

**FLORIDA POLYTECHNIC UNIVERSITY  
AUDIT & COMPLIANCE COMMITTEE  
MEETING MINUTES  
Florida Polytechnic University Admissions Building  
4700 Research Way  
Lakeland, FL 33805  
September 7, 2016 @ 2:30 p.m.**

I. Call to Order

Chair Cliff Otto called the Audit and Compliance Committee meeting to order at 2:30 p.m.

II. Roll Call

Maggie Mariucci called the roll: Chair Cliff Otto, Trustee Don Wilson, Trustee Dick Hallion, and Trustee Philip Dur were present and a quorum was declared.

Other trustees present: Chair Frank Martin, Trustee Mark Bostick, Trustee Christina Drake, Trustee Sandra Featherman, Trustee Veronica Perez-Herrera, Trustee Henry McCance, Trustee Bob Stork, were present.

Staff present: President Randy Avent, Kevin Aspegren, Gina DeIulio, Crystal Lauderdale, Maggie Mariucci, Rick Maxey, Dr. Kathryn Miller, Mark Mroczkowski, Dr. Elhami Nasr, Terry Parker, and Scott Rhodes and Dr. Steve Warner were present.

III. Public Comment

There were no requests for public comment.

IV. Approval of Minutes

**Trustee Richard Hallion made a motion to approve the Audit and Compliance Committee meeting minutes of March 16, 2016. Trustee Philip Dur seconded the motion; a vote was taken, and the motion passed unanimously.**

V. Regulatory Update

Mark Mroczkowski, Vice President and CEO, reviewed four draft Board of Governors regulations:

4.002 State University System Chief Audit Executives:

Mark Mroczkowski stated that the University will be required to have a Chief Audit Executive (CAE). This person must be an employee of the University and will function as a 'whistleblower', if necessary. The Board of Trustees must obtain the Board of Governors' approval before outsourcing the CAE's entire audit or investigative function. Chair Frank Martin inquired as to Mark Mroczkowski's attempt to have the University be exempt from this requirement. Mark stated his intent was to be more efficient and not have to hire a separate person with an additional salary.

Trustee Sandra Featherman asked if the University has a process whereby someone can make a whistleblower complaint. Mark Mroczkowski stated the University does not, but recognizes the importance of having this in place.

4.001 SUS Processes for Complaints of Waste, Fraud or Financial Mismanagement:

The Board of Trustees will be required to have a process for reporting allegations of waste, fraud, or financial mismanagement to the CAE. The Board of Trustees will also need to adopt a regulation requiring notification to the Board of Governors of allegation(s) against the President, a Board of Trustees member, the Chief Audit Executive, or the Chief Compliance Officer.

4.003 SUS Compliance and Ethics Programs:

This regulation will require the University to designate a senior level administrator as the “Chief Compliance Officer” (CCO) who will report to the Board of Trustees and the President. Mark Mroczkowski stated he would like to combine this position with the CAE position.

4.004 Board of Governors Oversight Enforcement Authority:

This regulation states that the Florida Legislature has the authority to address universities who fail to correct audit findings from the two preceding financial or operational audit reports. Unresolved matters shall be referred to the Board of Governors. If the Board of Trustees is unwilling or unable to come into compliance, the Board of Governors may withhold state funds, declare the University ineligible for grants, require monthly reporting and recommend that the Legislature take action.

Mark Mroczkowski stated that the University’s current Audit and Compliance Committee charter is adequate. However, once these regulations are effective, Mark Mroczkowski will review the charter with the University’s Office of General Counsel and confirm. Mark Mroczkowski reiterated that the Board of Trustees will need to pass several new regulations as a result of the above-mentioned requirements by the Board of Governors.

Trustee Cliff Otto inquired if there is a timeline or deadline for the Board of Trustees to have these regulations in place. Mark Mroczkowski stated that this information will be obtained later this month at the Board of Governors meeting.

VI. Internal Audit Report

Mr. Larry Burke, Partner from auditing firm Sunera, provided an internal audit overview. Sunera was engaged in 2015 by the Audit and Compliance Committee to serve as the Internal Auditor (IA) for Florida Polytechnic University. Initial IA activities included developing IA governance, performing an initial risk assessment and performing ad hoc requested internal audits such as ERP system implementation, select policy reviews and select payroll audits. Currently, Sunera is working on an HR audit of FIPR Institute.

Prior to Sunera, there were no internal audit functions. Sunera’s first step is to identify where the risks are in the University. Sunera has interviewed Florida Poly administrators to help identify these risks. Sunera also benchmarks Florida Poly’s risks against other universities. Two factors are considered when identifying risks: the likelihood of an occurrence, and the magnitude and severity of an occurrence.

Sunera's next steps include planning out the 2016-2017 internal audit activities and specifically scoping each internal audit with the Internal Audit Plan. The first internal audits under the Internal Audit Plan will commence in the fourth quarter of CY 2016.

Mr. Burke reviewed internal audit goals and objectives found in Appendix A. One recommendation is that the internal audit function be allowed to investigate any whistleblower allegations.

Sunera spent a lot of time on Florida Poly's risk assessment. Sunera identified five audit areas in which they want to perform more specific internal audits:

1. Campus/Environmental Safety
2. Cybersecurity
3. Policies and Procedures
4. Student Life
5. Third Party/Auxiliary Services

Mr. Burke reviewed the "2016 Ranking of Florida Polytechnic University Risks" graph which shows the University's greatest areas of expected and critical risks. Sunera's goal is to make sure strong policies and tools are in place to mitigate these risks.

Trustee Philip Dur asked given the previously discussed upcoming Board of Governor's regulation requirements, how closely do Sunera's guidelines and recommendations come into alignment with the Board of Governors' requirements. Mr. Burke said they align very closely and does not expect to have to make many changes.

**Trustee Philip Dur made a motion to approve the Internal Audit Goals and Objectives as presented. Trustee Richard Hallion seconded the motion; a vote was taken, and the motion passed unanimously.**

With no further business to discuss, the Audit and Compliance Committee meeting adjourned at 2:55 p.m.