



## **February 23, 2023 Audit and Compliance Committee**

Board of Trustees

Live Oak Event Center

Feb 23, 2023 1:30 PM - 2:30 PM EST

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# Board of Trustees

## Meeting Agenda

**Board of Trustees Meeting  
Audit and Compliance Committee  
February 23, 2023, 1:30 – 2:30 p.m.**  
(or upon adjournment of previous meeting, and at the Chair's privilege)

### Live Oak Event Center

Livestream: <https://www.youtube.com/watch?v=ukTFGrb-vag>

### AGENDA

- |  |  |
|--|--|
| 1. Call to Order and Welcome                 | Bill Christy, <i>Chair, Audit and Compliance Committee</i>   |
| 2. Roll Call                                 | Margaret Melli, <i>Executive Assistant</i><br>University Compliance, Ethics, and Risk  |
| 3. Minutes of the November 16, 2022, meeting | Chair Christy<br>(Page 4)  |
| 4. Action (30 Minutes)                       | Chair Christy  |
| AUDC-1                                       | Board of Governors' Performance-based<br>Funding Data Integrity Certification<br>Audit Report<br>Robert Taft, <i>Chief Audit Executive</i><br>(Page 6) |
| AUDC-2                                       | Performance-based Data Integrity<br>Certification Form<br>Robert Taft<br>(Page 15)   |
| AUDC-3                                       | University Audit Department Charter<br>Robert Taft<br>(Page 20)  |
| AUDC-4                                       | Audit and Compliance Committee Charter<br>Rhonda L. Bishop, <i>Vice President, Compliance,<br/>Ethics, and Risk</i><br>(Page 36)                       |
| 5. Discussion (30 Minutes)                   |  |
| DISC-1                                       | DSO External Audit Reports<br>Robert Taft<br>(Page 53)   |



# Board of Trustees

## Meeting Agenda

DISC-2

University Compliance, Ethics, and Risk Update  
Rhonda L. Bishop  
(Page 55)

6. New Business

Chair Christy

7. Adjournment

Chair Christy



UNIVERSITY OF CENTRAL FLORIDA

**Board of Trustees  
Audit and Compliance Committee Meeting  
November 16, 2022  
Lake Nona Wave Hotel**

**MINUTES**

**CALL TO ORDER**

Trustee Bill Christy, Chair of the Audit and Compliance Committee, virtually called the meeting to order at 2:42 p.m. Vice Chair Tiffany Altizer, committee members Stephen King, Harold Mills and Beverly Seay were present. Committee member Danny Gaekwad attended via teleconference. Board Chair Alex Martins was present, and Trustee Okaty attended virtually.

**MINUTES APPROVAL**

The minutes of the August 30, 2022, Audit and Compliance Committee meeting were unanimously approved as submitted.

**ACTION**

**Compliance and Ethics Program Plan (AUDC-1)**

Rhonda Bishop, Vice President, Compliance, Ethics, and Risk presented the revised Compliance and Ethics Program Plan for approval by the committee. Revisions included adding additional policies and programs, and multiple housekeeping items and edits needed to align with the current program. Trustee King made a motion to approve the plan, Trustee Altizer seconded the motion. The Compliance and Ethics Program Plan was approved unanimously.

**DISCUSSION**

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

Bishop gave the University Compliance, Ethics, and Risk update. She provided highlights from the University Compliance, Ethics, and Risk 2022 Annual Report including the increased number of compliance related training courses completed across the university, Compliance and Ethics week activities, and she introduced three employees who were selected to receive the *IntegrityStar* award. Bishop stated that the university received the close out memo with no findings from the hiring and compensation practices compliance review by the U. S. Department of Labor Office of Federal Contract Compliance Programs. Bishop also gave an update on the Emerging Issues & Crisis Response Team's ongoing proactive efforts.

Annual Report – UCF Regulation 4-015 – Fraud Prevention and Detection (DISC-2)

Robert Taft, Chief Audit Executive presented the annual report on UCF Regulation 4-015 Fraud Prevention and Detection. This report outlined the university's efforts towards developing a fraud mitigation framework and included an analysis of fraud scenarios and anti-fraud controls and initiatives to reduce fraud risk.

University Audit Update (DISC-3)

Taft gave the University Audit Update which included current projects by type and selected projects which align with the objectives of the UCF Strategic Plan. Taft also highlighted services that external assurance providers perform and various types and services that University Audit provides.

**ADJOURNMENT**

Chair Christy adjourned the Audit and Compliance Committee meeting at 3:45 p.m.

Reviewed by:

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

Respectfully submitted:

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



**Board of Trustees  
Audit and Compliance Committee | February 23, 2023**

### **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:** February 24, 2023

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**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.

No reportable issues were identified during our work.

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, 2023.

**Recommended Action:**

Recommend acceptance to the Board of Trustees of University Audit's report on the Board of Governors Performance-based Funding Data Integrity Certification Process.

**Alternatives to Decision:**

Decline to recommend acceptance to the Board of Trustees of 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** ☒



# Board of Trustees

## Agenda Memo

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

**Facilitators/Presenters:**

Robert Taft



UNIVERSITY OF CENTRAL FLORIDA

# PERFORMANCE-BASED FUNDING DATA INTEGRITY

AUDIT OF INTERNAL CONTROLS AND COMPLIANCE  
AS OF SEPTEMBER 30, 2022

AUDIT 369  
DECEMBER 7, 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: December 7, 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  
Jana Jasinski  
Michael Johnson  
Mike Kilbride  
Winston Schoenfeld  
Linda Sullivan  
Board of Trustees  
State University System of Florida Inspector General

## **Executive Summary**

Based on our audit, we have concluded that UCF's controls and processes are adequate to ensure the completeness, accuracy, and timeliness of data submitted to the Florida Board of Governors (BOG) in support of performance-based funding metrics, as well as emerging preeminence metrics.

It should be noted that the SIFD Degree Awarded file submittals for Fall 2020, Spring 2021, and Fall 2021 were delayed due to several Registrar's Office employees resigning, which impacted the degree certification process. The BOG was informed of these delays, which had no impact on performance funding calculations. As required, this observation will be noted on UCF's certification form.

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 (PBF) model and emerging-preeminence status.

## **Background and Performance Objectives**

Beginning in 2013-14, the BOG implemented a 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 2022-23 funding year, each university was evaluated on nine common metrics, with the two exceptions being New College of Florida (New College) and Florida Polytechnic University (Florida Poly).

Florida Senate Bill 72 (<https://www.flsenate.gov/Committees/BillSummaries/2020/html/2188>) 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. Each university BOT selects one metric of its own.

Due to the new Florida State University System 2025 Strategic Plan ([https://www.flbog.edu/wp-content/uploads/2022/11/2025\\_System\\_Strategic\\_Plan\\_Amended\\_Nov\\_2022.pdf](https://www.flbog.edu/wp-content/uploads/2022/11/2025_System_Strategic_Plan_Amended_Nov_2022.pdf)), two metrics

were adjusted to match the new goals. For Metric 1, percent of bachelor's graduates continuing their education or employed (with a salary greater than \$30,000) within the U.S. one year after graduation was changed from having a salary greater than \$25,000. Metric 4, Four-Year Graduation Rate, adjusted the points earned based on the Excellence Points to reflect a 65% graduate rate earning 10 points versus the old scale where 50% graduate rate earned 10 points.

The common metrics are:

1. percent of bachelor's graduates continuing their education or employed (with a salary greater than \$30,000) 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)
- 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

This year, the BOG revised the Performance-based Funding Data Integrity Certification form to reduce the number of representations by removing those that are no longer needed and merging two other representations that were closely related. The certification provides assurances that the data submitted by universities is reliable, accurate, and complete. This certification form is to be signed by the university president, affirmatively certifying each of the nine 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. It 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

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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

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.

### **Performance-based Funding Metrics**

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, 2022, related to the following four metrics:

- Metric 1: percentage of Bachelor’s Graduates employed full-time in Florida or continuing their education in the U.S. one year after graduation
- Metric 4: Four Year Graduation Rate (Full-time First Time in College (FTIC))
- Metric 8: Graduate Degrees Awarded in Areas of Strategic Emphasis (includes STEM)
- Metric 10: Percent of Bachelor’s Degrees Awarded to African American and Hispanic Students

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 Degrees Awarded (SIFD) files submitted to the BOG in support of the measures listed above. By developing queries in PeopleSoft Campus Solutions 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.

### Preeminence Metrics

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>Excellence Standards<sup>[3]</sup></b>	<b>UCF's Result</b>
D	Four Year Graduation Rate (2017-21)	60%	50% (not achieved)
E	National Academy Memberships (2022)	6	8 (achieved)
F	Science and engineering research expenditures (2020-21)	\$200M	\$182M (not achieved)
G	Non-medical science and engineering research expenditures (2020-21)	\$150M	\$167M (achieved)
I	Doctoral degrees awarded annually (2020-21)	400	480 (achieved)

- Preeminent Metrics D is the same as the PBF metric #4.
- For Preeminent Metric E, a faculty member who has been inducted into the National Academy of Sciences, National Academy of Engineering, or the National Academy of Medicine is considered a National Academy member.
- 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. The information submitted to NSF for the HERD Survey is a compilation of PeopleSoft Financials 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.
- As of 2016, the Legislature amended the criteria for Preeminent Metrics I to include professional doctoral degrees awarded in medical and health care disciplines.

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<sup>3</sup> S. 1001.7065, Florida Statute, Preeminent State Research University Program

## **Audit Timeline**

Beginning of audit: June 20, 2022

End of fieldwork: November 8, 2022

## **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 23, 2023

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

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☐ Information

☐ Discussion

☒ Action

Meeting Date for Upcoming Action: February 24, 2023

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#### 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, 2023.

#### Recommended Action:

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

#### Alternatives to Decision:

Decline to recommend approval to the Board of Trustees of 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



**Supporting Documentation:**

Attachment A: Performance-based Funding Data Integrity Certification Form

**Facilitators/Presenters:**

Robert Taft





# Data Integrity Certification

## March 2023

In accordance with Board of Governors Regulation 5.001(8), university presidents and boards of trustees are to review, accept, and use the annual data integrity audit to verify the data submitted for implementing the Performance-based Funding model complies with the data definitions established by the Board of Governors.

Given the importance of submitting accurate and reliable data, boards of trustees for those universities designated as preeminent or emerging preeminent are also asked to review, accept, and use the annual data integrity audit of those metrics to verify the data submitted complies with the data definitions established by the Board of Governors.

**Applicable Board of Governors Regulations and Florida Statutes:** Regulations 1.001(3)(f), 3.007, and 5.001; Sections 1.001.706, 1001.7065, and 1001.92, Florida Statutes

**Instructions:** To complete this certification, university presidents and boards of trustees are to review each representation in the section below and confirm compliance by signing in the appropriate spaces provided at the bottom of the form. Should there be an exception to any of the representations, please describe the exception in the space provided.

Once completed and signed, convert the document to a PDF and ensure it is ADA compliant. Then submit it via the Chief Audit Executives Reports System (CAERS) by the close of business on March 1, 2023.

**University Name:** *University of Central Florida*

### Data Integrity Certification Representations:

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.
2. 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.
3. In accordance with Board of Governors Regulation 3.007, my university provided accurate data to the Board of Governors Office.

## Data Integrity Certification, March 2023

4. 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. The due diligence includes performing tests on the file using applications, processes, and data definitions provided by the Board Office. A written explanation of any identified critical errors was included with the file submission.
5. 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.
6. I am responsible for taking timely and appropriate preventive/ corrective actions for deficiencies noted through reviews, audits, and investigations.
7. 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.
8. 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.
9. 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.

Exceptions to Note: *The SIFD Degree Awarded file submittals for Fall 2020, Spring 2021, and Fall 2021 were delayed due to several Registrar's Office employees resigning, which impacted the degree certification process. The BOG was informed of these delays, which had no impact on performance funding calculations.*

## Data Integrity Certification, March 2023

### Data Integrity Certification Representations, Signatures:

*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.*

Certification: \_\_\_\_\_  
University President

Date: \_\_\_\_\_

*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.*

Certification: \_\_\_\_\_  
University Board of Trustees Chair

Date: \_\_\_\_\_



Board of Trustees  
Audit and Compliance Committee | February 23, 2023

### AUDC-3 University Audit Department Charter

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☐ Information

☐ Discussion

☒ Action

Meeting Date for Upcoming Action: February 24, 2023

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#### Purpose and Issues to be Considered:

An internal audit department charter is required by the International Standards for the Professional Practice of Internal Auditing. The charter is a formal document that defines the internal audit department's purpose, authority, and responsibility; establishes the internal audit position within the organization; authorizes their access to records, personnel, and physical properties relevant to the performance of audit work; and defines the scope of internal audit activities. The most recent University Audit department charter was approved by the full UCF Board of Trustees in January 2017.

#### Background Information:

In conjunction with a review of our internal documentation for our upcoming Quality Assurance Review, we identified the need to have a formal review and subsequent approval of our University Audit department charter. A few minor revisions have been identified including a) providing additional detail on the types of projects performed and b) listing additional standards the department relies upon to perform our work.

#### Recommended Action:

Recommend approval of the proposed revisions to the charter to the Board of Trustees.

#### Alternatives to Decision:

Decline to recommend approval to the Board of Trustees and request additional edits to the current charter beyond the attached proposal or elect to maintain the current version of the charter.

#### Fiscal Impact and Source of Funding:

N/A

#### Authority for Board of Trustees Action:

UCF Board of Trustees Audit and Compliance Committee Charter.

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 Department Charter (Redline)

Attachment B: University Audit Department Charter (Clean Copy)



# Board of Trustees

## Agenda Memo

**Facilitators/Presenters:**  
Robert Taft

## INTERNAL AUDIT CHARTER

### *A. Purpose and Mission*

University Audit serves as the university's internal auditor, providing internal audits and reviews, management consulting and advisory services, investigations of fraud and abuse, follow-up of audit recommendations, evaluation of the processes of risk management and governance, and coordination with external auditors. University Audit will escalate and report the results of this work to appropriate internal and external parties including the president and ~~B~~board of ~~T~~rustees.

The mission of the office is to serve the university by recommending actions to assist them in achieving its strategic and operational objectives. This assistance includes providing recommendations to management of activities designed and implemented by management to strengthen internal controls, reduce risk to and waste of resources, and improve operations to enhance the performance and reputation of the university. In addition, University Audit assists the Audit and Compliance Committee of the Board of Trustees in accomplishing its oversight responsibilities in accordance with UCF Board of Trustees and Florida Board of Governors guidelines and regulations.

### *B. Definition and Role of Internal Auditing*

According to the Institute of Internal Auditors (IIA):

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes." ~~Under the IIA "Three Lines of Defense" model, Internal Audit serves as "the third line of defense" as noted below:~~

~~The first line of defense is provided by front line staff and operational management. The systems, internal controls, the control environment and culture developed and implemented by these business units is crucial in anticipating and managing operational risks.~~

~~The second line of defense is provided by the risk management and compliance functions. These functions provide the oversight and the tools, systems and advice necessary to support the first line in identifying, managing, and monitoring risks.~~

~~The third line of defense is provided by the internal audit function. This function provides a level of independent assurance that the risk management and internal control framework is working as designed.~~

### *C. Reporting Structure and Independence*

University Audit reports administratively to the ~~P~~president and functionally to the Audit and Compliance Committee of the Board of Trustees. This reporting structure promotes independence and full consideration of appropriate responses to audit recommendations and implementation of management action plans. In addition, the structure provides a vehicle for the escalation of concerns as well as evaluating the adequacy of department resources.

All internal audit activities shall remain free of ~~undue~~ undue influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports.

To maintain its independence in accordance with performing its mission, ~~serving as the “third line of defense”~~ University Audit is **not authorized** to:

- Perform any operational duties (such as implementing or performing internal controls, developing university-wide or department level procedures, ~~installing systems or preparing records~~ installing systems, preparing records, or tendering legal opinions) for the areas of the university or any affiliated organizations external to the department.
- Initiate or approve accounting transactions or selection of third-party vendors external to the department.
- Direct the activities of any university employee not employed by University Audit, except to the extent such employees have been appropriately assigned to auditing teams or to

otherwise assist the internal audit staff during the course of audit work in providing requested documentation or clarification of university processes and practices.

#### ***D. Authority***

University Audit has the authority to audit, review, or investigate all areas of the university, including its direct support organizations, auxiliary facilities and services, faculty practice plan corporations, and other component units. The scope and related activities of a Audits, reviews, and investigations shall not be unduly restricted or limited by management, the president, or the Board of Trustees.

University Audit has unrestricted and timely access to records, data, personnel, and physical property relevant to performing audits, reviews, investigations, and consulting services. Documents and information given to internal auditors will be handled in the same prudent and confidential manner as by those employees normally accountable for those records. As required by law, University Audit will comply with the Florida Sunshine Law and public record requests.

University Audit will notify the chair of the board of trustee's Audit and Compliance Committee of the Board of Trustees or the president as appropriate, of any unresolved restriction, barrier, or limitation to obtaining necessary information to perform their duties. If the university is not able to remedy such limitations, the chief audit executive shall timely notify the Board of Governors (through their e-Office of Inspector General and ComplianceIGC) of any such restriction, barrier, or limitation.

#### ***E. Duties and Responsibilities***

University Audit performs threemultiple types of projects including:

- Perform Audits and reviews as selected using established quantitative and qualitative criteria with the schedule being designed on a rolling quarter basis and according to the risk-based annual plan, which is submitted to and discussed with the president and the Audit and Compliance Committee. Audits are assurance services defined as examinations of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples include financial, operational performance, compliance, information systems and data security, and due diligence engagements relating to vendors and third-party



relationships.<sup>5</sup> Reviews could include process walkthroughs, development of continuous monitoring reports, and embedded project monitoring.

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- Consulting services, the nature and scope of which are agreed to with the university client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include reviews, gap analysis using relevant third-party frameworks, recommendations (advice), facilitation of and providing guidance relating to management's control self-assessment initiatives, identification of leading practices, and providing training to the university community in areas such as fraud awareness, risk management, internal controls and other related subject matter.
- Investigations are independent evaluations of allegations generally focused on improper activities including misuse of university resources, fraud, financial irregularities, and academic integrity concerns along with research misconduct. Management will also be informed of any identified significant control weaknesses such as management override of controls along with unethical behavior, lack of academic integrity, failure to provide adequate oversight, or similar types of actions. In conjunction with performance of or participation in investigations across the university community, University Audit is responsible for determining whether allegations associated with an investigation fall under the State of Florida Whistle-blower Act in accordance with sections 112.3187-112.31895, Florida Statutes. In addition, as noted in Florida Board of Governors Regulation 4.002 State University Chief Audit Executives, University Audit is responsible to review statutory whistle-blower information and coordinate all activities of the university as required by the Florida Whistle-blower's Act. In addition, University Audit assists management in compliance with Board of Governors Regulation 3.405003 by serving as the point of contact for the design and oversight of the university's anti-fraud framework strategy and training.

When performing any of these activities, University Audit will focus on:

- a) Evaluating the economy, efficiency and effectiveness in the administration of university programs and operations
- b) Recommending adjustments to existing internal controls to enhance the prevention and detection of fraud and abuse within university programs and operations

c) Examining the validity of significant and credible allegations relating to waste, fraud or financial mismanagement as provided in Board of Governors Regulation-4.001

e)d) Identifying training and outreach opportunities where University Audit -will work with other UCF personnel to reduce the risk for future fraud or internal control breakdowns

~~Audits will be scheduled and performed according to the risk-based annual plan, which is submitted to the president, the Audit and Compliance Committee and the Florida Board of Governors. The plan will be updated as necessary to reflect changes in the university's strategic plan, program initiatives, and external environmental factors along with accommodating requests from the Board of Trustees and university management. Consulting services and investigations will be scheduled and performed on a case-by-case basis.~~

Follow-up on open audit project issues will be performed on a regular basis to evaluate management's progress in implementing internal audit recommendations generated by all audit department projects as defined above. It is ultimately management's responsibility to perform remediation activities or accept any potential risk exposure associated with electing to not take any mitigation actions.

In addition, University Audit will work with third parties such as the State University System of Florida Board of Governors, the Florida Auditor General, external auditors (public accounting firms), and relevant federal, state and local government agencies to discuss current and proposed processes, internal control- related activities, along with-and providing e-requested information and facilitation services to assist with the timely completion of these projects.

To help ensure University Audit has the capabilities to perform these functions, the department will:

- use existing or request additional funds to maintain a professional staff with sufficient size, knowledge, skills, experience, and professional certifications along with obtaining appropriate technology that increases the department's capabilities, productivity and efficiency-,
- use third-party resources (i.e. co-sourcing) as appropriate to supplement the department's efforts and

- establish a quality assurance improvement program of internal auditing activities as defined by the ~~Institute~~Institute of Internal Auditors for the ~~office of chief audit executive and the~~ department ~~as a whole~~. This program must include an e

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external assessment conducted at least once every five (5) years. The external assessment report and any related improvement plans shall be presented to the board of trustees, with a copy provided to the Florida Board of Governors. In addition, a quality assurance program will be established specifically for investigations based on guidance from relevant standards.

- prepare an annual report summarizing the activities of the department for the preceding fiscal year, the office's plans and resource requirements, including significant changes, and the impact of resource limitations for distribution to the president, board of trustees and Florida Board of Governors.
- report on a routine basis (through written or verbal means) to the ~~A~~udit and ~~C~~ompliance ~~C~~ommittee and/or the full board of trustees on matters including significant risk exposures, control issues, fraud risks, governance issues and other matters as requested by the president and/or the board of trustees.

#### ***F. Professional Standards***

University Audit adheres to the Code of Ethics and the *International Standards for the Professional Practice of Internal Auditing* adopted by The Institute of Internal Auditors along with the Information Systems Auditing Standards published by ISACA. For investigation activities, University Audit will conform to standards found in the *Principles and Standards for Offices of Inspector General* published by the Association of Inspector General and professional standards issued for the State University System of Florida entitled *Standards for Complaint Handling and Investigations for the State University System of Florida*. –

In addition, this charter will be reviewed and approved at least every three (3) years for consistency with applicable Florida Board of Governors and university regulations, professional standards, and industry best practices.

***Approved by the UCF Board of Trustees Audit and Compliance Committee January 13, 2017***

## **INTERNAL AUDIT CHARTER**

### ***A. Purpose and Mission***

University Audit serves as the university's internal auditor, providing internal audits and reviews, management consulting and advisory services, investigations of fraud and abuse, follow-up of audit recommendations, evaluation of the processes of risk management and governance, and coordination with external auditors. University Audit will escalate and report the results of this work to appropriate internal and external parties including the president and Board of Trustees.

The mission of the office is to serve the university by recommending actions to assist them in achieving its strategic and operational objectives. This assistance includes providing recommendations to management of activities designed and implemented by management to strengthen internal controls, reduce risk to and waste of resources, and improve operations to enhance the performance and reputation of the university. In addition, University Audit assists the Audit and Compliance Committee of the Board of Trustees in accomplishing its oversight responsibilities in accordance with UCF Board of Trustees and Florida Board of Governors guidelines and regulations.

### ***B. Definition and Role of Internal Auditing***

According to the Institute of Internal Auditors (IIA):

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

### ***C. Reporting Structure and Independence***

University Audit reports administratively to the president and functionally to the Audit and Compliance Committee of the Board of Trustees. This reporting structure promotes independence and full consideration of appropriate responses to audit recommendations and implementation of management action plans. In addition, the structure provides a vehicle for the escalation of concerns as well as evaluating the adequacy of department resources.

All internal audit activities shall remain free of undue influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing,

or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports.

To maintain its independence in accordance with performing its mission, University Audit is **not authorized** to:

- Perform any operational duties (such as implementing or performing internal controls, developing university-wide or department level procedures, installing systems, preparing records, or tendering legal opinions) for the areas of the university or any affiliated organizations external to the department.
- Initiate or approve accounting transactions or selection of third-party vendors external to the department.
- Direct the activities of any university employee not employed by University Audit, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal audit staff during the course of audit work in providing requested documentation or clarification of university processes and practices.

#### ***D. Authority***

University Audit has the authority to audit, review or investigate all areas of the university, including its direct support organizations, auxiliary facilities and services, faculty practice plan corporations, and other component units. The scope and related activities of audits, reviews, and investigations shall not be unduly restricted or limited by management, the president, or the Board of Trustees.

University Audit has unrestricted and timely access to records, data, personnel, and physical property relevant to performing audits, reviews, investigations, and consulting services.

Documents and information given to internal auditors will be handled in the same prudent and confidential manner as by those employees normally accountable for those records. As required by law, University Audit will comply with the Florida Sunshine Law and public record requests.

University Audit will notify the chair of the Audit and Compliance Committee of the Board of Trustees or the president as appropriate, of any unresolved restriction, barrier, or limitation to obtaining necessary information to perform their duties. If the university is not able to remedy such limitations, the chief audit executive shall timely notify the Board of Governors (through their Office of Inspector General and Compliance) of any such restriction, barrier, or limitation.

#### ***E. Duties and Responsibilities***

University Audit performs multiple types of projects including:

- Audits and reviews as selected using established quantitative and qualitative criteria with the schedule being designed on a rolling quarter basis and submitted to and discussed with the president and the audit and compliance committee. Audits are assurance services defined as examinations of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples include financial, operational performance, compliance, information systems and data security, and due diligence engagements relating to vendors and third-party relationships. Reviews could include process walkthroughs, development of continuous monitoring reports, and embedded project monitoring.
- Consulting services, the nature and scope of which are agreed to with the university client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include reviews, gap analysis using relevant third-party frameworks, facilitation of and providing guidance relating to management's control self-assessment initiatives, identification of leading practices, and providing training to the university community in areas such as fraud awareness, risk management, internal controls and other related subject matter.
- Investigations are independent evaluations of allegations generally focused on improper activities including misuse of university resources, fraud, financial



irregularities, and academic integrity concerns along with research misconduct. Management will also be informed of any identified significant control weaknesses such as management override of controls along with unethical behavior, lack of academic integrity, failure to provide adequate oversight, or similar types of actions. In conjunction with performance of or participation in investigations across the university community, University Audit is responsible for determining whether allegations associated with an investigation fall under the State of Florida Whistle-blower Act in accordance with sections 112.3187-112.31895, Florida Statutes. In addition, as noted in Florida Board of Governors Regulation 4.002 State University Chief Audit Executives, University Audit is responsible to review statutory whistle-blower information and coordinate all activities of the university as required by the Florida Whistle-blower's Act. In addition, University Audit assists management in compliance with Board of Governors Regulation 3.003 by serving as the point of contact for the design and oversight of the university's anti-fraud framework strategy and training.

When performing any of these activities, University Audit will focus on:

- a) Evaluating the economy, efficiency and effectiveness in the administration of university programs and operations
- b) Recommending adjustments to existing internal controls to enhance the prevention and detection of fraud and abuse within university programs and operations
- c) Examining the validity of significant and credible allegations relating to waste, fraud or financial mismanagement as provided in Board of Governors Regulation 4.001
- d) Identifying training and outreach opportunities where University Audit will work with other UCF personnel to reduce the risk for future fraud or internal control breakdowns.

Follow-up on open project issues will be performed on a regular basis to evaluate management's progress in implementing internal audit recommendations generated by

all audit department projects as defined above. It is ultimately management's responsibility to perform remediation activities or accept any potential risk exposure associated with electing to not take any risk mitigation actions.

In addition, University Audit will work with third parties such as the State University System of Florida Board of Governors, the Florida Auditor General, external auditors (public accounting firms), and relevant federal, state and local government agencies to discuss current and proposed processes, internal control related activities, along with providing requested information and facilitation services to assist with the timely completion of these projects.

To help ensure University Audit has the capabilities to perform these functions, the department will:

- use existing or request additional funds to maintain a professional staff with sufficient size, knowledge, skills, experience, and professional certifications along with obtaining appropriate technology that increases the department's capabilities, productivity and efficiency,
- use third-party resources (i.e. co-sourcing) as appropriate to supplement the department's efforts, and
- establish a quality assurance improvement program of internal auditing activities as defined by the Institute of Internal Auditors for the department. This program must include an external assessment conducted at least once every five (5) years. The external assessment report and any related improvement plans shall be presented to the board of trustees, with a copy provided to the Florida Board of Governors. In addition, a quality assurance program will be established specifically for investigations based on guidance from relevant standards.
- prepare an annual report summarizing the activities of the department for the preceding fiscal year, the office's plans and resource requirements, including significant changes, and the impact of resource limitations for distribution to the president, board of trustees and Florida Board of Governors.
- report on a routine basis (through written or verbal means) to the audit and

compliance committee and/or the full board of trustees on matters including significant risk exposures, control issues, fraud risks, governance issues and other matters as requested by the president and/or the board of trustees.

***F. Professional Standards***

University Audit adheres to the Code of Ethics and the *International Standards for the Professional Practice of Internal Auditing* adopted by The Institute of Internal Auditors along with the Information Systems Auditing Standards published by ISACA. For investigation activities, University Audit will conform to standards found in the *Principles and Standards for Offices of Inspector General* published by the Association of Inspector General and professional standards issued for the State University System of Florida entitled *Standards for Complaint Handling and Investigations for the State University System of Florida*.

In addition, this charter will be reviewed and approved at least every three (3) years for consistency with applicable Florida Board of Governors and university regulations, professional standards, and industry best practices.

***Approved by the UCF Board of Trustees Audit and Compliance Committee January 13, 2017***



Board of Trustees  
Audit and Compliance Committee | February 23, 2023

### AUDC-4: Audit and Compliance Committee Charter

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☐ Information

☐ Discussion

☒ Action

Meeting Date for Upcoming Action: February 24, 2023

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#### Purpose and Issues to be Considered:

The Audit and Compliance Committee charter has been updated for consistency with the UCF Board Committee charter templates.

#### 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 2022 and the committee determined that no further review or updates were needed. The charter was last revised in February 2020.

#### Recommended Action:

Recommend approval of the Audit and Compliance Committee charter to the Board of Trustees.

#### Alternatives to Decision:

Decline to recommend approval to the Board of Trustees, 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, Compliance, Ethics, and Risk  
Robert Taft, Chief Audit Executive



# Board of Trustees

## Agenda Memo

### **Supporting Documentation:**

Attachment A: Audit and Compliance Committee Charter (Redline)

Attachment B: Audit and Compliance Committee Charter (Clean Copy)

### **Facilitators/Presenters:**

Rhonda L. Bishop

Robert Taft

## Audit and Compliance Committee Charter

### 4. PurposePURPOSE

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.

### 6. Roles and responsibilitiesROLES 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.~~

### 5. Authority**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.

### REPORTING RESPONSIBILITIES

- The Committee Chair will, at the next regularly scheduled board meeting, report to the Board any action taken by the Committee.

**Membership 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 MEETINGS AND MINUTES**

- 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. Action shall require a majority vote of Committee members present.
- Meeting agendas will be prepared jointly by the Committee Chair, the chief audit executive, and the vice president for compliance, ethics, 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 and post written minutes of its meetings in accordance with Florida Statute 1001.71.

**STAFF**

- The vice president for compliance, ethics, and risk and the chief audit executive will serve as primary liaisons to the Committee and delegate administrative responsibilities as necessary.
- 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.

### CHARTER REVIEW

- The Committee will review its charter annually and recommend to the Board any changes that the Committee deems necessary.

### 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.A. 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.A. 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.A. **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.A. **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*

**AUDIT AND COMPLIANCE COMMITTEE****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.

**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.

**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.

**REPORTING RESPONSIBILITIES**

- The Committee Chair will, at the next regularly scheduled board meeting, report to the Board any action taken by the Committee.

**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.
- 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.

### MEETINGS AND MINUTES

- 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. Action shall require a majority vote of Committee members present.
- Meeting agendas will be prepared jointly by the Committee Chair, the chief audit executive, and the vice president for compliance, ethics, 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 and post written minutes of its meetings in accordance with Florida Statute 1001.71.

### STAFF

- The vice president for compliance, ethics, and risk and the chief audit executive will serve as primary liaisons to the Committee and delegate administrative responsibilities as necessary.
- 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.

### CHARTER REVIEW

- The Committee will review its charter annually and recommend to the Board any changes that the Committee deems necessary.

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

Board of Trustees  
Audit and Compliance Committee | February 23, 2023

### DISC- 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, 2022, and 2021 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. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion."*

All eight of the university's DSOs were issued a "clean" or unmodified audit opinion. Additionally, the auditor's supplemental report on internal controls over financial reporting and compliance and other matters did not identify any material weaknesses or significant deficiencies in internal controls, noncompliance, or other matters required to be reported.

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 as a board meeting agenda item.

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 and other members of UCF management also attend these presentations provided by the external auditors.

#### 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 a discussion 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 external 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 is a plan to revise the current approach and have one external auditor perform all UCF DSO financial audits. The selection timetable will begin in October 2023 and incorporate standard UCF Procurement Services bid and selection processes. The intent is to have the new firm in place in calendar year 2024 to perform audit work for the fiscal year ending June 30, 2023.

**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



# Board of Trustees

## Agenda Memo

Board of Trustees  
Audit and Compliance Committee | February 23, 2023

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

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☐ Information

☒ Discussion

☐ Action

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

#### Purpose and Issues to be Considered:

The University 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 update includes an overview of the Privacy Compliance Program and highlights from the Compliance and Ethics Work Plan Status Report. The Compliance and Ethics Work Plan Status Report contains a summary of projects and activities completed from October 1, 2022, through December 31, 2022.

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 University Compliance, Ethics, and Risk

#### Supporting Documentation:

Attachment A: University Compliance, Ethics, and Risk Update

Attachment B: Compliance and Ethics Work Plan Status October 1, 2022 – December 31, 2022

#### Facilitators/Presenters:

Rhonda L. Bishop



# **University Compliance, Ethics, and Risk Update**

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Board of Trustees Audit and Compliance Committee – February 23, 2023



# Compliance and Ethics Work Plan Status

October 1 – December 31, 2022



## Privacy Compliance

### Program Activities:

- Establish and update policies, procedures, and public facing privacy notices
- Ensure appropriate language is included in contracts with third parties
- Administer and review data protection impact assessments
- Respond to data subject access requests
- Reviewing research and similar studies involving personal data
- Provide privacy and data protection-related guidance
- Respond to and resolve incidents of potential noncompliance

### UCF Policies:

- UCF Policy 2-105 Identity Theft Protection
- UCF Policy 3-206 Credit Card Merchant Policy
- UCF Policy 4-002 Use of Information Technologies and Resources
- UCF Policy 4-008 Data Classification and Protection
- UCF Policy 4-012 Collection and Use of Social Security Numbers
- UCF Policy 4-015 Information Security Incident Response

# Compliance and Ethics Work Plan Status

October 1 – December 31, 2022

## Privacy Requirements

HIPAA | HITECH | FERPA | CAN-SPAM | DFARS | NIST 800-171 | GLBA | GDPR

The program covers compliance with various federal and state privacy laws such as:

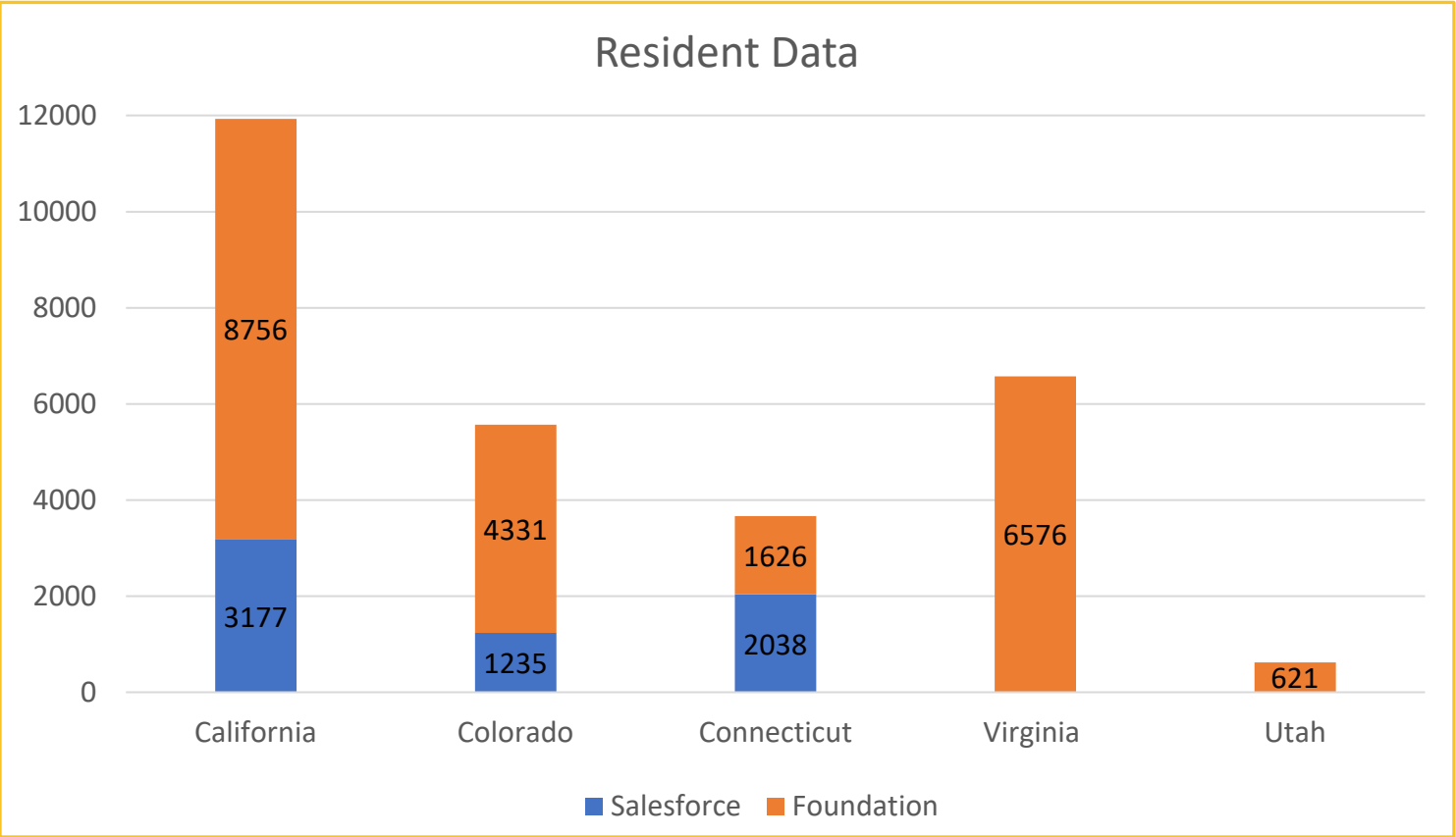
- Family Educational Rights and Privacy Act (FERPA)
- Health Insurance Portability and Accountability Act (HIPAA) and Health Information Technology for Economic and Clinical Health (HITECH)
- Controlling the Assault of Non-Solicited Pornography and Marketing (CAN-SPAM Act)
- Defense Federal Acquisition Regulation (DFARS) and National Institute of Standards and Technology (NIST)
- Gramm-Leach-Bliley Act (GLBA)
- International privacy laws such as the European Union General Data Protection Regulation (GDPR).
- Florida State Statutes and other state's laws that impact us

# Compliance and Ethics Work Plan Status

October 1 – December 31, 2022

Privacy Compliance Program  
Update:

New and Pending Privacy  
Legislation



# Compliance and Ethics Work Plan Status

October 1 – December 31, 2022

## Privacy Compliance Program Update: Training and Awareness



## Privacy Compliance

### **NEW** Annual Security (and Privacy) Training

- Inaugural launch on November 30, 2022
  - Employees auto enrolled: 12,809
  - Employee completions by year end: 3,929



# University Compliance, Ethics and Risk Office

## 2022-23 Work Plan Status October 1, 2022 – December 31, 2022

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 and Ethics 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 2022-23 Compliance and Ethics Annual Work Plan and includes the status of the activities during the period October 1, 2022, through December 31, 2022.

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

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.

#### **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 CO-CHAIR THE INFORMATION SECURITY AND PRIVACY ADVISORY COMMITTEE**

- Continue to lead (co-chair) the Information Security and Privacy Advisory Committee and serve as a partner of the Data Governance Council.

#### **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 November 2022 edition of the *IntegrityStar* featuring articles that present the 2022 Compliance and Ethics Culture Survey results, the 2021 UCF IntegrityLine Report, and a preview of Compliance and Ethics Week trainings and activities. The edition also included a cartoon and video related to Compliance and Ethics Week, and FAQs related to questions and comments received through the Culture Survey. The “Case Corner” article covered IntegrityLine reports that were investigated and substantiated. One case involved retaliation and the actions the university took in response.
- Working with UCF IT, piloted the university’s new email distribution service, Sendgrid, when distributing the November 2022 *IntegrityStar* edition and additional university communications.

#### **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.
- Published the 2021 UCF IntegrityLine Report in the November 2022 edition of the *IntegrityStar* providing a detailed analysis of the breakdown of outcomes, identifying trends, and actions taken to address trends.
- In the November 2022 edition of the *IntegrityStar*, also shared the 2022 Compliance and Ethics Culture Survey Results and six year trend revealing an increased employee awareness of the UCF IntegrityLine by 52%, with 97% of employees reporting familiar.
- Continued promoting the IntegrityLine in compliance videos; on the office’s website; and on the websites of all compliance partners.
- Provided direct support and guidance to supervisors and employees involved in investigations.

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

- Responded to an inquiry by the Office of the BOG Inspector General and Director of Compliance (BOG IG) regarding UCF’s reporting to the Board regarding denied applicants and travel under Florida’s Foreign Influence Act.
- In response to the BOG IG’s October 24, 2022, Data Request, prepared and submitted the Certification of Foreign Influence Legislation Compliance (Non-Gifts-Related) on behalf of UCF and provided copies of the supporting materials prior to the November 8, 2022, deadline.

- Reviewed the UCF Office of Military and Veteran Student Success' revised Corrective Action Plan (CAP) prior to submission to the Department of Defense (DoD) in response to their findings from the Institutional Compliance Program review in relation to the Voluntary Education Programs Memorandum of Understanding (MOU) signed in 2019. DoD policy requires educational institutions that wish to participate in the Tuitional Assistance program to sign an MOU. As part of the MOU, UCF agrees to heightened oversight and compliance with rules specific to service members and their families. The DoD approved the revised CAP on October 25, 2022, with completion of all action items required by January 25, 2023.
- At the request of the BOG IG, participated in a meeting with their office, BOG General Counsel, SUS compliance and ethics officers and attorneys in December 2022 to discuss the BOG IG Foreign Gifts Inspection outcomes. The BOG IG distributed the final report and updated BOG guidance document following the meeting.

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

- Updated the website to include the November 2022 edition of the *IntegrityStar*, Conflict of Interest page revisions, Enterprise Risk and Insurance content and forms, Board approved revised Compliance and Ethics Program Plan, Compliance and Ethics Annual Report 2022, Youth Protection resources, removed outdated files, and updated the Our Staff page.

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

- Provided the UCF Employee Code of Conduct, office brochure, privacy compliance pamphlet, Speak Up wallet cards, and UCF IntegrityLine Speak Up earbuds to employees during the October 2022 UCF Benefits Fair.
- Provided the UCF Employee Code of Conduct, office brochure, privacy brochure, and Speak Up wallet cards to Human Resources for distribution at ongoing new employee orientations.

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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**

- Number of new employees during this reporting period who took the online course and passed the final quiz:
  - Employee Code of Conduct / Speak Up! = 638
  - Potential Conflicts – Florida Code of Ethics for Public Officers and Employees = 588

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

- Launched Compliance and Ethics Week activities during the week November 7-11, 2022, which included three short video training modules on the topics of respect, misuse of resources, and retaliation, and an engaging activity where employees could create their

own ethical superhero and/or submit a photo of themselves dressed as an ethical superhero.

- There were 117 employees who participated in the campaign as follows:
  - Mission Impossible II video (Misuse of Resources): 116 employees viewed
  - Mini Superheroes video (Respect): 114 employees viewed
  - Mini Superheroes video (Retaliation): 115 employees viewed
  - Create your own Ethical Superhero activity: 7 employees submitted entries
  - Photo dressed in an Ethical Superhero costume: 2 employees submitted photos
- Distributed 75 prizes to randomly selected employees.

#### **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 during this reporting period:
  - Gifts and Honoraria = 5
  - Potential Conflicts – Florida Code of Ethics for Public Officers and Employees = 42

#### **ISSUE ANNUAL MEMO ON VULNERABLE PERSONS ACT**

- Next annual memo scheduled for distribution March 2023.

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

- The 2022 Code of Conduct refresher training containing customized modules (English and Spanish) addressing Gifts and Honoraria, Misuse of Resources, and Discrimination and Harassment launched on September 26, 2022, with a completion deadline of October 26, 2022.
  - Number of employees auto enrolled: 7,374
  - Number of employees completing the training by December 31, 2022: 7,012 (99.43%)

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

- Required Youth Protection training was completed by 19 program staff working with minors during this reporting period.

#### **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**

- Provided the Information Security Office (ISO) privacy-relevant content for PegaSec 2022, UCF's annual cybersecurity conference that took place in October 2022.
- Reviewed the newly developed annual security and privacy course, provided feedback and developed privacy content. The inaugural annual mandatory course was launched on November 30, 2022.
  - Total employees auto enrolled on 11/30/22: 12,809
  - Total employee completions by 12/31/22: 3,929



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

- Reviewed and updated the office's online training courses: Gifts and Honoraria, Potential Conflicts, and new hire Code of Conduct training and added to Workday, effectively transitioning all online training from Webcourses beginning January 1, 2023.
- Hosted the SUS Compliance and Ethics Consortium in-person meetings December 12-13, 2022.

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

- In response to Florida House Bill 7 (HB 7) Individual Freedom and Board of Governors (BOG) Regulation 10.005, continued to co-chair and lead weekly meetings of the HB 7 Implementation Workgroup, to develop a university regulation and policy, and a training and investigative process in compliance with the law and BOG regulation. University regulation UCF-3.002 was posted for public comment, approved by the BOT on 10/20/2022, and posted to the regulation website as required by BOG regulation. University policy was posted for public comment, reviewed by the University Policies and Procedures Committee on 10/26/2022, and approved by the president on 11/3/2022. In mid-November 2022, in response to the United States District Court for the Northern District of Florida's preliminary injunction prohibiting enforcement of portions of Florida Statutes Section 1000.05 (the Florida Educational Equity Act) and Florida Board of Governors Regulation 10.005 (Prohibition of Discrimination in University Training or Instruction), both the university regulation and policy were suspended pending further court action.
- Chaired the Drug Free Schools and Communities Act Biennial Review Committee and completed the required review of the university's compliance efforts during fiscal years 2020-22, coordinating updates to the biennial review report reflecting those efforts.
- In response to new and pending privacy legislation with extraterritorial impact to UCF (California Privacy Rights Act, Virginia Consumer Data Protection Act, Connecticut Data Privacy Act, Colorado Privacy Act, and Utah Consumer Privacy Act), Privacy Compliance performed an analysis on the university's risk exposure and met with the Office of the General Counsel to establish the university's approach to compliance with the new laws. The laws impose requirements related to updating privacy notices, timely processing of data subject access requests, and managing customer data handling preferences. UCF had already established processes and procedures for handling data subject access requests, opting individuals out of marketing and other communications, and routine updates to the online Privacy Notice. Privacy Compliance has established periodic meetings with departments that access personal information to ensure processes and procedures are followed and evolve in accordance with new laws, regulations, and industry best practices.

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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 eight policies.
- Updated resources on the online University Policy Library.

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

- Continued to serve on the UCF Health Sciences HIPAA Collaborative.

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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**

- Developed and implemented the 2022-23 COI Communication and Implementation plan which included multiple communications to employees to prepare them for the launch of the new Huron COI system.
- Working with the ARGIS support team, re-distributed the prior year's disclosure to all employees who had at least one outside activity disclosed to assist them with preparing their disclosure in the new system.
- Developed and delivered Huron COI training sessions for disclosers, reviewers, and COI Coordinators:

Training Schedule		
Group	Date	Time
Disclosers	October 26th 2022	10AM – 12PM
	October 28th 2022	2PM – 4PM
	November 3rd 2022	10AM – 12PM
	November 17th 2022	2PM – 4PM
Supervisors	October 27th 2022	10AM – 11AM
	November 2nd 2022	1PM – 2PM
COI Coordinators	October 26th 2022	2:30PM – 3:00PM
	November 2nd 2022	10AM – 10:30AM

- Hosted virtual COI Office Hours to provide employees 1-1 assistance with preparing their disclosure:
  - November 4, 8, 14, and 29
- Developed and posted user guides and guidance materials to the Huron COI system and the UCER COI website.
- Prior to the launch of the new Huron COI system, and during this reporting period, completed 10 outside activity disclosure reviews via email (October 1 - October 30, 2022).

- Launched the 2022-23 outside activity and financial interest reporting using the new Huron COI system on October 31, 2022, with a November 30, 2022, deadline:
  - Of the 4,514 users required to disclose, 4,139 submitted by November 30 achieving a 91.7% compliance rate with the 30-day deadline.
  - Implemented the delinquent follow up process and by year end, reached 98% completion rate.
- Received and responded to 396 requests for assistance with outside activity and conflict of interest support.
- Completed 19 reviews of potential conflicts of interest associated with the attendance at conferences or events sponsored by vendors or receiving discounts or gifts.
- Reviewed four research exemption requests prior to coordinating with the provost, president, and Chair of the Board of Trustees for approval as required by state statute.
- Met with the Office of Contract Compliance and Administrator Support and the Office of the General Counsel to discuss required modifications to Article 19 for compliance with Florida statute.

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

- Finalized the YPP Incident Report form within Squire that allows program sponsors/staff to report incidents associated with the respective youth program.
- Reviewed 10 in-person youth program session registrations, approving four registrations, conditionally approving five registrations, and cancelling one registration.
- Worked with three youth programs to resolve issues of non-compliance.
- Developed and posted to the YPP Resources webpage a Help Guide for Program Sponsors to assist them with registering youth programs in Squire.
- Worked with the Squire vendor to enhance both the registration and review process by adding features that would ensure a more thorough and accurate submission, processing, and review of registrations.

#### **MANAGE AND PROVIDE OVERSIGHT OF THE UNIVERSITY'S FOREIGN INFLUENCE PROGRAM**

- Continued oversight of the university's foreign influence compliance program including monitoring efforts with the Florida Foreign Influence Act, conducting regular meetings with the Office of International Collaboration and Export Control, Research Compliance Office and University Compliance and Ethics, to discuss foreign influence red flags, inquiries, and subsequent investigations.
- Initiated and oversaw UCF's engagement with Dun & Bradstreet to evaluate the university's 12,000+ suppliers to identify those with a foreign parent. Provided results to UCF Procurement to ensure accurate foreign source reporting under Florida statute.
- Revised foreign source reporting procedures based on newly revised BOG guidance and re-distributed the procedures to impacted departments as well as a reminder of the January 2023 reporting deadline.

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

- Processed 21 Data Subject Access Requests.
- Reviewed, provided guidance, and approved 24 contracts, along with one Reciprocal Student Exchange.
- Reviewed and processed nine Vendor Risk Management requests.
- Performed nine Institutional Review Board ancillary reviews.

- Followed up with Communications Disorders Clinic and Physical Therapy Clinic representatives to address concerns with vulnerability assessment results related to HIPAA.
- Worked with the University Registrar on seven Family Educational Rights and Privacy Act related reports/issues.
- Reviewed and investigated four HIPAA concerns.
- Reviewed and responded to five IntegrityLine cases.
- Followed up on Workday case regarding use and sharing of employee photos.
- Created a Security and Privacy Guidance Document for Registered Student Organizations to help safeguard personal data in response to a concern that was raised.
- Active member and partner within UCF's Data Governance Council functioning as data privacy subject matter expert and advising on data safeguards, relevant laws, and best practices.
- Participated in the Chief Information Officer team meetings to provide privacy updates and guidance and keep pace with IT-related projects involving data of concern.
- Met with peer privacy officers and practitioners to discuss industry challenges and solutions during events hosted by EDUCAUSE, the Information Systems Security Association of Central Florida, and others.
- 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.

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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. During this reporting period, received 77 new reports through the UCF IntegrityLine alleging misconduct.
- Coordinated triage of reports with University Audit. When appropriate, reports were referred to a compliance partner, investigated by this office, University Audit, or the Office of Institutional Equity. During this time, 66 IntegrityLine cases were investigated and closed.
- During this reporting period, responded to 15 public records requests for IntegrityLine and investigation records.

#### **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 November 2022 edition of the *IntegrityStar* Aubrey Jayanama, kNEXT Learning Management Lead, for her outstanding support of the university's compliance and ethics training program.
- Introduced three 2022 *IntegrityStar* Award winners at the November 2022 Board of Trustees Audit and Compliance Committee meeting where one of the award winners addressed the Committee on what compliance and ethics, as well as winning the award, meant to her.

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

- Highlighted in the November 2022 edition of the *IntegrityStar* a total of 10 new and revised UCF policies and nine new and revised regulations that had been implemented since the last edition.
- Distributed three campus-wide emails to employees alerting them of the approval of the new and revised policies.

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

- Continue to provide recommendations for appropriate discipline for substantiated cases 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 and Ethics office.

#### **DEVELOP AND ISSUE THE COMPLIANCE AND ETHICS ANNUAL REPORT**

- Annual report for 2021-22 was issued in November 2022 to the Audit and Compliance Committee of the Board of Trustees and submitted to the Board of Governors (BOG) as required by BOG Regulation.

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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 a Team Lead within NIST Privacy Workforce Public Working Group Team 3.

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

- Continued monitoring the requirements associated with the acceptance of CARES Act funding and the plan for addressing each.