



UNIVERSITY OF CENTRAL FLORIDA

**Board of Trustees
Audit and Compliance Committee Special Meeting
July 9, 2019, 8:00 a.m.
President's Board Room
Conference Call-In Phone #1-800-442-5794, passcode 463796**

AGENDA

- | | |
|--|---|
| I. CALL TO ORDER | Beverly Seay <i>Chair, Audit and Compliance Committee</i> |
| II. ROLL CALL | Margaret Melli <i>Executive Assistant of University Compliance, Ethics, and Risk</i> |
| III. MEETING MINUTES | |
| <ul style="list-style-type: none">• Approval of the April 23, 2019, Audit and Compliance Committee meeting minutes | Chair Seay |
| IV. NEW BUSINESS | Chair Seay |
| <ul style="list-style-type: none">• Post Investigation Action Plan (INFO-1) | Christina L. Serra <i>Director of Compliance and Ethics and Interim Chief Compliance, Ethics, Risk Officer and Robert Taft Chief Audit Executive</i> |
| V. CLOSING COMMENTS | Chair Seay |



UNIVERSITY OF CENTRAL FLORIDA

**Board of Trustees
Audit and Compliance Committee Meeting
April 23, 2019
President's Board Room, Millican Hall**

MINUTES

CALL TO ORDER

Trustee Beverly Seay, chair of the Audit and Compliance Committee, called the meeting to order at 4:00 p.m. Committee members Kenneth Bradley, Danny Gaekwad, and Dave Walsh attended by teleconference call. Interim Chairman Garvy attended by teleconference and Trustee Self was present.

MINUTES APPROVAL

The minutes from the January 24, 2019, meeting were approved unanimously.

NEW BUSINESS

Compliance Accountability (INFO-1)

Christina L. Serra, Director of Compliance and Ethics and Interim Chief Compliance, Ethics, and Risk Officer provided an overview of the Compliance Accountability presentation. It was decided that at the next committee meeting Serra will provide the metrics of the compliance program and at a future meeting include an update of the Enterprise Risk Management program including the topic of Conduct Risk. Recommendations were made for the administration to develop an annual ethical behavior acknowledgement form requiring signatures of key personnel.

IntegrityLine and Whistle-blower Program (INFO-2)

Serra and Robert Taft, Chief Audit Executive stated that the IntegrityLine was launched in 2014 and that UCF Policy 2-010 Whistle-blower Determination and Investigation has been effective since 2018 and was one of the first in the FL SUS vetted through the BOG Inspector General. Serra stated that they are working with General Robert Caslen and the AGB to develop in-person Code of Conduct training and online Whistle-blower Program training. Taft provided an outline on the whistle-blower determination process. A brief report on the UCF IntegrityLine and Whistle-blower Program with recommendations for improvement will be brought to the next Board of Trustees meeting on May 16, 2019. Training will be provided at the Board of Trustees retreat on May 17, 2019.

University Audit Report (INFO-3)

Taft gave an overview on utilizing external auditors and internal auditors. Taft suggested that, if there was an interest in leveraging external resources, one possible approach would be to retain an expert in PeopleSoft to review the current infrastructure and provide system enhancements to flag or prohibit inappropriate transactions. Trustee Bradley made a motion that the internal audit function be immediately reviewed by administration to determine whether there is additional staffing needed; also, recommendations be brought forward from administration and University Audit about the necessary computer controls that need to be put in place within financial functions. The motion was approved unanimously.

Crowe LLP Proposal (INFO-4)

Taft provided an update of the Crowe LLC proposal, which the Board of Governors contracted with to look at internal financial controls of the FL SUS.

Florida Auditor General Financial Audit Report (INFO-5)

Taft gave an update on the 2017-18 Florida Auditor General Financial Audit Report which is a requirement to be provided at a public meeting.

Additional Comments

Trustee Walsh requested clarification on what fund and what type of fund the faculty increases were used. Trustee Bradley asked with regard to DSO's if there is potential financial savings through one external auditor, Taft stated that University Audit implemented a DSO auditor rotation and there were cost savings with that effort. Bradley suggested that the Audit and Compliance Committee should receive copies of the audit reports from the DSO's.

ADJOURNMENT

Chair Seay adjourned the Audit and Compliance Committee meeting at 5:43 p.m.

Reviewed by: _____
Beverly Seay
Chair, Audit and Compliance Committee Date

Respectfully submitted: _____
Grant J. Heston
Associate Corporate Secretary Date

ITEM: INFO-1

UCF BOARD OF TRUSTEES
Audit and Compliance Committee
July 9, 2019

Title: Post Investigation Action Plan

Background:

This committee was charged by the Chairman of the Board of Trustees to oversee the progress of the university to implement recommendations made in a number of internal and external investigative and consulting reports related to inappropriate funding on Trevor Colbourn Hall and other capital projects along with the university's governance efforts, organizational design, and overall culture.

The committee chair has requested that University Audit and University Compliance, Ethics, and Risk accumulate the recommendations made in these various reports and provide a status update on the progress made thus far in implementing these recommendations.

Issues to be Considered:

The committee should determine if the recommendations identified as top priorities within the attached documentation are consistent with their perspective or if adjustments need to be made.

The committee should provide feedback and suggestions on the identified action plans.

Alternatives to Decision:

The committee could recommend that these remediation efforts (in total or for specific individual items) not be undertaken or deferred.

Fiscal Impact and Source of Funding:

Several of these recommendations will require additional resources including the hiring of more staff and developing training programs and related materials. Specific funding sources will need to be identified. The committee may determine that consulting services may be required to supplement or accelerate internal remediation efforts.

Recommended Action:

The committee should continue to actively monitor the progress under way, request status updates on a periodic basis, and should work with UCF management, the Board of Governors, other Board committees, and the full Board of Trustees to provide status updates and help coordinate remediation efforts. As appropriate, the committee and UCF management should consult with the bodies that issued investigative reports to verify that the remediation efforts are adequate to eliminate the need for future investigative work or further punitive actions against the university.

Authority for Board of Trustees Action:

UCF Audit and Compliance Committee Charter (<https://compliance.ucf.edu/files/2017/03/Approved-1.13.17-UCF-BOT-Audit-and-Compliance-Committee-Charter.pdf>)

Contract Reviewed/Approved by General Counsel:

N/A

Committee Chair or Chairman of the Board approval:

Committee Chair Beverly Seay approved the agenda and all supporting documentation.

Submitted by:

Andrea Gandy, Director of Enterprise Risk and Insurance Management

Christina L. Serra, Director of Compliance and Ethics and interim Chief Compliance, Ethics, and Risk Officer

Robert Taft, Chief Audit Executive

Supporting Documentation:

Attachment A: Post Investigation Action Plan

Facilitators/Presenters:

Committee Chair Beverly Seay

Recommendation Overview

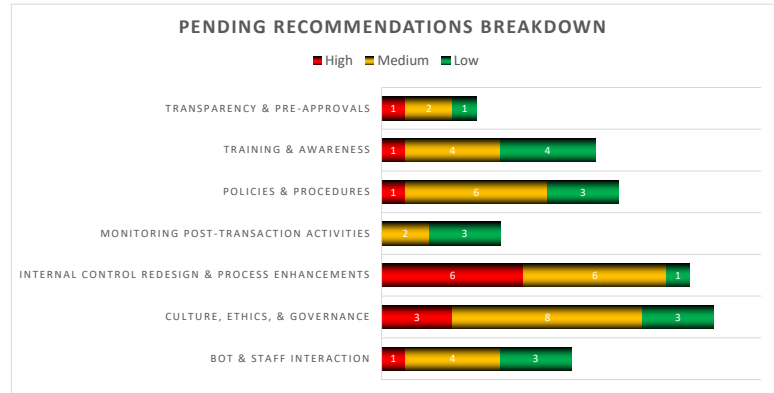
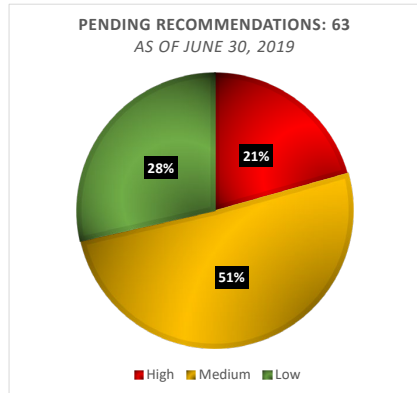
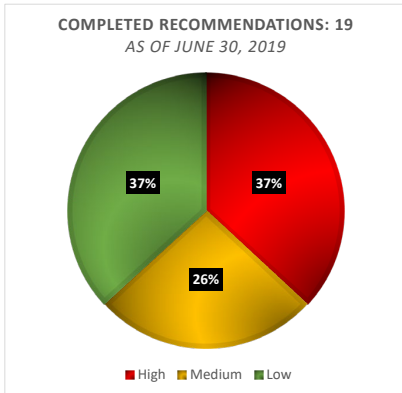
*Post Investigation Action Plan
As of June 30, 2019*

| Recommendations for University of Central Florida | |
|---|-----------|
| Pending Recommendations | 63 |
| Complete Recommendations | 19 |
| Subtotal | 82 |
| Recommendations for Board of Governors | |
| Pending Recommendations | 13 |
| Subtotal | 13 |
| Total Recommendations | 95 |



| Recommendation Source | Total |
|---------------------------------------|-----------|
| Association of Governing Boards | 17 |
| Board of Trustees | 15 |
| Public Integrity and Ethics Committee | 14 |
| Bryan Cave Investigation | 6 |
| Board of Governors | 5 |
| Accenture | 4 |
| Auditor General | 2 |
| Grand Total | 63 |

| Recommendation Source | BOT & Staff Interaction | Culture, Ethics, & Governance | Internal Control Redesign & Process Enhancements | Monitoring Post-Transaction Activities | Policies & Procedures | Training & Awareness | Transparency & Pre-Approvals | Total |
|---------------------------------------|-------------------------|-------------------------------|--|--|-----------------------|----------------------|------------------------------|-----------|
| Association of Governing Boards | 7 | 6 | | | 1 | 1 | 2 | 17 |
| Board of Trustees | | 3 | 3 | 2 | 3 | 4 | | 15 |
| Public Integrity and Ethics Committee | | 4 | 3 | 2 | 3 | 1 | 1 | 14 |
| Bryan Cave Investigation | | | 1 | 1 | 2 | 2 | | 6 |
| Board of Governors | 1 | | 2 | | 1 | | 1 | 5 |
| Accenture | | 1 | 3 | | | | | 4 |
| Auditor General | | | 1 | | | 1 | | 2 |
| Grand Total | 8 | 14 | 13 | 5 | 10 | 9 | 4 | 63 |



*See next page for explanation of risk ranking categories

Audit and Compliance Committee Meeting - New Business

| | Severe Irreparable, sustained negative impact to: | High Critical negative impact to: | Medium Significant negative impact to: | Low Minimal to no negative impact to: |
|-------------------|---|---|--|---|
| Financial | Expenditures, access to funding, or strategic plan execution | Expenditures, access to funding, or strategic plan execution | Expenditures, access to funding, or annual plan execution | Expenditures, access to funding, or annual plan execution |
| Reputation | Reputation among University key stakeholder groups * Potential to lose University's accreditation due to management's inaction | Reputation among University key stakeholder groups* | Reputation among University key stakeholder groups* | Reputation among University key stakeholder groups* |
| Operations | University's ability to safely conduct classes and continue research efforts | University's ability to safely conduct classes and continue research efforts | University's ability to safely conduct classes and continue research efforts | University's ability to safely conduct classes and continue research efforts |
| Response | Immediate <i>Board and management</i> attention needed to develop and execute action plan in <i>coming weeks</i> | <i>Management and Board</i> attention needed to develop and execute action plan in <i>coming months</i> | Analysis and corrective management action plan needed to address risk levels; Action plan should be developed and executed in 6 - 12 month timeframe | Ad hoc attention may be required along with management's monitoring of changing risk profile |
| Example | Gross Board and management negligence identified which could include but not limited to systematic fraud | Unreliable processes and controls that with a high certainty would lead to misrepresentation, errors, penalties, fines, or loss of funding; potential financial impact greater than \$2,000,000 | Ineffective processes or controls which could lead to errors; potential financial impact \$500,000 - \$2,000,000 | Inefficient processes or controls which may increase the amount of work but not fundamentally change the results or actions; potential financial impact less than \$500,000 |

*Key stakeholder groups include students, parents, faculty, staff, and government agencies

Audit and Compliance Committee Meeting - New Business

High Risk Recommendation List

Post Investigation Action Plan

As of June 30, 2019

| Theme | Item # | Source | Responsible BOT Committee | Responsible Office | Responsible Person | Recommendation | Action Plan | Status | Due Date |
|--|--------|---------------------------------------|----------------------------------|--------------------|--------------------|---|--|-------------|------------------|
| BOT & Staff Interaction | 1 | Board of Governors | Strategic Planning Committee | President's Office | Thad Seymour | Build a strategic plan and brief to the Board of Governors on: (1) how UCF grew so fast; (2) how big it should be; and (3) what are the controls to govern growth. | BOG officials clarified the task to UCF Leadership to reflect a request for an enrollment plan instead of a strategic plan. President Seymour created an Enrollment Management Taskforce, consisting of faculty, staff, deans, administration, SGA and the chair of the BOT. He charged the taskforce to "define a 10-year enrollment strategy that supports student and faculty success, meets regional needs, and aligns with state goals to further UCF's pursuit of excellence." Multiple meetings have taken place. | In Progress | October-19 |
| Culture, Ethics, & Governance | 2 | Association of Governing Boards | Board Chair | President's Office | Thad Seymour | Crisis leadership: Traditional risk management implies a necessary and diligent effort to respond to an immediate crisis and to comply with regulatory and other requirements that flow from it. We urge a broader concept of "crisis leadership" that includes the management function but goes beyond it to focus on strategic leadership going forward. This process of leadership must be understood by all who should be involved. Thus, we recommend three interrelated activities in asserting a process of crisis leadership following the Trevor Colbourn Hall failure. First, the board needs to continue its path of making the necessary changes in policy, management practices, and personnel to ensure that the errors leading to the Trevor Colbourn Hall misappropriation are not repeated. Second, the board should ensure that UCF complies fully with the regulatory changes and clarifications demanded by the BOG and the legislature. Third, through sound exercise of its governance authority, the board needs to reclaim the confidence of the public and political leaders and return their attention to the achieving of excellence in UCF's mission. | 1) In June 2019 the BOT chair designated the Audit and Compliance Committee to track and update the board about progress made on the multiple recommendations. This action plan represents the continuing effort. 2) This plan will provide accountability for implementing recommendations. Additionally, the university has hired a new Director of Enterprise Risk and Insurance Management, is hiring additional staff in University Audit and is creating a new senior position of Chief Accountability Officer. 3) Government Relations and Communications and Marketing are developing campaigns to restore trust and confidence in UCF in targeted audiences. | In Progress | Ongoing |
| | 3 | Public Integrity and Ethics Committee | Finance and Facilities Committee | COO | Misty Shepherd | Capital Outlay Budgets must comply with statutory requirements showing all capital projects and the actual source of funds committed to each project. | The BOG has provided a template to all universities for presenting their capital outlay budget. UCF is actively using the template and will be presenting it for BOT approval in July 2019. | In Progress | July-19 |
| | 4 | Public Integrity and Ethics Committee | Finance and Facilities Committee | President's Office | Thad Seymour | Checks and balances must be instituted to ensure that no high-ranking administrator becomes a single point of both information and authority with respect to decisions involving significant sums of public funds. Boards of Trustees and the Board of Governors should require universities to notify General Counsel, audit and compliance, and Board of Governors staff of the substance of such decisions. Compliance staff must have authority and opportunity to question the legitimacy of such decisions. | 1) In Fall 2018, then-President Whittaker created new Chief Financial Officer and Chief Operating Officer positions to separate functions and provide internal checks and balances in funding authority and decision-making; in January 2019 the BOT made that change official board policy. 2) In Fall 2018, the BOT initiated a new requirement for certifications to the board as to the appropriate source of funds for all UCF construction projects. The required signatures are the Chief Financial Officer, the Vice President presenting the item, the Vice President and General Counsel and the President. 3) In Fall 2018, then-President Whittaker initiated new requirement for real-time audits for capital projects that exceed \$2 million. 4) The administration is pursuing a new position of Chief Accountability Officer to help UCF rebuild a culture of ethics, integrity and accountability. 5) Interim President Seymour has scheduled regular update meetings with the chief audit and compliance officers. This is in addition to any urgent meetings needed. 6) UCF has hired a new Director of Enterprise Risk and Insurance Management | In Progress | Ongoing |
| Internal Control Redesign & Process Enhancements | 5 | Bryan Cave Investigation | Audit and Compliance Committee | University Audit | Robert Taft | The University should explore ways in which technology could be used to enhance its internal controls, such as automated workflows within the budget and general ledger systems that flag transactions which may constitute a violation of BOG regulations and/or state law concerning the use of state appropriated funds. | UCF audit is working with internal subject matter experts to identify solutions. | In Progress | November-19 |
| | 6 | Board of Trustees | Audit and Compliance Committee | University Audit | Robert Taft | University Audit will work with UCF management and staff to identify PeopleSoft automated internal control enhancements to reduce inappropriate or unnecessary system access, block or flag inappropriate financial transactions, as well as to develop monitoring reports for activities such as large dollar transfers and the timing and amount of construction project funding transactions. | Evaluate both automated preventative and detective controls to prevent or flag potentially inappropriate transfer of funds and source/use concerns. Work with other SUS institutes that use PeopleSoft to share possible approaches and programming ideas. | In Progress | November-19 |
| | 7 | Public Integrity and Ethics Committee | Finance and Facilities Committee | CFO | Dennis Crudele | Internal loans should be fully disclosed and audited to ensure the safety and security of all funds, particularly E&G funds. | Internal loans have been discussed with the President, BOT chairman, and Finance & Facilities Committee chair. The CFO is in the process of obtaining signed loan agreements for each loan and will present a complete list and repayment plan to the BOT in Fall 2019. Annual updates will be provided to the BOT until all internal loans are repaid. | In Progress | December-19 |
| | 8 | Board of Governors | Finance and Facilities Committee | COO | Misty Shepherd | University will not move forward with any capital projects until the UCF BOT has completed the implementation of the procedures discussed at the UCF BOT meeting held on 9/6/18 and verified to the BOG that the procedures are in place. | All proposed projects on hold until further notice. | In Progress | To Be Determined |
| | 9 | Public Integrity and Ethics Committee | Finance and Facilities Committee | General Counsel | Scott Cole | Capital projects in excess of \$1 million in cost should not be undertaken before the President and General Counsel certify the actual source of all funds to be expended and that planning and funding conform to the Capital Outlay Budget, Capital Improvement Plan, Master Plan, applicable laws and regulations. Such certifications should be submitted to the BOT for information at the next scheduled meeting. | To be included in Board Operating Procedures 2 | In Progress | December-19 |

Audit and Compliance Committee Meeting - New Business

High Risk Recommendation List

Post Investigation Action Plan

As of June 30, 2019

| Theme | Item # | Source | Responsible BOT Committee | Responsible Office | Responsible Person | Recommendation | Action Plan | Status | Due Date |
|------------------------------|--------|---------------------------------------|----------------------------------|--------------------|--------------------|--|--|-------------|-------------|
| | 10 | Board of Trustees | Finance and Facilities Committee | General Counsel | Scott Cole | All future board and committee approvals of capital projects over \$2 million require a written certification signed by the president, vice president submitting the item, the CFO and general counsel identifying the source of funds and certifying that they are appropriate for that purpose. | To be included in Board Operating Procedures 2 | In Progress | December-19 |
| Policies & Procedures | 11 | Public Integrity and Ethics Committee | Finance and Facilities Committee | CFO | Dennis Crudele | E&G funds should not be transferred or encumbered except as authorized in budgets and carry forward commitment lists approved by the Board of Trustees. | An internal process is being developed based on BOG guidance and the BOT Delegation of Authority. | In Progress | December-19 |
| Training & Awareness | 12 | Bryan Cave Investigation | Finance and Facilities Committee | CFO | Dennis Crudele | The University should require all newly hired F&A and Facilities department employees, and other employees with budgetary responsibilities, to undergo education and training regarding the proper use of state-appropriated funds, the relevant state statutes, regulations and BOG guidance, and should provide for regular training and education of all such employees regarding these matters. The University should also implement periodic education and training on the key concepts regarding the budgeting process and the appropriation of state funds for members of the BOT and University leaders. | A process is being developed to provide initial training on the proper use of funds to new F&A and Facilities employees, with periodic refreshes provided to existing employees and BOT members. Training on the proper use of funds was provided to the BOT on 5/17/19 and to university VPs and Deans on 5/31/19. | In Progress | June-20 |
| Transparency & Pre-Approvals | 13 | Public Integrity and Ethics Committee | Finance and Facilities Committee | CFO | Dennis Crudele | Boards of Trustees should approve E&G carryforward commitments reported to the BOG's each August and approve University changes to the approved commitments on a quarterly basis. | An internal process is being developed based on BOG guidance. | In Progress | December-19 |

Audit and Compliance Committee Meeting - New Business

Pending Recommendation List

Post Investigation Action Plan

As of June 30, 2019

| Item # | Summary Source | Source Detail | Recommendation | Risk Rating | Theme | Responsible Office | Responsible Person | Responsible BOT Committee | Action Plan | Status | Completion Date |
|--------|---------------------------------------|--|---|-------------|--|--------------------|--------------------|----------------------------------|--|-------------|------------------|
| 1 | Board of Governors | Board of Governors January 31, 2019 Audit and Compliance Committee Meeting | Build a strategic plan and brief to the Board of Governors on: (1) how UCF grew so fast; (2) how big it should be; and (3) what are the controls to govern growth. | High | BOT & Staff Interaction | President's Office | Thad Seymour | Strategic Planning Committee | BOG officials clarified the task to UCF Leadership to reflect a request for an enrollment plan instead of a strategic plan. President Seymour created an Enrollment Management Taskforce, consisting of faculty, staff, deans, administration, SGA and the chair of the BOT. He charged the taskforce to "define a 10-year enrollment strategy that supports student and faculty success, meets regional needs, and aligns with state goals to further UCF's pursuit of excellence." Multiple meetings have taken place. | In Progress | October-19 |
| 2 | Association of Governing Boards | AGB May 15, 2019 Report | Crisis leadership: Traditional risk management implies a necessary and diligent effort to respond to an immediate crisis and to comply with regulatory and other requirements that flow from it. We urge a broader concept of "crisis leadership" that includes the management function but goes beyond it to focus on strategic leadership going forward. This process of leadership must be understood by all who should be involved. Thus, we recommend three interrelated activities in asserting a process of crisis leadership following the Trevor Colbourn Hall failure. First, the board needs to continue its path of making the necessary changes in policy, management practices, and personnel to ensure that the errors leading to the Trevor Colbourn Hall misappropriation are not repeated. Second, the board should ensure that UCF complies fully with the regulatory changes and clarifications demanded by the BOG and the legislature. Third, through sound exercise of its governance authority, the board needs to reclaim the confidence of the public and political leaders and return their attention to the achieving of excellence in UCF's mission. | High | Culture, Ethics, & Governance | President's Office | Thad Seymour | Board Chair | 1) In June 2019 the BOT chair designated the Audit and Compliance committee to track and update the board about progress made on the multiple recommendations. This action plan represents the continuing effort. 2) This plan will provide accountability for implementing recommendations. Additionally, the university has hired a new Director of Enterprise Risk and Insurance Management, is hiring additional staff in University Audit and is creating a new senior position of Chief Accountability Officer. 3) Government Relations and Communications and Marketing are developing campaigns to restore trust and confidence in UCF in targeted audiences. | In Progress | Ongoing |
| 3 | Public Integrity and Ethics Committee | Public Integrity and Ethics Committee March 14, 2019 Report | Capital Outlay Budgets must comply with statutory requirements showing all capital projects and the actual source of funds committed to each project | High | Culture, Ethics, & Governance | COO | Misty Shepherd | Finance and Facilities Committee | The BOG has provided a template to all universities for presenting their capital outlay budget. UCF is actively using the template and will be presenting it for BOT approval in July 2019. | In Progress | July-19 |
| 4 | Public Integrity and Ethics Committee | Public Integrity and Ethics Committee March 14, 2019 Report | Checks and balances must be instituted to ensure that no high-ranking administrator becomes a single point of both information and authority with respect to decisions involving significant sums of public funds. Boards of Trustees and the Board of Governors should require universities to notify General Counsel, audit and compliance, and Board of Governors staff of the substance of such decisions. Compliance staff must have authority and opportunity to question the legitimacy of such decisions. | High | Culture, Ethics, & Governance | President's Office | Thad Seymour | TBD | 1) In Fall 2018, then-President Whittaker created new Chief Financial Officer and Chief Operating Officer positions to separate functions and provide internal checks and balances in funding authority and decision-making; in January 2019 the BOT made that change official board policy. 2) In Fall 2018, the BOT initiated a new requirement for certifications to the board as to the appropriate source of funds for all UCF construction projects. The required signatures are the Chief Financial Officer, the Vice President presenting the item, the Vice President and General Counsel and the President. 3) In Fall 2018, then-President Whittaker initiated new requirement for real-time audits for capital projects that exceed \$2 million. 4) The administration is pursuing a new position of Chief Accountability Officer to help UCF rebuild a culture of ethics, integrity and accountability. 5) Interim President Seymour has scheduled regular update meetings with the chief audit and compliance officers. This is in addition to any urgent meetings needed. 6) UCF has hired a new Director of Enterprise Risk and Insurance Management | In Progress | Ongoing |
| 5 | Board of Governors | Board of Governors September 13, 2018 FAC and Full Board Meetings | University will not move forward with any capital projects until the UCF BOT has completed the implementation of the procedures discussed at the UCF BOT meeting held on 9/6/18 and verified to the BOG that the procedures are in place. | High | Internal Control Redesign & Process Enhancements | COO | Misty Shepherd | Finance and Facilities Committee | All proposed projects on hold until further notice. | In Progress | To Be Determined |

Audit and Compliance Committee Meeting - New Business

Pending Recommendation List

Post Investigation Action Plan

As of June 30, 2019

| Item # | Summary Source | Source Detail | Recommendation | Risk Rating | Theme | Responsible Office | Responsible Person | Responsible BOT Committee | Action Plan | Status | Completion Date |
|--------|---------------------------------------|---|--|-------------|--|--------------------|--------------------|-------------------------------------|---|-------------|-----------------|
| 6 | Board of Trustees | Board of Trustees September 8, 2018 Meeting | All future board and committee approvals of capital projects over \$2 million require a written certification signed by the president, vice president submitting the item, the CFO and general counsel identifying the source of funds and certifying that they are appropriate for that purpose. | High | Internal Control Redesign & Process Enhancements | General Counsel | Scott Cole | Finance and Facilities Committee | To be included in Board Operating Procedures 2 | In Progress | December-19 |
| 7 | Board of Trustees | Board of Trustees May 16, 2019 Meeting | University Audit will work with UCF management and staff to identify PeopleSoft automated internal control enhancements to reduce inappropriate or unnecessary system access, block or flag inappropriate financial transactions, as well as to develop monitoring reports for activities such as large dollar transfers and the timing and amount of construction project funding transactions. | High | Internal Control Redesign & Process Enhancements | University Audit | Robert Taft | Audit and Compliance Committee | Evaluate both automated preventative and detective controls to prevent or flag potentially inappropriate transfer of funds and source/use concerns. Work with other SUS institutes that use PeopleSoft to share possible approaches and programming ideas. | In Progress | November-19 |
| 8 | Bryan Cave Investigation | Bryan Cave January 17, 2019 Report | The University should explore ways in which technology could be used to enhance its internal controls, such as automated workflows within the budget and general ledger systems that flag transactions which may constitute a violation of BOG regulations and/or state law concerning the use of state appropriated funds. | High | Internal Control Redesign & Process Enhancements | University Audit | Robert Taft | Audit and Compliance Committee | UCF audit is working with internal subject matter experts to identify solutions. | In Progress | November-19 |
| 9 | Public Integrity and Ethics Committee | Public Integrity and Ethics Committee March 14, 2019 Report | Capital projects in excess of \$1 million in cost should not be undertaken before the President and General Counsel certify the actual source of all funds to be expended and that planning and funding conform to the Capital Outlay Budget, Capital Improvement Plan, Master Plan, applicable laws and regulations. Such certifications should be submitted to the BOT for information at the next scheduled meeting | High | Internal Control Redesign & Process Enhancements | General Counsel | Scott Cole | Finance and Facilities Committee | To be included in Board Operating Procedures 2 | In Progress | December-19 |
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| 12 | Bryan Cave Investigation | Bryan Cave January 17, 2019 Report | The University should require all newly hired F&A and Facilities department employees, and other employees with budgetary responsibilities, to undergo education and training regarding the proper use of state-appropriated funds, the relevant state statutes, regulations and BOG guidance, and should provide for regular training and education of all such employees regarding these matters. The University should also implement periodic education and training on the key concepts regarding the budgeting process and the appropriation of state funds for members of the BOT and University leaders. | High | Training & Awareness | CFO | Dennis Crudele | Finance and Facilities Committee | A process is being developed to provide initial training on the proper use of funds to new F&A and Facilities employees, with periodic refreshes provided to existing employees and BOT members. Training on the proper use of funds was provided to the BOT on 5/17/19 and to university VPs and Deans on 5/31/19. | In Progress | June-20 |
| 13 | Public Integrity and Ethics Committee | Public Integrity and Ethics Committee March 14, 2019 Report | Boards of Trustees should approve E&G carryforward commitments reported to the BOG's each August and approve University changes to the approved commitments on a quarterly basis | High | Transparency & Pre-Approvals | CFO | Dennis Crudele | Finance and Facilities Committee | An internal process is being developed based on BOG guidance. | In Progress | December-19 |
| 14 | Association of Governing Boards | AGB May 15, 2019 Report | Committee support: Staff who support specific committees should consult with the committee chairs about the content and relevant strategic issues well in advance of finalizing agendas. | Medium | BOT & Staff Interaction | General Counsel | Scott Cole | Nominating and Governance Committee | To be included in Board Operating Procedures 1 | In Progress | July-19 |

Pending Recommendation List

Post Investigation Action Plan

As of June 30, 2019

| Item # | Summary Source | Source Detail | Recommendation | Risk Rating | Theme | Responsible Office | Responsible Person | Responsible BOT Committee | Action Plan | Status | Completion Date |
|--------|---------------------------------|-----------------------------------|---|-------------|--|--------------------------|---|-------------------------------------|---|-------------|-----------------|
| 15 | Association of Governing Boards | AGB May 15, 2019 Report | Board-president relationship: The relationship between the board, especially as represented by its chair, and the president works best when it is a leadership partnership characterized by common goals for the university, well defined areas of respective authority, and recognition of the many topics that require discussion and collaboration. Mutual respect, transparency, and openness to constructive criticism are essential attributes of the relationship, shaped by a regular pattern of communication. The chair speaks for the board; the president speaks for the university. The president should actively participate in board discussions, recognizing that when it comes to a vote, the board alone votes and prevails. Presidential assessment and compensation should be delegated to a committee but involve the whole board. Participation in chair-president training and coaching has proven useful especially when the institution faces challenges as serious as UCF's. | Medium | BOT & Staff Interaction | President's Office | Thad Seymour | Board Chair | Interim President Seymour has weekly calls with the BOT chair, as well as monthly in-person meetings. These are in addition to unscheduled, issue-oriented calls. The president has monthly meetings/calls scheduled with the incoming vice chair and monthly calls with committee chairs, as well as regular meetings/calls with trustees. Board workshops have been built into the 2020 BOT schedule so the president and board can have deliberate "big picture" discussions. The Compensation and Labor Committee reviews presidential performance and compensation annually. | Ongoing | Ongoing |
| 16 | Association of Governing Boards | AGB May 15, 2019 Report | Staff development: Since many of the staff are new in their positions, they should engage in professional development focused on accepted best practices as soon as practicable. A major goal of this developmental process would be to clarify the board's role as the highest governing authority at UCF and the staff's role in supporting the work of the board. | Medium | BOT & Staff Interaction | President's Office | Grant Heston | Nominating and Governance Committee | In April 2019, the board relations team in the Office of the President attended the Association of Governing Boards National Conference on Trusteeship. The team has also completed the AGB online training modules. The team will attend AGB's 2020 National Conference on Trusteeship, and encourage all staff who support committees to attend as well. The board relations team in the Office of the President also attended the May BOT retreat with AGB and BOG representatives. | Ongoing | Ongoing |
| 17 | Association of Governing Boards | AGB January 17, 2019 Memo | The UCF budget should be developed with appropriate engagement of the Board through its Finance Committee as institution priorities are being shaped with a focus on the strategic plan of the University. | Medium | BOT & Staff Interaction | CFO | Dennis Crudele | Finance and Facilities Committee | Annual budgets for the university and DSOs were presented at the June 2019 BOT meeting. Going forward, UCF will need to determine budget approval workflow including use of various internal committees such as the Budget Committee and how the BOT will be involved in the decision making process prior to formal presentation of the proposal. | In Progress | June-20 |
| 18 | Accenture | Accenture January 17, 2019 Report | Reporting Relationship of Academic/DSO Financial Leads and CFO - We recommend that each unit's designated finance lead (sometimes this is a single role that combines finance/operations at the unit level) serve as a dual report to the CFO organization (potentially reporting in to an AVP of Finance). | Medium | Internal Control Redesign & Process Enhancements | President, Provost & CFO | Thad Seymour, Elizabeth Dooley & Dennis Crudele | Finance and Facilities Committee | Action plan in development. | In Progress | TBD |
| 19 | Association of Governing Boards | AGB May 15, 2019 Report | Leadership role of the chair: There is wisdom in the first and last word in the description of the chair as "first among equals." The chair is the leader of the board, is the sole official spokesperson for the board, and symbolizes through discourse and demeanor the seriousness and importance of the board. Board members should keep in clear focus that the board is a single entity as distinct from a body of separate voices. Nevertheless, with the exception of specific authority noted in the bylaws such as naming members of committees and committee chairs, the board chair has only one vote just like other members. Board members who fail to respect the role of the chair especially as the public spokesperson for the board and the controller of the time for debate during board discussions render the board less effective. The BOT should consider following the lead of high-performing boards in taking time to develop a code of board member behavior that embodies respect for the essential role of the chair, the duty of all members to seriously engage themselves in the work of the board, and the rules of transparency and decorum. (See Appendix C for The Ten Habits of Highly Effective Boards.) | Medium | Culture, Ethics, & Governance | N/A | N/A | Nominating and Governance Committee | A pledge form will be developed for all BOT members. | In Progress | September-19 |

Audit and Compliance Committee Meeting - New Business

Pending Recommendation List

Post Investigation Action Plan

As of June 30, 2019

| Item # | Summary Source | Source Detail | Recommendation | Risk Rating | Theme | Responsible Office | Responsible Person | Responsible BOT Committee | Action Plan | Status | Completion Date |
|--------|---------------------------------|--|---|-------------|-------------------------------|---|--------------------|-------------------------------------|---|-------------|------------------|
| 20 | Association of Governing Boards | AGB May 15, 2019 Report | Committees and their functions: The committee titles at UCF represent a common approach that largely reflects the administrative departments and functions of the university. This is not an unacceptable model, but it does hinder focus on strategic priorities as opposed to the status quo—too often placing a board in an oversight rather than a strategic position. The board should consider reducing the number of committees, aligning them by title and charge or charter with UCF's strategic priorities, ensure that the committee chair is central to setting the annual committee agenda and specific meeting agendas, consider adding faculty members and others as nonvoting members of committees, and attend to the right balance between oversight of past/current performance and strategic directions for the future. | Medium | Culture, Ethics, & Governance | President's Office | Thad Seymour | Board Chair | This recommendation will be lead by the Board of Trustees and Board Chair and UCF leadership will provide support in whatever capacity needed to determine committee structure and roles. | In Progress | October-19 |
| 21 | Association of Governing Boards | AGB May 15, 2019 Report | Governance Committee/Taskforce on Governance Reform: The current nominating and governance committee should be charged with a close examination of these and other recommendations with an eye toward implementation of changes in governance behavior—including, perhaps, the name of the committee. However, to give the governance reform work the energy and attention it deserves, consideration should be given to a special task group charged (during a three-month time frame) with implementing, assessing progress on, and reporting regularly to the board on accomplishment of specific reforms. (See Appendix A for a checklist of topics meriting governance committee oversight.) | Medium | Culture, Ethics, & Governance | President's Office | Thad Seymour | Nominating and Governance Committee | This recommendation will be lead by the Board of Trustees and Board Chair. In June 2019, the BOT chair directed the Audit and Compliance Committee to track and monitor post investigation recommendations from all sources. The committee could also recommend a taskforce of trustees assume this responsibility, or that a taskforce review certain categories of recommendations. | In Progress | Ongoing |
| 22 | Association of Governing Boards | AGB May 15, 2019 Report | Board self-assessment: A high-functioning board is composed of members who make service to the institution and its effectiveness in fulfilling its public mission their top priority. Willingness to engage in a regular self-assessment is a sign of commitment to this fiduciary standard. Board self-assessment is also required of Florida institutions by the regional accrediting body—as regional accreditors are demonstrating a focus on board governance among their periodic reviews. An annual retreat that includes self-appraisal, as well as discussion of strategic topics is highly recommended, as are more frequent checks on board performance, its working relationship with the president and staff, as well as the functioning of committees and similar topics. The UCF conflict of interest policy is adequate but relies heavily on self-reporting of conflicts or potential conflicts. It would be greatly strengthened by adherence to the best practices described in the AGB Board of Directors' Statement on Conflict of Interest with Guidelines on Compelling Benefit issued in 2013. (See Appendix D for more information.) A fully functioning governance committee should assume responsibility for structuring a process of board and trustee assessment and conflict of interest oversight. | Medium | Culture, Ethics, & Governance | President's Office | Grant Heston | Nominating and Governance Committee | This recommendation will be lead by the Board of Trustees and Board Chair; however many good examples of board self assessment processes exist which the Board could model, including AGB and the UCF Foundation. The same is true for conflict of interest reporting. The Nominating and Governance Committee could request examples of both for discussion at an upcoming meeting. | Not Started | To Be Determined |
| 23 | Association of Governing Boards | AGB May 15, 2019 Report | Risk assessment: In light of the disruptive forces that currently affect all of higher education, board attention to the myriad risks associated with governing a massive, complex public enterprise like UCF is highly recommended. A workup of priority risks (a heatmap) by staff and external advisors should be a major topic of board discussion at least annually, and the subject of a board risk assessment committee regularly. A sophisticated risk assessment process at the board level might well have anticipated the crisis brought on by the Trevor Colburn Hall fiasco. | Medium | Culture, Ethics, & Governance | University Compliance, Ethics, and Risk | Christina Serra | Audit and Compliance Committee | Hired Director of Enterprise Risk and Insurance Management to develop enterprise risk management program. | In Progress | June-20 |
| 24 | Board of Trustees | Board of Trustees May 16, 2019 Meeting | Based on a motion that was made and approved during the April 23, 2019, Audit and Compliance Committee meeting, University Audit will work with management to obtain funding for additional new lines/positions. These lines/positions will focus on financial controls, data analysis and completing the increasing number of investigations being received through the IntegrityLine and other sources as described earlier. | Medium | Culture, Ethics, & Governance | University Audit | Robert Taft | Audit and Compliance Committee | A staffing plan is being developed including new positions and reporting structure. Job descriptions will be created and edited and then submitted to HR for salary analysis prior to posting for hire. | In Progress | December-19 |

Audit and Compliance Committee Meeting - New Business

Pending Recommendation List

Post Investigation Action Plan

As of June 30, 2019

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|--------|---------------------------------------|--|--|-------------|--|---|---|-------------------------------------|---|-------------|-----------------|
| 25 | Board of Trustees | Board of Trustees May 16, 2019 Meeting | Under BOG Regulation 4.003, at least once every five years, the president and the Board of Trustees shall be provided with an external review of the Compliance and Ethics Program's design and effectiveness and any recommendations for improvement, as appropriate. The first external review shall be initiated within five years from the effective date of the regulation, which is 2021. The assessment shall be approved by the Board of Trustees and a copy provided to the Board of Governors. It was the expectation of University Compliance, Ethics, and Risk that the new vice president for Compliance, Accountability, and Ethics would commission such report upon his or her hire. However, the office will discuss with senior leadership the feasibility of initiating the review sooner, with the expectation that resources to support the review will be provided | Medium | Culture, Ethics, & Governance | University Compliance, Ethics, and Risk | Christina Serra | Audit and Compliance Committee | Collaborate with Florida university peers and BOG IG to define single set of effectiveness standards for use by SUS in effectiveness reviews. Once finalized, engage third party to conduct the five-year review. | In Progress | June-20 |
| 26 | Public Integrity and Ethics Committee | Public Integrity and Ethics Committee March 14, 2019 Report | Each SUS institution should foster a culture that respects and responds to Auditor General Audit Findings. | Medium | Culture, Ethics, & Governance | President's Office | Thad Seymour | Audit and Compliance Committee | UCF is conducting university-wide ethics, compliance and whistle-blower training to create a stronger culture of transparency and accountability. | In Progress | October-19 |
| 27 | Auditor General | Florida Auditor General January 4, 2019 Report | Document the BOT approval of any auxiliary fund deficit fund balances that were caused by restoration of the E&G funds and provide such documentation to the BOG. | Medium | Internal Control Redesign & Process Enhancements | CFO | Dennis Crudele | Finance and Facilities Committee | Documentation to be reviewed and approved during upcoming Board meetings | In Progress | July-19 |
| 28 | Board of Governors | Board of Governors January 31, 2019 Budget Committee and Full Board Meetings | Expand the Bryan Cave investigation to address all E&G misuses (paid for by UCF), review the UCF Strategic Plan, BOG Budget and Finance Committee to review UCF reserves, and review with the UCF BOT of its fiduciary responsibilities. | Medium | Internal Control Redesign & Process Enhancements | TBD | TBD | TBD | Investigation currently taking place with target completion in August. | In Progress | August-19 |
| 29 | Board of Trustees | Board of Trustees May 16, 2019 Meeting | University Audit will initiate a quarterly financial control evaluation and certification program based on customization of Section 302 of the Sarbanes Oxley Act for publicly traded companies https://www.sarbanes-oxley-101.com/SOX-302.htm . This program will include the completion of a checklist to review process, system and regulatory changes along with a review of material transactions taking place during the period to identify any potential areas of concern. A Financial Statement Disclosure Committee consisting of key members of management will be formed to perform this work. University Audit recommends that a member of the Board of Trustees be named as a member of this committee. | Medium | Internal Control Redesign & Process Enhancements | University Audit | Robert Taft | Audit and Compliance Committee | Will leverage available resources and look to hire staff with prior financial controls/SOX experience. | In Progress | November-19 |
| 30 | Public Integrity and Ethics Committee | Public Integrity and Ethics Committee March 14, 2019 Report | Engagement of legal counsel to certify that each budget document submitted to a Board of Trustees for approval is compliant with applicable laws and regulations | Medium | Internal Control Redesign & Process Enhancements | General Counsel | Scott Cole | Finance and Facilities Committee | Action plan in development. | In Progress | TBD |
| 31 | Board of Trustees | Board of Trustees May 16, 2019 Meeting | University Audit will work with UCF management to verify that all follow-up activities the university has committed to in the Auditor General's operational report and all other reports are fully implemented. All identified issues will be tracked in University Audit's audit management software. | Medium | Monitoring Post-Transaction Activities | University Audit | Robert Taft | Audit and Compliance Committee | Perform follow-up work and provide a status update to the BOT Audit and Compliance committee at a future 2019 meeting. | In Progress | November-19 |
| 32 | Bryan Cave Investigation | Bryan Cave January 17, 2019 Report | The University should develop, as a supplement to the budgeting documents and reports required to be submitted to the BOT and/or BOG by Florida law and BOG regulations, a clear and consistent reporting package to be presented to the BOT on a periodic basis, designed to appropriately inform the Board regarding the funding of capital projects. | Medium | Monitoring Post-Transaction Activities | CFO | Dennis Crudele | Finance and Facilities Committee | To be included in Board Operating Procedures 2 | In Progress | December-19 |
| 33 | Accenture | Accenture January 17, 2019 Report | CFO Role in Budgeting - UCF would benefit from formalizing the CFO's role to include setting the overall fiscal constraint in the budget process (e.g. revenue, expenditure, liquidity and debt targets). From a practicable standpoint, this translates into the President, Provost and the CFO "stacking hands" on fiscal capacity, with the Provost driving the budget allocation process thereafter. | Medium | Internal Control Redesign & Process Enhancements | President, Provost & CFO | Thad Seymour, Elizabeth Dooley & Dennis Crudele | Finance and Facilities Committee | Action plan in development. | In Progress | TBD |
| 34 | Association of Governing Boards | AGB May 15, 2019 Report | Recording minutes: The minutes of board and committee meetings became much more detailed during the course of 2018. However, the appropriate board committee and staff should develop guidelines to ensure that minutes present a full and accurate report on board and committee deliberations and actions. | Medium | Policies & Procedures | General Counsel | Scott Cole | Nominating and Governance Committee | To be included in Board Operating Procedures 1 | In Progress | July-19 |

Audit and Compliance Committee Meeting - New Business

Pending Recommendation List

Post Investigation Action Plan

As of June 30, 2019

| Item # | Summary Source | Source Detail | Recommendation | Risk Rating | Theme | Responsible Office | Responsible Person | Responsible BOT Committee | Action Plan | Status | Completion Date |
|--------|---------------------------------------|--|--|-------------|-----------------------|---|--------------------|-------------------------------------|---|-------------|-----------------|
| 35 | Board of Governors | Board of Governors January 31, 2019 Audit and Compliance Committee Meeting | Develop a policy for the authorization of funds, which is approved by the President, CFO, Legal, and Board of Trustees. NOTE ****This was not a recommendation from the BOG. Marchena/Pres Whittaker informed them that this was an action we were taking. | Medium | Policies & Procedures | CFO | Dennis Crudele | Finance and Facilities Committee | To be included in Board Operating Procedures 2 | In Progress | December-19 |
| 36 | Board of Trustees | Board of Trustees January 24, 2019 Meeting | Office of the General Counsel, Compliance, Ethics and Risk Office, and Internal Audit will develop updated policies and procedures for the board's consideration to further ensure proper use of state appropriated E&G funds. | Medium | Policies & Procedures | CFO | Dennis Crudele | Finance and Facilities Committee | Office of the General Counsel, Compliance, Ethics and Risk Office, and Internal Audit will develop updated policies and procedures for the board's consideration to further ensure proper use of state appropriated E&G funds. | In Progress | June-20 |
| 37 | Bryan Cave Investigation | Bryan Cave January 17, 2019 Report | The University should require F&A to consult with the University's General Counsel, Compliance, Ethics, and Risk Office, Internal Audit, and the BOG, as appropriate, to develop specific written policies and procedures designed to reasonably ensure the proper use of state-appropriated E&G funding. These policies and procedures should, at a minimum, clearly identify those persons and/or bodies within the university with responsibility to approve and oversee expenditures of E&G. | Medium | Policies & Procedures | CFO | Dennis Crudele | Finance and Facilities Committee | To be included in Board Operating Procedures 2 | In Progress | December-19 |
| 38 | Bryan Cave Investigation | Bryan Cave January 17, 2019 Report | The policies and procedures should also describe the documentation necessary to support certain funding-related requests, such as budget transfer requests above a certain threshold, and provide clear instructions to employees charged with the responsibility to approve such requests. | Medium | Policies & Procedures | CFO | Dennis Crudele | Finance and Facilities Committee | To be included in Board Operating Procedures 2. | In Progress | December-19 |
| 39 | Public Integrity and Ethics Committee | Public Integrity and Ethics Committee March 14, 2019 Report | University investment policies and accounting of investment shares of various university accounts should disclose the source and possible use of all funds commingled in investment programs. Care should be taken to avoid risking University reserves or endowments through internal allocation practices that are not fully accountable to the BOTs | Medium | Policies & Procedures | CFO | Dennis Crudele | Finance and Facilities Committee | Procedures are being developed that will clarify the sources of funding in each of the university's investment vehicles. | In Progress | June-20 |
| 40 | Association of Governing Boards | AGB May 15, 2019 Report | Board orientation and development. Orienting new members and reorienting longer-serving trustees is a standard best practice to enable newer board members to add value more quickly and the veterans to update their working awareness of the scope and limits of effective board responsibility and governance. A sound orientation program avoids the "drinking from a fire hose syndrome" just as it provides all of the relevant information a new member needs or requests. An ongoing development program polls members on their interests and proposes special workshops on the compelling issues for boards now and in the foreseeable future. Topics could well include technology and educational effectiveness, predictive analytics and student achievement, the evolving nature of the student body, maximizing athletics as a university asset, as well as such areas of risk as Title IX violations, cybersecurity, et cetera. As of the date of the drafting of this report, UCF has made AGB's online board orientation program available to all members of the UCF BOT. | Medium | Training & Awareness | President's Office | Grant Heston | Nominating and Governance Committee | A draft orientation plan is nearing completion. This plan would have new trustees participate in a full day (or two half day) sessions with administration, deans, faculty, staff and students and provide a rich history of UCF and its goals, as well as the governance and fiduciary requirements from the AGB, BOG and BOT retreat. | In Progress | September-19 |
| 41 | Auditor General | Florida Auditor General January 4, 2019 Report | Enhance procedures to ensure and demonstrate that E&G carryforward funds are only used for authorized purposes. Such enhancements may include appropriate training to ensure that University management responsible for approving the use of E&G funding understand the restrictions for such use and documenting support for allowable uses of the funding. | Medium | Training & Awareness | CFO | Dennis Crudele | Finance and Facilities Committee | Training will be developed and provided to budget and finance decision makers to ensure E&G carryforward funds are used for authorized purposes. Working with other SUS institutions, F&A is developing funds use guidelines that will be posted on F&A's website. | In Progress | June-20 |
| 42 | Board of Trustees | Board of Trustees May 16, 2019 Meeting | University Compliance, Ethics, and Risk will implement, at a minimum, senior management annual ethics training with a signed statement that they have taken the training, their direct reports are trained, and they are in compliance with university, SUS, and state regulations and policies. | Medium | Training & Awareness | University Compliance, Ethics, and Risk | Christina Serra | Audit and Compliance Committee | Obtain resources to support development of new annual training and certification process. | In Progress | June-20 |
| 43 | Public Integrity and Ethics Committee | Public Integrity and Ethics Committee March 14, 2019 Report | Budget and finance decision makers should receive regular notifications of changes in applicable laws and regulations including new Board of Governance guidance. | Medium | Training & Awareness | CFO | Dennis Crudele | TBD | F&A will continue to provide notification via email, budget directors' meetings, and financial focus group meetings, to budget and finance decision makers as there are changes to applicable laws and regulations. Particular emphasis will be given to new Board of Governors guidance when it is received. | In Progress | December-19 |

Audit and Compliance Committee Meeting - New Business

Pending Recommendation List

Post Investigation Action Plan

As of June 30, 2019

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|--------|---------------------------------------|---|--|-------------|-------------------------------|---|--------------------|-------------------------------------|---|-------------|-----------------|
| 44 | Association of Governing Boards | AGB May 15, 2019 Report | In advance of meetings: Staff should arrange to discuss the agenda and materials in advance with the board chair and committee chairs to ensure the clarity and adequacy of the information provided. | Medium | Transparency & Pre-Approvals | General Counsel | Scott Cole | Nominating and Governance Committee | To be included in Board Operating Procedures 1 | In Progress | July-19 |
| 45 | Association of Governing Boards | AGB May 15, 2019 Report | Full disclosure: Prior to distributing materials, the president, senior legal counsel, and chief of staff along with other staff as appropriate should meet to discuss and confirm the completeness and accuracy of materials. The president should confirm in writing that to the best of his knowledge the materials disclose all relevant information, including legal issues and requirements, needed for board deliberations and action. | Medium | Transparency & Pre-Approvals | General Counsel | Scott Cole | Nominating and Governance Committee | To be included in Board Operating Procedures 1 | In Progress | July-19 |
| 46 | Association of Governing Boards | AGB May 15, 2019 Report | Governance in the sunshine: Florida's embrace open meetings and records requirements mean that nearly all board discourse be open to the public. Board meetings at an institution as prominent as UCF attract broad attention from internal stakeholders, the media, and the public at large. The Trevor Colbourn Hall controversy magnifies this attention. In this environment, board members must develop the habit of openly and freely discussing serious strategic and occasionally divisive topics in public. Sticking to noncontroversial items or discussing serious matters superficially will not serve the board or the public. Given the recent spate of negative publicity, the board should not be concerned about a few more headlines about it tackling difficult topics. | Low | BOT & Staff Interaction | President's Office | Thad Seymour | Nominating and Governance Committee | This recommendation will be lead by the Board of Trustees and Board Chair; however it can be achieved by articulating a "Statement of Expectations" to guide individual and collective behavior. In terms of transparency, board meetings will be livestreamed beginning in July 2019. | In Progress | November-19 |
| 47 | Association of Governing Boards | AGB May 15, 2019 Report | Board meetings: Productive board meetings feature candid conversation, rely on adequate committee and staff reports (not too little and not too much), use a consent agenda to allow time for important discussions, avoid the addition of late or understaffed items, and are conducted in a professional manner that reinforces the image of the board as a responsible fiduciary body. Planning for board meetings should focus on agendas and how they are set, the time spent on perfunctory versus strategic issues, the quality of committee communications with the board, the scope and quality of staff presentations, the tone of member interactions, and the chair's responsibility to short-circuit irrelevant distractions. It is essential for the UCF president to recognize that engaging with the board—most especially with the board chair and committee chairs—is fundamental to a collaborative leadership structure. Delegating board governance and board priorities to other staff will ultimately weaken institution governance and a president's standing. | Low | BOT & Staff Interaction | President's Office | Grant Heston | All BOT Committees | This has been/will be addressed in several ways: 1) Reviewing the Presidential Delegation of Authority, which currently requires the board to spend significant time on "perfunctory" matters. 2) In Fall 2018, the administration required all committee agendas to be approved by committee chairs, ensuring their significant input in agenda development. This continues. 3) Develop a board "Statement of Expectations" to guide individual and collective behavior. 4) Approve Board Operating Procedures that oversee submission guidelines, deadlines, etc. 5) Interim President Seymour has weekly calls with the BOT chair, as well as monthly in-person meetings. These are in addition to unscheduled, issue-oriented calls. The president has monthly meetings with the vice chair and monthly calls with committee chairs, as well as regular meetings/calls with trustees. 6) Board workshops have been built into the 2020 BOT schedule so the president and board can have deliberate "big picture" discussions. | In Progress | Ongoing |
| 48 | Association of Governing Boards | AGB May 15, 2019 Report | Staff responsibilities to the board: Develop a concise statement of the staff's role in supporting the board's governance authority and responsibilities to include attention to the completeness and transparency of materials provided to the board. | Low | BOT & Staff Interaction | General Counsel | Scott Cole | Nominating and Governance Committee | To be included in Board Operating Procedures 1 | In Progress | July-19 |
| 49 | Accenture | Accenture January 17, 2019 Report | Customer Experience & Employee Satisfaction Surveys - As part of promoting a performance oriented culture, A&F would benefit from an employee satisfaction survey. These surveys could be conducted every 2-3 years at a low cost (given the value) with small, dedicated internal teams taking actions to address the survey findings. | Low | Culture, Ethics, & Governance | CFO | Dennis Crudele | Finance and Facilities Committee | The Division of Finance and the Division of Administration will consider use of periodic employee satisfaction surveys. | In Progress | June-20 |
| 50 | Board of Trustees | Board of Trustees May 16, 2019 Meeting | Compliance efficiency and benchmarking metrics will be provided at the next Board of Trustees Audit and Compliance Committee meeting. An update will follow to the full board. | Low | Culture, Ethics, & Governance | University Compliance, Ethics, and Risk | Christina Serra | Audit and Compliance Committee | Preparing report for August 8, 2019 meeting. | In Progress | August-19 |
| 51 | Public Integrity and Ethics Committee | Public Integrity and Ethics Committee March 14, 2019 Report | Boards of Trustees should review each state audit finding, be fully advised by legal counsel, audit staff and trained administrators of the seriousness of findings of unlawful operations or activities, and maintain regular review of institutional responses until compliance is achieved and certified by the university's chief audit executive, Board of Governors Inspector General, or the Auditor General | Low | Culture, Ethics, & Governance | University Audit | Robert Taft | Audit and Compliance Committee | As noted in several other recommendations, open AG audit issues will be tracked by UCF Audit. The Board Chair or Chair of the Audit and Compliance meeting are invited to AG exit conferences. Draft responses to AG reports will be provided to specific BOT members prior to sending to AG. | In Progress | September-19 |

Audit and Compliance Committee Meeting - New Business

Pending Recommendation List

Post Investigation Action Plan

As of June 30, 2019

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| 52 | Accenture | Accenture January 17, 2019 Report | Benchmarking of A&F Services for Efficiency & Effectiveness - UCF has the opportunity to establish a new culture of performance. Benchmarking cost and quality of transaction processing areas in Finance, Procurement, HR, IT and Facilities would provide UCF with a fact based approach to staffing and performance improvement. | Low | Internal Control Redesign & Process Enhancements | CFO | Dennis Crudele | Finance and Facilities Committee | The Division of Finance and the Division of Administration will benchmark transaction processing in areas such as Finance & Accounting, Procurement, Facilities, Police, HR, and Parking. This information will be utilized to reassess staffing needs in those units. | In Progress | June-20 |
| 53 | Board of Trustees | Board of Trustees March 13, 2019 Meeting | Audit and Compliance Committee to review and consider extending real time audits to all major financial commitments that are beyond budget or major changes to budgets throughout the year and provide recommendations to the full board. | Low | Monitoring Post-Transaction Activities | University Audit | Robert Taft | Audit and Compliance Committee | To be included on future committee meeting agenda | In Progress | December-19 |
| 54 | Public Integrity and Ethics Committee | Public Integrity and Ethics Committee March 14, 2019 Report | Regular internal operational audits to monitor compliance with such policies (Policies developed to ensure adherence to budget and planning laws and regulations). | Low | Monitoring Post-Transaction Activities | University Audit | Robert Taft | Audit and Compliance Committee | Will look at scheduling a budget process audit or consulting project once the current process is redefined and is implemented or is being implemented. Will work with management and BOT to determine which type of audit project would add the most value. Will discuss with CFO at future meeting. | In Progress | September-19 |
| 55 | Public Integrity and Ethics Committee | Public Integrity and Ethics Committee March 14, 2019 Report | Capital Outlay Budgets, Fund Composition Reports and E&G carry forward expenditures should be routinely audited. | Low | Monitoring Post-Transaction Activities | University Audit | Robert Taft | Audit and Compliance Committee | Leverage proposed Financial Controls disclosure committee process. Look at current risk assessment process to determine how to adjust criteria to increase audit work to be done around this area. | In Progress | November-19 |
| 56 | Board of Trustees | Board of Trustees May 16, 2019 Meeting | University Audit will monitor changes to Florida statutes relating to whistle-blower eligibility and determination criteria and adjust university policies and internal procedures accordingly | Low | Policies & Procedures | University Audit | Robert Taft | Audit and Compliance Committee | Work with UCF General Counsel, BOG IG and other Chief Audit Executives to keep up on legal and operational issues. | In Progress | December-19 |
| 57 | Board of Trustees | Board of Trustees May 16, 2019 Meeting | University Compliance, Ethics, and Risk and University Audit will, as appropriate, review and update current policies related to reporting misconduct and investigations, adding new policies as necessary. | Low | Policies & Procedures | University Compliance, Ethics, and Risk and University Audit | Christina Serra and Robert Taft | Audit and Compliance Committee | Review policies to determine updates as necessary. | In Progress | November-19 |
| 58 | Public Integrity and Ethics Committee | Public Integrity and Ethics Committee March 14, 2019 Report | All SUS leadership should jointly search for best practices in budgeting and accountability. Each Board of Trustees should adopt policies to ensure adherence to budget and planning laws and regulations. | Low | Policies & Procedures | CFO | Dennis Crudele | Finance and Facilities Committee | To be included in Board Operating Procedures 2 | In Progress | June-20 |
| 59 | Board of Trustees | Board of Trustees May 16, 2019 Meeting | University Compliance, Ethics, and Risk along with University Audit will develop and deliver the following: i. UCF Employee Code of Conduct training which includes awareness of reporting options available to employees and the UCF IntegrityLine ii. Online training covering university policies on reporting misconduct and protection from retaliation and whistle-blower protections, the reporting options available to employees, and the UCF IntegrityLine | Low | Training & Awareness | University Compliance, Ethics, and Risk, University Audit, and President's Office | Christina Serra, Robert Taft, Tom Hope | Audit and Compliance Committee | On-line module and communication plan targeted for distribution in late Summer/early Fall. | In Progress | October-19 |
| 60 | Board of Trustees | Board of Trustees May 16, 2019 Meeting | University Compliance, Ethics, and Risk will continue training and advertising on the UCF IntegrityLine through the online training modules and the IntegrityStar. will confirm Speak Up posters are in all employee common areas within all buildings, and Speak Up icons with hyperlinks to the IntegrityLine are on appropriate websites | Low | Training & Awareness | University Compliance, Ethics, and Risk | Christina Serra | Audit and Compliance Committee | Confirming all IntegrityLine posters and icons are posted where they should be and continue training and awareness efforts on the IntegrityLine. | In Progress | Ongoing |
| 61 | Board of Trustees | Board of Trustees May 16, 2019 Meeting | University Audit will provide face-to-face whistle-blower determination training as requested or if retaliation activities are substantiated for a specific area of the university. | Low | Training & Awareness | University Audit | Robert Taft | Audit and Compliance Committee | Develop a PowerPoint for presentations. | In Progress | November-19 |
| 62 | Bryan Cave Investigation | Bryan Cave January 17, 2019 Report | The University should consider the need for improved training and communications regarding its whistleblower program designed to increase awareness of the program and encourage employees to report known or suspected violations of law, regulation or University policy. | Low | Training & Awareness | University Compliance, Ethics, and Risk, University Audit, and President's Office | Robert Taft | Audit and Compliance Committee | On-line module and communication plan targeted for distribution in late Summer/early Fall. | In Progress | October-19 |
| 63 | Board of Governors | Board of Governors January 31, 2019 Audit and Compliance Committee Meeting | Develop a policy for the BOT to verify agenda items that are supported by statute. NOTE: ***This was not a recommendation from the BOG. President Whittaker informed them that this was an action we were taking. | Low | Transparency & Pre-Approvals | General Counsel | Scott Cole | Nominating and Governance Committee | To be included in Board Operating Procedures 1 | In Progress | July-19 |

Audit and Compliance Committee Meeting - New Business

Completed Action Items
Post Investigation Action Plan
 As of June 30, 2019

| Item # | Source | Recommendation | Risk Ranking | Completion Date | Responsible Office |
|--------|--|---|--------------|-----------------|--|
| 1 | Accenture January 17, 2019 Report | UCF's Future State Model for A&F - We believe Models 1, 2, or 3 are feasible for UCF and there is no "best" model. However, our recommendation is for UCF to adopt the "Split Model". Under the Split Model, the VP/CFO role would oversee financial management functions and the COO role would be established for operational functions. | High | January-19 | President |
| 2 | Board of Governors January 31, 2019 Audit and Compliance Committee Meeting | Execute a full and complete accounting of funds to pay back the E&G funds used. Provide BOG with complete accounting of repayment. | High | January-19 | CFO |
| 3 | Board of Trustees January 24, 2019 Meeting | Adopt as board policy the permanent separation of the position of CFO and Vice President of Administration or COO. Action will also amend the Delegation of Authority to also include the position of CFO and Vice President or COO. | High | February-19 | General Counsel |
| 4 | Bryan Cave January 17, 2019 Report | Finally, the University should make permanent its decision to reorganize the position of Vice President for Administration and Finance so that it no longer has simultaneous oversight of F&A and Facilities. | High | January-19 | President & Board |
| 5 | Florida Auditor General January 4, 2019 Report | Document to the BOG that E&G funds misused for the TCH project and any other construction projects have been fully restored from appropriate sources. | High | January-19 | CFO |
| 6 | Florida Auditor General January 4, 2019 Report | Enhance procedures to ensure that the capital outlay budgets presented to and approved by the BOT properly and accurately specify the anticipated funding sources for all capital projects. | High | | |
| 7 | Public Integrity and Ethics Committee March 14, 2019 Report | Boards of Trustees should approve Operating Budgets conforming to Florida law with some delineation of authorized expenditures, subject to revision by the BOG | High | | |
| 8 | Board of Trustees January 24, 2019 Meeting | Strip former CFO William Merck of all remaining unpaid performance bonuses. | Medium | January-19 | Human Resources |
| 9 | Board of Trustees January 24, 2019 Meeting | Suspend Whittaker's participation in the performance bonus program for two years, covering his time as provost. | Medium | February-19 | Human Resources |
| 10 | Board of Trustees March 13, 2019 Meeting | Ensure that the Board has access to all reports mentioned in the investigations, especially regarding the usage of E&G funds. | Medium | | |
| 11 | Board of Trustees March 21, 2019 Meeting | Terminate further payments to former President John Hitt pursuant to the university's Performance Unit Plan. | Medium | March-19 | Human Resources |
| 12 | Public Integrity and Ethics Committee March 14, 2019 Report | Trustees should be trained in their constitutional and fiduciary responsibilities. (To include budgetary and financial responsibilities | Medium | May-19 | President |
| 13 | AGB May 15, 2019 Report | Timely information: Board materials should be delivered to members seven to ten days in advance of meetings to provide the board with the opportunity to study materials and raise questions. Late additions should be made only in exceptional circumstances. | Low | January-19 | General Counsel |
| 14 | Board of Governors January 31, 2019 Audit and Compliance Committee Meeting | Fix the reporting structure of UCF to their BOT (BOG Ref 1.001) ***This was not a recommendation - Kitson stated that our organizational chart was incorrect and part of misguided attitude and actions at UCF. This was later clarified in a letter by the President. | Low | February-19 | President |
| 15 | Board of Trustees January 24, 2019 Meeting | Create a standard format for Board of Trustees agendas. | Low | January-19 | General Counsel |
| 16 | Board of Trustees January 24, 2019 Meeting | Audit and Compliance Committee to review the existing whistleblower program (Integrity Line) and recommend how to update the program and educate the university community on its availability and use, and for the committee to report their recommendations to the board. | Low | May-19 | University Compliance, Ethics, and Risk / University Audit |
| 17 | Board of Trustees January 24, 2019 Meeting | Adopt as board policy real time audits for all capital projects greater than \$2M; including the Audit Department's verification of the funding source as appropriate after board approval and before the project starts, spot check the funding source during the project and conduct post-project audits. | Low | January-19 | University Audit |
| 18 | Board of Trustees January 24, 2019 Meeting | Adopt a standard agenda memoranda format as distributed by Chairman Marchena at last week's meeting with two modifications: (1) section titled Board's Authority for the Action citing the statutes or university regulations that enables the board to take the action and (2) the committee chair or chairman of the board must approve all agenda items before they are posted publicly. | Low | January-19 | President |
| 19 | Board of Trustees March 21, 2019 Meeting | The Audit and Compliance Committee to review and provide a recommendation to the full Board whether to retain an independent third party auditor. Discussed but not passed - independent financial audit of the University's finances. | Low | May-19 | University Audit |

Board of Governors Action Items

Post Investigation Action Plan

As of June 30, 2019

| Item # | Source | Recommendation | Board of Governors Action Plan | UCF Action Plan |
|--------|---|--|--------------------------------|-----------------|
| 1 | Public Integrity and Ethics Committee March 14, 2019 Report | The Board of Governors should provide standards for operating budgets and capital outlay budgets consistent with the above recommendations to verify that the laws are faithfully executed. | | |
| 2 | Public Integrity and Ethics Committee March 14, 2019 Report | The Board of Governors should provide clear guidance for Capital Improvement Plans including BOB 1 and BOB 2 lists to verify the legitimate and appropriate use of each form. | | |
| 3 | Public Integrity and Ethics Committee March 14, 2019 Report | The Board of Governors should provide or identify standards for project planning that require proper project budgeting and authorizations, particularly funding authorization in budgets approved by a university Board of Trustees. | | |
| 4 | Public Integrity and Ethics Committee March 14, 2019 Report | The Board of Governors should require Boards of Trustees regularly to review and approve E&G carryforward spending plans. | | |
| 5 | Public Integrity and Ethics Committee March 14, 2019 Report | The Board of Governors should provide clear written guidance or opinions upon request of university staff and Boards of Trustees on all matters of regulatory significance. FAQs and training modules covering all statutory and regulatory budget and finance matters should be available to all universities. Such information should be kept current with respect to laws and regulations. | | |
| 6 | Public Integrity and Ethics Committee March 14, 2019 Report | Board of Governors reports should accurately reflect plans or expenditures reported. Funds not legal encumbered should never be characterized as encumbered or expended. Funds committed from E&G carryforward accounts and not encumbered or expended should be reported as E&G carryforward available for any lawful use. Funds transferred to other university accounts but not expended should not be reported as expenditures. | | |
| 7 | Public Integrity and Ethics Committee March 14, 2019 Report | To remove legal uncertainty about the use of E&G for maintenance, renovation and capital renewal: (I) the Board of Governors should abandon its \$2 million limitation on maintenance projects or clarify its statutory or regulatory basis with a legal opinion of its General Counsel or the Attorney General; and (II) The Board of Governors should consistently define "fixed capital outlay," "maintenance," "capital renewal," "deferred maintenance," "infrastructure," and related terms consistent with current law. | | |
| 8 | Public Integrity and Ethics Committee March 14, 2019 Report | The Board of Governors should consider adopting a policy on crisis management, providing intervention and support to institutions affected by financial mismanagement. | | |
| 9 | Public Integrity and Ethics Committee March 14, 2019 Report | The Board of Governors Inspector General should investigate significant complaints or reports of possible waste, fraud and mismanagement and submit investigative findings to the Board of Governors, the Speaker of the House and Senate President. | | |
| 10 | Public Integrity and Ethics Committee March 14, 2019 Report | The Board of Governors should ensure that multiple whistle-blower paths are available and widely publicized to maximize opportunities for Trustees, employees, students, contractors, and taxpayers to report waste, fraud, mismanagement or other violations of governing laws. | | |
| 11 | Public Integrity and Ethics Committee March 14, 2019 Report | University Audit and Compliance staff should make annual reports to the Board of Governors Inspector General summarizing their investigative activities, findings, and results. | | |
| 12 | Public Integrity and Ethics Committee March 14, 2019 Report | The Board of Governors should monitor compliance activities in all institutions. | | |
| 13 | Board of Trustees May 16, 2019 Meeting | The Board of Governors (BOG) has retained an external audit firm (Crowe LLP) to provide the BOG with an independent review of the business processes and internal controls relating to financial activities within the State University System. Crowe will be performing work at each SUS location. University Audit will coordinate this work as requested by the BOG and communicate the impact of any recommendations to UCF management and the Board of Trustees. Any recommendations required a response or required action by UCF will be tracked by University Audit using our audit management software. | | |