



February 22, 2024 Audit and Compliance Committee

Board of Trustees

Rosen College of Hospitality Management - Disney Dining Room, Room 124

Feb 22, 2024 10:30 AM - 11:30 AM EST

Table of Contents

I. Opening Actions

A. Call to Order and Welcome

B. Roll Call

C. Minutes of the September 27, 2023 meeting.....4

II. Action Items

A. AUDC-1: Performance-Based Funding Data Integrity Certification Audit Report

1. (Memo) AUDC-1: Performance-Based Funding Data Integrity Certification Audit Report.....6

2. (Executive Summary): Performance-Based Funding Data Integrity Certification Audit Report.....7

3. (Attachment A) AUDC-1: Performance-Based Funding Data Integrity Certification Audit Report.....8

B. AUDC-2: BOG Performance-Based Funding Data Integrity Certification Form

1. (Memo) AUDC-2: BOG Performance-Based Funding Data Integrity Certification Form.....14

2. (Executive Summary) AUDC-2: BOG Performance-Based Funding Data Integrity Certification Form.....15

3. (Attachment A) AUDC-2: BOG Performance-Based Funding Data Integrity Certification Form.....16

III. Discussion

A. DISC-1: Audit and Compliance Committee Charter

1. (Memo) DISC-1: Audit and Compliance Committee Charter.....19

2. (Executive Summary) DISC-1: Audit and Compliance Committee Charter...20

3. (Attachment A) DISC-1: Audit and Compliance Committee Charter.....21

B. DISC-2: University Audit Update	
1. (Memo) DISC-2: University Audit Update.....	27
2. (Executive Summary) DISC-2: University Audit Update.....	28
3. (Attachment A) DISC-2: University Audit Update.....	30
C. DISC-3: DSO External Audit Reports	
1. (Memo) DISC-3: DSO External Audit Reports.....	33
2. (Executive Summary) DISC-3: DSO External Audit Reports.....	34
D. DISC-4: Five Year Quality Assurance Review (QAR) Report	
1. (Memo) DISC-4: Five Year Quality Assurance Review (QAR) Report.....	36
2. (Executive Summary) DISC-4: Five Year Quality Assurance Review (QAR) Report.....	37
3. (Attachment A) DISC-4: Five Year Quality Assurance Review (QAR) Report.....	39
4. (Attachment B) DISC-4: Five Year Quality Assurance Review (QAR) Report.....	43
E. DISC-5: University Compliance, Ethics, and Risk Update	
1. (Memo) DISC-5: University Compliance, Ethics, and Risk Update.....	67
2. (Executive Summary) DISC-5: University Compliance, Ethics, and Risk Update.....	68
3. (Attachment A) DISC-5: University Compliance, Ethics, and Risk Update...	71
IV. Information	
A. INFO-1: 2023-2024 Annual Work Plan Status of all Activities	
1. (Memo) INFO-1: 2023-2024 Annual Work Plan Status of all Activities.....	75
2. (Executive Summary) INFO-1: 2023-2024 Annual Work Plan Status of all Activities.....	76
3. (Attachment A) INFO-1: 2023-2024 Annual Work Plan Status of all Activities.....	78
V. New Business	
VI. Adjournment	



February 22, 2024 Audit and Compliance Committee

Board of Trustees

Feb 22, 2024 at 10:30 AM EST to Feb 22, 2024 at 11:30 AM EST

Rosen College of Hospitality Management - Disney Dining Room, Room 124

Virtual Link: <https://youtube.com/live/Zzquwtig2IE?feature=share>

Agenda

I. Opening Actions

A. Call to Order and Welcome

Presenter: Bill Christy, Chair, Audit and Compliance Committee

B. Roll Call

Presenter: Margaret Melli, Executive Assistant, University Compliance, Ethics, and Risk

C. Minutes of the September 27, 2023 meeting

Presenter: Chair Christy

II. Action Items

10:30 AM

A. AUDC-1: Performance-Based Funding Data Integrity Certification Audit Report

Presenter: Robert Taft, Chief Audit Executive

B. AUDC-2: BOG Performance-Based Funding Data Integrity Certification Form

Presenter: Robert Taft

III. Discussion

11:00 AM

A. DISC-1: Audit and Compliance Committee Charter

Presenters: Robert Taft, Rhonda Bishop, Vice President, Compliance, Ethics, and Risk

B. DISC-2: University Audit Update

Presenter: Robert Taft

C. DISC-3: DSO External Audit Reports

Presenter: Robert Taft

D. DISC-4: Five Year Quality Assurance Review (QAR) Report

Presenter: Robert Taft

E. DISC-5: University Compliance, Ethics, and Risk Update

Presenter: Rhonda Bishop

IV. Information

A. INFO-1: 2023-2024 Annual Work Plan Status of all Activities

Presenter: Rhonda Bishop

V. New Business

VI. Adjournment



UNIVERSITY OF CENTRAL FLORIDA

**Board of Trustees
Audit and Compliance Committee Meeting
September 27, 2023
FAIRWINDS Alumni Center**

MINUTES

Trustee Bill Christy, Chair of the Audit and Compliance Committee, called the meeting to order at 2:15 p.m. and stated that the meeting was covered by the Florida Sunshine Law and the public and press were invited to attend.

The following Committee members attended the meeting: Chair Christy, Vice Chair Tiffany Altizer, Trustees Stephen King and Harold Mills. Trustee Joseph Conte attended virtually and Trustee Danny Gaekwad was absent.

The following Board members attended the meeting: Chair Alex Martins, Trustees Brandon Greenaway and Carol McCalpin.

MINUTES APPROVAL

A motion to approve the minutes of the May 30, 2023, Audit and Compliance Committee meeting was made by King, and unanimously approved as submitted.

ACTION

AUDC-1 University Compliance, Ethics, and Risk Charter

Rhonda L. Bishop, Vice President, University Compliance, Ethics, and Risk provided an overview of the University Compliance, Ethics, and Risk Charter.

Altizer made a motion to approve AUDC-1, with Conte providing the second. The motion was unanimously recommended for approval.

AUDC-2 University of Central Florida 2023 FL Equity Report

Bishop and Nancy Fitzpatrick Myers, Director, Office of Institutional Equity, gave an overview of the University of Central Florida 2023 FL Equity Report.

Mills made a motion to approve AUDC-2, with Altizer providing the second. The motion was unanimously recommended for approval.

DISCUSSION

DISC-1 University Audit Plan Update

Robert Taft, Chief Audit Executive, provided highlights on completed and proposed activities of the internal audit function.

DISC-2 Annual Report – UCF Regulation 4.015 Fraud Prevention and Detection

Taft led a discussion on the impact of fraud in the higher education industry and the steps taken by the university to mitigate this risk.

DISC-3 University Compliance, Ethics, and Risk Update

Bishop provided an update on the Compliance and Ethics Program and introduced two employees who received the *IntegrityStar* award. She also provided an update on the Enterprise Risk and Insurance Management Program.

NEW BUSINESS

No items of new business were brought forward.

ADJOURNMENT

Chair Christy adjourned the Audit and Compliance Committee meeting at 3:15 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

Agenda Item

AUDC-1: Performance-based Funding Data Integrity Certification Audit Report

Proposed Board Action

The Audit and Compliance Committee is asked to recommend to the Board of Trustees, on its consent agenda, approval of the Performance-based Funding Data Integrity Certification Audit Report.

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, 2024.

Authority for Board of Trustees Action

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

Supporting Documentation Included

Attachment A: Performance-based Funding Data Integrity Certification Audit Report

Facilitators/Presenters

Robert Taft, Chief Audit Executive



Performance-based Funding Data Integrity Certification Audit Report

EXECUTIVE SUMMARY

Objective

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.

Summary of Key Observations/Recommendations

No reportable issues were identified during our work.

Additional Background

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.

Rationale

Performance-based funding is a critical funding source to assist with achieving the objectives of the UCF Strategic Plan. The ability to accurately measure current results along with identifying ways to improve future results will be a major benefit to the university.

Implementation Plan

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, 2024.

Resource Considerations

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

Conclusion

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

Performance-based Funding Data Integrity

Audit of Internal Controls and Compliance as of September 30, 2023



UNIVERSITY OF CENTRAL FLORIDA

University Audit
Audit #372
January 12, 2024

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

TO: Alexander Cartwright
President

FROM: Robert J. Taft
Chief Audit Executive

DATE: January 12, 2024

SUBJECT: Audit of Performance-based Funding Data Integrity

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

We appreciate the cooperation and assistance provided to our office by personnel at the Institutional Knowledge Management, Student Financial Aid, the Office of Research, and Registrar's Office during the audit.

cc: Rhonda Bishop
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 Spring 2022 Degrees awarded (SIFD) file was due on June 24, 2022; however, it was submitted on June 27, 2022, due to technical issues with the BOG reporting system. In addition, the Student Instruction File Preliminary (SIFP) Enrollment file submittal for Fall 2022 was delayed due to logic needing to be updated for Workday integrations. The due date was October 28, 2022, and file was submitted on November 4, 2022. The BOG was informed of these delays, which had no impact on the overall results or the performance funding calculations.

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 2023-24 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.

In November 2022, the BOG approved two metric changes to this year's Performance-Based Funding Model. For Metric 1, Percent of bachelor's Graduates Employed or Enrolled 1 Year after Graduation, changed the wage threshold from \$30,000 to \$40,000. Also, Metric 9a, Two-Year Graduation Rate for Florida College System (FCS) Associate in Arts (AA) Transfers, changed to Three-Year Graduation Rate for FCS AA Transfers.

The common PBF metrics are:

1. percent of bachelor's graduates employed (earning \$40,000+) and/or continuing their education (one year after graduation)
2. median wages of bachelor's graduates employed full-time one year after graduation
3. cost to the student (net tuition & fees 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)
- 9A. three-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 (not applicable to Florida Poly)

Metric selected by UCF Board of Trustees:

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

The BOG's Performance-based Funding Data Integrity Certification form 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^[1] and 1001.92^[2] complies with the data definitions established by the board and submit the audits to the Board of Governors Office of Inspector General as part of the annual certification process required by the Board of Governors.”

¹ S. 1001.7065, Florida Statute, Preeminent State Research University Program

² S. 1001.92, Florida Statute, State University System Performance-based Incentive

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, 2023, related to the following four metrics:

- Metric 3: cost to the student (net tuition & fees per 120 credit hours) for a bachelor's degree
- Metric 5: academic progress rate (second year retention with a GPA greater than 2.0)
- Metric 6: bachelor's degrees awarded within programs of strategic emphasis
- Metric 7: university access rate (percent of fall undergraduates with a Pell Grant)

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 Hours to Degree (HTD), Courses to Degree (CTD), Student Instruction File (SIF), Student Instruction File Preliminary (SIFP), Degrees Awarded (SIFD), and Student Financial Aid (SFA) 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 with the exception of HTD file. Because of methodology and source system complexities, a query could not be developed; therefore, we tested a judgmental sample of students to ensure accuracy of the HTD file.

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:

Metric	Title and period reviewed	Excellence Standards ^[3]	UCF's Result
A	Average high school GPA for incoming freshmen in Fall semester (Fall 2022)	4	4.2 (achieved)
A	Average SAT score for incoming freshmen in Fall semester (Fall 2022)	1200	1319 (achieved)
B	Public university national ranking (2022)	2+	4 (achieved)
C	Freshman retention rate (2021-22)	90%	93% (achieved)
K	Number of post-doctoral appointees (Fall 2021)	200	162 (not achieved)

Audit Timeline

Beginning of audit: August 9, 2023

End of fieldwork: December 18, 2023

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

³ S. 1001.7065, Florida Statute, Preeminent State Research University Program



Board of Trustees

Audit and Compliance Committee

Agenda Item

AUDC-2: Board of Governors' Performance-based Data Integrity Certification Form

Proposed Board Action

The Audit and Compliance Committee is asked to recommend to the Board of Trustees, on its consent agenda, approval of the Board of Governors Performance-based Data Integrity Certification Form.

As an annual requirement, UCF is required to complete a Board of Governors Performance-based Data Integrity Certification Form affirming the results of the completed Performance-based Funding Data Integrity Certification Audit Report (AUDC-1) and that all representations included in the Board of Governors 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, 2024.

Authority for Board of Trustees Action

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

Supporting Documentation Included

Attachment A: Board of Governors Performance-based Data Integrity Certification Form

Facilitators/Presenters

Robert Taft, Chief Audit Executive



Board of Governors Performance-based Data Integrity Certification Form

EXECUTIVE SUMMARY

Objective

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.

Summary of Key Observations/Recommendations

No issues were identified that would deter the signing and submission of this form by the required deadline.

Additional Background

N/A

Rationale

Performance-based funding is a critical funding source to assist with achieving the objectives of the UCF Strategic Plan. The ability to accurately measure current results along with identifying ways to improve future results will be a major benefit to the university.

Implementation Plan

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, 2024.

Resource Considerations

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

Conclusion

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



Data Integrity Certification

March 2024

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, 2024**.

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 2024

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 Spring 2022 Degrees awarded (SIFD) file was due on June 24, 2022; however, it was submitted on June 27, 2022, due to technical issues with the BOG reporting system. In addition, the Student Instruction File Preliminary (SIFP) Enrollment file submittal for Fall 2022 was delayed due to logic needing to be updated for Workday integrations. The due date was October 28, 2022, and file was submitted on November 4, 2022. The BOG was informed of these delays, which had no impact on performance funding calculations.

Data Integrity Certification, March 2024

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

Agenda Item

DISC-1: Audit and Compliance Committee Charter

Proposed Board Action

No action is proposed at this time.

Authority for Board of Trustees Action

Board of Governors Regulations 4.002 and 4.003.

Supporting Documentation Included

Attachment A: Audit and Compliance Committee Charter

Facilitators/Presenters

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



Audit and Compliance Committee Charter

EXECUTIVE SUMMARY

Objective

Annual review of the Audit and Compliance Committee charter.

Summary of Key Observations/Recommendations

After review of the charter by staff and discussion with the committee chair, further review or changes to the charter are not recommended at this time.

Additional Background

The committee's charter was last updated and approved in February 2023.

Rationale

Per the Audit and Compliance Committee's charter:

CHARTER REVIEW

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

Implementation Plan

N/A

Resource Considerations

N/A

Conclusion

Further review or changes to the charter are not recommended at this time. Committee members are encouraged to ask questions, provide feedback, and request changes if deemed necessary. If there are no recommendations for changes from the committee, the charter will remain as written and the annual review process will be met.

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, ethics, 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, ethics, 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, ethics, 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 24, 2023



Board of Trustees

Audit and Compliance Committee

February 22, 2024

Agenda Item

DISC-2: University Audit Update

Proposed Board Action

This discussion will cover completed and proposed activities of the internal audit function, as well as management's plans for changes to objectives, key processes, and related internal control activities.

The attachment is intended to provide the committee with information regarding the work of University Audit to assist the committee in successfully completing their oversight duties.

Authority for Board of Trustees Action

N/A

Supporting Documentation Included

Attachment A: University Audit Update

Facilitators/Presenters

Robert Taft, Chief Audit Executive



University Audit Update

EXECUTIVE SUMMARY

Objective

This discussion will cover completed and proposed activities of the internal audit function, as well as management's plans for changes to objectives, key processes, and related internal control activities.

The attachment is intended to provide the committee with information regarding the work of University Audit to assist the committee in successfully completing its oversight duties.

Summary of Key Observations/Recommendations

Current Audit Activities

Since the last committee meeting, UCF Internal Audit has completed two projects and issued the following reports:

- UCF Downtown – (Strategic Audit)
- Performance-based Funding— (Required Audit)

Trustees are encouraged to reach out directly to Robert Taft, UCF's Chief Audit Executive, for any inquiries or questions regarding these reports.

Ongoing projects include:

- College of Engineering and Computer Sciences – (Strategic Audit) *Fieldwork wrapping up*
- Post-Tenure Review (Required Audit) *Planning Phase*
- Management Advisory Services—*two projects focused on reviewing 1) UCFAA Construction Processes and 2) Carryforward Fund Management Process*

Currently, there are no significant concerns identified for the ongoing projects that require immediate attention or notification to the committee.

We have made some adjustments to our project scoring criteria and have provided a slide in the attachment providing further details.

Additional Background

Conversion to AuditBoard as our audit management software

Based on our concerns with the performance and capabilities of our current software and the vendor's lack of focus on this product after a series of mergers and acquisitions within their portfolio, a decision was made to evaluate other software options.

After a thorough review of available products, UCF Internal Audit has signed a five-year contract with AuditBoard, and we will go live with this software in February 2024. More than 40% of the Fortune 500 leverage the AuditBoard product suite. Prior to making our selection, we had extensive discussions with both Florida State University and Virginia Tech University who use AuditBoard's OpsAudit product.

IT Audit Co-sourcing initiative

From an IT Audit perspective, University Audit is in the process of signing a contract for the use of an external firm to provide co-sourced audit services. There is a slide in the attachment providing additional details.

Rationale

The Audit Plan focuses on covering the UCF Strategic Plan as its primary objective.

Implementation Plan

We will continue to follow the Audit Plan through the remainder of the year and inform the committee of any significant changes.

Resource Considerations

Audits will be performed based on the anticipated level of internal and co-sourced resources.

Conclusion

Staff will incorporate suggestions and feedback from the committee as part of the audit selection and scheduling process.










UNIVERSITY AUDIT UPDATE

Audit and Compliance Committee Meeting

February 22, 2024

Audit Project Selection Methodology-

Key Criteria

-  1 Is the project a Board of Governors or regulatory requirement?
-  2 Is the project a major strategic initiative?
-  3 Does the project impact UCF's financial success, ability to generate revenue or serve as a critical funding source?
-  4 Does the project include one or more core processes that have a major impact on efficiency and operational effectiveness?
-  5 Does the project impact regulatory requirements and include activities that have significant ramifications for non-compliance?
-  6 Does the project cover activities where there are staffing, or skill set concerns or there is a limited talent pool available leading to hiring and succession planning concerns?
-  7 Does the project cover activities that are subject to significant external and internal factors that will require innovation, major process and technology investments or organizational changes to remain competitive?

IT Audit Co-sourcing Strategy

- **Primary Drivers:**
 - Staff Turnover
 - Access to Subject Matter Experts
 - Resource Optimization



Board of Trustees

Audit and Compliance Committee

Agenda Item

DISC-3: DSO External Audit Reports

Proposed Board 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.

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."

Supporting Documentation Included

N/A

Facilitators/Presenters

Robert Taft, Chief Audit Executive



DSO EXTERNAL AUDIT REPORTS

EXECUTIVE SUMMARY

Objective

This is a discussion only item to advise the committee of the current status of the process and discuss any potential changes. Individual committee members may request any or all of these Direct Support Organization external audit reports for review.

Summary of Key Observations/Recommendations

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, 2023, and 2022 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.

Additional Background

The current list of University of Central Florida affiliated DSOs 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. (*now a part of the UCF Research Foundation*)
9. Central Florida Clinical Practice Organization

Rationale

Direct Support Organizations play a critical role towards achieving the objectives included in the UCF Strategic Plan.

Implementation Plan

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.

Resource Considerations

Each DSO is required to reserve funds to pay for their external audits. Historically, 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 changes in the public accounting industry, each DSO has elected to continue their relationship with their current vendors using shorter term contracts.

Based on a prior UCF Board of Trustees recommendation, consideration will be given to having a competitive bidding process where one external auditor would perform all UCF DSO financial audits for a multi-year period.

Conclusion

No specific recommendations for the committee.



Board of Trustees

Audit and Compliance Committee

Agenda Item

DISC-4: Five Year Quality Assurance Review (QAR) Report

Proposed Board Action

The Audit and Compliance Committee is asked to review and discuss the recently completed Quality Assurance Review report on University Audit's compliance with the Institute of Internal Auditors (IIA) Standards.

Authority for Board of Trustees Action

Per Florida Board of Governors Regulation 4.002 (Chief Audit Executives) "The chief audit executive must develop and maintain a quality assurance and improvement program in accordance with professional audit standards. 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 Board of Governors."

Supporting Documentation Included

Attachment A: Supplemental QAR Report Memo

Attachment B: Five Year Quality Assurance Review (QAR) Report

Facilitators/Presenters

Robert Taft, Chief Audit Executive



Five Year Quality Assurance Review (QAR) Report

EXECUTIVE SUMMARY

Objective

The objective of this discussion is related to Florida Board of Governors Regulation 4.002 (Chief Audit Executives) where “The chief audit executive must develop and maintain a quality assurance and improvement program in accordance with professional audit standards. 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 Board of Governors.”

Summary of Key Observations/Recommendations

The external assessment concluded that University Audit conforms to the standards based on the report language noted below:

“Based on the information we received and evaluated, we concur with UA’s conclusions that it Generally Conforms with the IIA Code of Ethics and International Standards for the Professional Practice of Internal Auditing in all material respects during the period under review. This opinion, which is the highest of three possible ratings, means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal auditing program. Additionally, UA is held in high regard by its key stakeholders within UCF, indicating that the office is accomplishing its mission to assist the Board of Trustees, President, and University leadership by providing independent, objective assurance and consulting services designed to add value and improve UCF operations.”

The report did identify a number of recommendations to approve our approach and methodology and University Audit provided responses for each of the recommendations. These responses and action plans will be evaluated and implemented based on discussions with the committee and UCF management.

Additional Background

Per Florida Board of Governors Regulation 4.002 (State University System Chief Audit Executives) “Audit engagements shall be performed in accordance with the International Professional Practices Framework, published by the Institute of Internal Auditors, Inc.; the Government Auditing Standards, published by the United States Government Accountability Office; and/or the Information Systems Auditing Standards published by ISACA. All audit reports shall describe the extent to which standards were followed.”

Rationale

Like other areas within the university, performing periodic self-evaluation and undergoing an

external assessment is a value-added technique to insure optimal performance. By applying continuous improvement techniques, the department will be in a better position to assist management in achieving the objectives of the UCF Strategic Plan.

Implementation Plan

We have prepared a memo (Attachment B) which details the action plans and target dates for the QAR report recommendations. We are planning to provide a status update on the completion of these action plans during a future committee meeting.

Resource Considerations

Travel reimbursements were provided for the three members of the QAR team to perform onsite work.

Conclusion

Recommend that the QAR Report be provided to the UCF Board of Trustees and the Florida Board of Governors.



UNIVERSITY OF CENTRAL FLORIDA

University Audit

Phone: 407-823-2889

Research Pavilion, Suite 170

12424 Research Parkway

PO Box 160080

Orlando, FL 32816-0080

MEMORANDUM

TO: Alexander Cartwright, UCF President
William Christy, UCF Audit and Compliance Committee Chair

FROM: Robert J. Taft, Chief Audit Executive

DATE: January 16, 2024

SUBJECT: Supplemental Quality Assurance Review (QAR) Report Responses

This memo is intended to provide you and other key stakeholders with a concise, detailed and deadline-driven action plan for the recommendations in our QAR report.

Issue 1-Audit Charter Update

Agree/Partially Agree/Disagree with recommendation	Agree
Action Plan	Perform a thorough review of both the Audit Compliance and Committee Charter and the Audit Department Charter to incorporate QAR suggestions and any changes required by the new IIA Standards.
Targeted Completion Date:	September 9, 2024
Additional Comments:	

Issue 2-Board Oversight

Agree/Partially Agree/Disagree with recommendation	Disagree
Action Plan	N/A
Targeted Completion Date:	N/A
Additional Comments:	We will not incorporate discussions of department budgets and compensation into our formal committee agendas. We believe the current charter and level of oversight activities is adequate for the committee to provide functional oversight.

Issue 3—Open Recommendations Monitoring

Agree/Partially Agree/Disagree with recommendation	Agree
Action Plan	<p>Part 1- Provide the committee and senior management with a semi-annual report of all open and overdue audit recommendations including trends and responsible individuals.</p> <p>Part 2—Discuss any concerns relating to specific open and overdue recommendations with the committee chair during our monthly calls.</p>
Targeted Completion Date:	July 11, 2024
Additional Comments:	

Issue 4-Audit Charter Update

Agree/Partially Agree/Disagree with recommendation	Agree
Action Plan:	Perform a thorough review of both the Audit Compliance and Committee Charter and the Audit Department Charter to incorporate QAR suggestions and any changes required by the new IIA Standards.
Targeted Completion Date:	September 9, 2024
Additional Comments:	

Issue 5—Monitoring Staff Training

Agree/Partially Agree/Disagree with recommendation	Partially Agree
Action Plan	Part 1—Develop a training evaluation form. Part 2—Develop an annual training summary report and ask staff to identify the sources and types of training that added the most value to assist us with our future training strategy.
Targeted Completion Date:	Part 1— March 30, 2024 Part 2—December 5, 2024
Additional Comments:	After reviewing the QAR report, we believe that the QAR team did not look at the most current training/CPE documentation that was available which would have clarified that training requirements were achieved. We do agree there are opportunities to better evaluate training by documenting feedback and subsequent use of training in our work.

Issue 6—Quality Assurance and Improvement Plan

Agree/Partially Agree/Disagree with recommendation	Agree
Action Plan	Benchmark with other internal audit departments both in the higher education industry and firms that use our new audit management software (AuditBoard) to identify and implement leading practices to complement current efforts.
Targeted Completion Date:	September 9, 2024
Additional Comments:	

Issue 7- Risk Assessment Process and Audit Plan Communication

Agree/Partially Agree/Disagree with recommendation	Agree
Action Plan	Meet with the President’s Cabinet and/or the President’s Leadership Council on an annual basis to discuss our approach and broaden the level of understanding. Have

	upcoming projects and ideas for new projects as a standing agenda item for our quarterly meetings with management.
Targeted Completion Date:	September 9, 2024
Additional Comments:	

Issue 8- Communication of Engagement Results

Agree/Partially Agree/Disagree with recommendation	Agree
Action Plan	<p>Part 1—Develop a survey to be sent to management and the Board of Trustees to identify format and content reporting preferences. Discuss the survey results and changes that will be made based on the survey and subsequent analysis in a future committee meeting.</p> <p>Part 2—Include a discussion of reporting format options and preferences with our clients at the beginning of all projects.</p>
Targeted Completion Date:	June 3, 2024
Additional Comments:	N/A

Issue 9- Strengthen Enterprise Risk Management (ERM) Opportunities

Agree/Partially Agree/Disagree with recommendation	Agree
Action Plan:	<p>Part 1—Have a discussion with the heads of the two identified units to identify any issues noted during their QAR interviews and opportunities to improve communication.</p> <p>Part 2- Ask the Chief Compliance Officer to include our function in any future ERM planning and implementation efforts (such as any formal committee). We will share any ERM capabilities that our new audit management software could provide, as well as any ERM best practices we identify during interactions with our audit peers.</p>
Targeted Completion Date:	April 8, 2024
Additional Comments:	N/A



University of Central Florida
University Audit
Independent Validation of
Quality Self-Assessment Review

December 8, 2023



UNIVERSITY OF CENTRAL FLORIDA

December 8, 2023

Mr. Robert J. Taft, CIA, CCSA, CRMA, SFC
Chief Audit Executive
University Audit
12424 Research Parkway, Suite 170
Orlando, FL 32826

Dear Mr. Taft,

We were engaged to conduct an independent validation of the self-assessment by the University Audit (UA) at University of Central Florida (UCF or University) for the five-year period ending June 30, 2023. The primary objective of the validation was to verify the assertions and conclusions made in the attached self-assessment report concerning adequate fulfillment of UCF's basic expectations of UA, its conformity to The Institute of Internal Auditors' (IIA) *Code of Ethics* and *International Standards for the Professional Practice of Internal Auditing*, and successful internal audit practices and opportunities for continuous improvement. We addressed this objective through review of the self-assessment and supporting documents prepared by UA; review of UA's system of quality control; interviews of selected stakeholders to the internal audit function and UA staff members; and reviews of a sample of audit work papers and reports prepared by UA. These activities were performed between May and August 2023.

Based on the information we received and evaluated, we concur with UA's conclusions that it **Generally Conforms** with the IIA *Code of Ethics* and *International Standards for the Professional Practice of Internal Auditing* in all material respects during the period under review. This opinion, which is the highest of three possible ratings, means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal auditing program. Additionally, UA is held in high regard by its key stakeholders within UCF, indicating that the office is accomplishing its mission to assist the Board of Trustees, President, and University leadership by providing independent, objective assurance and consulting services designed to add value and improve UCF operations.

We appreciate the cooperation and assistance provided to us throughout the course of our review by the members of UA and the UCF community.

Sincerely,

Trevor Williams, CPA,
CIGA
Chief Audit Executive
Office of Internal Audit
Florida International University

Agnessa Vartanova, CIA, CFE, CPA,
CISA, CRMA
AVP & Chief Audit Executive
Department of Internal Audit
University of Colorado

Cate Neeley, CIA
Chief Audit Executive
Office of Internal Audit
University of Kansas

Executive Summary

Overall Conclusion of the Independent Review Team

Based on the information we received and evaluated, it is our overall opinion that the University of Central Florida University Audit Generally Conforms with The IIA *Code of Ethics* and *International Standards for the Professional Practice of Internal Auditing (Standards)* in all material respects during the period under review. Strengths and leading practices, as well as opportunities for continuous improvement are included in our report. Our report also contains noted gaps to full conformance for certain individual elements of the *Standards*, which when considered individually or collectively, does not change our overall opinion on UA's conformance with the *Standards*. Furthermore, we generally agree with the results of the self-assessment performed by the UA team and their summary of observations. (Appendix B)

The following table lists the main sections of the IIA *Standards* and *Code of Ethics* and contains our opinion of how the activities of UA conform to each section:

Standard Type and Description	Opinion
Overall Evaluation	Generally Conforms
<i>IIA Attribute Standards:</i>	
1000 Purpose, Authority, and Responsibility	Generally Conforms
1100 Independence and Objectivity	Generally Conforms
1200 Proficiency and Due Professional Care	Generally Conforms
1300 Quality Assurance and Improvement Program	Generally Conforms
<i>IIA Performance Standards:</i>	
2000 Managing the Internal Audit Activity	Generally Conforms
2100 Nature of Work	Generally Conforms
2200 Engagement Planning	Generally Conforms
2300 Performing the Engagement	Generally Conforms
2400 Communicating Results	Generally Conforms
2500 Monitoring Progress	Generally Conforms
2600 Communicating the Acceptance of Risks	Generally Conforms
<i>IIA Code of Ethics</i>	Generally Conforms

Report Rating Description

The rating system that was used for expressing an opinion for this review provides for three levels of conformance: generally conforms, partially conforms, and does not conform. Generally Conforms (GC) is the top rating and means that an Internal Audit activity has a charter, policies, and processes that are judged to be in conformance with the *Standards*. Partially Conforms (PC) means some practices deviate from the *Standards*, but these deficiencies do not preclude the department from performing its responsibilities in an acceptable manner. Does Not Conform (DNC) means operational deficiencies seriously impair or preclude the department from performing adequately in all or in significant areas of its responsibilities.

The *Standards* are divided into logical subsections describing the attributes (Attribute Standards) and expected performance (Performance Standards) for conformance. The IIA further divides the *Standards* into logical topical sections and subsections. We rated these subsections to determine conformance by topic and for the audit function as a whole. (See Appendix A: Standards and Code of Ethics Rating, for our independent rating of each section of the *Standards* and *Code of Ethics*.)

Report Structure

Report Details – Presents the summary results of our in-depth review in the following categories:

- **Strengths and Leading Practices** – Describes areas in which UA excels.
- **Gaps to Conformance** – Describes areas in which UA does not fully conform to individual elements of the *Standards*.
- **Opportunities for Continuous Improvement** – Describes areas that conform to standards but could improve operations.

Engagement Overview

- **Background** – Provides a brief description of the UA internal audit function.
- **Objective, Scope, and Methodology** – Describes the primary objectives and parameters of the review, as well as the specific procedures performed to satisfy the review objectives.
- **Quality Assessment Team** – Provides a brief description of each independent, external quality assessor's qualifications.

Appendixes

- Appendix A: Standards and Code of Ethics Rating
- Appendix B: Self-Assessment Summary Observations
- Appendix C: Interviews Conducted
- Appendix D: Survey Results (UCF Leadership and Management)
- Appendix E: Survey Results (University Audit Team)
- Appendix F: Stakeholders' and Staff's Impressions

Report Details

Strengths and Leading Practices

Overall, University Audit is well-respected and broadly considered a resource across the university. The Chief Audit Executive (CAE) is said to have a “seat at the table,” and attends various relevant strategic and committee meetings, providing him with insight and opportunities for connection and collaboration. The other members of the UA management team have similarly endeared the respect and confidence of UCF leadership. They are said to be “a joy to work with” and are also imbedded into the discussions pertaining to various university initiatives. In the anonymous survey conducted by the independent, external quality assessment team, management rated its satisfaction with the function at 2.4 out of 3. See Appendix D: Survey Results (UCF Leadership and Management).

University Audit has established a level of independence and objectivity that is noteworthy and valued by UCF leadership. UA functional reporting to the Audit and Compliance Committee (ACC or Committee) of the Board of Trustees contributes to this, in addition to the ethical code that UA staff are committed to adhere to.

University Audit has produced audit reports that demonstrated thorough research and in-depth analysis of the subject matter audited. UCF leadership and stakeholders appreciated UA’s ability “to dig into an issue.”

UCF leadership understands risks, risk appetite and acceptance, and internal control, which is the outgrowth of UA’s efforts of educating the leadership on such matters.

University Audit has developed strong partnerships with UCF’s Chief Financial Officer and the Chief Information Officer. In particular, the level of UA’s engagement with the Workday implementation was very well received and said to have been extremely beneficial. The outreach and knowledge-sharing UA provided through its advisory/consulting services are appreciated by UCF stakeholders.

University Audit has been intentional about integrating information technology processes and risks into its audit planning considerations. This demonstrated that UA was in tune with the risk landscape in which UCF operates.

Employee satisfaction is strong. In the anonymous survey conducted by the independent, external quality assessment team, UA scored 2.7 out of 3. (See Appendix E: Survey Results (University Audit Team).

Gaps to Conformance

Standard 1010 – Recognizing Mandatory Guidance in the Internal Audit Charter

The Core Principles for the Professional Practice of Internal Auditing is a mandatory element of the IPPF along with the Definition of Internal Auditing, Code of Ethics, and *International Standards for the Professional Practice of Internal Auditing*. UA Internal Audit Charter references the latter three mandatory elements but does not reference the Core Principles for the Professional Practice of Internal Auditing and its mandatory nature.

We recommend UA management update the Internal Audit Charter to indicate its adherence to the Core Principles for the Professional Practice of Internal Auditing.

University Audit Response

As part of our 2024 initiative to review and update the Internal Audit Charter, we will incorporate this information into the document. We will also be evaluating any 2024 changes to the Institute of Internal Auditor Standards (currently in draft format) to determine how the charter could be impacted by the new release.

Standard 1110 – Organizational Independence

UA is properly placed within the organizational structure of the University and its functional reporting to the ACC of the Board of Trustees to promote an independent internal audit function. The *Standards* posit that such functional reporting is demonstrated by the governing board approving: (1) the internal audit budget and resource plan, (2) decisions regarding the appointment and removal of the CAE, and (3) the remuneration of the CAE, among other duties. The approved ACC Charter does not expressly include the noted provisions.

We recommend UA management initiate discussions with the ACC regarding updating the Committee's charter to include the applicable provisions that demonstrate the Committee's functional oversight of UA.

University Audit Response

We will evaluate the recommendation and incorporate this information into the charter as deemed appropriate by the UCF Audit and Compliance Committee and UCF management. Historically, the UCF Audit and Compliance Committee has not been directly involved in developing and reviewing either the internal audit budget or Chief Audit Executive remuneration at a detailed level. The committee does not currently perform these duties for the UCF Compliance function so there may be a need to develop a consistent approach for both functions were we to move forward with this type of initiative.

Standard 2500 – Monitoring Progress

UA monitors the progress of outstanding audit recommendations by sending periodic notification of action due to audit issue owners. The process currently does not include ensuring the disposition of the issues by confirming implementation of the recommendation or escalating the issue to the ACC. We found that many recommendations remain open for extended periods of time (18 months or more) without being implemented, if at all. UA management and staff communicated to us that with the implementation of Pentana, they discontinued the process of issuing detailed open recommendations reports to the Board of Trustee's ACC, and senior management, at least twice a year.

We recommend UA enhances its monitoring of progress by following up on open recommendations to the extent of ensuring their proper disposition and periodically reporting the results to the ACC.

University Audit Response

While continuing our successful efforts to work with UCF management to close a large percentage of open recommendations in the current audit management software (Pentana), we are in the process of converting to a new audit management software package (AuditBoard). As part of this system conversion process, we are evaluating our current inventory of open recommendations for conversion to AuditBoard for status tracking and reporting. Our intent is to leverage AuditBoard's capabilities to provide a comprehensive list of open recommendations to the Audit and Compliance Committee on a semi-annual basis. We will format the report as desired by the committee chair (i.e., group items from oldest to newest, by project, by responsible Dean/Vice-President, etc.) and will also discuss the list with the committee chair on a more frequent basis between committee meetings.

Opportunities for Continuous Improvement

Alignment of Charters and Clarity of Functional Reporting Structure

Although UA has an approved Internal Audit Charter that indicates its functional reporting to the ACC of the Board of Trustees, clearly articulating specific authority and duties the ACC exercises that demonstrate the functional nature of the reporting relationship would enhance conformance to this element of the *Standards*. (*Standard 1000 – Purpose, Authority, and Responsibility*)

We recommend UA management update the Internal Audit Charter to delineate the specific authority and duties of the ACC that clearly demonstrate the functional reporting of the CAE to the Committee for the Committee's approval.

University Audit Response

As discussed with the QAR team, we will evaluate the current Audit and Compliance Committee Charter to leverage language and concepts that could be incorporated into the Internal Audit Charter to meet this recommendation.

Staff Proficiency and Development

UA could benefit from a standard Continuing Professional Education (CPE) reporting and tracking protocol that would ensure accurate reporting of CPE courses completed along with the number of credits earned. The QAR team was unable to determine if all UA staff satisfied their CPE requirements either for complying with UA's policies, professional certification, or applicable standards. (*Standard 1210 – Proficiency*)

We recommend UA management adopt measures to enhance the quality and completeness of its current system for tracking staff's CPE.

University Audit Response

We are actively tracking this training information and require prior approval for any department paid training. In addition, we have not had any situations where a member of the department failed to meet their continuing education requirements to maintain their professional certifications. We will look to improve our reporting to better identify the training topics and themes needed from a subject matter expertise and career development perspective. We will also expand our tracking to include feedback on individual training courses taken to better identify the sources and types of training that the team finds the most helpful.

Acting Upon Quality Assurance and Improvement Plan Results

UA's Quality Assurance and Improvement Plan (QAIP) consists of internal monitoring, periodic self-assessment, and independent external assessment. The QAIP process has generally provided recommendations to improve UA's internal audit function. The QAIP process can benefit the internal audit function best when corrective action plans are developed and implemented to address the attendant recommendations. This important

action is missing from UA QAIP process. (*Standard 1320 – Reporting on the Quality Assurance and Improvement Plan*)

We recommend UA include corrective action plans and the progress on their implementation in its report on the results of the QAIP to the ACC.

University Audit Response

Given available resources, our QAIP work focuses on the individual project level and is performed using “in-flight” quality control concepts like completion of quality checklists and workpaper review by management. Review/coaching notes identify opportunities with potential to add more value for the customer during the engagement. At the end of the project, we ask our customers to complete a survey and have a second internal 360-degree survey completed by the Auditor In Charge, Audit Director and Chief Audit Executive at the end of the project. We will look to identify additional value-added approaches to complement this ongoing work along with leveraging the ideas that this external QAR has provided.

Greater Understanding of Assessing Risks

The feedback received from several University stakeholders suggest there is an unfamiliarity with UA’s risk assessment process and how audits are eventually included in the annual audit plan. Clearly communicating the methodology utilized in developing the annual audit plan could facilitate strong support and buy-in from audit clients. UA could achieve these results by clearly articulating the elements of the formal risk assessment process and how the risk assessment informs the audit plan development to its clients’ management. To be successful at this, UA would need to engage management by soliciting their input, through a formal process, and discussing risks and controls from their and clients’ perspectives. Also, providing management with an opportunity to review and comment on tentatively planned engagements will enhance the clarity of understanding of the audit development process. (*Standards 2010, 2010.A1, and 2010.A2 – Planning*)

We recommend UA develop and maintain a more structured, formal risk assessment process that clearly describes the key aspects in assessing entity-wide risks and how that work contributes to the development of the risk-based annual audit plan. The process should include soliciting input from the appropriate University stakeholders.

University Audit Response

We discuss our audit plan selection methodology and proposed plan changes with the ACC on a frequent basis. We also discuss our schedule with the President and Provost on a regular basis to make sure our approach is sound and focused on the university’s major initiatives and objectives. Overall, we believe there is strong awareness among these groups on how we target audit projects that will have a significant impact on the UCF strategic plan and the “big rocks” that will drive successful achievement of the strategic plan.

We will propose that we meet with the President’s Cabinet and/or the President’s Leadership Council on an annual basis to discuss our approach and broaden the level of

understanding of this process across the university's management team to increase the level of clarity and buy-in.

Communication of Engagement Results

UCF is a large entity with diverse operational units. UA Charter confers broad audit authority over the University operations. As such, UA has a wide audit universe, which consists of different audiences, each of whom processes information differently. UA reports should be crafted to appeal to its clients. Therefore, consideration should be given to the amount of detail presented in the report, the length of the report, the structure of the report (whether the executive summary concisely conveys the main issues and their recommended fixes), and the practicality of the recommendations, to name a few areas. A specific area for priority should be audit recommendations. From UA clients' perspectives, recommendations are either too prescriptive, not pragmatic, or even unrealistic, in some cases, and are too vague, in other cases. UA would need to engage university leadership and management to determine how best to achieve this balance. *Standard 2410.A1 – Communicating Results and Standard 2420 – Quality of Communications*)

We recommend UA initiate discussions with university leadership and process owners to determine a reporting model for its audit reports that will appeal to key members of the report audience while maintaining UA's reporting requirements. UA should also involve process owners in the recommendation development process, that take into consideration timing, operations, and risk, at earlier stages of the engagement, soliciting their input on the draft tentative recommendations. This would contribute to the overall strength and acceptance of audit recommendations.

University Audit Response

We will work more closely with management as we identify draft recommendations and promptly communicate these preliminary results during the fieldwork phase to minimize the potential for confusion and misunderstanding. We will work to customize the level of detail within our reports along with calibrating our recommendations to best meet the needs and expectations of our individual audit customers. We believe that more in-depth discussions at the start of the project and a more detailed engagement letter will assist us with these efforts to meet customer expectations.

Strengthen Enterprise Risk Management Opportunities

Various units of UCF, one of which is UA, play an important role in managing risks across the University. The Office of the General Counsel and University Compliance are pivotal partners in the process. Being collaborative and closely aligned with these two partners would contribute to the strengthening of the Enterprise Risk Management process. UA should strive to build upon and maintain its relationship with these two partners by being intentional about sharing information.

University Audit Response

UCF is working on developing a formal Enterprise Risk Management program that will be led by University Compliance and we anticipate we will be extensively involved with this program in the future. Both offices are led by talented and capable Vice-Presidents

that participate in the President's Cabinet meetings and have significant interaction with the Board of Trustees and UCF executive management to help guide the university's governance efforts. We believe we have productive working relationships with both offices and convey our thoughts and perspective on relevant information. We will meet with the leadership of both functions to determine how we can address any concerns or opportunities for improvements to information sharing and communication efforts.

Engagement Overview

Background

Internal audit functions within Florida's State University System (SUS), of which UCF is a member institution, are required to conform with:

- The Institute of Internal Auditors (IIA) *Code of Ethics* and *International Standards for the Professional Practice of Internal Auditing (Standards)* and
- Florida Board of Governors Regulation 4.002, *State University System Chief Audit Executives*.

This guidance requires internal audit functions to undergo periodic external quality assurance reviews (QAR) to assess conformance with the *Standards* and Regulation at least every five years. UCF University Audit completed its last external quality assurance review on November 26, 2018.

The IIA *Standards* require an external QAR to assess compliance with the *Standards*. The review may be either a full external assessment or a self-assessment independent validation (SAIV) and should occur at least once every five years. UCF UA has chosen to have an SAIV completed.

Objective, Scope, and Methodology

The primary objective of our review was to evaluate UCF UA conformance with the aforementioned auditing standards. Additional objectives included identifying commendable practices and opportunities for improvement to the audit function. The scope of our review covered the five-year period ending June 30, 2023, primarily focusing on the last 12 months of operations during this period. We performed our quality assessment based on the latest version of the IIA *Standards* published in January 2017.

We accomplished our objective through the following procedures:

- Evaluated UA's self-assessment.
- Interviewed selected stakeholders of UCF, including UCF's leadership and key administrators, the Chair of the Board of Trustees Audit and Compliance Committee, and audit clients, (see Appendix C)
- Interviewed members of UA staff and management (see Appendix C)
- Review of the previous external quality assurance report and information on the implementation status of those
- Review of the organizational structure and reporting lines of the audit function
- Review of administrative and support documentation, including policies and procedures, risk assessments, audit plans, the internal audit and audit committee charters, and other relevant documents

- Review and evaluation of a sample of engagements working papers and final reports
- Comparison of current UA practices to the *Standards* requirements

We performed these procedures in August 2023.

Quality Assessment Team

Trevor L. Williams, CPA, CIGA, is the Chief Audit Executive for Florida International University. Mr. Williams has a long and distinguished career spanning 38 years in accounting and auditing, inclusive of both internal and external auditing. During his years of auditing, he has been involved in performing, coordinating, and directing financial, compliance, and performance audits in a wide variety of areas including construction, transportation, education, financial services, risk management, pension and health benefit plans, maintenance operations, contracts, and grants. Mr. Williams graduated with honors from Virginia State University with a Bachelor of Science degree in Business Administration and a minor in Accounting. He also earned a Master of Accounting Degree from Florida International University and is a Certified Public Accountant in Florida and Virginia. In addition, he currently serves on the Association of Local Government Auditors' Peer Review Committee and was a mentor in the 5000 Role Models of Excellence Project and Big Brothers/Big Sisters programs, where he mentored young men in the community.

Agnessa Vartanova, CIA, CFE, CPA, CISA, CRMA, has been serving as Associate Vice President & Chief Audit Executive at the University of Colorado (CU) since February 2021, supported by a staff of 16 professionals. Her office is responsible for assurance, advisory, fiscal misconduct investigations, and education of the CU community on the matters of effective internal controls and fraud detection and prevention. Prior to joining CU, Ms. Vartanova held leadership roles in global internal audit functions at Ball Corporation and DaVita, Inc., Colorado-based Fortune 500 companies. She earned her Bachelor of Science degree in Accounting and University Honors Program, with a minor in International Business, and Master of Science degree in Accounting from University of Wyoming and holds a professional graduate certificate in Corporate Sustainability and Innovation from Harvard University Extension School. Ms. Vartanova is a Certified Public Accountant in Colorado, and has professional certifications in internal auditing, information systems auditing, fraud examination, and risk management assurance. In her practice, she strives to elevate the role of internal audit by consistently delivering pragmatic and meaningful insight to stakeholders.

Cate Neeley, CIA – Chief Audit Executive – Mrs. Neeley has been with the University of Kansas (KU) Internal Audit since 2014. Before assuming her current role, she was the Internal Audit Director leading audits at the KU Medical Center. Mrs. Neeley has a Master's degree in Business Administration from KU and a Bachelor's degree in Accounting from Pittsburg State University. Before joining Internal Audit, she was in the KU Comptroller's Office in Lawrence as an assistant director,

supporting the campus's procurement systems. Her previous work experience also includes multiple positions with Sprint's internal audit department. She is a certified internal auditor (CIA). In 2015, the Institute of Internal Auditors recognized Cate as an "Emerging Leader" in the internal audit profession. She is supported by a staff of 8 professionals. Her office is responsible for audits and advisory services.

Appendix A: Standards and Code of Ethics Rating

Overall Evaluation		Generally Conforms		
Rating		GC	PC	DNC
Attribute Standards (1000 through 1300)		Generally Conforms		
1000	Purpose, Authority, and Responsibility	X		
1010	Recognizing Mandatory Guidance in the Internal Audit Charter		X	
1100	Independence and Objectivity	X		
1110	Organizational Independence		X	
1111	Direct Interaction with the Board	X		
1112	Chief Audit Executive Roles Beyond Internal Auditing	X		
1120	Individual Objectivity	X		
1130	Impairment to Independence or Objectivity	X		
1200	Proficiency and Due Professional Care	X		
1210	Proficiency	X		
1220	Due Professional Care	X		
1230	Continuing Professional Development	X		
1300	Quality Assurance and Improvement Program	X		
1310	Requirements of the Quality Assurance and Improvement Program	X		
1311	Internal Assessments	X		
1312	External Assessments	X		
1320	Reporting on the Quality Assurance and Improvement Program	X		
1321	Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing"	X		
1322	Disclosure of Nonconformance	X		
Performance Standards (2000 through 2600)		Generally Conforms		
2000	Managing the Internal Audit Activity	X		
2010	Planning	X		
2020	Communication and Approval	X		
2030	Resource Management	X		
2040	Policies and Procedures	X		
2050	Coordination and Reliance	X		
2060	Reporting to Senior Management and the Board	X		
2070	External Service Provider and Organizational Responsibility for Internal Auditing	X		
2100	Nature of Work	X		
2110	Governance	X		
2120	Risk Management	X		
2130	Control	X		
2200	Engagement Planning	X		
2201	Planning Considerations	X		
2210	Engagement Objectives	X		
2220	Engagement Scope	X		
2230	Engagement Resource Allocation	X		
2240	Engagement Work Program	X		
2300	Performing the Engagement	X		
2310	Identifying Information	X		
2320	Analysis and Evaluation	X		
2330	Documenting Information	X		
2340	Engagement Supervision	X		
2400	Communicating Results	X		
2410	Criteria for Communicating	X		
2420	Quality of Communications	X		
2421	Errors and Omissions	X		
2430	Use of "Conducted in Conformance with the International Standards for the Professional"	X		
2431	Engagement Disclosure of Nonconformance	X		
2440	Disseminating Results	X		
2450	Overall Opinions	X		
2500	Monitoring Progress		X	
2600	Communicating the Acceptance of Risks	X		
Code of Ethics		Generally Conforms		
	Code of Ethics	X		

Appendix B: Self-Assessment Summary Observations

CONFORMANCE GAPS

None noted.

OPPORTUNITIES FOR CONTINUOUS IMPROVEMENT:

Standard 1000 Purpose, Authority, and Responsibility

1. UA would like to expand the scope of services offered to include more continuous auditing and data analysis activities. We will work with other departments such as Analytics and Integrated Planning and Workday Enterprise System Teams to leverage available resources.

Standard 1110 Independence and Objectivity

2. Ensure consistency between the audit committee and internal audit charters involving approval of the internal audit charter and functional oversight of internal audit activity.
3. The ACC [Audit and Compliance Committee] Charter does not specifically require ACC approval of the internal audit charter, budget and resource plan, CAE remuneration, and appointment or removal of the CAE.
4. The ACC had discussion but did not formally approve the annual plan for 2022-23

Recommendation: Establish standing ACC action items in the AC annual workplan / agenda to approve UA annual work plan

Standard 1210 Proficiency

5. An internal Subject Matter Expert (SME) designation could be identified for employees with expert knowledge of critical subjects on the Skill Set Matrix. These SME designations could be formally considered during the annual evaluation period in the assessment of training needs for the department.

Standard 1220 Due Professional Care

6. UA needs to further incorporate data analysis for risk assessments. Additionally, Workday offers the opportunity to establish continuous monitoring/auditing processes to provide ongoing university-wide risk identification and provide broader audit coverage than traditional audit engagements.

Standard 1311 Internal Assessments

7. Formalize and increase the frequency of internal assessments within the five-year cycle.
8. Provide reports to the AAC regarding progress on QAR suggested opportunities for improvement.

Standard 2200 Engagement Planning

9. The audit team should continue to further refine the audit process as UCF processes and organizational changes are made and ensure appropriate linkages between all planning documents and the annual audit plan.

Appendix B: Self-Assessment Summary Observations (continued)

Standard 2201 Planning Considerations

10. The Audit Questionnaire could be redesigned to be less cumbersome for audit clients to complete, as clients have observed that the Pentana survey tool is not very user friendly, and clients do not always understand our objective based audit approach when making their ranking selections.

Standard 2300 Performing the Engagement

11. With the university's implementation of Workday, many of our test plans need to be updated from the old PeopleSoft navigations to Workday.

Standard 2420 Quality of Communications

12. The audit reports process could be redesigned to improve clarity and timeliness. Formal communication of interim findings could improve accuracy and value of audit recommendations and allow for timely resolution of identified issues. This would also assist in shortening the reporting process by minimizing the need for significant revisions of the exit draft.
13. While there are varying factors impacting the time from fieldwork end to issuance of a final report, a reduction in the time allowed for client responses (30 business days) would have a positive impact.

SUCCESSFUL INTERNAL AUDIT PRACTICES NOTED:

Standard 1000 Purpose, Authority, and Responsibility

1. The UA Charter is comprehensive and contains the mandatory elements of the International Professional Practices Framework. The approved charter fully describes the purpose, authority, responsibilities, and accountabilities of internal audit.
2. UA has developed UCF Policy 2-008, Internal Control, UCF Policy 2-010, Whistle-blower Determination and Investigation Policy, and UCF Policy 2-800, Fraud Prevention and Detection, to communicate to the university community the responsibilities of UA and the expectations for the University community.

Standard 1100 Independence and Objectivity

3. UA requires an attestation of independence and objectivity by all personnel working on each audit.

Standard 1210 Proficiency

4. UA has developed a skill set matrix to support talent and management activities and to demonstrate professional proficiency.
5. UA utilizes two post-audit surveys of (1) the audit client and (2) the Auditor in Charge and Associate Director (a 360 review) to obtain continuous feedback throughout the year.
6. An onboarding checklist helps to ensure the consistency, timeliness, and completeness of information provided for new employees.

Appendix B: Self-Assessment Summary Observations (continued)

Standard 1220 Due Professional Care

7. CAE utilizes publications, newsletters, and training provided by many organizations to keep current with auditing trends and emerging issues.
8. By attending various management and committee meetings, auditors stay current with the emerging issues for our university and have an opportunity to provide management our perspective on risk and controls.
9. Audit workpaper templates and checklists for our Pentana audit software help standardize audits and reduce the number of review notes. The **Audit Team Desk Manual (32.2)** is a valuable resource and living document which reflects continuous improvements in audit procedures.
10. We have met with the Workday Internal Audit team to discuss available reports and best practices and will continue to maintain that relationship and have those discussions.

Standard 1300 Quality Assurance and Improvement Program

11. UA utilizes two post-audit surveys of (1) the audit client and (2) the Auditor in Charge and Associate Director (a 360 review) to obtain continuous feedback throughout the year.

Standard 1311 Internal Assessments

12. The use of standardized checklists and templates adds to the overall quality of engagements.

Standard 2010 Planning

13. UA engages in extensive knowledge sharing with university leadership and operating management, including regular touchpoint meetings.
14. UA has an annual risk assessment and audit planning process that incorporates input from senior leadership and the audit committee to focus engagements in the areas of highest risk and impact to the organization.

Standard 2040 Policies and Procedures

15. UA engages in continuous improvement of procedures through regular review and ongoing updates of Audit Desk Manual.

Standard 2060 Reporting to Senior Management and the Board

16. UA's governance infrastructure is well established and effective.
17. UA uses a formal Risk Acceptance Document which formally communicates the acceptance of risk to upper management when an audit client will not implement audit recommendations.

Standard 2110 Governance

18. Regular attendance at University BOT and DSO governing board meetings.
19. CAE supervision of and UA participation in the ongoing monitoring of major university initiatives
20. UA engages in extensive knowledge sharing with university leadership and operating management, including regular touchpoint meetings.

Appendix B: Self-Assessment Summary Observations (continued)

Standard 2120 Risk Management

21. Implementation of objective based audit methodology
22. CAE supervision of and UA participation in the ongoing monitoring of major university initiatives.
23. UA engages in extensive knowledge sharing with university leadership and operating management, including regular touchpoint meetings.

Standard 2130 Controls

24. Utilization of COSO and COBIT frameworks.
25. Implementation of objective based audit methodology

Standard 2201 Planning Considerations

26. Management's involvement is welcomed and encouraged during the planning phase as their input is used to customize audit procedures (as deemed necessary by the engagement team). The Audit Planning Questionnaire requests management to identify other Important Processes ranking the importance (5 = Highly Important to 1 = Not Important at all) and Process Effectiveness (5 = Excellent to 1 = Highly Ineffective). The pre-planning and fieldwork commencement meetings ensure management is granted the opportunity to voice their concerns, to ensure a collaborative effort. The audit process requires the audit team to assess each audit client from a high level, strategic perspective, while also performing test of details and operational processes (as deemed necessary).

Standard 2300 Performing the Engagement

27. We continue to use an objectives-based approach that make our audits more efficient, impactful, and relevant to users (senior leadership and BOT).
28. The audit team along with the IT audit team meet at least twice a year to review checklists and audit procedures to keep these items updated for changes in the university as well as the audit profession.

Standard 2420 Quality of Communications

29. An audit client survey is sent at the end of each audit. Included in this survey are questions regarding management's opportunity to participate in the audit, status updates and potential reportable issues prior to the exit conference, fairness and accuracy of the audit report, and assistance with developing and refining action plans to resolve recommendations.

Standard 2450 Overall Opinions

30. The established criteria for the overall opinion are well defined, communicated to management, and consistent across reports.

Standard 2500 Monitoring Progress

31. Standard process is in place to ensure that observations included in reports are appropriately addressed by management in a manner consistent with the action plans and timeframes described and reported.
32. Use of Pentana system which provides auto generated updates to management of open recommendations on a periodic basis.

Appendix B: Self-Assessment Summary Observations (continued)

Standard 2600 Communicating the Acceptance of Risk

33. Implementation of a formal Risk Acceptance Document which formally communicates the acceptance of risk to upper management when an audit client will not implement audit recommendations.

Appendix C: Interviews Conducted

Stakeholders Served by the Audit Function

Board of Trustees

- Bill Christy, Chair of the Board of Trustees Audit & Compliance Committee

University of Central Florida Leadership and Management

- Alexander Cartwright, President
- Michael Johnson, Provost and Executive Vice President for Academic Affairs
- Gerald Hector, Senior Vice President for Administration and Finance
- Rodney Grabowski, Senior Vice President for Advancement and Partnerships and CEO of UCF Foundation
- Deborah C. German, Vice President for Health Affairs and Dean of the College of Medicine
- Matthew Hall, Vice President Information Technology and Chief Information Officer
- Winston Schoenfeld, Interim Vice President for Research
- Rhonda Bishop, Vice President, Risk Management and Compliance
- Youndy Cook, Vice President and General Counsel
- Megan Carrigan, Chief Financial Officer, Research Foundation
- Terry Donovan, Senior Executive Associate Athletic Director for Business Office and Chief Financial Officer for UCFAA
- Maureen Binder, Associate President, Chief Human Resources Officer
- Danta White, Senior Assistant Vice President, University Controller
- David Zambri, Chief Information Security Officer and Associate Vice President

Staff Members of the Audit Function

Senior Management and Staff of University Audit

- Robert Taft, Chief Audit Executive
- Vallery Morton, Associate Director, Audit
- Tina Maier, Associate Director, Audit (Investigations)
- Chase Jicha, Investigations Manager
- Vicky Sharp, Auditor III
- Dezso Nyitray, Auditor II

Appendix D: Survey Results (UCF Leadership and Management)

Scoring scale: Strongly agree = 3; Agree = 2; Disagree = 1

Question for Measurement	Average Score
Internal audit activity staff respects the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.	2.6
Internal audit activity staff exhibits the highest level of professional objectivity in performing their work, makes a balanced assessment of all relevant circumstances, and are not influenced by their own interests or by others in forming judgments.	2.4
The internal audit activity is perceived as adding value and helping our organization accomplish its objectives.	2.3
The integrity of the internal audit activity establishes confidence, providing the basis for its role as trusted advisor within our organization.	2.3
Organizational placement of the internal audit activity ensures its independence and ability to fulfill its responsibilities.	2.6
Internal audit activity staff has free and unrestricted access to records, information, locations, and employees during the performance of their engagements.	2.6
Internal audit activity staff communicates effectively (oral, written, and presentations).	2.3
Internal audit activity staff keeps up to date with changes in our business, our industry, and the relevant regulatory issues.	2.4
Internal audit activity staff displays adequate knowledge of the business processes, including critical success factors.	2.1
Internal audit activity staff exhibits effective problem-identification and solution skills.	2.2
Internal audit activity management demonstrates effective conflict-resolution and negotiating skills.	2.3
Internal audit activity management communicates effectively (oral, written, and presentations).	2.4
Internal audit activity management keeps up to date with changes in our business, our industry, and the relevant regulatory issues.	2.3
The internal audit activity management establishes annual audit plans to assess areas or topics that are significant to our organization and consistent with our organizational goals.	2.5
The internal audit activity management sufficiently communicates its audit plans to management of areas being reviewed. This includes descriptions of audit objectives and scope of review.	2.3
The internal audit activity management effectively promotes appropriate ethics and values within our organization.	2.6
The internal audit activity management adequately assesses the effectiveness of risk management processes employed by management to achieve objectives.	2.4
The internal audit activity management competently assesses the adequacy and effectiveness of our organization's system of internal controls.	2.5
The internal audit activity exhibits proficient project management and organizational skills to the timely completion of its audit engagements.	2.3
The internal audit activity demonstrates sufficient knowledge of key information technology risks and controls in performing its audit engagements.	2.2
The internal audit activity demonstrates sufficient knowledge of fraud to identify "red flags," indicating possible fraud when planning its audit engagements.	2.4
Internal audit activity audit reports are accurate, objective, clear, concise, constructive, complete, and timely.	2.4
Overall Score	2.4

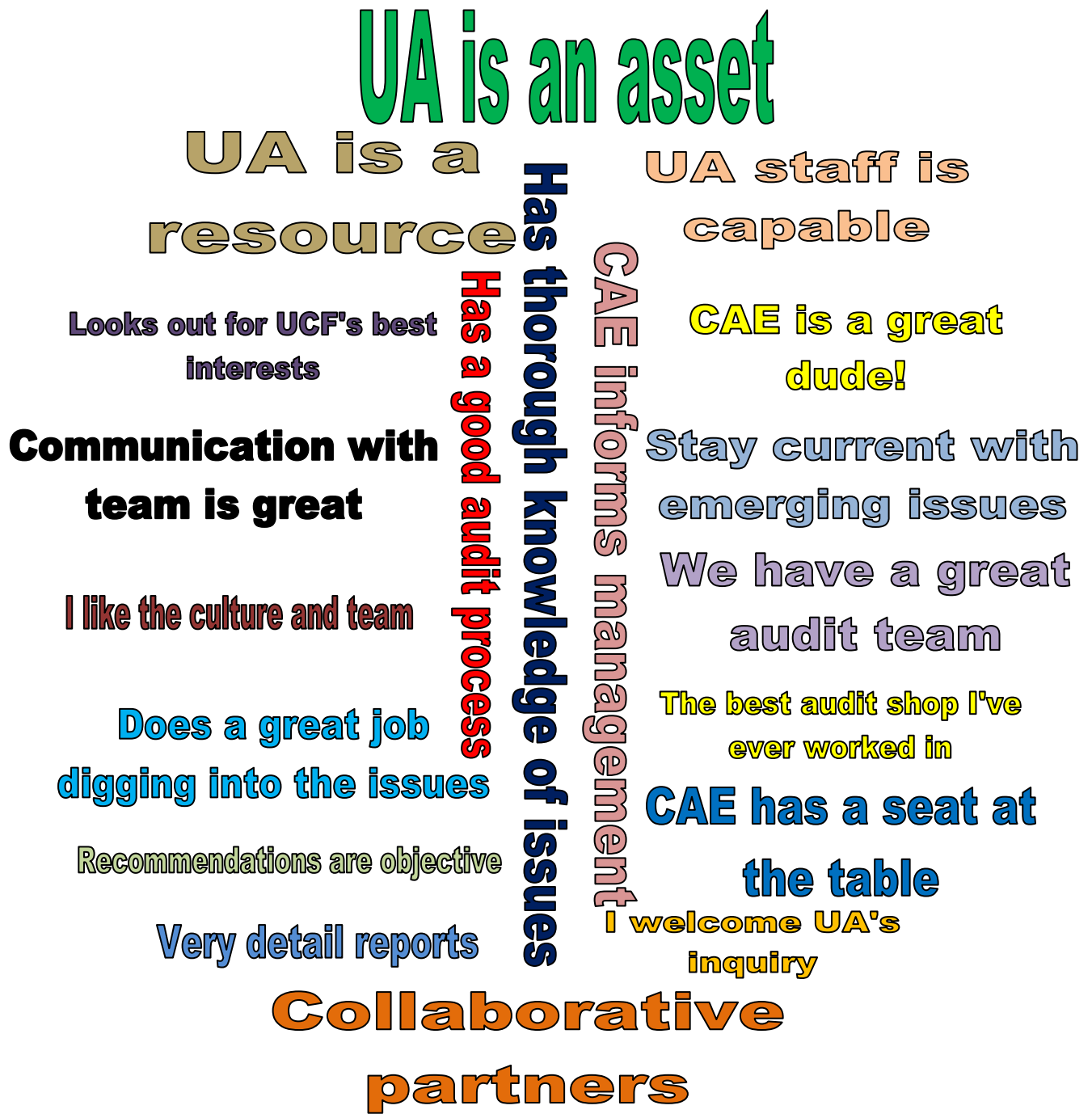
Appendix E: Survey Results (University Audit Team)

Scoring scale: Strongly agree = 3; Agree = 2; Disagree = 1

Question for Measurement	Average Score
Our internal audit activity is perceived as adding value and helping our organization accomplish its objectives.	2.6
Our internal audit activity staff has free and unrestricted access to records, information, locations, and employees during the performance of their engagements.	2.4
My CAE effectively promotes the value of our internal audit activity within our organization.	2.8
Our internal audit activity staff is fully aware of and completely conforms to both the Principles and the Rules of Conduct that comprise the Code of Ethics established by The IIA.	2.7
Our internal audit activity staff is fully aware of and completely conforms to The IIA's International Standards for the Professional Practice of Internal Auditing relating to objectivity and due professional care and the Code of Ethics.	2.7
Our internal audit activity has a conflict of interest policy to report any perceived or actual issues that may have an influence on the independence and objectivity of the auditors.	3.0
Our internal audit activity management provides us with opportunities to keep up to date with changes in our business, industry, and relevant regulatory issues.	2.9
Our audit assignments provide internal audit activity staff with opportunities to develop adequate knowledge of key business processes, including critical success factors.	3.0
I have sufficient knowledge of key IT risks and controls to perform my audit engagements.	2.5
I have sufficient knowledge of fraud to identify "red flags," indicating possible fraud when planning my audit engagements.	2.5
Our internal audit activity management provides ample opportunities to develop the skills and knowledge necessary to perform all of my audit engagements.	3.0
Our internal audit activity management provides ample opportunities to develop skills and knowledge, and acquire experience that enables me to develop professionally and advance my career.	2.9
I have ample opportunity to enhance my knowledge, skills, and competencies through in-house training sessions and/or outside seminars.	2.8
My performance is reviewed on a regular and sufficiently frequent basis; the criteria used are adequate and the reviews are meaningful and helpful.	2.6
Our internal audit activity management encourages and supports the internal audit activity staff in demonstrating its proficiency by obtaining appropriate professional certifications, such as designations offered by The IIA or other designations related to internal auditing.	2.9
Our internal audit activity management has established policies and procedures that clearly guide the operation of our internal audit activity.	2.6
Our internal audit activity actively encourages collaborative effort between internal audit management and staff for effective completion of our engagements in a timely manner.	2.6
Our internal audit activity competently assesses the adequacy and effectiveness of our organization's system of internal controls.	2.6
Our internal audit activity adequately assesses the effectiveness of risk management processes employed by management to achieve our organization's objectives.	2.4
Our internal audit activity effectively promotes appropriate ethics and values broadly across our total organization.	2.9
Our internal audit activity adequately assesses the effectiveness of governance processes, including ethics-related programs and activities.	2.3
Our internal audit activity develops and documents a plan for each engagement based on a preliminary assessment of risks relevant to the area being reviewed (including the probability of fraud), and our engagement objectives reflect the result of this risk assessment.	2.8
Our internal audit activity uses computer-assisted audit techniques, including data mining, to facilitate data collection and analysis during completion of our engagements.	2.5
I receive appropriate, timely, and constructive feedback regarding my performance in completing engagements, enabling me to continue developing my knowledge, skills, and competencies.	2.6
Our internal audit activity management and staff exhibit proficient project management and organizational skills to assure the timely completion of our audit engagements.	2.4
Our internal audit activity management and staff demonstrate effective conflict resolution and negotiating skills.	2.8
Overall Score	2.7

Appendix F: Stakeholders' and UA Staff's Impressions

The “word cloud” below captures and demonstrates the frequency and importance of the key thoughts from key stakeholder and UA staff interviews and surveys. These could be helpful in assisting UA management with additional areas for consideration.





Board of Trustees

Audit and Compliance Committee

Agenda Item

DISC-5: University Compliance, Ethics, and Risk Update

Proposed Board Action

N/A

Authority for Board of Trustees Action

N/A

Supporting Documentation Included

Attachment A: University Compliance, Ethics, and Risk Update

Facilitators/Presenters

Rhonda L. Bishop, Vice President for Compliance, Ethics, and Risk



University Compliance, Ethics, and Risk Update

EXECUTIVE SUMMARY

Objective

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. The current update includes activities from Compliance and Ethics week, Clery Act compliance efforts, November's *IntegrityStar* Winner, UCF's Youth Protection Program efforts, and the launch of the 2024 Compliance and Ethics Culture Survey.

Summary of Key Observations/Recommendations

Compliance and Ethics Week

Compliance and Ethics Week activities commenced November 6-13, 2023, and included short training modules on the topics of accountability, behaving ethically, and civil discourse. Activities also included a puzzle for employees of the IntegrityLine Speak Up logo. The office awarded prizes to 66 randomly selected employees for their participation. The grand prize this year was a mini-helmet signed by coach Gus Malzahn.

Clery Act Compliance Program

The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) requires all colleges and universities that participate in federal financial aid programs to keep and disclose information about crime on and near their respective campuses. Annually we publish and distribute a security report as required by October 1, that includes our crime and fire statistics as well as key safety policies. The Clery Act requires campuses to provide resources to victims alleging sexual assault, domestic violence, dating violence, and stalking as well as training for investigators and student conduct boards. Campuses must also provide timely access to the crime log and provide timely notifications when a crime on campus represents an ongoing threat and emergency notification when there is an immediate threat to the health and safety to those on campus. Compliance is monitored by the United States Department of Education, which can impose civil penalties, up to \$62,689 per violation, against institutions for each infraction and can suspend institutions from participating in federal student financial aid programs.

In addition to crimes reported to the UCF Police Department and local law enforcement, the Clery Act also requires all institutions to collect crime reports from UCF employees that are considered to have "significant responsibility for student and campus activities". The purpose for this approach is that some students or employees may be reluctant to report to law enforcement, especially incidents of sexual violence. The Clery Act considers these individuals to be "campus security authorities commonly referred to as CSAs." The university is required to identify those individuals on campus who are CSAs and provide them annual training on their responsibility and how to report crimes timely.

Campus Security Authority Identification Project

Although UCF has maintained a list of CSAs since the inception of its Clery Compliance Program to date, the tracking and training of CSAs has been performed manually. The launch of Workday presented an opportunity to utilize an automated method for identifying and tracking the training of CSAs. As a result, the Campus Security Authority Identification Project was launched.

University Compliance and Ethics and UCF's Clery Compliance Analyst worked with the HR Business Centers to review over 15,000 job descriptions to identify a comprehensive list of CSAs at UCF and integrate a tracking process into Workday. Over 2,300 CSAs were identified and will be automatically assigned Clery Act training each year in late January. A notice was sent to all of the identified CSAs to complete the training within thirty days to satisfy this year's requirement. The Knight Vision and kNEXT Teams have also assisted with creating a process to identify turnover in CSA positions so that new employees will be automatically assigned Clery Act training during the onboarding process. This will support continuity in maintaining a comprehensive list of CSAs at UCF in compliance with the Clery Act.

IntegrityStar Article and Award

To further communicate the university's obligations to comply with the Clery Act, the November *IntegrityStar* Newsletter included an article titled *Understanding the Clery Act Requirements at UCF* and a frequently asked questions section. In addition to an overview of the Clery Act the article highlighted key requirements such as the Annual Security & Fire Safety Report and where the report can be accessed, Emergency Notifications and Timely Warnings and the UCF Alert System, Emergency Response and Evacuation procedures, campus security policies and where to locate them, and how to access the university's crime log.

IntegrityStar Award Winner

The November 2023 winner of the *IntegrityStar* Award was Millicent Downer, Human Resources Director for the Administration and Finance Division. Ms. Downer received the UCF *IntegrityStar* Award for her support and contributions to the university's comprehensive compliance program and Clery Act compliance. She played a key role in piloting the Clery Act Campus Security Authority Identification Project by working with both University Compliance and Ethics and the Clery Compliance Analyst to provide a vast amount of information on job descriptions and job codes, the process of creating jobs in Workday, and information on job code and position number transitions from PeopleSoft into Workday. She was always willing to assist and went to extra lengths to support completion of the project. Ms. Downer was recognized in the November 2023 edition of the *IntegrityStar* newsletter.

Youth Protection Program

University Compliance and Ethics administers the UCF's Youth Protection Program. The number of youths participating in UCF and third party sponsored programs registered through the Youth Protection Program has returned to pre-pandemic numbers. For the period of July 1, 2023, to December 31, 2023, University Compliance and Ethics approved registrations for 73 programs serving a total of 12,348 minors. In addition, during that same period the program responded to 334 inquiries related to youth programs and registration. The program continues to work to identify opportunities to enhance the safety of our "Littlest Knights" and during this period the

Youth Protection policy was updated to clarify the definition of a minor and enhance training and insurance requirements, the registration help guide was improved, and the Squire registration system was updated to improve information captured and provide greater clarity. The staff continue to work on training and communication of the Youth Protection program at tabling events and through in person training in an effort to capture camps and other programs that have not previously registered in compliance with the university's policy. University Compliance and Ethics staff participate in the Big 12 Youth Protection Network and are long time members of the Higher Education Protection Network (HEPNet). As members of HEPNet, staff serve on the Resources Committee providing guidance and resources to universities and colleges nationwide.

2024 Compliance and Ethics Culture Survey

Every two years we perform a compliance and ethics culture survey with the first survey occurring in 2016. This year marks the fifth compliance and ethics culture survey conducted. The survey includes questions covering such topics as awareness of the compliance and ethics program, how comfortable employees are with reporting concerns on campus, fear of retaliation, and views on leadership. The survey also includes a comment area where employees can provide additional information or feedback. The survey is distributed to all employees and the questions are aligned with prior years to allow for data benchmarking and the evaluation of trends. The survey and all of our communications have been translated into Spanish. The survey will launch on March 4, 2024, and will close April 1, 2024. As part of our communication plan, there will be an initial all campus kick off email with weekly reminders. As in previous years, we worked with the Operational Excellence and Assessment Support team who reviewed our survey and will do the post survey analysis. The results of the survey will be presented to the committee during the June committee meeting.

Additional Background

N/A

Rationale

N/A

Implementation Plan

N/A

Resource Considerations

N/A

Conclusion

Highlights of University Compliance, Ethics, and Risk activities are provided to assist the committee in fulfilling their responsibility to provide oversight and be knowledgeable of the program. Committee members are encouraged to ask questions and provide feedback related to the compliance, ethics, and risk program.

Attachment A



University Compliance, Ethics, and Risk Update

Board of Trustees Audit and Compliance Committee – February 22, 2024

2023 Compliance and Ethics Week

2023 Compliance and Ethics Week

The ABCs of Compliance and Ethics:

- Accountability
- Behaving Ethically
- Civil Discourse



Clery Act Compliance

- ★ Campus Security Authority Identification Project
- ★ Integrity Star Article and FAQs
- ★ Integrity Star Award



Youth Protection Program

- ★ Served a total of 12,348 minors across 73 programs
- ★ Responded to 334 inquiries
- ★ Participated in Big 12 Youth Protection Network and HEPNet meetings.



2024 Compliance and Ethics Culture Survey

- ★ Scheduled Launch: March 2024



Board of Trustees

Audit and Compliance Committee
February 22, 2024

Agenda Item

INFO-1: 2023-2024 Work Plan Status of All Activities

Proposed Board Action

N/A

Authority for Board of Trustees Action

N/A

Supporting Documentation Included

Attachment A: 2023-2024 Work Plan Status of All Activities

Facilitators/Presenters

Rhonda L. Bishop, Vice President for Compliance, Ethics, and Risk



2023-2024 Work Plan Status of All Activities

EXECUTIVE SUMMARY

Objective

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 2023-2024 Compliance and Ethics Annual Work Plan and includes the status of the activities completed from July 1, 2023, through December 31, 2023.

Summary of Key Observations/Recommendations

Key highlights include:

- As required by Section 117 of the Higher Education Act and Florida statute 1010.25, compiled a list of all UCF gifts and contracts with foreign entities and reported 12 foreign gifts and contracts that in aggregate exceeded \$250,000 to the Federal Department of Education and 44 foreign gifts and contracts in aggregate that exceeded \$50,000 to the Board of Governors by the July 31, 2023, deadline.
- In response to a September 2023, letter from the United States Department of Education (DOE) requesting resolution to a FERPA complaint, performed an investigation and submitted to the DOE the findings and management's corrective actions. The DOE responded in December 2023 indicating satisfaction with the university's response with no further action required.
- On August 14, 2023, successfully launched the outside activity and financial interest reporting using the Huron COI system with a September 13, 2023, deadline:
 - Of the 4,674 users required to disclose, 4,131 submitted by September 13 achieving an 88.4% compliance rate with the 30-day deadline.
 - Implemented the delinquent follow up process and by December 2023, reached 100% completion rate.

Additional Background

N/A

Rationale

The annual workplan serves to support the Audit and Compliance Committee's requirement to be knowledgeable of the compliance and ethics program with respect to its implementation and effectiveness. Chapter 8 of the Federal Sentencing Guidelines and BOG Regulation 4.003

requires the committee to be knowledgeable of the program and that the chief compliance and ethics officer regularly provide updates on the program's activities. To assist the committee in fulfilling these requirements, the workplan is laid out consistent with the required elements of an effective compliance and ethics program. Updates and the opportunity for discussion by committee members are provided to ensure that the elements of an effective program and the committee's charter are met.

Implementation Plan

N/A

Resource Considerations

There are no resource considerations.

Conclusion

Highlights of University Compliance, Ethics, and Risk activities are provided to assist the committee in fulfilling their responsibility to provide oversight and be knowledgeable of the program. Committee members are encouraged to ask questions and provide feedback related to the compliance, ethics, and risk program.



University Compliance, Ethics and Risk Office

2023-24 Compliance and Ethics Work Plan Status July 1, 2023 – December 31, 2023

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 Work Plan 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 2023-2024 Compliance and Ethics Annual Work Plan and includes the status of the activities during the period July 1, 2023, through December 31, 2023.

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 September. Discussion included the newly implemented I-9 tracking process in Workday; activities for October's National Cybersecurity Awareness campaign; updates on the foreign influence process including hiring of post doc positions; newly created faculty hiring website page; and Senate Bill 846 Agreements of Educational Entities with Foreign Entities.

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

- Continued to lead (co-chair) the Information Security and Privacy Advisory Committee and serve as a partner of the Data Governance Council. Reviewed and updated council membership to ensure appropriate representation.

SERVE AS MEMBERS OF AND PROVIDE GUIDANCE TO THE CLERY COMPLIANCE ADVISORY COUNSEL

- Provided guidance and support to the Clery Compliance Analyst and served on the Clery Compliance Advisory Counsel.
- With the Clery Compliance Analyst, continued the Campus Security Authority (CSA) identification project, meeting weekly to complete a review of all remaining university-wide job descriptions within 16 divisions. Met with each division's HR Business Center Leader to provide an overview of the project, the CSAs identified within their division, and requirements moving forward.

2. *Develop Effective Lines of Communication*

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 two editions of the *IntegrityStar* newsletter:
 - July 2023 edition featured articles on the 2022 UCF IntegrityLine Report with an accompanying video related to respect in the workplace, UCF's policy development process, and the Time and Effort Reporting Policy. The edition also included images referencing the policy lifecycle and workflow, as well as FAQs related to the policy development process.
 - "Case Corner" section featured a substantiated case from the 2022 UCF IntegrityLine Report and the "Privacy Points" section provided information on the university's new Controlled Unclassified Information (CUI) policy.
 - November 2023 edition featured articles on the importance of employee compliance training, 2023 Compliance and Ethics Week with a video preview of the week's activities, and the Clery Act requirements at UCF with accompanying FAQs.
 - "Case Corner" section featured a report submitted by a student involving a third party posing as an employee, which helped facilitate awareness of an issue, and the "Privacy Points" section provided tips on how to safeguard data.

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.
- Revised the *Manager's Checklist: Evaluation of Employee's Concern* to include updates from Human Resources and the Office of Institutional Equity.
- Promoted the UCF IntegrityLine in the July and November 2023 editions of the *IntegrityStar* newsletter; 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

- In compliance with the Florida Foreign Influence Act, coordinated with the Office of International Collaboration and Export Control the issuance of the following reports to the Board of Trustees in July 2023: *Florida Foreign Influence Act Disclosure – Denied Applicants 2023* and *Florida Foreign Influence Act Disclosure – Travel 2023*.
- Prepared and submitted the annual collection of student complaints in July 2023 to comply with federal regulations and regional accreditation requirements.
- As required by Section 117 of the Higher Education Act and Florida statute 1010.25, compiled a list of all UCF gifts and contracts with foreign entities and reported 12 foreign gifts and contracts that in aggregate exceeded \$250,000 to the Federal Department of Education and 44 foreign gifts and contracts in aggregate that exceeded \$50,000 to the Board of Governors (BOG) by the July 31, 2023, deadline.
- In response to the BOG Inspector General's August 9, 2023, Data Request, prepared and submitted the response on behalf of UCF confirming UCF does not have agreements with universities meeting the specified criteria located in a foreign country of concern by the August 22, 2023, deadline.
- Collaborated with partner offices to respond to the BOG Inspector General's September 2023 foreign gift disclosure inspection request, providing additional supporting documentation for the purchase orders audited.
- In response to a September 2023, letter from the United States Department of Education (DOE) requesting resolution to a FERPA complaint, performed an investigation and submitted to the DOE the findings and management's corrective actions. The DOE responded in December 2023 indicating satisfaction with the university's response with no further action required.

MAINTAIN AND PROMOTE THE COMPLIANCE AND ETHICS WEBSITE

- Promoted the compliance and ethics website in the University Compliance and Ethics pamphlets distributed during new employee orientation, the benefits fair, and tabling events.
- Updated the website to include the July and November 2023 *IntegrityStar* editions; revisions to content on the Our Staff, Training, and Youth Protection Program webpages; published the 2023 Compliance and Ethics Week page; University Compliance and Ethics revised Charter; 2023-24 Annual Work Plan; revised Youth Protection Program Resources; and removed outdated files.
- Continued work on updating the website theme.

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 brochure, gifts and honoraria brochure, Speak Up wallet cards, and UCF IntegrityLine Speak Up earbuds for the August 2023 new faculty orientation.
- Provided the UCF Employee Code of Conduct, office brochure, privacy brochure, Youth Protection Program handout, gifts and honoraria brochure, UCF IntegrityLine Speak Up earbuds and Speak Up wallet cards to employees during the October 2023 UCF Benefits Fair.

- Provided the UCF Employee Code of Conduct, office brochure, privacy brochure, gifts and honoraria brochure, and Speak Up wallet cards to Human Resources for distribution at ongoing new employee orientations.
-

3. *Conduct Effective Training and Education*

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 who took the online course and passed the final quiz:
 - Employee Code of Conduct / Speak Up! = 2,254
 - Potential Conflicts – Florida Code of Ethics for Public Officers and Employees = 2,004

PROVIDE ETHICAL LEADERSHIP TRAINING

- In collaboration with Human Resources provided a two hour Ethical Leadership workshop.

LAUNCH NINTH ANNUAL COMPLIANCE AND ETHICS WEEK AWARENESS CAMPAIGN

- Compliance and Ethics Week activities commenced November 6-13, 2023, which included short training modules on the topics of accountability, behaving ethically, and civil discourse, and an engaging activity to build an IntegrityLine Speak Up logo puzzle.
- Received prize donations from university departments and Direct Support Organizations for distribution to employees who participated in the campaign.
- A total of 173 employees participated as follows:
 - The ABCs of Compliance and Ethics: Accountability (video): 166 employees viewed
 - The ABCs of Compliance and Ethics: Behaving Ethically (video): 164 employees viewed
 - The ABCs of Compliance and Ethics: Civil Discourse (video): 159 employees viewed
 - Speak Up puzzle activity: 162 employees submitted entries
- Awarded one grand prize - a mini helmet signed by UCF head football coach Gus Malzahn, and 65 miscellaneous prize packs to randomly selected employees.

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

- Continued to promote the office's 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 = 12
 - Potential Conflicts – Florida Code of Ethics for Public Officers and Employees = 255

ISSUE ANNUAL MEMO ON VULNERABLE PERSONS ACT

- The optional Vulnerable Persons training was completed by seven employees during this reporting period.
- Next annual memo is scheduled for distribution in March 2024.

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

- The 2023 Code of Conduct refresher training containing customized modules (English and Spanish) addressing Conflicts of Interest, Accurate Books and Records, and Political Activities launched on October 22, 2023, with a completion deadline of November 1, 2023.
 - Number of employees auto enrolled: 7,731
 - Number of employees completing the training by the November 1, 2023, deadline: 6,716 (90.67%)
 - Implemented follow up process for delinquent training. By December 31, 2023, 7,310 (99.12%) had completed the training.

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

- Required Youth Protection training was completed by 226 program staff working with minors during this reporting period.
- An additional Overnight Youth Program Staff training was completed by 64 program staff supervising minors overnight, as required.

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

- Annual mandatory security and privacy course that launched on November 30, 2022, concluded with a final completion rate of 92.2%. Employees who did not complete the training will take the next training scheduled to launch Spring 2024.
- Developed a privacy awareness article explaining the differences between privacy and security for the Information Security Office Security Awareness Newsletter published in August 2023.

IDENTIFY ADDITIONAL OPPORTUNITIES TO DEVELOP AND DELIVER COMPLIANCE AND ETHICS TRAINING

- Reviewed and revised the online new hire Employee Code of Conduct and Speak Up! training course for 2024.
- As a result of issued recommendations from two investigations, employees were required to take Ethical Leadership and Potential Conflicts training.
- Attended the Office of Research's Exchanging Ideas and Tips (EXCIT) meeting with colleges and departments in September to discuss privacy compliance versus the use of artificial intelligence and large language models.
- Delivered Youth Protection Program training to new Enterprise Risk and Insurance employee.
- Participated in and contributed compliance related information at the UCF Learning & Development Community of Practice workgroup meetings.
- Responded to 567 training related inquiries.

ISSUE ADDITIONAL REGULATORY ALERTS AND UPDATES AS APPROPRIATE

- In response to the BOG newly issued *Activity with Foreign Countries of Concern Guidance Document for State University System Institutions* dated September 2023, the vice president for compliance, ethics, and risk formed a task force and oversaw the process to identify the scope and impact of the newly imposed requirements for BOG approval to hire specified positions, as well as establishing an approval process for agreements outlined in BOG Regulation 9.012.

4. *Revise and Develop Policies and Procedures*

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, PROVIDE OVERSIGHT OF THE POLICY PROCESS, 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 five policies.
- Revised university policy 2-005 Youth Protection and distributed to the Office of Enterprise Risk and Insurance, the Office of the General Counsel, College Policy Liaisons, and the Faculty Senate for input prior to the November 2023 meeting.
- Updated resources in the online University Policy Library.

UPDATE AND PUBLISH REVISED UCF EMPLOYEE CODE OF CONDUCT

- Performed a comprehensive review of the UCF Employee Code of Conduct in coordination with university compliance offices and partners, and relevant university departments. The revised Code of Conduct will be published during Spring 2024.

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. Reviewed and updated the UCF Health Sciences HIPAA Collaborative roster to ensure appropriate membership and contact details for those individuals with HIPAA responsibilities.

5. *Conduct Internal Monitoring and Compliance Reviews*

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

MANAGE UNIVERSITY-WIDE CONFLICT OF INTEREST AND COMMITMENT PROCESS

- Closed outside activity reporting in the Huron COI system on August 7, 2023, for the 2022-2023 report year achieving 100% compliance with required submissions.
- Developed and implemented the 2023-2024 COI Communication and Implementation plan to prepare for the launch of the second-year reporting in the Huron COI system.

- On August 14, 2023, successfully launched the outside activity and financial interest reporting using the Huron COI system with a September 13, 2023, deadline:
 - Of the 4,674 users required to disclose, 4,131 submitted by September 13 achieving an 88.4% compliance rate with the 30-day deadline.
 - Implemented the delinquent follow up process and by December 2023, reached 100% completion rate.
- With the Research Compliance Office identified system issues and errors; including those that occurred prior to launch causing a lower than usual 30-day compliance rate and provided feedback to Graduate Research Information Technology teams to correct and enhance for the next reporting period.
- Foreign influence red flag reviews were completed for each positive response to financial interests and outside activities disclosed with foreign entities. During this period, completed 18 red flag reviews with no resulting issues.
- Ensured compliance with foreign influence inquiry COI procedures requiring red flag review for any employee who failed to disclose within 90-days. Completed one review that identified no red flags.
- Reviewed 63 disclosed employment of relatives for potential conflicts.
- Received and completed 26 reviews of potential conflicts associated with attendance at conferences or events sponsored by vendors or receiving discounts or gifts.
- Reviewed and provided feedback on 14 research exemption requests and coordinated with the provost, president, and Chair of the Board of Trustees for their approval as required by state statute.
- Completed 257 conflict of interest reviews requested by employees and departments.
- Evaluated disclosure process for employees not subject to online reporting and revised the Potential Conflict of Interest or Commitment, Outside Activity or Employment HR-11 form to fill identified gaps. The HR-11 form was published on the websites for Human Resources and University Compliance and Ethics in December 2023.

MANAGE UNIVERSITY-WIDE YOUTH PROTECTION PROGRAM

- Youth program registrations approved by the department resulted in a total of 20 UCF organized and hosted youth programs and 53 third-party programs, serving a total of 12,348 minors during this reporting period.
- Processed and approved 58 youth program registrations (54 in-person / 4 virtual) that have or will occur. Five were later canceled upon request by the program sponsor.
- Revised the university's Youth Protection policy (2-005) to clarify the definition of "minor" and removed the campus liaison requirement for third-party organizations. Added language to the background check section regarding the certification form process for third-party programs and required completion of overnight staff training for program staff supervising minors overnight. The revised policy also included updated camp insurance instructions for UCF hosted programs.
- Based on policy revisions, revised the UCF Youth Protection Program Registration Help Guide for use by youth programs registering their activity within Squire. Posted the Help Guide to the Resources page of the Youth Protection webpage.
- Worked with the Squire vendor to add features in the system that enhances the registration and review process to be more thorough and accurate.
- Worked with two youth programs to resolve issues of non-compliance.
- Participated in Big 12 Youth Protection Network meetings and Higher Education Protection Network Resources Committee meetings.

- Responded to 334 Youth Protection Program related inquiries.

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 and Research Compliance Office to discuss foreign influence red flags, inquiries, and subsequent investigations.
- Revised foreign source reporting procedures and re-distributed to relevant offices with a reminder of the January 2024 reporting deadline.

DEVELOP AND MANAGE UNIVERSITY-WIDE PRIVACY PROGRAM

- Processed 24 Data Subject Access Requests, reviewed and processed 21 Vendor Risk Management requests, and performed 17 Institutional Review Board Research-related ancillary reviews.
- Reviewed, provided guidance, and approved privacy related language in 23 contracts.
- Met with Communications Disorders Clinic and Physical Therapy Clinic representatives to support their HIPAA Security Program Review with a third-party assessor.
- Worked with the University Registrar on four Family Educational Rights and Privacy Act (FERPA) related reports/issues.
- Reviewed and investigated one HIPAA concern, five data privacy-related concerns (non-HIPAA, non-FERPA), and one IntegrityLine case.
- Followed-up on and wrote a justification for a Workday case regarding the use and sharing of employee photos.
- Continued as a member and partner of UCF's Data Governance Council functioning as a data privacy subject matter expert to advise on data safeguards 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 chief privacy officers and practitioners to discuss industry challenges and solutions during events hosted by EDUCAUSE, the Future of Privacy Forum, and the Information Systems Security Association of Central Florida.
- Regularly attended meetings as a member of the UCF Artificial Intelligence Task Force.
- Composed "Privacy Points" articles for the *IntegrityStar* newsletter.

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.

6. Respond Promptly to Detected Problems and Undertake Corrective Action

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

RECEIVE AND EVALUATE UCF INTEGRITYLINE REPORTS AND ALLEGATIONS OF MISCONDUCT MADE

DIRECTLY TO THE OFFICE; CONDUCT INVESTIGATIONS

- Provided administration and oversight of the UCF IntegrityLine to include review and tracking of all reports until completion, data compilation, trend review, and reporting. Received 142 new reports through the UCF IntegrityLine and six new reports which came directly through our office alleging misconduct.
- Triaged incoming IntegrityLine 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, 137 IntegrityLine cases and one case which came directly to our office were investigated and closed.
- Responded to three 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.

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

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

- Recognized *IntegrityStar* Award winners:
 - July 2023 edition of the *IntegrityStar* highlighted Dr. Manoj Chopra, Associate Dean for Academic Affairs and Professor of Civil Engineering, College of Engineering and Computer Science, for his commitment to the university's process for evaluating and investigating concerns raised through the UCF IntegrityLine and his support of the university's Comprehensive Compliance Program.
 - November 2023 *IntegrityStar* edition acknowledged Millicent Downer, Human Resources Director for the Administration and Finance Division, for her support and contributions to the university's Clery compliance program.
 - Dr. Chopra and Ms. Downer were both issued a signed and framed *IntegrityStar* Award and Dr. Chopra and Dr. Alison Cares (previous *IntegrityStar* Award winner) were acknowledged during a public meeting.
- During Compliance and Ethics Week November 6-13, 2023, awarded 66 employees prizes for their participation in the week's activities.

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

- Highlighted in the July 2023 edition of the *IntegrityStar* a total of 12 new and revised UCF policies and 19 new and revised regulations that had been implemented since the last edition. In the November 2023 *IntegrityStar* edition, highlighted one new UCF policy and four new and revised regulations.
- Distributed two campus-wide emails to employees alerting them of the approval of five new, revised, and emergency 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.

8. Measure Compliance Program Effectiveness

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

- Compiled and designed the annual report for 2022-2023 which included the activities of our compliance partners and programs across the university. The report was submitted in December to the BOG as required by BOG Regulation and will be provided to the Audit and Compliance Committee of the Board of Trustees at the February 2024 meeting.

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

- The 2022-2023 results report, and 2023-2024 assessment plan were submitted for Divisional Review Committee review. The proposed 2023-2024 plan focuses efforts to support the university aspiration to be a best place to learn and work, specifically measuring workplace culture and a respectful workplace.

9. New Regulations and Special Projects

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

- Privacy Team Lead efforts with the NIST Privacy Workforce Public Working Group for Policies, Processes, and Procedures concluded.
- A deputy chief information security officer, research cyber risk management position was developed and posted to further NIST compliance efforts.

CONTINUE TO PARTNER WITH HUMAN RESOURCES TO ENSURE COMPLIANCE WITH EMPLOYEE ACKNOWLEDGMENT OF THE EMPLOYEE ANNUAL NOTICES

- Assisted Human Resources in tracking and follow up for the 2023 Employee Notices:
 - Number of employees auto enrolled: 7,411
 - Number of employees completing acknowledgement by the deadline: 6,569 (90%)
 - Achieved 100% compliance by October 4, 2023.

TO ENSURE COMPLIANCE AND TRANSPARENCY SERVE AS A MEMBER OF THE WORKGROUP CHARGED WITH EVALUATING THE REPORTING OF RESEARCH EXPENDITURES TO THE NSF HERD SURVEY

- The Vice President for Compliance, Ethics, and Risk coordinated meetings every other week to evaluate the reporting of research expenditures for the current reporting period and to develop procedures moving forward. The subgroup focused on the identification of expenditures in compliance with NSF requirements and tools within Workday for automating collection for future reporting periods.