



**USF Board of Trustees  
Audit & Compliance Committee  
NOTES  
February 24, 2025  
Microsoft Teams Virtual Meeting**

**I. Call to Order and Comments**

The meeting of the Audit & Compliance Committee was called to order by Chair Sandra Callahan. Chair Callahan asked Kiara Gayle to call roll. Ms. Gayle called roll with the following committee members present: Sandra Callahan, Oscar Horton, and Luran Monbarren. A quorum was established.

**II. Public Comments Subject to USF Procedure**

No requests for public comments were received.

**III. New Business – Action Items**

**a. Approval of November 19, 2024, Meeting Notes**

Upon request and receiving no changes to the meeting notes, Chair Callahan requested a motion for approval. Trustee Horton made the motion which was seconded by Trustee Monbarren and the November 19<sup>th</sup> meeting notes were unanimously approved as written.

**b. Approval of Revised Compliance & Ethics Charter**

Caroline Fultz-Carver, Chief Compliance Officer, presented the Compliance & Ethics Charter, seeking approval from the Committee for revisions made. The Compliance & Ethics Charter identifies the purpose, authority and responsibilities of the USF Office of Compliance and Ethics, which is required by the Board of Governors (BOG) Regulation 4.003 to be governed by a charter approved by the Board of Trustees and reviewed at least every three years, for consistency with applicable Board of Governors and university regulations, professional standards and best practices. As such, a copy of the approved Charter and any subsequent changes must also be provided to the Board of Governors.

In compliance with these regulatory requirements, Dr. Fultz-Carver stated that her office reviewed their Charter and made one technical change to the last page. One propositional phrase was added to clarify that submission to the Board of Governors will be through their Office of the Inspector General and Director of Compliance. The three-word edit was the only change to the Charter and was driven by a clarification to the Board of Governors regulation.

Chair Callahan requested a motion to approve the new Compliance & Ethics Charter. The motion was accepted by Trustee Monbarren, seconded by Trustee Horton, and the motion passed for approval and acceptance of the new Compliance & Ethics Charter.

**c. Acceptance of Performance-Based Funding (PBF) and Preeminence Data Integrity Audits & Approval of Data Integrity Certification**

Virginia Kalil, Executive Director and Chief Internal Auditor, presented a brief background on both performance metrics programs, explained why an annual audit of these programs needs to be conducted, and described the annual audit process.

First, the PBF model was implemented in 2014 to incentivize universities to strive for excellence and improve performance in key areas that align with the State University System of Florida's strategic plan. Second, Preeminence was established in 2013 to reward high-achieving universities based on 13 academic- and research-related excellence measures. Those meeting 12 of the 13 measures are qualified for preeminence and then seven out of the 13 are emerging preeminence. In 2016, the University of South Florida (USF) was designated as emerging preeminent and gained full preeminence status in 2018.

Ms. Kalil also stated that a key to both models' successes is the ability of the Board of Governors (BOG) to rely upon the information submitted to them by the University to make funding decisions in each of these programs. Therefore, each year, the Board of Governors requests that audits be conducted of the processes related to these funding models (the PBF and Preeminence Data Integrity Audits), that the data integrity is looked at and a data integrity certification is completed, which the USF President and Chair of USF's Board of Trustees (BOT) must sign. This is the University's 11th year conducting the PBF Data Integrity Audit and the sixth year for the Preeminence Data Integrity Audit. The signed BOG Data Integrity Certification is due to the Board of Governors by March 1<sup>st</sup> annually.

The overall objectives of these audits, which are required by the Board of Governors, include first, evaluating the controls to ensure the completeness, accuracy and timeliness of the data submission that supports these metrics, and secondly, to provide an objective basis for the President and the BOT Chair to sign the Data Integrity Certification. Regarding the scope, in the initial year of each audit, extensive procedures were implemented where the Office of Internal Audit examined the control structure and then during each of the subsequent years, IA identified and evaluated any material changes to the controls and processes, including any corrective actions that may have been in response to prior year audit recommendations; any changes requested by the BOG; reviewing any data or file resubmissions; updating risk assessments; and then performing detailed testing to verify the accuracy, completeness, and consistency with BOG expectations. As required by the Board of Governors, the scope and objectives of both audits were set jointly by the Chief Audit Executive, the Audit & Compliance Committee Chair, the Board of Trustees Chair, and the President. Lastly, both audits were performed in accordance with current professional standards.

Ms. Kalil further stated that based on the results from both audits, it was concluded that the University has established an effective internal control system and monitoring over the University's collection and reporting of data submitted to the Board of Governors that is used in both of these programs for funding decisions. Additionally, the University has taken timely and appropriate actions in response to any audit recommendations, and specifically this year, the University has made enhancements to their data validation and data integrity standards processes for the National Science Foundation Higher Education Research and Development Survey.

Overall, the audit results validated the accuracy of the achievement status of the performance metrics and provided assurance for the President and the Board of Trustees Chair to sign that Data Integrity Certification without any reservations.

Chair Callahan requested a motion to recommend to the BOT acceptance of the PBF and Preeminence Data Integrity Audits and approval of the Data Integrity Certification for signing. The motion was made by Trustee Monbarren, seconded by Chair Callahan. The motion passed and the acceptance of the certification was approved by all Committee members present.

#### **IV. New Business – Information Items**

##### **a. USF/DSO Independent Audit Reports**

Jennifer Condon, Vice President of Business & Finance and Chief Financial Officer, provided an update on external audit recommendations received, along with University of South Florida's (USF's) response and correction status.

Ms. Condon stated that neither USF nor our DSOs have any outstanding audit recommendations for prior periods. For Fiscal Year 24, six university and nine DSO audit reports are expected, of which five University reports and all nine DSO reports have been received. No findings or recommendations were identified for the DSO reports, and only one USF report had any exception, which was the NCAA agreed-upon procedures report on the intercollegiate athletics program.

Two exceptions were noted, both of which were discovered by USF, prior to audit. For the first exception, the auditors noted that one of the 39 student athletes selected did not receive their aid during Fiscal Year 24. The student was subsequently provided with the correct amount of aid, and in response to the exception, USF has further enhanced procedures to identify variances each semester. This exception will be fully closed on June 30<sup>th</sup>, 2025. For the second exception, the auditors noted that the athletics aid equivalency for men's soccer exceeded the maximum limit by .06. USF had previously reported the violation to the NCAA and no further action was required. Further, due to NCAA legislative changes, aid equivalencies have been eliminated moving forward. So, this exception is closed.

Lastly, Ms. Condon will provide an update on the last outstanding university report at the next committee meeting.

##### **b. Annual Compliance Certifications of DSOs**

Dawn Rodriguez, University Treasurer, presented the Annual Compliance Certifications of the DSOs. She stated that each DSO must provide a certified statement that each has implemented internal controls, reporting and governance structures that are consistent with best practices at USF, at the DSO, and as detailed by the National Association of College and University Business Officers (NACUBO) and the Sarbanes-Oxley Act of 2002. The certification must be signed by the Chair of the DSO Board, the Chief Executive Officer or President of the DSO, and the Chief Financial Officer of the DSO.

Ms. Rodriguez reported that for the year ended June 30, 2024, for all the DSO certifications, there were no instances of non-compliance with the 24 requirements from five categories of compliance.

#### **V. Adjournment**

Having no further business, Chair Callahan adjourned the Audit & Compliance Committee meeting.