FLORIDA A & M UNIVERSITY
BOARD OF TRUSTEES

IN RE: AUDIT AND COMPLIANCE
COMMITTEE MEETING.

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COMMITTEE MEMBERS: KARL WHITE, CHAIR
TOREY L. ALSTON
BELINDA SHANNON
SPURGEON McWILLIAMS
ROBERT WOODY

DATE: TUESDAY, JUNE 2, 2015

TIME: COMMENCED AT:
CONCLUDED AT:

LOCATION: FOOTE-HILYER BUILDING
FAMU CAMPUS
TALLAHASSEE, FLORIDA

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BOARD MEMBERS ALSO PRESENT:

Rufus Montgomery
PROCEEDINGS

ATTORNEY BARGE-MILES: Trustee White, you do have three Committee members present, so you do have a quorum if you're ready to go.

TRUSTEE WHITE: Yeah, so let's go ahead and get started. So I will officially call this meeting of the Audit Committee to order. And, Ms. Barrington, will you do the roll call or --

ATTORNEY BARGE-MILES: Ms. Barrington.

MS. BARRINGTON: Yes, sir, thank you.

TRUSTEE WHITE: Okay. Great.

MS. BARRINGTON: Torey Alston.

TRUSTEE ALSTON: Here.

MS. BARRINGTON: Trustee McWilliams.

TRUSTEE MCWILLIAMS: Here.

MS. BARRINGTON: Trustee Shannon.

(NO RESPONSE).

MS. BARRINGTON: Trustee Woody.

(NO RESPONSE).

ATTORNEY BARGE-MILES: Trustee Woody indicated that he'll join the call at 11:30. This is Linda.

TRUSTEE WHITE: Okay.

MS. BARRINGTON: Trustee White.

TRUSTEE WHITE: Present.
MS. BARRINGTON: You now have a quorum.

TRUSTEE WHITE: Okay. And did I also hear -- Chair Montgomery, you're also present?

CHAIRMAN MONTGOMERY: Yes.

TRUSTEE WHITE: Okay. I wanted to make sure that we acknowledged you as well.

So we have a couple of action items and a number of informational items. The first action item is the approval of the minutes from the March 4th meeting. Those have been circulated.

Is there a motion to approve those?

TRUSTEE MCWILLIAMS: So move.

TRUSTEE WHITE: Is there a second, Torey?

TRUSTEE SHANNON: Hi, Trustee Shannon here.

TRUSTEE WHITE: Okay. We're just looking to approve the minutes here. I need a second.

TRUSTEE ALSTON: Yes, I'm sorry about that. Second. I was on mute.

TRUSTEE WHITE: Okay. It's moved and properly seconded to approve the minutes of the March 4th meeting. Any other discussion?

(NO RESPONSE).

TRUSTEE WHITE: All in favor.

(AFFIRMATIVE INDICATIONS).

TRUSTEE WHITE: The minutes are approved.
There was some work done around the Audit Charter, and I'm assuming -- Vice President Givens.

VICE PRESIDENT GIVENS: Yes, I'm here.

TRUSTEE WHITE: Okay. So would you like to walk us through the changes to the Audit Charter?

VICE PRESIDENT GIVENS: Sure. The Audit Charter is defined, the purpose, the authority, and the duties of the Audit Committee. And the current Charter requires that the charters be reviewed at least biannually to keep it up to date with the current standards and functions.

We reviewed charter. We've compared it to the model charter that the IIA, or the Institute of Internal Auditors, had put out, and also with the Division's charter, just to be sure that we had consistent language in both the Audit Committee charter and the Division Charter.

And based on those reviews, we made a number of changes. I did send out a redline version that showed all the changes. And I thought we might just hit the highlights on it today, but the one change involved the clarification of the reporting structure of the Vice President of Audit and Compliance to be consistent with the provisions that are in the Division's Audit Charter.
And what that came down to was the -- it requires that the Vice President of Audit and Compliance would (no sound) functionally to the Chairman of the Board of Trustees and the Chairman of the Audit Committee of the Board of Trustees and then administratively to the President.

Previously, we'd had in the Charter that the reporting structure was functionally and administratively to the President, that to be consistent with the wording in the Division Charter as well as the approach by the Institute of Internal Auditors. And that's in Section 5.A.10.

We also added a requirement that the Audit Committee approve the decision regarding the appointment and removal of the Vice President of Audit and Compliance and annually review his or her performance. And these changes were made in Section 5.B.6 and 5.B.8.

And those were the major changes. We also made a minor -- a number of other changes that were -- some were in the nature of edits and/or we deleted some wording, where some duplicate wording had been inserted. But those were really the major changes as far as the duties and roles.

Now we can just kind of walk through the
charter that -- it also includes responsibilities of the Audit Committee to appoint and oversee outside auditors and consultants to adopt and update an Audit Committee Charter, to conduct and/or authorize investigations as needed, oversee and monitor implementation of corrective actions for audit findings, oversee and monitor the internal audit functions. And what's included in there would be approving the Work Plan, approving the Division Audit Charter, approve decisions regarding appointment or removal of the Vice President of Audit and Compliance, and perform a performance evaluation of the Vice President of Audit and Compliance.

The Audit Committee's duties also include reviewing the system of monitoring and compliance with laws and regulations, overseeing the effectiveness of the University's internal controls; reviewing audited statements of the University and the DSOs and submit an audit of the federal awards programs.

And, Mr. Chairman, those are the changes to Audit Committee Charter.

And then we also reviewed the Division's Audit Charter and the -- before we leave the Audit
Committee Charter, the Charter does require that the Audit Committee adopt the Charter and then the Charter be approved by the Board of Trustees. And the Audit Committee is required to review the audit -- or the Division's Audit Charter and, again, it just defines the roles and missions of the Division.

The major changes that were need to the Division's Charter, it added a provision that allegations against Board of Trustee members are to be reported to the Board of Governors. We had some wording in the Charter that addressed some of the other issues as far as who is the reporting -- who it gets reported to. This covered -- and this one is consistent with the proposed Board of Governors' regulations that we'll talk about later, but that is a change.

And then the rest of the changes really just eliminated some duplicate wording and added some minor clarifications and edits. The Division Charter is to be approved by the Audit Committee.

So I'll be glad to answer any questions on any of the provisions or anything that we've talked about so far.

TRUSTEE WHITE: Are there questions from
members of the Committee?

(NO RESPONSE).

TRUSTEE WHITE: And also to you, Mr. Chairman.

CHAIRMAN MONTGOMERY: I have a question, Mr. Chair.

TRUSTEE WHITE: Please.

CHAIRMAN MONTGOMERY: I looked at the language -- I'm going off the top of my head -- I think it's Section 5 on the responsibilities and then I think it's B. I'm not looking at the document, but I'm going off of memory. I think the language says something along the lines of that there should be a performance review on an annual basis, and the question moving forward would be: Would it make sense to be more specific about how that process -- or when that process shall take place, like by date certain or what have you, so that in fairness to the VP, the Vice President will know when he or she is going to be reviewed and a time by which it will be completed. And then, also, from the Board's perspective, as we transition into a greater level of accountability from a board, we're going to -- it's my intent and I've shared on the other Committee calls, it's my
intent that we will move to where we set priorities and then we'll grade ourselves.

Well, one of the things will be that we met the responsibilities that we were supposed to meet. So I guess what I'm asking is would it be appropriate to put a date certain, or a time certain, or some sort of mechanism that triggers that that makes it happen other than simply having the language there that requires it on an annual basis?

TRUSTEE WHITE: Understood. So this is -- this is something new, and so I actually, you know, spoke with Joyce Ingram of Human Resources about this particular issue, and I think that what might make the most sense would be to simply insert in there that at least once a year review the performance and have that be consistent with whatever the University, you know, procedure is around those performance appraisals.

I have some questions about the way that we were doing this. They're generally on the fiscal year so, you know, to me I would say if we just simply added to make it consistent with, you know, procedures for University personnel as opposed to creating something new.
TRUSTEE MCWILLIAMS: Mr. Chairman.

TRUSTEE SHANNON: Mr. Chair.

TRUSTEE MCWILLIAMS: Mr. Chairman, are there such procedures in place now that involve University personnel? I mean are all University personnel graded or appraised on an annual basis? Is this something that's new and different than what the University is doing now?

TRUSTEE WHITE: So previously the Vice President of Audit and Compliance has, in fact, been going through a review; but it has been done simply at the level of the President and the President, you know, would have solicited feedback. So, yeah, so there's a series -- there's a process in place right now for senior administrators; and so we are simply inserting our comments into this process.

TRUSTEE SHANNON: So, Mr. Chair, I think that I concur with all of the comments that it does need to occur annually, and I mean I support that. I just think that it needs to concur -- it needs to happen at the same time that other annual reviews are happening. And, also, I'm assuming that the annual reviews are happening at a time that is close in time to making a decision about annual
compensation and salary adjustments. And so to, you know, to the extent that there's already University operational procedures in place that allow for that, I think then we just need to incorporate that by reference in this particular provision of the Charter.

TRUSTEE MCWILLIAMS: That was my question, Mr. Chair. Are there such procedures? I've been on the Board for a while. I've not been aware of any annual reviews of senior personnel. It's kind of like people just move on from year to year, or they're replaced by somebody else, we don't know why or when or whatever. So I don't know that there is any clear-cut procedure in place, and that was my question.

If there is not or if we cannot identify that there is, then I would agree with Chairman Montgomery, that we should have some date in mind or some date certain that we would expect this report, as this Committee, as a committee, on this particular VP.

TRUSTEE WHITE: So, again, from my understanding of my discussion with Ms. Ingram that there is, in fact, a process that goes forward each year and Vice President Givens has, in fact,
been taken through this process, it's just now our comments are going to be incorporated.

CHAIRMAN MONTGOMERY: Mr. Chairman.

TRUSTEE WHITE: Yes, please.

CHAIRMAN MONTGOMERY: It's my -- has VP Givens received a performance evaluation on an annual basis in accordance with that existing University policy over the last two fiscal years?

VICE PRESIDENT GIVENS: No, I haven't really received a performance evaluation.

CHAIRMAN MONTGOMERY: Okay. So, again, Mr. Chairman, if I may.

TRUSTEE WHITE: Yes, please.

CHAIRMAN MONTGOMERY: Okay. And so that's the point that I think is being made. You know, we had that in place and it didn't work. This is a simple deal here. Just set a date and time by which it will be done every year and then everybody can move on.

But the process in place right now didn't work, and so if you -- if we're going to hold ourselves accountable as a Board, we look at the Charter, we see what it says and we hold ourselves accountable. If it says once annually and it's not done, what would be the harm in setting a date and
time by which it will be done on -- you know, every year?

The fiscal year ends on June 30th. Maybe three months later, you know, and it's not fair to the VP to sit out there and not have some sort of evaluation. He doesn't know how he's doing. So he's gone two years now without an evaluation. He doesn't know how he's doing except for maybe, you know, a pat on the back.

So I strongly encourage -- I'm not a member of the Committee. Maybe we'll address it at the Board level, but this is a small thing that just says set the date and move on.

TRUSTEE WHITE: No argument about that.

TRUSTEE SHANNON: Mr. Chair.

TRUSTEE WHITE: Yes.

TRUSTEE SHANNON: Mr. Chair, is there a set -- is there already an established and set date for annual compensation and salary adjustments, or do they happen, you know, at any time during the fiscal year for any of the senior leaders of the University? I mean is there a set time and place when that occurs?

TRUSTEE WHITE: That I don't know. I've simply, you know, met and received information that
said that there is, in fact, a process.

So I can -- I am quite happy, you know, with something that says like, okay, or we want to make sure that this happens within 60 days of the end of the fiscal year. I'm absolutely fine with that.

TRUSTEE MCWILLIAMS: Put that to a vote, Mr. Chair?

TRUSTEE WHITE: Sure. So I -- so that would be my recommendation, that we simply add: Within 60 days of the end of the fiscal year. Is there a concurrence with that as a motion?

TRUSTEE MCWILLIAMS: I would concur.

TRUSTEE WHITE: Okay. Is there a second?

TRUSTEE ALSTON: Second.

TRUSTEE WHITE: Okay. Any other discussion?

TRUSTEE SHANNON: The only discussion in question that I have is that the reason I'm asking when annual compensation and salary adjustments are made is because if you set having the annual performance review done within 60 days after the end of the fiscal year, what happens if compensation and salary adjustments are made before we have a chance then to do that annual review? I just think the two need to be
connected. There needs to be a close. We shouldn't be making any decisions about annual compensation and salary adjustment if we have not yet done that review.

TRUSTEE WHITE: I agree, and I think, you know, what we are trying to -- what we're trying to solve for here is that we don't -- as the Committee, we don't know exactly what all of the procedures are. So the question is: How do we want to deal with this right now while we are -- you know, while we are waiting on that information?

I mean the substantive issues around the Audit Charter deal with the fact that, you know, now we are, in fact, going to be involved in this review. So I'm -- you know, so I'm happy to have a date, you know, in here certain that we can move forward with. And then if we have some additional information between now and the Board meeting, we can -- you know, we can come and make that suggested change; but I do appreciate the fact that, you know, having a date certain in here will be quite helpful.

TRUSTEE SHANNON: All right.

TRUSTEE WHITE: Other comments?

(NO RESPONSE).
TRUSTEE WHITE: Well, there is a motion on the floor to simply add the caveat that this would happen within 60 days of the end of the fiscal year. Hearing no other discussion, all those in favor.

(AFFIRMATIVE INDICATIONS).

TRUSTEE WHITE: Motion carries. Thank you. Are there other comments about the Audit Charter?

(NO RESPONSE).

TRUSTEE WHITE: So then we need a motion then to approve the updated Audit Charter, and I think we should actually do these in two motions. So the first is the approval of the Audit Committee Charter with the edit that we just made. Is there a motion to approve?

TRUSTEE SHANNON: So moved.

TRUSTEE MCWILLIAMS: Second.

TRUSTEE WHITE: Moved and properly seconded. Any other discussion?

(NO RESPONSE).

TRUSTEE WHITE: All in favor.

(AFFIRMATIVE INDICATIONS).

TRUSTEE WHITE: Opposed?

(NO RESPONSE).
TRUSTEE WHITE: The Audit Committee Charter is passed.

The second has to do with the Division of Audit and Compliance Charter. Again, these are mostly cosmetic changes and edits and just sort of moving some things around as Vice President Givens took us through. So I would entertain a motion to approve the Division of Audit and Compliance Charter.

TRUSTEE MCWILLIAMS: So moved.

TRUSTEE ALSTON: Second.

TRUSTEE SHANNON: Second.

TRUSTEE WHITE: Moved and properly seconded.

Any other discussion?

(NO RESPONSE).

TRUSTEE WHITE: All in favor.

(AFFIRMATIVE INDICATIONS).

TRUSTEE WHITE: Great. The Division of Audit and Compliance Charter is approved.

There are a number of informational items, so I will turn it back over to Vice President Givens.

VICE PRESIDENT GIVENS: Thank you.

If you'll look at your report, Page 3 is the dashboard which summarizes the activities over the last couple of months. You'll see the projects we
have in process. We have a follow-up of findings for the audit of the grade-change process. This was follow-up on findings of a previous report. The fieldwork for that has been completed. The report is in review and we expect to release that in June. Currently, as the report stands, all of the findings that have been previously reported have been corrected.

We have suspended a couple of the projects we had in process. That was the audit of the information technology functions and the financial aid review, just -- so we had to complete the performance funding audit as well as some time that we needed to spend on the NCAA investigation that is in process and we hope getting close to completion.

We also have in process a Pharmacy Phase 2 investigation. This was one that was initially received by the Board of Governors. The Board of Governors requested that we contract with someone to look into the allegations.

The fieldwork on that also has been complete. My discussions with the firm this morning indicated they are in the process of writing the report and they expect to have some draft findings to us by
the end of the week.

We have also completed a band eligibility compliance review. The fieldwork is complete; the report was written. We anticipate issuing that report at some point this week. There were no findings included in the report.

We also have done a follow-up of findings for the audit of the purchasing card and travel. This was the audit that was originally done by Ernst & Young and contained a number of findings. We've completed the fieldwork on those, and we found that there were some issues that were still outstanding and that they had not been resolved, and we are -- will be sending the findings out for management response hopefully this week as well.

We've also had a review of -- by the USDA, they entitled it the civil rights' review. They came on-site for three days, did their work, and we are waiting the report on that.

If you'd turn to the next page, you'll see there's a summary of the findings that are outstanding. We've listed all the findings in the open category and that just means that the findings have not -- or that the implementation of the corrective actions has not been validated by our
office. As we mentioned, we're in the process of validating findings related to the grade-change process and the purchasing card travel. And once we (inaudible) two red findings, six yellow findings, and four green findings. And the findings that were in the other reports will be scheduled, and we will validate the corrective action on those through our normal audit process.

During -- we have received some external audit reports. The Auditor General issued an audit of the University's financial statements for the year ended June 30, 2014. That report included no findings.

We also received the audit of the University's federal awards program by the Auditor General for the year ended June 30, 2014. And there were no findings included in that report, which is good that we had no findings; but I will need to point out that that audit was a very limited scope audit in that the Auditor General followed up on prior audit findings and really did not look at many additional issues beyond that. So, you know, it's good that the Auditor General felt comfortable that they felt it was low risk enough that they didn't need to look at additional issues, but it was a
limited scope for the audit.

As far as the investigations that we've been conducting, since July 1, 2014, we've received 54 allegations or complaints; and of those, we've issued 12 reports; we've closed 12 with no investigation; we have 14 in process; nine that have been referred to another department for review; and seven that are pending investigation. And as we pointed out before, the allegations -- many have multiple allegations. And so of the ones we have in process, we estimate that it's about 50 different complaints that we're actually having to look at.

And also, of the 14 reports that we have in process, eight are in the review phase, which means the report is getting close. That's just a matter of being sure that we've got everything documented that we need to have documented and then we can issue the report after that.

On the next page, on Page 7, you can see the types of investigations that we have. You can see that there was the biggest increase in the financial and business integrity classification, you see that that comprised 48% of the allegations that we received for this year. That was compared
to 31% in the prior year.

We have two projects that we have put on for upcoming. First is an accounts payable review. We expect to start that fieldwork in June 2015. We have identified the specific objectives that we want to look at, and that's -- this audit came off of our 2014/15 audit plan.

And then the next problem is the risk assessment and development of the audit plan for the 2015/16 year. We're starting that in June, and the methodology for this will be basically the same as we've used in the prior years; but this year, since we've got two years worth of experience in using the methodology as well as information that we've gained through the year, we are, as I said, tweaking that, the questionnaires that we use, as well as looking at ways that we might get additional feedback from others.

In the past, we've interviewed senior management staff as we have surveyed the mid-level managers. And this year we feel like it may be beneficial, if we actually do some interviews with mid-major -- mid-level managers as well so that we can get underneath -- the underlying reasons why some issues may be considered higher risk.
As far as the other items that we have, I want to make you aware that the Board of Governors is continuing to follow up on some issues that had come out in previous audit reports and SACS review as well as some matters that were reported directly to the Board. The items that are open include the University's addressing the athletic program. Where the athletic program's expenses have continued to exceed its revenues, they're looking for some type of plan to see how the University is handling that.

They've also asked for information on the establishment of a permanent and stable leadership team. This was something that came out of the SACS review where SACS felt like the University had taken -- had addressed a lot of the issues but that the -- there were still a lot of interim positions, and so those -- we found that most or a lot of the interim positions have been filled and that information has been provided to the Board of Governors.

The next two items were two investigations that were reported directly to the Board of Governors and the Board of Governors referred these to the University for review. The Pharmacy Phase 2
we discussed earlier. We also have received some allegations about the construction of the DRS sports complex. Both of those are in the final stages, and we hope to have reports out sometime this month.

I wanted to update you on where we are on our automated work paper system. We have -- we received a memorandum of understanding from the state agency that oversees it, and that's the Department of Children and Family Services. The MOU was reviewed by our General Counsel's office, and there were some additions that were put in and that we've sent that back to the Department of Children and Family Services for review.

We've talked through the changes. We're not really expecting any issues there. As far as the annual cost is now, they're telling us it would be in the neighborhood of about $1,500, which is still considerably less than the other systems that we have (inaudible). We anticipate being able to implement this starting in July of this year.

The last issue I wanted to bring to the Committee's attention is that the Board of Governors has proposed four regulations that impact the Audit Committee's function. The first of these
is the -- what they've titled their complaint handling. And this regulation basically addresses how the Board of Governors handles the complaints that come directly to them. Previously they did not have a regulation addressing it and it puts into place basically what they've been doing; that when an allegation comes to them, they will review it and typically refer that to the University for a review.

It also added the allegation or added the provision that allegations against the senior management positions, such as the President, the Board of Trustees, and the Vice President of Audit and Compliance, would be required to be referred to the Board of Governors for review and handling.

The second regulation sets minimum requirements for a University compliance and ethics programs. The main thing that they require that we do different is how the day-to-day monitoring of the compliance program is handled. Currently, we have compliance that's housed within the Division of Audit and Compliance. And our monitoring, basically, is through the audits that we do, through the investigations that we do, and through consultations on various issues that we're
asked to look at.

The regulation would require that a more formal process be set up for coordination of the various compliance activities within the universities. And this is the regulation that would require the biggest change for us on how we handle it. It would require some additional resources because given the resources we have, we couldn't implement the standard as it's written.

The third regulation is -- actually implements the law that allows the Joint Legislative Auditing Committee to require or to monitor the repeat audit findings such that when -- if the University doesn't correct audit findings within -- and they have it in three audit reports, then the Legislature can take certain action up to withholding money from the University until the findings have been corrected. And so this, basically, just implements that provision, and it incorporates some Board of Governors' responsibilities in that law.

The last regulation had to do with the internal audit functions and operations which the major changes there are, it requires that the universities use the standards that are established
by the Association of Inspector General; whereas, all universities follow the Internal Audit Stan -- internal -- Institute of Internal Audit Standards. It increases their reporting responsibility for investigations where all investigations that are conducted would be reported to the Board of Governors and also requires that allegations of fraud, waste, and abuse will be reported to the Board of Governors so that as the allegations are made, you know, the Board of Governors does not want to get blindsided and read about something in the paper, just -- you know, just like you don't. So it would require a certain level of reporting for those allegations. And then it also just reiterates just some requirements that are in the standards.

As a -- I noted that the implementation of the regulations would require some additional resources that would require that we change the charters that we just adopted, to a certain extent, and this would have to be addressed.

Now I will say that we have looked at this issue over the last couple of years. We have a plan that we could put into place when and if we need to, to go that the route.
Currently, those are just proposed regulations. I met with my counterparts last week. We spent the better part of a day going through the regulations and we have a committee that's ready to draft a response to that, but it would also require some input from Audit Committee members as well. And I'll be glad to take any questions.

TRUSTEE WHITE: All right. So my first question is: So when do they anticipate making a decision on these changes?

VICE PRESIDENT GIVENS: What I understand is going to happen now is we -- since the Board of Governors didn't meet with us last week and they are -- will revise the proposed regulations and send those back out for review. They're asking for responses back by July 31st. So the earliest that they could take it back to their Board for any action would be in August or September, whenever they have that meeting.

TRUSTEE WHITE: Okay.

TRUSTEE MCWILLIAMS: My question was about the BOG withholding funds from the University under some circumstances. Could you elaborate on that a little bit more for us, please?
VICE PRESIDENT GIVENS: Sure, I'd be glad to. What that allows is -- this is for, basically, when the Auditor General does operational audits. If a --

TRUSTEE WOODY: Excuse me. Good afternoon, Trustee Robert Woody is joining the call. Sorry for being late.

VICE PRESIDENT GIVENS: But what's allowed is if the findings are not corrected and they appear in three consecutive operational audit reports, then at that point, the funds can be withheld. But they can also take other action that would not quite -- would not be withholding funds. Let me see if I can find that right quick here.

TRUSTEE WHITE: And, Trustee Woody, so we're just going through some informational items, and Trustee McWilliams has asked a question around the proposed Board of Governors' regulations. And so in the material -- this is on Page 8, and this is about the Board of Governors' oversight enforcement authority and the impact of that change.

VICE PRESIDENT GIVENS: So what the regulation gives the Board of Governors' Chancellor the authority to investigate allegations of
noncompliance with regulations, and then it says:
If the University Board of Trustees cannot
satisfactorily document compliance, the Board of
Governors may order compliance within a specified
timeframe.

And then it just -- it escalates from there.
It just indicates that the Board of Governors, if
it's determined that a Board of Trustees is
unwilling or unable to comply with any law or
recommendation -- or the recommendation within the
specified time period, the Board of Governors, in
addition to actions constitute (inaudible) may
initiate any of the following actions. One is
withhold transfer of state funds and then declare
the University ineligible for competitive grants.
It may require a monthly or periodic reporting on
the situation related to the noncompliance until
it's remedied and then owe a report to the
Legislature that the state university is unwilling
or unable to comply with the law.

So we don't -- that's what the regulation
authorizes the Board of Governors to do.

TRUSTEE MCWILLIAMS: Thank you.

VICE PRESIDENT GIVENS: But I would think,
initially, they would try to do what they are
trying to do now, and that's just require some monthly -- or some periodic reporting. Like they have followed up on the findings that we talked about earlier where they cannot withhold any money, but they do want to know what the actions the University is going to do to get the situation remedied.

TRUSTEE WHITE: Are there other questions of Vice President Givens?

CHAIRMAN MONTGOMERY: Mr. Chair.

TRUSTEE WHITE: Yes, please.

CHAIRMAN MONTGOMERY: I wanted to allow Committee members first. I have a comment after the Committee members.

TRUSTEE SHANNON: Yeah, Mr. Chair, I just have one question for VP Givens. You said that the BOG took feedback from the State University Audit Council and that they were planning to make some adjustments to these four recommendations, and so will they be republishing those four recommendations before that July 31st, 2015, deadline for continued review and comment?

VICE PRESIDENT GIVENS: Yes. Yes, they're (inaudible) after they've considered what input was
provided last week, and they'll send the new regulations out -- or the new proposed regulations out; and then at that point there will be feedback again.

TRUSTEE SHANNON: Okay. So will you be forwarding the revamped regulation -- revamped proposed regulations to this Committee?

VICE PRESIDENT GIVENS: Yes, I will.

TRUSTEE SHANNON: Thank you.

VICE PRESIDENT GIVENS: (Inaudible) stated last week that it would (inaudible). I don't look for those any time before maybe the end of next week.

TRUSTEE SHANNON: I'm sorry, there's a lot of background noise. I can't hear you.

VICE PRESIDENT GIVENS: Oh, I'm sorry.

Last --

TRUSTEE WHITE: Yeah, I think we're hearing traffic from somebody. So if you're not speaking, if you'd make sure your phone is on mute, that would be great.

VICE PRESIDENT GIVENS: But the indication that we got last week was that the -- when they would start looking at revising the regulations from the feedback that was provided and then start
doing that at the end of this week -- (inaudible) that's as early as they could -- next week so that we'd have enough time to prepare an adequate response.

TRUSTEE WHITE: Great. Are there other questions from members of the Committee?

(NO RESPONSE).

TRUSTEE WHITE: Mr. Chairman.

CHAIRMAN MONTGOMERY: Thank you, Mr. Chair, a question for VP Givens.

If you'll go back to Page 3 of the material for today, the athletics investigation is non-NCAA related. It says the fieldwork is completed and is in review process and your date of completion is June. Would it be possible to have that completed, and would not want to interfere in any way with the normal process, but would it be possible to have that report available to the Board at the June meeting?

VICE PRESIDENT GIVENS: On the non-NCAA related?

CHAIRMAN MONTGOMERY: Yes.

VICE PRESIDENT GIVENS: Yes, we could do that.

CHAIRMAN MONTGOMERY: Okay. Thank you.

Mr. Chair, I have an additional question.
TRUSTEE WHITE: Please continue.

CHAIRMAN MONTGOMERY: VP Givens, if you drop down to the next page, Page 4, on the band eligibility compliance review, would that one also be a report that could be issued prior to or at the next -- or the upcoming Board meeting?

VICE PRESIDENT GIVENS: Yes. Yes, we can -- that one is -- I really thought we could get it out last Friday, but it's just about ready; so, yes.

CHAIRMAN MONTGOMERY: Okay. And then the final one is the one right below it on the follow-up of findings for audit and purchasing card and travel. It says that these findings are going to be submitted to manage -- you know, for management response. Can you briefly tell us how that process works? I mean is there a time certain? I'm thinking that this would be something that would be done maybe prior to the August meeting?

VICE PRESIDENT GIVENS: Yes, what -- when we complete the fieldwork and the findings are written and it goes through a review process, once it's gone through the review process, we send findings out to the appropriate personnel to get a response
to the findings. And we give them 20 days from the
time we deliver the adverse findings, and they
provide the written response back and the responses
are incorporated in the report.

So we are at the point right now of being
able to send the findings out, but it will take
20 days to get the response. But that should be
prepared and issued well before the August
meeting.

CHAIRMAN MONTGOMERY: Okay. Well, thank you.

Mr. Chair, VP Givens has spent some time with
me in my capacity as Chair of the Board, and I
learned of the direct reporting function
(inaudible). I'd like to thank VP Givens for the
work that he's done.

And I'd say to the Committee that I didn't
feel comfortable providing a performance review
with the limited period of time in which I've had
to engage VP Givens. I've known nothing but good
work from him as a member of the Board; but in a
reporting capacity, the 30 days or however many
weeks -- five weeks it's been in my capacity as
Chair, I did not deem that to be an appropriate
period of time in which to provide feedback with
regard to his performance. So to the extent that
the Committee would take that into consideration, I'd appreciate it.

Thank you, Mr. Chair.

TRUSTEE WHITE: Thank you, Mr. Chairman.

Are there other questions for Vice President Givens as it relates to any of the material that we have -- that he has presented to us?

(NO RESPONSE).

TRUSTEE WHITE: Okay. If none, then I'll just make a couple of quick comments here on the final, you know, sort of item, which is simply the performance evaluations.

So we have -- Ms. Ingram was nice enough to give us a form that we could take a look at and submit, and really it's a guide, and this will go to the President as well. And then any changes and recommendations in terms of compensation following his review, that also has to come back to this Committee to be approved.

So as the Charter now points out, any changes in the compensation and any removal of the Vice President of Audit and Compliance has to be -- has to occur and has to be conferred at the Board level. So this is a new action, and so Ms. Ingram simply provided us with a summary of the
information, I think in general, and certainly it's consistent with my experience with Vice President Givens.

Everything was in the satisfactory, above satisfactory, or excellent category as it relates to -- well, for the two forms that she received. So I don't know if others want to make some verbal comments or if you just want to take the opportunity of coming here to just go ahead and forward that form back to Ms. Ingram, and then she can summarize those and provide that on to President Mangum. I open the floor for comments.

TRUSTEE ALSTON: This is Trustee Alston. I did -- I'm sorry, Mr. Chair?

TRUSTEE WHITE: Yes, please.

TRUSTEE ALSTON: I did complete the review for Vice President Givens. And I did get that back to Ms. Ingram. And I think it's a good synopsis of, I guess, my interaction, since being a member of the Committee, with Vice President Givens. So I look forward to, I guess, the full discussion once we have all the feedback from -- I'm assuming the Committee and the Board.

TRUSTEE WHITE: Yes.

TRUSTEE SHANNON: Mr. Chair, this is Trustee
Shannon. I haven't yet completed the form but will do so as soon as possible and get that back to Ms. Ingram.

TRUSTEE WHITE: Great. Thank you.

And so -- and we have Trustee McWilliams. And obviously, Trustee Woody, you're new so you can take the same prerogative as our Chair as a new member and we'll look forward to having your comments in the next review.

So if people will just sort of get that information back so we can go ahead and complete this and then also figure out what other things we need to do with human resources to make sure that we do this all in the right way, that would be greatly appreciated.

Is there any other business to come before the Audit Committee?

(NO RESPONSE).

TRUSTEE WHITE: Hearing none, we are adjourned. Thank you all.

(WHEREUPON, THE AUDIT COMMITTEE WAS ADJOURNED).

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CERTIFICATE

STATE OF FLORIDA  
COUNTY OF LEON  

I, NANCY S. METZKE, RPR, FPR, certify that I was authorized to and did stenographically report the foregoing proceedings and that the transcript is a true and complete record of my stenographic notes.

DATED this 17th day of July, 2015.

_________________________
NANCY S. METZKE, RPR, FPR
Court Reporter