



The meeting of the Audit & Compliance Committee was called to order by Chair Sandra Callahan at 10:11am. Chair Callahan asked Dr. Cindy Visot to call roll. Dr. Visot called roll with the following committee members present: Sandra Callahan, Oscar Horton and Shilen Patel. A quorum was established.

No requests for public comments were received.

Upon request and receiving no changes to the meeting notes, Chair Callahan requested a motion for approval, it was seconded and the February 23rd meeting notes were unanimously approved as written.

Virginia Kalil, Executive Director and Chief Internal Auditor, gave an update on internal audit activities, to include work plan progress and strategic planning efforts. As a bit of background, the Office of Internal Audit (IA) typically prepares and creates a two-year work plan. As IA was beginning to prepare for its risk assessment and work plan development last year, the coronavirus broke out. Due to the circumstances and surrounding uncertainty, IA, in consultation with the committee chair, developed a one-year plan for FY2021. This plan was approved by the committee last August. No changes have been made to the work plan; however, progress in completing the work plan has been impacted by limited resources due to unplanned vacancies and a focus on investigations during the plan year. Of the 14 audit and consulting engagements on the approved IA Work Plan, 5 engagements have been completed, 3 engagements are in progress and expected to be completed by the end of the fiscal year, 1 engagement is in progress and expected to be completed during the first quarter of next fiscal year, and 5 engagements are deferred for completion in FY2022. IA does not recommend any changes to the approved work plan and is actively recruiting for the vacant positions. IA will true up the plan in August and bring forward another one-year work plan for the remainder of FY22. It is

expected that by next summer, for FY23, IA will be able to return back to its planning process for two-year work plan cycles.

Ms. Kalil noted that the hours from this work plan that will move forward or carry over into next year, are actually less than the hours associated with the team's vacancies as well as the additional time that the team has had to spend on investigations (that has far exceeded what was planned on the work plan for investigations). The net gain was only possible by the IA team members that are in place and continue to be in place, putting in additional time and effort. They were able to put in additional effort that equated to about 0.75 FTE. Ms. Kalil expressed her appreciation for the team during this difficult time.

IA is beginning its triennial strategic planning process. Every three years, IA reassesses its strategic plan. Strategic planning is important in ensuring IA's vision and mission align with the organization's goals and objectives. IA needs to ensure it is progressing and moving forward in the same direction as the university in relation to the university meeting its aspirational goals. As part of the strategic planning process, IA will reassess the strengths and opportunities of internal audit resources and activities across the university, including direct support organizations, and identify areas of focus for the new strategic plan. This is not IA's work plan regarding what IA does, but this is how IA goes about doing their work. Updating IA's strategic plan was scheduled to take place this summer. However, in response to the board chair's request at the February board committee meetings to evaluate the internal audit coverage related to the university's direct support organizations (DSOs), IA began their strategic planning process early. IA is currently evaluating the internal audit activity across the entire university landscape, including the DSOs. In starting the assessment, IA noted USF's approach to internal audit coverage at DSOs is a bit unique from other SUS universities. USF provides more coverage of its DSOs; however, that activity is a bit more decentralized than others in the SUS. As part of IA's strategic planning process, IA wants to ensure the university's approach to the overall internal audit coverage embodies best practices and sufficiently covers the collective needs of both the university as well as the DSOs. Any recommended changes will be brought forward to leadership and to the committee chair as appropriate for further review, discussion and possible implementation.

Chair Zimmerman thanked Ms. Kalil for her incredible and thorough update. He stressed that it is very important that USF have a university-wide, disciplined approach that yields a robust risk-based program. IA is taking a comprehensive approach to this.

Chair Callahan explained that Ms. Kalil does not have a direct role in terms of oversight and involvement with the plans with the DSOs. The Board thinks this is a negative characteristic or one that it would like to change somewhat. Ms. Kalil and her team are looking at all DSOs and workplans and will provide recommendations. IA has put together objectives and laid out next steps. The goal is to enhance the oversight of the BOT and strengthen the independence of the DSO internal auditors.

Caroline Fultz-Carver, Chief Compliance Officer, presented the 2020 Compliance & Ethics Annual Report. The report summarizes the activities of the Office of Compliance & Ethics for calendar year 2020. This report is organized under the "essential elements" of an effective compliance program as prescribed by Federal Sentencing Guidelines and fulfills

annual reporting requirements contained in BOG Regulation 4.003 and the Office of Compliance & Ethics Program Plan.

Dr. Fultz-Carver presented highlights from the annual report of work done during the past year.

