



**USF Board of Trustees  
Audit & Compliance Committee  
NOTES  
May 20, 2025  
Microsoft Teams Virtual Meeting**

**I. Call to Order and Comments**

The meeting of the Audit & Compliance Committee was called to order by Chair Callahan. Chair Callahan asked Kiara Guzzo to call roll. Ms. Guzzo called roll with the following committee members present: Sandra Callahan, Charbel Barakat, and Lauran 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 February 24, 2025, Meeting Notes**

Upon request and receiving no changes to the meeting notes, Chair Callahan requested a motion for approval. Trustee Monbarren made the motion, which was seconded by Trustee Barakat, and the February 24<sup>th</sup> meeting notes were unanimously approved as written.

**b. Approval of Revised Compliance & Ethics Program Plan**

Caroline Fultz-Carver, Ph.D., Chief Compliance Officer (CCO), presented the revised Compliance & Ethics Program Plan for review and approval. The Program Plan outlines how the Office of Compliance & Ethics (OCE) meets its responsibilities for coordinating and managing all university compliance and ethics activities. Florida Board of Governors (BOG) Regulation 4.003, State University System Compliance and Ethics Programs, requires OCE to have a Program Plan which is reviewed and approved by the Board of Trustees (BOT) through the BOT-Audit and Compliance Committee (ACC). The Program Plan was reviewed for compliance with BOG Regulation 4.003, the seven elements of an effective compliance & ethics program, and industry best practices. It included proposed revisions to Elements One and Seven sections of the Program Plan.

Element One addresses governance and high-level oversight. This section was revised to reflect the Risk Committee and its responsibilities, which is an expansion of the previous Executive Compliance and Ethics Council (ECEC). The revisions aimed at further enhancing the University's Enterprise Risk Management (ERM) program. The Risk Committee is chaired by the Chief of Staff, as the President's representative, and includes members of the President's Cabinet as well as other senior leaders.

There were accountable and direct reporting changes to the CCO made to the Senior Compliance Officer section of Element One in the program plan to reflect current

governance structure. The Equal Opportunity and Americans with Disabilities Act Compliance Officer position, formerly a direct report, is now an accountable report to the CCO and is part of the Employee Experience Team in Human Resources Compliance. Environmental Health and Safety, formerly an accountable report, is now a direct report to the CCO. There was also the addition of a new Foreign Influence Officer position as a direct report to the CCO.

Element Seven of the Program Plan addresses risk assessment, auditing, and monitoring. This section was revised to reflect enhancements to the ERM process, where risk assessment frequency changed from once every three years to annually. Additional clarification was added regarding the cyclical ERM process of risk identification and assessment; reporting; and mitigation and treatment.

Chair Callahan requested a motion for approval. Trustee Monbarren made the motion, which was seconded by Trustee Barakat, and the motion was unanimously passed.

#### **IV. New Business – Audit & Compliance Committee Information Items**

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

Jennifer Condon, Vice President of Business & Finance and Chief Financial Officer, presented information on the University of South Florida (university) and Direct Support Organization's (DSO's) Independent Audit Finding Reports, which describe audit findings and auditor recommendations, and management's responses and correction status. For Fiscal Year 2024, all six university and nine DSO audit reports are received.

The only report received since the last audit committee meeting was the Statewide Federal awards audit and no findings or recommendations were identified. Neither the university nor the DSOs have any open current or prior year findings or recommendations. The only item still being monitored is one exception noted in the fiscal year 2024 NCAA Agreed Upon Procedures report on the Intercollegiate Athletics Program. The exception is on track to be fully closed on June 30th, after enhanced procedures for financial aid variance monitoring are performed.

##### **b. 2024 Compliance & Ethics Annual Report**

Caroline Fultz-Carver, Ph.D., CCO, presented information on the 2024 Compliance & Ethics Annual Report, which summarized the activities of the OCE during calendar year 2024. This report fulfills the annual reporting requirement pursuant to BOG regulation 4.003 and was provided to the committee in accordance with the BOT-ACC-approved Compliance & Ethics Program Plan. In addition, the OCE will also submit a copy of the annual report to the Florida Board of Governors (BOG).

In calendar year 2024, OCE had several organizational changes, including two new hires and one position reclass. OCE hired a new office manager and a new Assistant Compliance Officer for Foreign Influence. The Associate Compliance Officer position was reclassified and became the Associate Compliance Officer and Foreign Influence Officer.

Dr. Fultz-Carver presented highlights from the 2024 OCE Annual Report, including: the Florida Code of Ethics (FCOE) policy, Foreign Influence Compliance policy, Enterprise Risk Management process, eDisclose, and EthicsPoint.

OCE strengthened the Florida Code of Ethics Policy, USF Policy 0-027, to clarify the State of Florida's outside activity and financial interest disclosure requirements for researchers by outlining how management is responsible for timely and consistent implementation of progressive discipline for employees found to be non-compliant and for reporting these actions to OCE. The OCE assists management in ensuring that any progressive discipline is consistently applied across the institution as well as assisting with corrective and preventative actions to prevent non-compliance from happening in the future.

OCE also drafted a new Foreign Influence Policy, USF Policy 0-030, Foreign Influence Compliance. USF is the first and only institution in the State University System (SUS) of Florida to have a Foreign Influence Compliance policy. This policy identifies and clarifies how the university complies with five State of Florida foreign influence laws, as well as one Federal foreign-influence-related law from the Department of Education. Dr. Fultz-Carver shared with the Committee that USF was also the first institution in the SUS to hire a dedicated Foreign Influence Compliance Officer. The purpose of this policy was to set clear parameters for the university and its employees with respect to the types of activities that may be engaged in with foreign entities, what is and what is not allowable, as well as management's responsibilities.

OCE also worked to enhance the efficiency and effectiveness of the annual, cyclical, Enterprise Risk Management process comprised of three cyclical steps. The risk identification and assessment step was made more consistent and effective through the development and implementation of a standardized risk dictionary, along with standardized risk assessment and evaluation tools. The risk reporting step was made more efficient by leveraging technology to generate risk footprints, not only for specific risk areas, but the university as a whole in terms of USF's strategic objectives and plans.

OCE monitored employee compliance with annual disclosure requirements pursuant to the Florida Code of Ethics (FCOE), which are submitted in the eDisclose system. USF's overall compliance rate in 2024 was 98% and it was the same across the board for all three campuses.

During 2024, OCE addressed 201 EthicsPoint reports. Of these, 27 were substantiated, 114 were unsubstantiated, 22 were referred, and 38 remained open. Since 2022, there has been an upward trend in the number of cases reported in EthicsPoint, but the number of substantiated cases has remained relatively steady over the past three years.

**c. Antifraud Framework Annual Status**

Virginia Kalil, Executive Director and Chief Internal Auditor, began by wishing everyone a happy Internal Audit Awareness month, as May is recognized as the month

for promoting the positive impact internal audit makes on organizations around the world. She then presented information on the University's Antifraud Framework Report, in accordance with the BOG regulation 3.003, Fraud Prevention and Detection, which requires that the status of the University's Antifraud Framework is reported to the BOT, at least annually. This is the third status to be reported to the Board. Ms. Kalil noted the BOG and University have specific regulations and policies that outline expectations related to fraud prevention and detection, including: BOG Regulation 3.003: Fraud Prevention and Detection, USF Regulation 5.001: Fraud Prevention and Detection, and USF Policy 0-023; Internal Controls.

Ms. Kalil then noted the four key components of the University's Anti-Fraud Framework, which included: Tone at the top; Assessment of risks; Processes & systems; and Continuous improvement. The framework includes a commitment to creating an organizational culture and structure conducive to fraud risk management through awareness, training, and a tone at the top. This is where a zero-tolerance culture for unethical and fraudulent activity is cultivated.

Also, Ms. Kalil highlighted the antifraud activities performed thus far during the fiscal year, including fraud risk assessments, EthicsPoint hotline investigations, recommendations and follow-up of corrective actions by Internal Audit, human resources system upgrade, website and policy enhancements, and the fraud awareness initiative. She indicated risk assessments are key to the framework's success in helping to proactively identify fraud risk exposure. These assessments are conducted independently by both the Controller's Office and the Internal Audit Office (IA) and the information is shared for relevant feedback. Internal Audit also conducts specific fraud risk assessments on each individual engagement they conduct. Lastly, IA was also able to build out a comprehensive fraud risk assessment model within the larger university model where DSO-specific risks are being detailed.

In addition, EthicsPoint continues to be offered as the university's third-party, anonymous, confidential hotline for reporting any suspected fraudulent activities, and those types of reports are then referred to IA for investigation. Throughout all the engagements with IA, recommendations and action plans are made with leadership. IA then does follow-up to ensure those are completed and closed out. Recently, one key recommendation that the university has just completed is the launch of the Oracle Human Capital Management (HCM) system, in response to some concerns regarding fraudulent activity that have remained on IA's open recommendations, which will be able to be closed out soon.

In regard to website and policy enhancements, IA worked with leadership across the university to add the anti-fraud framework to the CFO's website for increased visibility; added reporting responsibility and hotline information to the Procurement website so that vendors can understand their roles and responsibilities; fraud prevention and detection reference was also added to our student concerns, processes, policy website.

The Fraud Awareness Initiative continued this year with the goal to educate and empower the USF community to recognize the red flags of fraud, understand their reporting responsibilities, and ultimately report and act. IA delivered on-demand presentations to eight colleges and/or units and sent out 12 monthly flash reports via email on various topics. In addition, IA hosted two webinars with a total of almost 600 attendees and reaching 33 different units. The first webinar was with JP Morgan Chase discussing best

practices in cybersecurity and fraud prevention and the second was with the Florida Office of the Attorney General presenting on disaster fraud prevention.

Next, Ms. Kalil highlighted the fiscal year 2025 summary of investigations, as of April 30, 2025, which included 51 total cases: EthicsPoint was the source of reporting for 28 cases; 16 were received by IA directly; 6 from the Florida Inspectors General office and 1 from an External source. Out of the total 51 cases, 41 were closed, with 22 unfounded, 16 were not reviewed/referred, and only three were founded. All three founded investigations were in the area of fiscal mismanagement, but none of those resulted in actual fraud against the university.

Lastly, Ms. Kalil outlined how to report fraud, which included contacting the EthicsPoint hotline, reporting the incident to management, or reaching out to the Office of Internal Audit.

## **V. Adjournment**

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