findings	CFO	Audit Exec	80	New College Foundation	\$0	Depends on Auditee's Remediation Timeline	Evaluate the extent to which findings reported by the Crowe auditor's and previous internal audit reports have been remediated.	Improve the control environment to help assure the NC Foundation provides strong financial support to the achievement of the university's strategic goals.
Study Effectiveness of Student Survey to Support Strategic Objectives	Provost	Audit Exec	120	Campus wide	\$0	July	Evaluate the extent to which student survey feedback provides useful information in the development of academic programs, the evaluation of faculty performance, and effective Board of Trustee oversight.	Mitigate the risk that student preferences and input on faculty performance are not considered in the design of academic programs and monitoring of faculty compliance with university regulations as well as Federal and State laws and regulations.
Post-Tenure Faculty Review Audit	Provost	Audit Exec	200	Faculty	\$0	January	Confirm the university's compliance with Florida legislature amended section 1001.706 requiring tenured faculty undergo a comprehensive post-tenure review every five years.	Ensure good standing with State Auditor's office and Board of Governors by complying with Florida laws and regulations.
Pcard Card Charges and Vendor Use Audit	CFO	Audit Exec	120	Accounts Payable	\$0	August	Review executive and other material Pcard user expense report statements for inappropriate expenditures. Confirm controls are operating effectively. Identify any trends in vendor preferences in the past three fiscal years.	The ongoing expenditure review will help mitigate the risk of significant policy violations, adverse public image, and fraud/whistleblower investigation.
Compliance Activities								
Performance Funding Metrics	CFO	Mauldin & Jenkins Audit Exec	80	Remote	\$20,000	November	Audit to confirm the reliable, complete, accurate and timely reporting of data submissions to the Board of Governors in support the Performance Funding Metrics model.	Assure compliance with Board of Governor's Regulation 5.001, Performance-based Funding, requirement for an annual audit.
Work with Compliance Partners on Annual Compliance Reports and Implementation of new laws and regulations.	President's Cabinet	Audit Exec	120	Various	\$0	July - August	Work with thirteen university Compliance Partners to prepare annual audit reports, resolve obstacles, and promote compliance. Support General Counsel and leadership team with implementation of new compliance laws and Board of Governor regulations.	Reduce risk of undetected compliance issues.
Follow-up on Admissions Department Process Control Recommendations	VP Enrollment	Audit Exec	40	Admissions Department	\$0	July- August	Support development of integrated process controls that assure student applications are evaluated timely, without bias, and in support of the achievement of Performance Funding metrics.	Avoid repeat allegations of misconduct and a second external investigation.

2023-24 Fiscal Year Internal Audit, Risk Management, and Compliance Activity Plan

Project Description	Company Contact	Auditor	Hours To Complete	Location	Audit Budget Impact	Planned Audit Period	Objective/Status	Risk Management Impact
Develop and implement new regulations as BOG, State, and Federal regulations change.	General Counsel	Audit Exec	40	Remote	\$0	Ongoing	Develop university regulations to mirror new or changed Board of Governor (BOG), state, or Federal regulations and statutes.	Avoid regulatory agency compliance or legal issues.
Annual Consumer Information and other Key Website Reviews	President's Cabinet	Audit Exec	24	Remote	\$0	April	Confirm all compliance information links are functioning, information is current, information is accessible to hearing impaired, and all required sites are listed.	Avoid regulatory agency compliance or legal issues.
Evaluate University's Employee Compliance Training Program	Chief Human Resources Officer	Audit Exec	40	Remote	\$0	July through September	Confirm university's employee training program includes all required Federal, State, and BOG required new employee and refresher training. Confirm all employees participate in training as scheduled.	Avoid legal action, sanctions, and losses associated with compliance violations or inappropriate acts performed by university employees.
Evaluate NAIA Conference Compliance	Athletics Director	Audit Exec	80	Cook Hall	\$0	May	Confirm the university has personnel in place with strong NAIA conference knowledge and independence to assure compliance with conference rules.	Help the university avoid sanctions and negative press from NAIA conference rule violations.
Risk Management								
Evaluate Insurance Coverages and Compliance	CFO	Audit Exec	16	Health & Safety Dept	\$0	December	Support the evaluation of exposures and utilization of insurance coverage as a means of transferring risk. Follow-up on Division of Risk Management report findings.	Losses from operational exposures can be mitigated through the cost effective transfer of risks to insurance pools/coverages.
Maintain COSO Based Enterprise Risk Assessment and Planning (ERM) Model. Add Website and Awareness Training	President's Cabinet	Audit Exec	120	Various	\$0	Ongoing	Ongoing risk management meetings with executive management, monitoring changes in key business processes, and tracking economic trends helps facilitates management's achievement of strategic objectives and minimize the impact of adverse market changes/occurrences. ERM Program implementation continues with creation of a Governance, Risk and Control (GRC) evaluation using the COSO 2017 Integrated Framework.	An enterprise risk management program is required by the Board of Governors for all universities. Program assures significant exposures are cost effectively mitigated and changes in risk are monitored and appropriately responded to.
Succession Planning Evaluation	President's Cabinet	Audit Exec	40	All Areas	\$0	November	Minimize the impact of turnover on the achievement of the university's strategic business objectives.	Avoid the loss of institutional knowledge and assure operational continuity to the extent possible.
Management Assists								
Follow-up and Resolution of Recognized Deficiencies	President's Cabinet	Audit Exec	80	All Areas	\$0	Ongoing	Support management's response and remediation of reported deficiencies from internal and external authorities.	Mitigate risks identified by audit activities. Assure timely remediation to avoid repeat findings and promote strong relationships with audit authorities.
Evaluate Fraud Risk Control Ratings	CFO	Audit Exec	80	Business and Accounting Areas	\$0	September	Support management's efforts to design and implement effective internal controls to deter fraud, waste and abuse. Continue with Procurement and Budget controls.	Avoid fraud, waste and abuse losses.
Time Available to Support Management Assist Requests.	President's Cabinet	Audit Exec	120	All Areas	\$0	Ongoing	Support management's efforts to improve the efficiency of operational processes such as time accounting and work orders, comply with external regulation changes, and resolve audit findings.	Support management's continuous improvement of compliance with external regulations and remediation of external audit findings.
Support Annual Financial Statement for University and DSOs	CFO	Audit Exec	20	Accounting	\$0	Ongoing	Support management's development of internal controls over financial reporting to help avoid material errors.	Mitigate risk of financial report error and perception of university's integrity.

Misconduct Investigations

2023-24 Fiscal Year Internal Audit, Risk Management, and Compliance Activity Plan

Project Description	Company Contact	Auditor	Hours To Complete	Location	Audit Budget Impact	Planned Audit Period	Objective/Status	Risk Management Impact
Conduct Misconduct & Compliance Investigations	Various	Audit Exec	200	Various	\$0	As Needed	Conduct investigations of alleged misconduct.	Mitigate risk of SUS Board of Governor's or State Legislature's concern with university leadership stewardship of funding and integrity. Avoid public controversy.
Administration								
Develop Audit Committee Agenda Presentations and Minutes	Audit Chairman	Audit Exec	64	n/a	\$0	Quarterly	Presentation of Audit, Risk Management, and Compliance efforts to the Audit Committee.	Assures the Audit Committee is well informed of all significant exposures to the achievement of the university's strategic business objectives and compliance with regulatory requirements.
Prepare Annual Internal Audit and Compliance Activities Report	Audit Chairman	Audit Exec	24	n/a	\$0	July	Inform the Audit Committee of the Internal Audit and Compliance Department's achievements.	Assure the Internal Audit and Compliance function is effectively operating.
Audit, Risk & Compliance Training	CEO	Audit Exec	80	Various	\$7,000	Ongoing	Audit Executive obtain continuing education units to stay aware of current industry issues and maintain certifications. Includes university's internal Skillssoft training.	Develop more effective audit, compliance, and risk management programs.
Update Annual Internal Audit, Risk Management and Compliance Plan	Audit Chairman	Audit Exec	24	n/a	\$0	June	Utilize Enterprise Risk Assessment to focus Internal Audit and Compliance resources on highest risks to the achievement of the university's objectives.	Assure optimal coverage of the university's significant exposures.
Optional Work								
Project Team Participation	President's Cabinet	Audit Exec	40	Various	\$0	Ongoing	Support President's Cabinet committee, hiring committees, other requested administration support.	Enhance outcomes of senior leadership strategic initiatives and hiring efforts.
Support Business Continuity Plan Development	Executive Managers	Audit Exec	40	Various	\$0	Ongoing	Work with management to develop a meaningful plan to minimize the adverse affects of a disaster. Being ill prepared for a disaster can cost lives, affect customer relations, decrease revenues, and/or increase the cost of operations. We believe the investment is essential to the long-term welfare of the employees and achievement of corporate objectives.	Avoid resource losses associated with loss of data, accessibility, operations, financial reporting, etc., due to nature or malicious disaster(s).

Total Hours 2,252 47,000

Breakdown of Allocation of Hours

Total Internal Audit Hours	880	39%
Total Compliance Hours	424	19%
Total Risk Management Hours	176	8%
Total Investigations Hours	200	9%
Total Management Assist Hours	300	13%
Total Administrative Hours	192	9%
Total Optional Work Hours	80	4%
Total Hours	2,252	

Proposed Internal Audit Budget

	Potential Hours	Planned Hours	Hour Shortfall	Base Pay (Proposed)	Benefits	Budget Per Line Item
Internal Audit Personnel						
Audit Executive	1,686	2,252	(566)	\$ 155,000.00	\$ 62,000.00	\$217,000.00
Proposed Co-sourcing						\$40,000.00
Training and Conferences						\$7,000.00
Travel to State University System Events						\$1,500.00
Office Supplies						\$400.00

2023-24 Fiscal Year Internal Audit, Risk Management, and Compliance Activity Plan

Project Description	Company Contact	Auditor	Hours To Complete	Location	Audit Budget Impact	Planned Audit Period	Objective/Status	Risk Management Impact
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Professional Memberships								\$900.00
Total Proposed Budget								\$266,800.00

Available Audit Hours Calculation

Hours in Year	2,080
PTO	274
Administrative*	120
Total Potential Hours	<u>1,686</u>

* Includes expense reporting, performance evaluation, relationship building, standing management meetings, holidays, etc.

TO: Institutional Data Administrators for FL Poly, NCF, and UCF
FROM: Julie Leftheris, Inspector General and Director of Compliance
THROUGH: Jason Jones, Chief Data Officer
SUBJECT: Direct Support Organizations Financial Controls Review, Follow-up
DUE DATE: **May 26, 2023 (Friday)**

In follow-up to the observations noted in the Crowe, LLP, firm's review of financial internal controls for university support organizations, we request university chief audit executives to provide us with the most recent corrective actions status for Florida Poly, NCF, and UCF. Additionally, confirm or update the estimated completion date for each of the pending or open observations in the attached spreadsheet's designated columns. The spreadsheet contains only pending or open observations.

The information collected will be summarized and presented to the Board of Governors during the June 22, 2023, Audit and Compliance Committee meeting.

The completed spreadsheet should be submitted through the Data Request System at <https://prod.flbog.net:4445/pls/apex/f?p=760> no later than the close of business, **May 26, 2023**.

Any questions regarding this request should be directed to the Investigations and Audit Manager, Rebekah Weeks at (850) 245-0335 or rebekah.weeks@flbog.edu; or the Compliance and Audit Specialist, Lori Clark at (850) 245-9703 or lori.clark@flbog.edu.

Thank you.

C: University Board of Trustees Chairs
Presidents
CAVP
CAFA
SUS Chief Audit Executives
Rebekah Weeks, Investigations and Audit Manager
Lori Clark, Compliance and Audit Specialist

State University System of Florida Board of Governors						
University Support Organizations Internal Control Review						
NCF Crowe Report Findings Corrective Action Status, May 2023						
Please confirm or update the corrective actions status, the estimated completion date (if applicable), and the additional comments cell(s).						
DSO	Area	Control Deficiency	Finding	Corrective Actions Status	If Not Completed, Estimated Completion Date	Additional Comments
New College Foundation, Inc.	Corporate Governance	Supporting Documentation	Review of budget-to-actual variances were not documented.	Pending	3/31/2023	<p>December 2022 Update: Waiting for next quarterly budget variance report to test corrective actions.</p> <p>February 2023 Update: Budget-to-actual variance presentation created. Pending presentation to the Foundation Board of Director's Finance Committee and university's Board of Trustees in March 2023.</p> <p>May 2023 Update: The Foundation fully agrees that a quarterly review of the budget to actual results on a timely basis is an excellent best practice, and has taken steps to implement this recommendation. The Foundation has worked closely to develop a budget to actual variance analysis that will help the Board of Directors understand where actual expenses vary from the approved budget. The second quarter variance analysis was discussed with the Foundation Board of Directors at the meeting of January 27. The unexpected resignation of the long-time Foundation Executive Director in January, several Foundation Board members, and both fiscal staff in April, has created a disruption in operations, and delayed production of the third quarter budget to actual variance analysis. We have every confidence that the Foundation will get back on track with the close of the 4th quarter, and plan to present and discuss the budget to actual variance report at the August 11, 2023 meeting of the Foundation Board.</p>