



## **February 22, 2022 Audit and Compliance Committee Meeting**

Board of Trustees

UCF Downtown Campus, DPAC 106/106A

Feb 22, 2022 10:00 AM - 11:00 AM EST

### **Table of Contents**

<b>I. Agenda.....</b>	<b>2</b>
<b>II. Minutes of the November 16, 2021 meeting.....</b>	<b>4</b>
<b>III. Reports</b>	
<b>IV. Action</b>	
<b>A. AUDC - 1 Board of Governors' Performance-based Funding Data Integrity     Certification Audit Report.....</b>	<b>6</b>
<b>B. AUDC - 2 Performance-based Data Integrity Certification Form.....</b>	<b>15</b>
<b>V. Discussion</b>	
<b>A. DISC – 1 Audit and Compliance Committee Charter.....</b>	<b>21</b>
<b>B. DISC – 2 University Compliance, Ethics, and Risk Update.....</b>	<b>28</b>
<b>C. DISC - 3 University Audit Update.....</b>	<b>40</b>
<b>VI. Information</b>	
<b>A. INFO - 1 Direct Support Organization External Audit Reports.....</b>	<b>50</b>
<b>VII. New Business</b>	
<b>VIII. Adjournment</b>	



**Board of Trustees Meeting  
Audit and Compliance Committee  
February 22, 2022, 10:00 – 11:00 a.m.  
UCF Downtown Campus, DPAC 106/106A**

Livestream: <https://ucf.zoom.us/j/99732242482?pwd=d1pNQ09BVTk5OXozUzJnQnlCT2pBdz09>

Webinar ID: 997 3224 2482

Conference call number: +1 929 205 6099

Meeting ID: 997 3224 2482

### AGENDA

- |                                             |                                                                                                                                      |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| 1. Call to Order and Welcome                | Bill Christy <i>Chair, Audit and Compliance Committee</i>                                                                            |
| 2. Roll Call                                | Margaret Melli, <i>Executive Assistant University Compliance, Ethics, and Risk</i>                                                   |
| 3. Minutes of the November 16, 2021 meeting | Chair Christy                                                                                                                        |
| 4. Reports                                  | Chair Christy                                                                                                                        |
| 5. Action (20-minutes)                      | Chair Christy                                                                                                                        |
| AUDC-1                                      | Board of Governors' Performance-based Funding Data Integrity Certification Audit Report<br>Robert Taft, <i>Chief Audit Executive</i> |
| AUDC-2                                      | Performance-based Data Integrity Certification Form<br>Robert Taft                                                                   |
| 6. Discussion (30-minutes)                  | Chair Christy                                                                                                                        |
| DISC – 1                                    | Audit and Compliance Committee Charter<br>Rhonda L. Bishop, <i>Vice President for Compliance and Risk</i><br>Robert Taft             |
| DISC – 2                                    | University Compliance, Ethics, and Risk Update<br>Rhonda L. Bishop                                                                   |
| DISC – 3                                    | University Audit Update<br>Robert Taft                                                                                               |



# Board of Trustees

## Meeting Agenda

7. Information (*10-minutes*)

INFO-1

Direct Support Organization External Audit  
Reports  
Robert Taft

8. New Business

Chair Christy

9. Adjournment

Chair Christy



UNIVERSITY OF CENTRAL FLORIDA

**Board of Trustees  
Audit and Compliance Committee Meeting  
November 16, 2021  
UCF Main Campus, Neptune Community Multipurpose Room 195 and Virtual**

**MINUTES**

**CALL TO ORDER**

Trustee Bill Christy, Chair of the Audit and Compliance Committee, attended virtually and called the meeting to order at 9:00 a.m. Board Chair Alex Martins (ex-officio), Vice Chair Tiffany Altizer and Committee members Joseph Harrington, Harold Mills, and Beverly Seay were present. Committee member Danny Gaekwad was absent.

Other Trustees present included Carol McAlpin and Trustee John Miklos attended virtually.

**MINUTES APPROVAL**

Trustee Altizer made a motion to approve the minutes from the August 24, 2021, Audit and Compliance Committee meeting. Trustee Harrington seconded the motion. The minutes were unanimously approved.

**DISCUSSION**

Chair Christy requested DISC-2 be presented first.

**University Audit Update (DISC-2)**

Robert Taft, Chief Audit Executive, provided the University Audit Update which included status updates on completed and ongoing projects. He gave an outline on the department's recent change in the audit report scoring methodology and the development of the department's operational scorecard; and highlighted the planning process for upcoming department projects. He also gave an update on other activities including the status of the Auditor General Operational Audit report and the completion of two Driver and Vehicle Information Database (DAVID) information security reviews.

**Compliance, Ethics, and Risk Update (DISC-1)**

Rhonda Bishop, Vice President for Compliance and Risk gave the Compliance, Ethics, and Risk Update which included an overview of the university's insurance portfolio and the administration of insurance coverage. She gave highlights on the Compliance and Ethics Annual Report including the new website addressing risks associated with inappropriate foreign influence, the number of training courses completed during the year, and the newly developed online registration system launched by the Youth Protection Program. Lastly, Ms. Bishop provided an

update on the Compliance and Ethics Annual Work Plan Status for the period of July through September 30, 2021, and provided a brief update on the Conflict of Interest and Outside Activity Disclosure process, CARES Act funds monitoring, and the annual Code of Conduct training.

### **ADJOURNMENT**

Chair Christy adjourned the Audit and Compliance Committee meeting at 9:49 a.m.

Reviewed by:

\_\_\_\_\_  
Bill Christy  
Chair, Audit and Compliance Committee      Date

Respectfully submitted:

\_\_\_\_\_  
Michael Kilbride  
Associate Corporate Secretary      Date



# Board of Trustees

## Agenda Memo

Board of Trustees  
Audit and Compliance Committee  
February 22, 2022

### AUDC-1: Board of Governors' Performance-based Funding Data Integrity Certification Audit Report

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☐ Information

☐ Discussion

☒ Action

Meeting Date for Upcoming Action: \_\_\_\_\_

#### Purpose and Issues to be Considered:

To determine if the report achieves the objective of complying with the Board of Governors' reporting requirements and any correction plans identified within the report are clearly documented and adequately address the correction plans.

#### Background Information:

As an annual requirement, University Audit has performed an audit of UCF's processes to ensure the completeness, accuracy, and timeliness of data submissions relating to Board of Governors' performance funding metrics.

The results of this audit are required to be accepted by the committee including any identified corrective action plans. After acceptance by the committee and subsequent review and approval by the full UCF Board of Trustees, the report shall be submitted to the Board of Governors' Office of Inspector General and Director of Compliance no later than March 1, 2022.

#### Recommended Action:

Accept University Audit's report on the Board of Governors Performance-based Funding Data Integrity Certification Process.

#### Alternatives to Decision:

Elect not to accept the report and/or require additional work be performed by University Audit along with a formal request to the Board of Governors for a filing extension.

#### Fiscal Impact and Source of Funding:

Cost to UCF is internal representing the hours spent by University Audit and other departments in completing the audit and reviewing the results.

#### Authority for Board of Trustees Action:

The Florida Board of Governors' Data Integrity Certification process which was established in June 2014.

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Contract Reviewed/Approved by General Counsel ☐ N/A ☒

Committee Chair or Chair of the Board has approved adding this item to the agenda ☒

#### Submitted by:

Robert Taft, Chief Audit Executive



# Board of Trustees

## Agenda Memo

### **Supporting Documentation:**

Attachment A: Board of Governors' Performance-based Funding Data Integrity Certification Audit Report

### **Facilitators/Presenters:**

Robert Taft, Chief Audit Executive



UNIVERSITY OF CENTRAL FLORIDA

# **PERFORMANCE-BASED FUNDING DATA INTEGRITY**

**AUDIT OF INTERNAL CONTROLS AND COMPLIANCE  
AS OF SEPTEMBER 30, 2021**

**AUDIT 365  
JANUARY 14, 2022**

This work product was prepared in accordance with the International Standards for the Professional Practice of Internal Auditing, as published by the Institute of Internal Auditors, Inc.





UNIVERSITY OF CENTRAL FLORIDA

**University Audit**

Phone: 407-823-2889

P.O. Box 160080

Orlando, FL 32816-0080

**MEMORANDUM**

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TO: Alexander Cartwright  
President

FROM: Robert J. Taft  
Chief Audit Executive

DATE: January 14, 2022

SUBJECT: Audit of Performance-based Funding Data Integrity

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The enclosed report represents the results of our Performance-based Funding Data Integrity audit.

We appreciate the cooperation and assistance of the staff in Institutional Knowledge Management, the Office of Research, the College of Graduate Studies, and the UCF Foundation.

cc: M. Paige Borden  
Linda Sullivan  
Michael Johnson  
Liz Klonoff  
Dorothy Yates  
Chad Macuszonok  
Doug Backman  
Jana Jasinski  
Mike Kilbride  
Board of Trustees  
State University System of Florida Inspector General

## **Background and Performance Objectives**

Beginning in 2013-14, the Florida Board of Governors (BOG) implemented a performance-based funding (PBF) model which utilizes a set of performance metrics to evaluate universities on a range of issues, including graduation rates, job placement, cost per degree, and retention rates.

The model has four guiding principles:

1. use metrics that align with SUS Strategic Plan goals,
2. reward Excellence or Improvement,
3. have a few clear, simple metrics, and
4. acknowledge the unique mission of the different institutions.

For the 2021-22 funding year, each university was evaluated on seven common metrics. The eighth metric applied to all but two institutions, New College of Florida (New College) and Florida Polytechnic University (Florida Poly).

On June 30, 2020, Florida Senate Bill 72 added two new metrics, which replaced the ninth metric chosen by the BOG that focused on specific areas of improvement and the distinct mission of each university, and each university BOT selects one metric of its own.

The eight common metrics:

1. percent of bachelor's graduates continuing their education or employed (with a salary greater than \$25,000) within the U.S. one year after graduation
2. median wages of bachelor's graduates employed full-time one year after graduation
3. average cost to the student (net tuition per 120 credit hours) for a bachelor's degree
4. four-year graduation rate (includes full-time, first time in college students)
5. academic progress rate (second year retention with a GPA greater than 2.0)
6. bachelor's degrees awarded within programs of strategic emphasis
7. university access rate (percent of fall undergraduates with a Pell-grant)
8. graduate degrees awarded within programs of strategic emphasis (not applicable to New College and Florida Poly)

New College and Florida Poly were assigned an alternate eighth metric more appropriate to their mission. This is the first year that Florida Poly is eligible to participate in the funding process.

The two new Florida Senate Bill 72 metrics:

- 9A. two-year graduation rate for Florida College System (FCS) associate in arts transfer students
- 9B. six-year graduation rate for student who are awarded a Pell Grant in their first year

Metric selected by UCF Board of Trustees:

10. percent of bachelor's degrees awarded to African American and Hispanic Students

The BOG developed a Performance-based Funding Data Integrity Certification form to provide assurances that the data provided by universities is reliable, accurate, and complete. This certification form is to be signed by the university president, affirmatively certifying each of the 13 stated representations or providing an explanation as to why the representation cannot be made as written. The certification form is also to be approved by the university Board of Trustees (BOT) and signed by the BOT chair.

To make such certifications meaningful, during the 2019 Legislative Session, lawmakers approved Senate Bill 190 that contains language amending section 1001.706, Florida Statutes. The new language states:

“Each university shall conduct an annual audit to verify that the data submitted pursuant to ss. 1001.7065<sup>[1]</sup> and 1001.92<sup>[2]</sup> complies with the data definitions established by the board and submit the audits to the Board of Governors Office of Inspector General as part of the annual certification process required by the Board of Governors.”

### **Audit Objectives and Scope**

The primary objective of this audit is to determine the adequacy of university controls in place to promote the completeness, accuracy, and timeliness of data submissions to the BOG, particularly as they relate to PBF metrics and preeminence metrics. This audit also provides an objective basis of support for the president and BOT chair to certify the required representations on the data integrity certification form.

Our approach is to audit supporting data files related to a minimum of four of the PBF measures each year so that all PBF measures are tested at least twice within a five-year cycle.

This year's testing included data files submitted as of September 30, 2021, related to the following four metrics:

- Metric 5: academic progress rate (second year retention with a GPA greater than 2.0)
- Metric 7: university access rate (percent of fall undergraduates with a Pell-grant)
- Metric 9A: two-year graduation rate for Florida College System (FCS) associate in arts transfer students
- Metric 9B: six-year graduation rate for student who are awarded a Pell Grant in their first year

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<sup>1</sup> S. 1001.7065, Florida Statute, Preeminent State Research University Program

<sup>2</sup> S. 1001.92, Florida Statute, State University System Performance-based Incentive

The 2015-16 audit included a comprehensive review of the controls and processes established by the university to ensure the completeness, accuracy, and timeliness of data submissions to the BOG which supported the PBF metrics. As part of our annual audit process, we review any changes to these controls and processes on an annual basis with Institutional Knowledge Management (IKM) and determine if these changes will have any impact on our audit approach.

In addition, we verified the completeness and accuracy of the Student Instruction File (SIF) and Student Financial Aid (SFA) files submitted to the BOG in support of the measures listed above. By developing queries in PeopleSoft independently and then comparing those results to the files submitted to BOG, we were able to test 100 percent of the students submitted for these files.

As an Emerging Preeminence university, we began auditing the Preeminent Metrics in 2019. The Preeminent Metrics selected for this year's audit include:

<b>Metric</b>	<b>Title and period reviewed</b>	<b>Goal</b>	<b>Result</b>
A	Average high school GPA for incoming freshmen in Fall semester (Fall 2020)	4.0	4.2 (achieved)
A	Average SAT score for incoming freshmen in Fall semester (Fall 2020)	1200	1315 (achieved)
F	Science and engineering research expenditures (2019-20)	\$200M	\$188M (not achieved)
G	Non-medical science and engineering research expenditures (2019-20)	\$150M	\$170M (achieved)

Preeminent Metrics F and G are derived from information included in the National Science Foundation (NSF)'s Higher Education Research and Development (HERD) Survey. This survey data is collected and submitted by the Office of Research. Data for all the other metrics is reported to the Board of Governors by IKM.

## **Overview of Results**

### **A. Performance-based Funding**

Based on our audit, we have concluded that UCF's controls and processes are adequate to ensure the completeness and accuracy of data submitted to the BOG in support of performance-based funding metrics.

We believe that our audit can be relied upon by the university president and the UCF Board of Trustees as a basis for certifying the representations made to the BOG related to the integrity of data required for the BOG performance-based funding model.

It should be noted that, based on factors described below, the following file submittals were delayed:

- 2019-2020 Financial Aid – due to time required for the UCF Accounting Team to research errors that were identified
- Fall 2019 SIF Enrollment – due to Hurricane Dorian in 2019
- Fall 2019 SIF Degrees awarded – due to the Registrar’s Office being late in posting the Fall 2019 bachelor's degrees, posting was delayed until the week of February 17th
- Summer 2020 SIF Enrollment – due to large changes to the Peoplesoft system files for the medical career
- Summer 2020 SIF Degrees awarded – due to delay in Registrar’s Office posting official degrees
- Fall 2020 SIFP Enrollments – due to large changes to the Peoplesoft system files for the medical career

The BOG was informed of these delays which had no impact on performance funding calculations.

#### B. Preeminent Metrics

The information submitted to NSF for the HERD Survey is a compilation of PeopleSoft project expenditures, UCF Foundation (UCFF) expenditures, forgone overhead, tuition remission, and faculty salaries for internally funded research conducted by faculty (paid with university funds) as allocated in the Faculty Activities System.

Research and development expenditures reported in the HERD Survey totaling \$239.3 million were overstated 11.5%, as follows:

- The Office of Research included expenditures for projects listed as Other Sponsored Activities, which are not research or development; thereby, overstating expenditures and the related indirect cost by \$27.1 million.
- UCFF research related expenditure reports erroneously included transfers to the UCF Research Foundation, reclassifications from Endowed accounts to Spending accounts within UCFF, and endowment and investment fees, all totaling approximately \$731,000.
- We also identified an additional \$275,000 in Tuition Remission that should be included in the HERD Survey expenditures.

These revisions totaling \$27.6 million **do not change the outcome** for Preeminent Metric F (which was not achieved) and Preeminent Metric G (which was achieved). These same issues may have existed in prior years; however, this is the first year that detail testing of HERD Survey responses was within our audit scope.

Based on our analysis, it appears the discrepancies occurred due to lack of management review of detailed reporting. Audit has provided additional detailed guidance to Office of Research to

minimize the risk of future inaccuracies. Due to the scheduled implementation of Workday, the reporting workflow will be changing.

### **Recommendation**

The Office of Research should further scrutinize the reports used to respond to the HERD Survey and should submit survey response corrections to National Science Foundation.

### **Audit Timeline**

Beginning of audit: July 27, 2021

End of fieldwork: December 3, 2021

### **Audit Team Members**

Vicky Sharp, Auditor III, Auditor In-Charge

Vallery Morton, Audit Manager, Level I Reviewer

Robert Taft, Chief Audit Executive, Level II Reviewer



Board of Trustees  
Audit and Compliance Committee  
February 22, 2022

### AUDC-2: Performance-based Funding Data Certification Form

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☐ Information

☐ Discussion

☒ Action

Meeting Date for Upcoming Action: \_\_\_\_\_

#### Purpose and Issues to be Considered:

To determine if the form achieves the objective of complying with the Board of Governors' reporting requirements and accurately expresses the results of the audit and the attestations being made by the university including documentation of any significant exceptions or concerns.

#### Background Information:

As an annual requirement, UCF is required to complete a Performance-based Data Integrity Certification Form affirming the results of the completed audit report (AUDC-1) and that all representations included in the Performance Data Integrity Certification Form have been fulfilled.

After approval of the form by the committee and subsequent approval by the full UCF Board of Trustees, this document is to be signed by the university president and the UCF Board of Trustees Chair and is to be submitted to the Board of Governors' Office of Inspector General and Director of Compliance no later than March 1, 2022.

#### Recommended Action:

Approval for submission of the Performance-based Funding Data Integrity Certification Form to the Board of Governors.

#### Alternatives to Decision:

Elect not to approve the form and/or require additional work be performed by University Audit along with a formal request to the Board of Governors for a filing extension.

#### Fiscal Impact and Source of Funding:

Cost to UCF is internal representing the hours spent by University Audit and other departments in completing the audit and reviewing the results.

#### Authority for Board of Trustees Action:

The Florida Board of Governors' Data Integrity Certification process which was established in June 2014.

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Contract Reviewed/Approved by General Counsel ☐ N/A ☒

Committee Chair or Chair of the Board has approved adding this item to the agenda ☒

#### Submitted by:

Robert Taft, Chief Audit Executive



# Board of Trustees

## Agenda Memo

**Supporting Documentation:**

Attachment A: Performance-based Funding Data Integrity Certification Form

**Facilitators/Presenters:**

Robert Taft, Chief Audit Executive





# Data Integrity Certification

March 2022

**University Name:** University of Central Florida

**INSTRUCTIONS:** Please respond “Yes” or “No” for each representation below. Explain any “No” responses to ensure clarity of the representation you are making to the Board of Governors. Modify representations to reflect any noted **material or significant** audit findings.

Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
1. I am responsible for establishing and maintaining, and have established and maintained, effective internal controls and monitoring over my university's collection and reporting of data submitted to the Board of Governors Office which will be used by the Board of Governors in Performance-based Funding decision-making and Preeminence or Emerging-preeminence Status.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UCF's audit revealed that the National Science Foundation's Higher Education Research and Development (HERD) Survey responses provided by UCF's Office of Research for research expenditures were overstated by \$27.6 million or 11.5%; however, these revisions do not change the outcome for Preeminent Metric F (which was not achieved) and Preeminent Metric G (which was achieved). These same issues may have existed in prior years; however, this is the first year that detail testing of HERD Survey responses was within our audit scope. The Office of Research is conducting a thorough review and this overstatement may be reduced based on additional scrutiny.
2. These internal controls and monitoring activities include, but are not limited to, reliable processes, controls, and procedures designed to ensure that data required in reports filed with my Board of Trustees and the Board of Governors are recorded, processed, summarized, and reported in a manner which ensures its accuracy and completeness.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

## Data Integrity Certification

3. In accordance with Board of Governors Regulation 1.001(3)(f), my Board of Trustees has required that I maintain an effective information system to provide accurate, timely, and cost-effective information about the university, and shall require that all data and reporting requirements of the Board of Governors are met.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
4. In accordance with Board of Governors Regulation 3.007, my university provided accurate data to the Board of Governors Office.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
5. In accordance with Board of Governors Regulation 3.007, I have appointed a Data Administrator to certify and manage the submission of data to the Board of Governors Office.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
6. In accordance with Board of Governors Regulation 3.007, I have tasked my Data Administrator to ensure the data file (prior to submission) is consistent with the criteria established by the Board of Governors Data Committee. The due diligence includes performing tests on the file using applications, processes, and data definitions provided by the Board Office.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
7. When critical errors have been identified, through the processes identified in item #6, a written explanation of the critical errors was included with the file submission.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
8. In accordance with Board of Governors Regulation 3.007, my Data Administrator has submitted data files to the Board of Governors Office in accordance with the specified schedule.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>It should be noted that, based on factors described below, the following file submittals were delayed:</p> <ul style="list-style-type: none"> <li>• 2019-20 Financial Aid – due to time required for the UCF Accounting Team to research errors that were identified</li> <li>• Fall 2019 SIF Enrollment – due to Hurricane Dorian in 2019</li> <li>• Fall 2019 SIF Degrees awarded – due to the Registrar's Office being late in posting the Fall 2019 bachelor's degrees, posting</li> </ul>

## Data Integrity Certification

			<p>was delayed until the week of February 17th</p> <ul style="list-style-type: none"> <li>• Summer 2020 SIF Enrollment – due to large changes to the PeopleSoft system files for the medical career</li> <li>• Summer 2020 SIF Degrees awarded – due to delay in Registrar's Office posting official degrees</li> <li>• Fall 2020 SIFP Enrollments – due to large changes to the PeopleSoft system files for the medical career</li> </ul> <p>The BOG was informed of these delays which had no impact on performance funding calculations.</p>
9. In accordance with Board of Governors Regulation 3.007, my Data Administrator electronically certifies data submissions in the State University Data System by acknowledging the following statement, "Ready to submit: Pressing <b>Submit for Approval</b> represents electronic certification of this data per Board of Governors Regulation 3.007."	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
10. I am responsible for taking timely and appropriate preventive/ corrective actions for deficiencies noted through reviews, audits, and investigations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
11. I recognize that Board of Governors' and statutory requirements for the use of data related to the Performance-based Funding initiative and Preeminence or Emerging-preeminence status consideration will drive university policy on a wide range of university operations – from admissions through graduation. I certify that university policy changes and decisions impacting data used for these purposes have been made to bring the university's operations and practices in line with State University System Strategic Plan goals and have not been made for the purposes of artificially inflating the related metrics.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

## Data Integrity Certification

Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
12. I certify that I agreed to the scope of work for the Performance-based Funding Data Integrity Audit and the Preeminence or Emerging-preeminence Data Integrity Audit (if applicable) conducted by my chief audit executive.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
13. In accordance with section 1001.706, Florida Statutes, I certify that the audit conducted verified that the data submitted pursuant to sections 1001.7065 and 1001.92, Florida Statutes [regarding Preeminence and Performance-based Funding, respectively], complies with the data definitions established by the Board of Governors.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Data Integrity Certification Representations, Signatures	
<p>I certify that all information provided as part of the Board of Governors Data Integrity Certification for Performance-based Funding and Preeminence or Emerging-preeminence status (if applicable) is true and correct to the best of my knowledge; and I understand that any unsubstantiated, false, misleading, or withheld information relating to these statements render this certification void. My signature below acknowledges that I have read and understand these statements. I certify that this information will be reported to the board of trustees and the Board of Governors.</p> <p>Certification: _____ Date _____</p> <p style="margin-left: 40px;">President</p>	
<p>I certify that this Board of Governors Data Integrity Certification for Performance-based Funding and Preeminence or Emerging-preeminence status (if applicable) has been approved by the university board of trustees and is true and correct to the best of my knowledge.</p> <p>Certification: _____ Date _____</p> <p style="margin-left: 40px;">Board of Trustees Chair</p>	



Board of Trustees  
Audit and Compliance Committee  
February 22, 2022

### DISC-1: Audit and Compliance Committee Charter

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☐ Information

☒ Discussion

☐ Action

Meeting Date for Upcoming Action: \_\_\_\_\_

**Purpose and Issues to be Considered:**

Review the Audit and Compliance Committee charter to determine if changes are needed.

**Background Information:**

The attached charter requires an annual review by the Audit and Compliance Committee.

*Section H*

- *Review the Committee's charter annually and update as necessary.*
- *Ensure that any changes to the charter are discussed with the Board and reapproved.*

The Committee's charter was last reviewed in February 2021 and the Committee determined that no further review or updates were needed. The charter was last revised in February 2020.

**Recommended Action:**

Further review or changes to the charter are not recommended at this time.

**Alternatives to Decision:**

The Committee could elect to maintain the charter's current language or propose revisions.

**Fiscal Impact and Source of Funding:**

N/A

**Authority for Board of Trustees Action:**

UCF Audit and Compliance Committee Charter and Board of Governors Regulation 4.003 State University System Compliance and Ethics Programs.

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Contract Reviewed/Approved by General Counsel ☐ N/A ☒

Committee Chair or Chair of the Board has approved adding this item to the agenda ☒

**Submitted by:**

Rhonda L. Bishop, Vice President for Compliance and Risk  
Robert Taft, Chief Audit Executive



# Board of Trustees

## Agenda Memo

### **Supporting Documentation:**

Attachment A: Audit and Compliance Committee Charter

### **Facilitators/Presenters:**

Rhonda L. Bishop, Vice President for Compliance and Risk  
Robert Taft, Chief Audit Executive

## **UCF Audit and Compliance Committee Charter**

### **1. Purpose**

The Audit and Compliance Committee (“Committee”) is appointed by the University of Central Florida Board of Trustees (“Board”) and assists the Board in discharging its oversight responsibilities. The committee oversees the following for the University of Central Florida (“University”) and its direct support organizations (“DSO”):

- internal control structure,
- independence and performance of internal and external audits and corrective actions plans,
- integrity of information technology infrastructure, security, and data governance,
- independence and effectiveness of the compliance and ethics program,
- compliance with applicable laws and regulations,
- standards for ethical conduct,
- risk identification and mitigation,
- and internal investigation processes.

### **2. Membership**

The Committee will consist of at least three members of the Board of Trustees.

Members will be independent and objective in the discharge of their responsibilities and free of any financial, family, or other material personal relationship that would impair their independence from management and the University.

The Chair of the Board will appoint the chair, vice chair, and additional members of the Committee. Members will serve on the Committee until their departure from the Board, resignation, or replacement by the Chair of the Board.

### **3. Experience and Education**

Members of the Committee should have professional experience and expertise in at least one of the following fields: post-secondary education, non-profit administration, law, banking, insurance and financial services, finance, accounting, financial reporting, auditing, risk management, or information technology.

The committee may direct the University and outside resources to provide the Committee with educational resources relating to the Committee in maintaining and enhancing an appropriate level of financial and compliance literacy.

### **4. Meetings**

The Committee will meet as needed to address matters on its agenda, but not less frequently than three times each year.

A majority of the members of the Committee will constitute a quorum for the transaction of business.

Meeting agendas will be prepared jointly by the Committee chair, the chief audit executive, and the vice president for compliance and risk taking into account recommendations from Committee members. Meeting agendas and appropriate briefing materials will be provided in advance to Committee members.

The Committee will maintain written minutes of its meetings.

The Committee may ask members of management or other individuals to provide pertinent information as necessary. In addition, the Committee may request special reports from University or DSO management on topics that may enhance its understanding of the university's activities and operations.

In addition to scheduled meetings of the full Committee, the Committee chair will meet with the chief audit executive and the vice president for compliance and risk on a regular basis or as needed.

The Committee is subject to Florida's Government in the Sunshine Law, as set forth in Chapter 286, Florida Statutes. The Sunshine Law extends to all discussions and deliberations as well as any formal action taken by the Committee.

## **5. Authority**

The Board authorizes the Committee to:

- Perform activities within the scope of its charter.
- Have unrestricted access to management, faculty, and employees of the University and its DSOs, as well as to all their books, records, and facilities.
- Study or investigate any matter related to audit, compliance, risk, or related concerns such as potential fraud or conflicts of interest that the Committee deems appropriate.
- Engage independent counsel and other advisers as it deems necessary to discharge its duties.
- Provide oversight and direction of the internal auditing function, of external auditors, and of engagements with state auditors.
- Provide oversight and direction of the institutional compliance, ethics, and enterprise risk management and insurance programs, and be knowledgeable of the program with respect to its implementation and effectiveness.
- Perform other duties as assigned by the Board.

## **6. Roles and responsibilities**

With regard to each topic listed below, the Committee will:



## **A. Internal Controls and Financial Statements**

- Evaluate the overall effectiveness of the internal control framework by reviewing audit reports and open audit issue status updates and investigation memorandum to determine if recommendations made by the internal and external auditors have been implemented by management.
- Make inquiries of management and the external auditors concerning the effectiveness of the University's system of internal controls.
- Determine whether the external auditors are satisfied with the disclosure and content of the financial statements, including the nature and extent of any significant changes in accounting principles.
- Review management's written responses to significant findings and recommendations of the auditors, including the timetable to correct weaknesses in the internal control system.
- Review the adequacy of accounting, management, and financial processes of the University and its DSOs.
- Review the financial reporting process implemented by management of the University and its DSOs.
- Review University and DSO management processes for ensuring the transparency of the financial statements and the completeness and clarity of the disclosures.

## **B. External Audit**

- Receive and review audits by the State of Florida Auditor General.
- Receive and review audits of the direct support organizations and component units.
- Review and contract with external auditors for special audits or reviews related to the University's affairs and report the results of any such special projects to the Board.

## **C. Internal Audit**

- Review the independence, qualifications, activities, performance, resources, and structure of the internal audit function and ensure no unjustified restrictions or limitations are made.
- Review the effectiveness of the internal audit function and ensure that it has appropriate standing within the University.
- Ensure that significant findings and recommendations made by the internal auditors and management's proposed response are received, discussed, and appropriately dispositioned.

- Review the proposed internal audit plan for the coming year or the multi-year plan and ensure that it addresses key areas of risk based on risk assessment procedures performed by Audit in consultation with management and the Committee.
- Obtain reports or notification concerning financial fraud resulting in losses in excess of \$10,000 or involving a member of senior management.

#### **D. Data Integrity**

- Review the adequacy of the university's information technology management methodology with regards to internal controls, including applications, systems, and infrastructure.
- Review the adequacy of the university's data management policies and procedures to ensure data security and data integrity in institutional reporting.

#### **E. Compliance and Ethics Program**

- Review and approve the Compliance Program Plan and any subsequent changes.
- Review the independence, qualifications, activities, resources, and structure of the compliance and ethics function and ensure no unjustified restrictions or limitations are made.
- Review the effectiveness of the compliance and ethics program in preventing or detecting noncompliance, unethical behavior, and criminal misconduct and ensure that it has appropriate standing and visibility across the University.
- Ensure that significant findings and recommendations made by the vice president for compliance and risk are received, discussed, and appropriately dispositioned.
- Ensure that procedures for reporting misconduct, or ethical and criminal violations are well publicized and administered and include a mechanism that allows for anonymity or confidentiality, whereby members of the university community may report or seek guidance without the fear of retaliation.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and management's investigation and follow-up (including disciplinary action) of any wrongful acts or non-compliance.
- Review the proposed compliance and ethics work plan for the coming year and ensure that it addresses key areas of risk and includes elements of an effective program as defined by Chapter 8 of the Federal Sentencing Guidelines.
- Obtain regular updates from the vice president for compliance and risk regarding compliance and ethics matters that may have a material impact on the organization's financial statements or compliance policies.
- Review the findings of any examinations or investigations by regulatory bodies.

- Review the University and DSO conflict of interest policies to ensure that: 1) the term "conflict of interest" is clearly defined, 2) guidelines are comprehensive, 3) annual signoff is required, and 4) potential conflicts are adequately resolved and documented.

#### **F. Enterprise Risk and Insurance Program**

- Review and approve the University's enterprise risk policy to include approval of the University's risk appetite and tolerance
- Oversee the identification, assessment, and mitigation of the University's enterprise risks and opportunities
- Obtain an annual update on the University's enterprise risk universe
- Obtain regular updates from the vice president for compliance and risk regarding critical risk matters that may materially impact the organization's financial position, operations, and / or reputation
- Gain and maintain reasonable assurance that the University's insurance strategy appropriately protects University assets

#### **G. Reporting Responsibilities**

- Regularly update the Board about its activities and make appropriate recommendations.
- Ensure the Board is informed of matters that may cause significant financial, legal, reputational, or operational impact to the University or its DSOs.
- Receive a summary of findings from completed internal and external audits and the status of implementing related recommendations.
- Receive a summary of findings from completed reports related to the compliance, ethics, or risk programs.

#### **H. Evaluating Performance**

- Evaluate the Committee's own performance, both of individual members and collectively, on a periodic basis and communicate the results of this evaluation to the Board.
- Review the Committee's charter annually and update as necessary.
- Ensure that any changes to the charter are discussed with the Board and reapproved.

*Approved by the UCF Board of Trustees February 20, 2020*



Board of Trustees  
Audit and Compliance Committee  
February 22, 2022

### DISC-2: Compliance, Ethics, and Risk Update

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☐ Information

☒ Discussion

☐ Action

Meeting Date for Upcoming Action: \_\_\_\_\_

#### Purpose and Issues to be Considered:

The Compliance, Ethics, and Risk update and any discussion will cover changes in federal or state requirements impacting the university, current or pending external compliance activities, and updates to the committee on key compliance, ethics, and risk initiatives at UCF.

#### Background Information:

The UCF Audit and Compliance Committee Charter provides for oversight and direction of the institutional compliance, ethics, and enterprise risk management and insurance programs, and that committee members be knowledgeable of the program with respect to its implementation and effectiveness. Updates and the opportunity for discussion by committee members are provided to ensure that the elements of an effective program and the committee's charter are met.

The Compliance and Ethics 2020-21 Work Plan - Status of All Activities Report contains a summary of projects and activities completed from October 1, 2021, through December 31, 2021.

#### Recommended Action:

N/A

#### Alternatives to Decision:

N/A

#### Fiscal Impact and Source of Funding:

N/A

#### Authority for Board of Trustees Action:

N/A

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Contract Reviewed/Approved by General Counsel ☐ N/A ☒

Committee Chair or Chair of the Board has approved adding this item to the agenda ☒

#### Submitted by:

Rhonda L. Bishop, Vice President for Compliance and Risk



**Supporting Documentation:**

Attachment A: Compliance and Ethics Work Plan Status October 1, 2021- December 31, 2021

**Facilitators/Presenters:**

Rhonda L. Bishop, Vice President for Compliance and Risk



# University Compliance, Ethics and Risk Office

## 2021-22 Work Plan Status October 1, 2021 – December 31, 2021

UCF's comprehensive compliance and ethics program is based on the elements of an effective compliance program as set forth in Chapter 8 of the Federal Sentencing Guidelines, and as required by Board of Governors Regulation 4.003 State University System Compliance and Ethics Programs. The Guidelines and Regulation establish the minimum standards for effective programs. Each year, University Compliance, Ethics, and Risk submits an Annual Workplan to the Audit and Compliance Committee of the Board of Trustees detailing the office's efforts that support an effective program. This report contains the activities committed to in the office's 2021-22 Compliance and Ethics Annual Work Plan and includes the status of the activities during the period October 1, 2021, through December 31, 2021.

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### ***1. Provide Oversight of Compliance and Ethics and Related Activities***

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Promote accountability among UCF employees for compliance with applicable federal, state, and local laws and regulations, and appoint knowledgeable individuals responsible for developing and implementing a comprehensive compliance and ethics program.

#### **COORDINATE AND CONDUCT BI-MONTHLY MEETINGS OF THE UNIVERSITY COMPLIANCE AND ETHICS ADVISORY COMMITTEE**

- Developed materials and chaired the Compliance and Ethics Advisory Committee meeting in November.
- Provided updates on the Compliance and Ethics 2021 Annual Report; the Special Vaccine Session of the Florida Legislature; the Code of Conduct refresher training; and the policy development and approval process.

#### **CONDUCT QUARTERLY MEETINGS WITH COMPLIANCE PARTNERS AND SENIOR LEADERSHIP**

- Met with vice presidents, key administrators, the faculty athletics representative, and compliance partners to provide updates on compliance and ethics initiatives and discuss any concerns or issues.

#### **SERVE ON AND PROVIDE COMPLIANCE GUIDANCE TO THE TITLE IX WORKGROUP**

- Provided guidance and support to the Title IX coordinator and served on and provided compliance guidance to the Title IX workgroup.

#### **SERVE ON AND PROVIDE GUIDANCE TO THE SECURITY INCIDENT RESPONSE TEAM AND INFORMATION SECURITY AWARENESS ADVISORY BOARD**

- Continue to serve as members of the Security Incident Response Committee and the Information Security Awareness Advisory Board to provide guidance on federal and state privacy and data breach requirements.
- Continue to lead (co-chair) the Information Security & Privacy Advisory Committee and serve as a member of the Data Governance Team.

#### **SERVE AS MEMBERS OF AND PROVIDE GUIDANCE TO THE CLERY ACT COMPLIANCE COMMITTEE**

- Provided guidance and support to the Clery Compliance Analyst and served on the Clery Act Compliance Committee.

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## **2.     *Develop Effective Lines of Communication***

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Create communication pathways that allow the dissemination of education and regulatory information and provide a mechanism for reporting compliance activities or concerns.

#### **PREPARE AND DISTRIBUTE *INTEGRITYSTAR*, THE COMPLIANCE AND ETHICS NEWSLETTER**

- Developed and issued the October 2021 edition of the *IntegrityStar* featured articles that highlight the need for respectful interactions, how to resolve workplace conflict and when to recognize potential harassment. The edition also included a cartoon, a video, and FAQs on the featured topics.
  - Articles titled *Resolving Workplace Conflicts*, *The Subtleties of Discriminatory Harassment*, and *2020 UCF IntegrityLine Report*.
  - Recognition article acknowledged two colleges for their outstanding accomplishments with outside activity and conflict reporting and several honorable mentions.
  - “Case Corner” article covered the investigation process and outcome of a case involving allegations of harassment and bullying that was jointly investigated with the Office of Institutional Equity.

#### **ADMINISTER AND PROMOTE THE UCF INTEGRITYLINE, REINFORCE EXPECTATIONS FOR NON-RETALIATION, AND CONTINUE COMMUNICATIONS DURING AND AFTER INVESTIGATIONS**

- Continued administration of the UCF IntegrityLine to include review and tracking of all reports, data compilation, trend review, and reporting.
- Promoted the UCF IntegrityLine in the October 2021 edition of the *IntegrityStar* newsletter; continued promoting efforts in compliance videos; on the University Compliance, Ethics, and Risk website; and on the websites of all compliance partners.
- Continue to serve on the Student Reporting workgroup to discuss reporting options for students, including the IntegrityLine, and to further enhance the student reporting options website.

#### **COORDINATE TIMELY RESPONSES TO REGULATORY AND OTHER EXTERNAL AGENCIES**

- Responded to the Office of Federal Contract Compliance Programs request for a copy of in-depth analyses of personnel activity.

- Provided a Title IX action plan in response to the request from the U.S. Department of Energy's Title IX Compliance Review.

#### **MAINTAIN AND PROMOTE THE COMPLIANCE AND ETHICS WEBSITE**

- Updated the website to include the October 2021 edition of the IntegrityStar newsletter and changes to the office staff page.

#### **DISSEMINATE COMPLIANCE AND ETHICS PROGRAM INFORMATION AND EDUCATIONAL MATERIALS DURING NEW FACULTY ORIENTATION AND THE BENEFITS FAIR**

- Provided the UCF Employee Code of Conduct, office brochure, privacy compliance brochure, and IntegrityLine Speak Up poster for the 2021 Virtual Benefits Fair.

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### **3. *Conduct Effective Training and Education***

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Educate the UCF community on its compliance responsibilities and regulatory obligations, and on the university compliance and ethics program.

#### **DELIVER AND TRACK NEW EMPLOYEE COMPLETION OF MANDATORY CODE OF CONDUCT AND POTENTIAL CONFLICTS – FLORIDA CODE OF ETHICS FOR PUBLIC OFFICERS AND EMPLOYEES TRAINING**

- Total number of new employees who took the online courses and passed the final quiz:
  - Employee Code of Conduct / Speak Up! = 506
  - Potential Conflicts – Florida Code of Ethics for Public Officers and Employees = 500

#### **LAUNCH SEVENTH ANNUAL COMPLIANCE AND ETHICS WEEK AWARENESS CAMPAIGN**

- Compliance and Ethics Week activities commenced November 8-12, 2021:
  - Training: Developed and posted three training videos with a superhero theme relating to various ethics topics: Civility Superheroes, Mission Impossible (highlighting conflicts of interest and commitment), and Compliance League of Superheroes (highlighting gifts and honoraria and privacy compliance).
    - Total videos watched: 675
  - Compliance and Ethics Word Scramble: Employees were asked to unscramble 13 compliance and ethics related words by using the clues provided and submit the completed word scramble to our office via email.
    - Word Scrambles submitted: 231
  - A total of 248 employees participated in the activities and 100 employees were randomly selected to win a prize

#### **PROVIDE SUPPORT TO CLERY COMPLIANCE ANALYST ON LAUNCH OF CAMPUS SECURITY AUTHORITY (CSA) IDENTIFICATION PROCESS AND LAUNCH OF NEW ONLINE TRAINING COURSE**

- Continued to assist with the CSA self-identification survey responses. As of December 31, there were approximately 1,135 employees who responded to the survey, and 375 have self-identified as a CSA.
- Coordinated with the Clery Compliance Analyst to contact departments to assist with identifying positions in their respective areas that meet the definition of a CSA.



**PROMOTE GIFTS AND HONORARIA AND POTENTIAL CONFLICTS ONLINE TRAINING MODULES FOR CURRENT EMPLOYEES AND TRACK EMPLOYEE COMPLETION**

- Continue to promote the online training modules to employees.
- Total number of existing employees who took the online courses and passed the final quiz:
  - Gifts and Honoraria = 4
  - Potential Conflicts – Florida Code of Ethics for Public Officers and Employees = 380

**ISSUE ANNUAL MEMO ON VULNERABLE PERSONS ACT**

- Next annual memo to be distributed March 2022.

**DEVELOP AND LAUNCH MANDATORY ANNUAL CODE OF CONDUCT TRAINING WITH CERTIFICATIONS FOR NON-STUDENT EMPLOYEES AND MONITOR COMPLIANCE FOR COMPLETION**

- Annual Code of Conduct training with certifications for all non-student employees launched on September 27, 2021, with completion requested by October 27, 2021. Automated reminder emails were sent weekly to those employees who had not completed the training. Course completion as of December 31, 2021:
  - English version – 6,745 (99.98%)
  - Spanish version – 77 (100% completed as of November 1, 2021)

**MONITOR COMPLIANCE WITH COMPLETION OF THE YOUTH PROTECTION ONLINE TRAINING MODULE AS REQUIRED BY POLICY**

- As required Youth Protection training was completed by 52 program staff working with minors.

**IN PARTNERSHIP WITH THE INFORMATION SECURITY OFFICE, DELIVER MANDATORY SECURITY AND PRIVACY AWARENESS TRAINING, TRACK EMPLOYEE COMPLETION, AND LOOK FOR OTHER AVENUES TO RAISE SECURITY AND PRIVACY POSTURE**

- Continued working with the Information Security Office to develop security and privacy awareness training.

**IDENTIFY ADDITIONAL OPPORTUNITIES TO DEVELOP AND DELIVER COMPLIANCE AND ETHICS TRAINING**

- Upon invitation, attended the Student Government Judicial Branch Know Your Rights Justice Fair in October, providing students information on the UCF IntegrityLine and the Privacy Compliance Program.
- In November, invited to jointly speak with the Ombuds Office to Student Development and Enrollment Services staff regarding the office's services and the UCF IntegrityLine.
- Developed new training to deliver during the UCF Resources for Supervisor series beginning in 2022.

**ISSUE ADDITIONAL REGULATORY ALERTS AND UPDATES AS APPROPRIATE**

- Distributed the Board of Governors issued document titled *House Bill 7017: An Act Relating to Foreign Influence Compliance and Submission Guidance* with an updated compliance matrix summarizing changes to the Foreign Influence Working Group and separate communications to the foreign source reporting subgroup.

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#### **4. *Revise and Develop Policies and Procedures***

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Revise or develop university regulations along with policies and procedures that reflect UCF's commitment to ethical conduct and compliance with applicable laws and regulations.

##### **CHAIR THE UNIVERSITY POLICIES AND PROCEDURES COMMITTEE AND PROVIDE GUIDANCE ON POLICY DEVELOPMENT**

- Chaired the University Policies and Procedures Committee. Provided coordination of the committee and management of the online Policies and Procedures Manual.
- Reviewed and edited policies and procedures prior to submission for approval to the committee. Worked directly with departments, provided guidance, and revised six policies to improve content and the communication of expectations to the university community.
- Following meetings with the Faculty Senate president and committee leaders to discuss the policy process and acquire input for improving the process, implemented the following:
  - Added additional resources to the policy website to include the list of committee members, meeting dates, a policy lifecycle and workflow process, and revised language to clarify the policy posting process.
  - Developed and posted to the policy website a list of college liaisons appointed by each dean with their contact information. The college liaisons will receive notifications when policies are posted for public comment and coordinate with faculty as an additional option for providing feedback on policies.
  - Published a chart listing current university policies due for a five-year review by the committee, including an indication of their review status.

##### **CONTINUE TO ENFORCE UCF POLICY 2-001 UNIVERSITY POLICY DEVELOPMENT, WHICH REQUIRES ANNUAL POLICY REVIEWS BY DEPARTMENT AND MANDATORY FIVE-YEAR REVIEWS BY THE UNIVERSITY POLICIES AND PROCEDURES COMMITTEE**

- Continued progress on the five-year review project in compliance with UCF 2-001.5 University Policy Development to ensure that policies continue to communicate expectations effectively and are current.

##### **SERVE AS MEMBERS OF THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA) COLLABORATIVE TO DEVELOP UNIVERSITY POLICIES AND PROCEDURES ON HIPAA COMPLIANCE**

- Served on the UCF Health Sciences HIPAA Collaborative, a university-wide task force involved with the development of a single set of HIPAA Privacy and Security policies for the university. Provided guidance and communicated compliance expectations for development of policies.
- Worked with key members of the HIPAA Collaborative to finalize the HIPAA Policy Manual.

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## 5. *Conduct Internal Monitoring and Compliance Reviews*

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Identify and remediate noncompliance through proactive review and monitoring of risk areas.

### **MANAGE UNIVERSITY-WIDE CONFLICT OF INTEREST AND COMMITMENT PROCESS**

- In response to the launch of the 2021-22 conflict of interest and disclosure process, monitored submissions and sent reminder emails to delinquent individuals and their supervisors and notifications to the provost's office.
- Ensured compliance with foreign influence inquiry COI procedures noting no employees failed to complete the annual disclosure process within 90 days.
- A total of 84 red flag reviews were conducted. One (1) is pending review outcome. Five (5) of these contained at least one (1) red flag or potential risk which resulted in additional awareness provided to the employee. One (1) foreign influence investigation of previously flagged activity resulted in the college taking appropriate action as a result of risks identified.
- Received and completed 21 reviews of potential conflicts of interest associated with the attendance at conferences or events sponsored by vendors or receiving discounts or gifts.
- Reviewed and provided feedback on nine (9) research exemption requests prior to coordinating with the provost, president, and Chair of the Board of Trustees for approval as required by state statute.
- Received and completed 75 conflict of interest requests for employee and department assistance.

### **MANAGE UNIVERSITY-WIDE YOUTH PROTECTION PROGRAM**

- Processed 15 registration submissions (one virtual/14 in-person) approving 13 registrations and returning two registrations back to departments to provide additional information.
- Developed a Safety Plan Template required for all youth program registrations. Requested and received feedback from Enterprise Risk and Insurance Management and the Department of Emergency Management.
- Worked with the Squire vendor to update the Insurance Portal within the registration system to allow uploads of updated insurance certificates.
- Revised UCF Policy 2-005 Youth Protection, presented the policy to the university's Policies and Procedures Committee.

### **DEVELOP AND MANAGE UNIVERSITY-WIDE PRIVACY PROGRAM**

- Led the Information Security & Privacy Advisory Committee and assisted the new co-chair, chief information security officer.
- Finalized data mapping project after meeting with UCF departments.
- Revised the Data Subject Access Request process and facilitated 13 requests.
- Met with the Marketing and Communications Department and the UCF Foundation to kick off an initiative to properly manage opt-outs and university communications campus-wide.
- Reviewed, provided guidance, and approved 38 contracts, and completed several Reciprocal Student Exchanges (RSEs) and Research Projects.

- Joined the CIO Executive Team Committee Meetings to provide privacy updates and guidance.
- Updated UCF's Online Privacy Notice.

#### **CONTINUE COMPLIANCE PARTNER REPORTING**

- Compliance partners continued to provide updates on their program activities during committee meetings and through separate meetings and discussions when significant issues and challenges arose.
- Compliance partner annual reports for 2021 were submitted and consolidated with the activities of University Compliance, Ethics, and Risk. The combined annual report was issued during the November Audit and Compliance Committee of the Board of Trustees.

#### **REVIEW UCF INTEGRITYLINE AND DEPARTMENT DATABASE FOR TRENDS AND RISK AREAS AND ADDRESS APPROPRIATELY**

- In reviewing IntegrityLine case issue types submitted during this report period, identified highest reported issue types split between three categories, Offensive/Inappropriate Communication (12), Discrimination or Harassment (12), and Other Academic Affairs (12) which equaled 36 out of 65 totals submitted.

#### **REVIEW AND PROVIDE GUIDANCE ON THE ANNUAL SECURITY REPORT IN COMPLIANCE WITH THE CLERY ACT**

- Feedback provided to the Clery Coordinator was incorporated into the Annual Security Report and was issued by the deadline of October 1.

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## **6. *Respond Promptly to Detected Problems and Undertake Corrective Action***

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Conduct timely investigations of allegations of noncompliance and provide guidance on corrective actions.

#### **RECEIVE AND EVALUATE UCF INTEGRITYLINE REPORTS AND ALLEGATIONS OF MISCONDUCT MADE DIRECTLY TO THE OFFICE; CONDUCT INVESTIGATIONS**

- Provided administration and oversight of the UCF IntegrityLine to include review and tracking of all reports until completion, data compilation, trend review, and reporting. Received 65 new reports through the UCF IntegrityLine alleging misconduct in this reporting period.
- Coordinated triage of reports with University Audit and the Office of Institutional Equity. When appropriate, reports were referred to a compliance partner or University Audit for review or investigation. During this time, 112 IntegrityLine cases were investigated and closed.
- University Compliance, Ethics, and Risk received one new report of potential misconduct made directly to the office and two cases that were under review were completed and closed.

#### **PROVIDE RECOMMENDATIONS FOR CORRECTIVE ACTIONS AND IMPROVEMENT OF ETHICAL CONDUCT**

- Continued providing recommendations for corrective actions and improvements of ethical conduct following investigations or requests for guidance.

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### **7. *Enforce and Promote Standards through Appropriate Incentives and Disciplinary Guidelines***

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Promote the compliance and ethics program and university regulations, policies and procedures, and the consequences of noncompliance.

#### **DEVELOP AND PROMOTE COMPLIANCE AND ETHICS INCENTIVE OPPORTUNITIES**

- Highlighted in the October 2021 edition of the *IntegrityStar* the Rosen College of Hospitality Management for achieving 100% compliance (71/71) with employee submission with the outside activity, potential conflict of interest and commitment online disclosure within the required 30-day deadline.
- In this same article, the College of Engineering and Computer Science (CECS) and specifically, Dean Georgiopoulos, was recognized for proactive messaging and stressing the importance of submitting disclosures on time which contributed to a 94% compliance rate (with 561 employees out of 684 submitting within 30-days).
- Four additional colleges were also recognized as an honorable mention: College of Nursing, College of Arts and Humanities, College of Business, and College of Health Professions and Sciences.

#### **PROMOTE AWARENESS OF UCF REGULATIONS, POLICIES AND PROCEDURES, AND REGULATORY REQUIREMENTS**

- Highlighted in the October 2021 edition of the *IntegrityStar* a total of five new and revised UCF Policies and 11 new and revised regulations that had been implemented.

#### **PROMOTE ACCOUNTABILITY AND CONSISTENT DISCIPLINE**

- Following investigations with outcomes of substantiated employee misconduct, provided recommendations for appropriate discipline to ensure accountability and consistency in corrective actions.
- Continued serving as the point of contact and source for guidance to research compliance related to scientific misconduct, export controls, conflict of interest, and development of policies and procedures.

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### **8. *Measure Compliance Program Effectiveness***

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Evaluate the overall compliance and ethics culture of UCF and the performance of the University Compliance, Ethics, and Risk office.

#### **DEVELOP AND ISSUE THE UNIVERSITY COMPLIANCE, ETHICS, AND RISK ANNUAL REPORT**

- Compiled and designed the annual report for 2020-21 which included the activities of our compliance partners and programs across the university. The report was issued in November 2021 to the Audit and Compliance Committee of the Board of Trustees and submitted to the Board of Governors (BOG) as required by BOG Regulation. It was also posted to the University Compliance, Ethics, and Risk website.

#### **IMPLEMENT IMPROVEMENT MEASURES IDENTIFIED IN THE FIVE-YEAR COMPLIANCE AND ETHICS PROGRAM REVIEW**

- Continued progress on the implementation of the action plan to address recommendations.
- Finalized Manager Checklists for addressing potential misconduct for distribution during panel sessions with Human Resources, Ombuds Office, University Audit, and the Office Institutional Equity.
- Identified and engaged resources for conducting focus groups to supplement the compliance and ethics culture survey.

#### **LAUNCH FOURTH COMPLIANCE AND ETHICS CULTURE SURVEY TO BENCHMARK RESULTS AGAINST PRIOR YEAR'S RESULTS IN 2016, 2018, AND 2020**

- Implementation and communication plan developed and in progress. The survey will be issued in March 2022.

#### **DEVELOP, MEASURE, AND TRACK DEPARTMENT PROCESS IMPROVEMENT EFFORTS USING THE UNIVERSITY ASSESSMENT PROCESS**

- The 2020-21 results report, and 2021-22 assessment plan were previously submitted and are pending review by the Divisional Review Committee.

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### **9. *New Regulations and Special Projects***

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#### **OVERSEE COMPLIANCE EFFORTS WITH NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY 800-171 (NIST) FEDERAL REQUIREMENTS**

- Continue as an active participant within UCF's NIST working group.
- Continue as an active participant in the NIST Privacy Workforce Public Working Group (PWWG).

#### **OVERSEE COMPLIANCE EFFORTS WITH THE ACCEPTANCE OF CARES ACT FUNDING**

- Continued periodic follow-ups to obtain updates to the matrix containing the requirements associated with the acceptance of CARES Act funding and the plan for addressing each. Revised the matrix for each tranche of funding received and communicated with stakeholders to ensure compliance was maintained.

### **OVERSEE COMPLIANCE EFFORTS WITH EUROPEAN UNION GENERAL DATA PROTECTION REGULATION (GDPR)**

- Worked with several departments, including the Office of Research, to provide advice on appropriate consent and data transfer language for projects and agreements involving GDPR related data.

### **WORKING WITH THE OFFICE OF RESEARCH COMPLIANCE, CUSTOMIZE HURON SOFTWARE TO ACCOMMODATE ONLINE OUTSIDE ACTIVITY AND CONFLICT OF INTEREST AND COMMITMENT REPORTING**

- Received Huron's project progress report submitted to executive sponsors in advance of the Huron/Executive sponsor meeting.
- Discussed the feasibility of integrating the College of Medicine Industry Relations Policy online review with Huron.

### **OVERSEE COMPLIANCE EFFORTS WITH THE IMPLEMENTATION OF HB 7017 FOREIGN INFLUENCE**

- Continued to lead bi-weekly meetings to discuss implementation of the new statutes. Subgroups continued to meet more frequently to implement processes and procedures.
- Continued tracking the status of all action items using the compliance matrix documenting compliance measures for each new section of statute. Matrix was updated and distributed bi-weekly in advance of each meeting.
- Continued coordination of compliance efforts with the SUS schools and the BOG Inspector General's office during SUS Compliance and Ethics Consortium special meetings.
- Revised procedures, processes, and reporting template that was initially developed to comply with the reporting requirements under FSS 1010.25 Foreign Gift Reporting after issuance of BOG Guidance document. Met with affected units and distributed final materials.

### **WORKING WITH HUMAN RESOURCES, CONTINUE TO EVALUATE AND DEVELOP A COMMUNICATION, EDUCATION, AND AWARENESS CAMPAIGN TO ADDRESS INCREASED REPORTS OF OFFENSIVE OR INAPPROPRIATE COMMUNICATION**

- Activities completed during this reporting period to support this initiative:
  - The October 2021 edition of the *IntegrityStar* included articles that highlight the need for respectful interactions which included an article titled *Resolving Workplace Conflicts* and a "Case Corner" article addressing outcomes from an investigation involving allegations of harassment and bullying.
  - During Compliance and Ethics Week held in November, focused one of three superhero themed trainings on civility titled, Civility Superheroes.





# Board of Trustees

## Agenda Memo

Board of Trustees  
Audit and Compliance Committee  
February 22, 2022

### DISC-3: University Audit Update

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☐ Information

☒ Discussion

☐ Action

Meeting Date for Upcoming Action: \_\_\_\_\_

#### Purpose and Issues to be Considered:

The Committee should review the attachment in advance to prepare for any discussion among committee members, UCF's Chief Audit Executive, and other members of UCF management. This discussion may relate to completed activities and proposed future activities of the internal audit function along with management's plans for changes to their objectives, key processes, and related internal control activities.

#### Background Information:

In accordance with the UCF Audit and Compliance Committee Charter, the Committee will meet on a periodic basis to fulfill their oversight responsibilities. The attached document is intended to provide the committee with information regarding the work of University Audit to assist the committee in successfully completing their oversight duties.

#### Recommended Action:

No recommended actions required.

#### Alternatives to Decision:

N/A

#### Fiscal Impact and Source of Funding:

N/A

#### Authority for Board of Trustees Action:

N/A

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Contract Reviewed/Approved by General Counsel ☐ N/A ☒

Committee Chair or Chair of the Board has approved adding this item to the agenda ☒

#### Submitted by:

Robert Taft, Chief Audit Executive

#### Supporting Documentation:

Attachment A: University Audit Update

#### Facilitators/Presenters:

Robert Taft, Chief Audit Executive





# University Audit Update

February 22, 2022

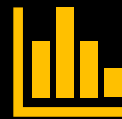
# Agenda



Project status update



Staffing update



Committee benchmarking  
information

A close-up, grayscale photograph of a pen and a ruler. The pen is a ballpoint pen with a textured grip and a silver-colored tip. It lies diagonally across the frame. Below it, a ruler with markings is visible. The background is a light-colored surface, possibly a desk or a piece of paper.

# Project status update

- 1) Performance Based Funding (final report issued)
- 2) Student Academic Integrity (final report issued)
- 3) Data Centers (scope adjustment/fieldwork completed)
- 4) Faculty Clusters (fieldwork in progress)
- 5) Vendor/Contract management (draft report in development)
- 6) UCF Downtown (planning phase)
- 7) CARES Act (ongoing initiative)
- 8) Knight Vision (ongoing initiative)
- 9) Crowe Direct Support Organization financial controls review (providing support and awaiting final reports)
- 10) DAVID system review-Recreation and Wellness Center (starting in March)
- 11) Athletic Director bonus verification (in progress)

# Future audit projects

- Career Services
- College of Engineering
- UCF Foundation
- Network firewalls

## Resource impact:

- *Ongoing initiatives*
- *Filling open positions*
- *Workday training for staff*



# Staffing update

- Alexandra Rockaway hired as Administrative Assistant (February 4th start date)
- IT Auditor search--finalists interviewed week of February 14<sup>th</sup>
- Auditor II—posting closed February 4- preparing for first round of candidate interviews
- Dennis Reussow retirement effective January 31st (OPS investigator)
- Nicole Hettenbach hired as student intern for investigations team

## Deloitte/Center for Audit Quality report

### **January 2022 Audit Committee Practices Report (Common Threads Across Audit Committees)**

<https://www2.deloitte.com/content/dam/Deloitte/us/Documents/center-for-board-effectiveness/us-cbe-audit-committee-practices-report.pdf>

- Survey of 246 audit committee members
- Primarily large public companies based in the United States

# Key Observations

- **Top areas of committee focus**

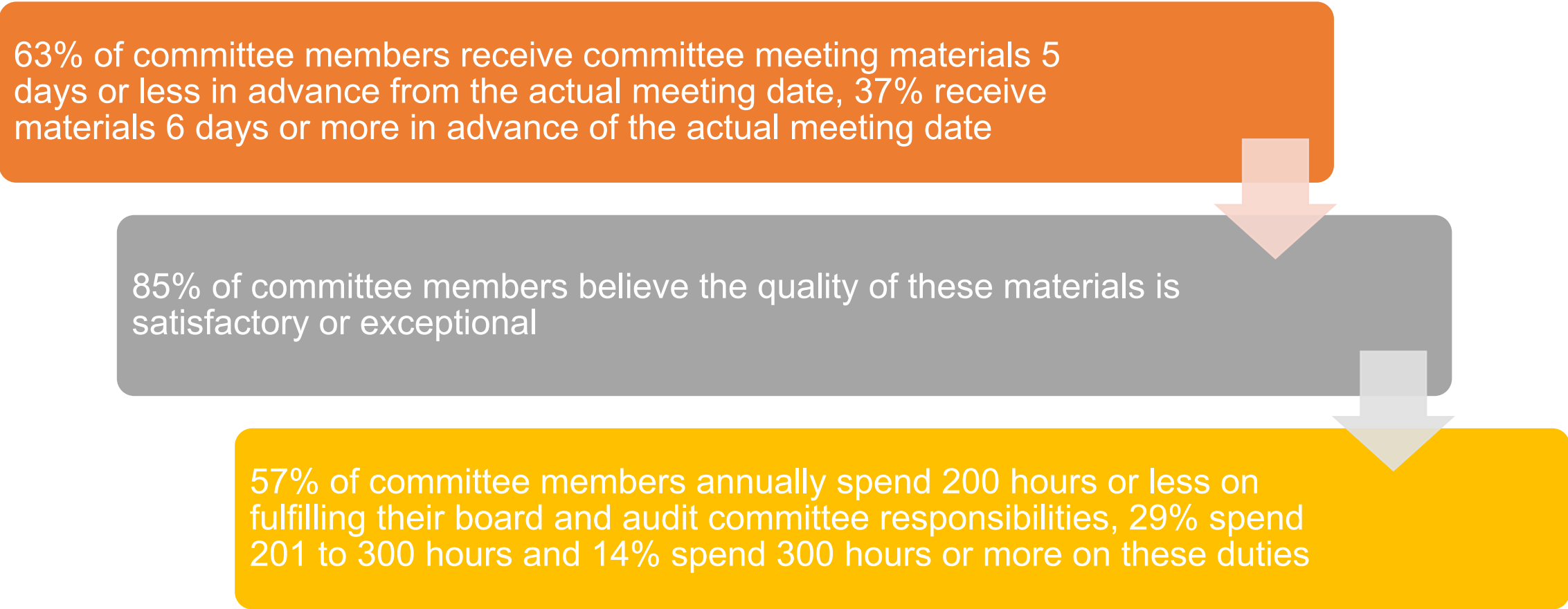
- 1) 96% -- Financial reporting, internal controls, and fraud risk
- 2) 53% -- Cyber security and data privacy
- 3) 48% -- Ethics and Compliance
- 4) 47% -- Third-party risk
- 5) 42% -- Enterprise Risk Management

- **Moving up the list**

- a) Environmental, Social and Governance (*external reporting, strategy and metrics, climate change, board diversity and human capital management*)
- b) Digital transformation
- c) Supply chain risk

# Audit Committee metrics

63% of committee members receive committee meeting materials 5 days or less in advance from the actual meeting date, 37% receive materials 6 days or more in advance of the actual meeting date



85% of committee members believe the quality of these materials is satisfactory or exceptional

57% of committee members annually spend 200 hours or less on fulfilling their board and audit committee responsibilities, 29% spend 201 to 300 hours and 14% spend 300 hours or more on these duties





Questions?



Board of Trustees  
Audit and Compliance Committee  
February 22, 2022

### INFO- 1: Direct Support Organization External Audit Reports

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☒ Information

☐ Discussion

☐ Action

Meeting Date for Upcoming Action: \_\_\_\_\_

#### Purpose and Issues to be Considered:

All the Direct Support Organization (DSO) external audit reports for the most current financial reporting period received an unqualified or unmodified opinion and contain similar language in the report prepared by each external auditor as noted below:

*"In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, as of June 30, 2020, and 2019 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. No material weaknesses or significant deficiencies in internal controls and compliance over financial reporting were found."*

Typically, the external auditor performing the audit work will present an overview of the audit process, the overall results, and the entire draft report in person to each DSO board for review and approval.

Each DSO is assigned a UCF Board of Trustees member to serve on their board and the assigned Trustee is invited to attend these meetings and, along with other DSO board members, ask questions about the relevant DSO audit report at that time. University Audit attends the majority of these meetings as well.

#### Background Information:

Every DSO affiliated with the University of Central Florida is required to complete an external financial audit on an annual basis. These audits are performed by public accounting firms that are selected based on guidance provided in University Policy 2-208 Direct Support Organization (DSO) External Auditor Selection.

The current list of University of Central Florida affiliated DSO includes the following entities:

1. UCF Convocation Corporation
2. UCF Finance Corporation
3. UCF Stadium Corporation
4. UCF Foundation
5. UCF Research Foundation
6. UCF Academic Health
7. UCF Athletics Association
8. Limbitless Solutions, Inc.
9. Central Florida Clinical Practice Organization

**Recommended Action:**

This is an information only item to advise of the current status of the process and discuss any potential changes. Individual Committee members may request any or all of these DSO audit reports for review.

**Alternatives to Decision:**

This agenda item is included to be in full compliance with the current version of the UCF Board of Trustees Audit and Compliance Committee Charter which states that one of the Committee's responsibilities is to "Receive and review audits of the direct support organizations and component units."

If the Committee elects to revise their charter to waive this requirement or assign this review to another Board of Trustees committee, then this information will no longer be provided in future meetings.

**Fiscal Impact and Source of Funding:**

Each DSO is required to reserve funds to pay for their external audits. These costs are contracted for and obtained via a competitive bidding process and documented through a written contract approved by their respective DSO board typically covering a five-year period. Based on a prior UCF Board of Trustees recommendation, there are ongoing discussions on revising the current approach to have one external auditor perform all UCF DSO financial audits. This course of action would be made using standard UCF Procurement Services bid and selection processes.

**Authority for Board of Trustees Action:**

The current version of the Audit and Compliance Committee Charter states that one of the committee's responsibilities is to "Receive and review audits of the direct support organizations and component units."

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**Contract Reviewed/Approved by General Counsel** ☐ N/A ☒

**Committee Chair or Chair of the Board has approved adding this item to the agenda** ☒

**Submitted by:**

Robert Taft, Chief Audit Executive

**Supporting Documentation:**

N/A

**Facilitators/Presenters:**

Robert Taft, Chief Audit Executive