

**FLORIDA POLYTECHNIC UNIVERSITY
AUDIT & COMPLIANCE COMMITTEE
MEETING MINUTES
Florida Polytechnic University Admissions Building
4700 Research Way
Lakeland, FL 33805
December 7, 2016 @ 1:00 p.m.**

I. Call to Order

Chair Cliff Otto called the Audit and Compliance Committee meeting to order at 1:08pm.

II. Roll Call

Maggie Mariucci called the roll: Chair Cliff Otto, Trustee Don Wilson, Trustee Mark Bostick, Trustee Bill Brown, and Trustee Dick Hallion were present and a quorum was declared.

Other trustees present: Chair Frank Martin, Trustee Philip Dur, Trustee Sandra Featherman, Trustee Veronica Perez-Herrera, Trustee Henry McCance, Trustee Bob Stork, were present.

Staff present: President Dr. Randy Avent, Dr. Terry Parker, Kevin Aspegren, Gina DeJulio, Mark Mroczkowski, Crystal Lauderdale, Maggie Mariucci, Rick Maxey, and Jessica Throckmorton were present.

III. Public Comment

There were no requests for public comment.

IV. Approval of Minutes

Trustee Henry McCance made a motion to approve the Audit and Compliance Committee meeting minutes of September 7, 2016. Trustee Don Wilson seconded the motion; a vote was taken, and the motion passed unanimously.

V. 2016-2018 Audit and Compliance Committee Work Plan

Trustee Cliff Otto requested that Mr. Mark Mroczkowski talk about the first bullet point on the 2016-2018 Audit and Compliance Committee Work Plan, BOG Audit and Compliance regulations.

Mr. Mroczkowski stated that minor changes will be made to the BOG Audit and Compliance regulations. Mr. Mroczkowski will have the proposed changes to regulations by the March 15 Board of Trustees meeting, and will go into detail regarding the regulations and will answer all questions at that time.

Chair Otto asked Mr. Mroczkowski to expound upon the June Risk Assessment Workshop. Mr. Mroczkowski explained that the risks assessment is an internal audit function, as well as the manager's responsibility to identify any and all risks that would result as detrimental to the University. At the workshop, inventory will be taken of all the risks identified, and the findings will be put into an action plan. Chair Otto opened to the Board for questions or comments regarding the Work Plan.

With no further comments, Trustee Dick Hallion presented a motion to approve the 2016-2018 Work Plan. Trustee Mark Bostick seconded the motion. A vote was taken, and the motion passed unanimously.

VI. Internal Audit

The Audit of the Annual Financial Report has not yet been received from the Florida Auditor General. While the Florida Auditor General is aware that it is a priority for the University to receive the report, no information has been disclosed at this time. Mr. Mroczkowski will present the full report at the March 15 Board of Trustees meeting.

VII. Annual Financial Audit

Mr. Mroczkowski reported that the Exit Conference with the State Auditors went well as there were no findings. However, the annual financial audit has not yet been disclosed by the state; Mr. Mroczkowski will present the full report at the March 15 Board of Trustees meeting.

VIII. Florida Polytechnic University Foundation Audit

Mr. Mroczkowski presented the Florida Polytechnic University Foundation Audit presentation put together by the auditors. Mr. Mroczkowski stated that the auditors concentrated the audit efforts on higher risk areas. There were no difficulties found in the audit, and a clean, unmodified opinion was issued. The Foundation audit has been approved by the Foundation Board, and no difficulties were found during the audit.

A change was made in the accounting principle this year in order to be in accordance with the Financial Accounting Standards Board (FASB). As a result, the Foundation endowments balance increased by \$400,000.

Financial highlights within the Foundation Audit include \$3.6M in expenditures and \$4.3M in new contributions. Mr. Mroczkowski then compared the 2016 revenue and net assets from previous years.

Mr. Mroczkowski explained that liability is a restriction on a contribution. If certain restrictions are not met, then the contribution becomes refundable. Long-term reliability was also discussed.

Mr. Mroczkowski summarized the Foundation audit report, stating that there are a total of \$4.4M in assets and \$3.6M unrestricted. Aside from fundraising expenses, the vast majority of the money donated went directly to the University.

Discussion occurred regarding the definition of long-term liability and the conditional donation given to the University. Mr. Mroczkowski explained that the conditional donation was a \$5M donation given to the University for student scholarships. President Randy Avent clarified that there is a clause within the donation, and the University meets with the donor regularly to ensure the requirements are being met.

Discussion occurred regarding whether it is typical for the auditor to report directly to the Board. Mr. Mroczkowski confirmed that the auditor reports directly to the Foundation Board, and the Foundation Board has approved the Foundation audit report. Trustee Frank Martin then requested that the auditors be present at the Board of Trustee meetings to present all future audit reports.

With no further comments, Trustee Don Wilson presented a motion to approve the Florida Polytechnic University Foundation Audit. Trustee Dick Hallion seconded the motion. A vote was taken, and the motion passed unanimously.

IX. New Audit and Compliance Regulations

Mr. Mroczkowski gave an update on the status of the new audit and compliance regulations. The new regulations will be reviewed in detail at the Board of Trustees meeting in March.

The audit and compliance reporting relationships mandated from the Board of Governors were discussed. President Randy Avent clarified that the two hats that the auditor wears are audit and compliance. Mr. Mroczkowski confirmed that the auditors are required to report both to the Board and administratively to the President to fulfill the reporting mandate.

With no further business to discuss, the Audit and Compliance Committee meeting adjourned at 1:16pm.