FLORIDA A & M UNIVERSITY
BOARD OF TRUSTEES

IN RE: AUDIT AND COMPLIANCE
COMMITTEE MEETING

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COMMITTEE MEMBERS:
NICOLE WASHINGTON, CHAIR
TRUSTEE GARY MCCOY
TRUSTEE ROBERT WOODY
TRUSTEE CRAIG REED

DATE: 
WEDNESDAY, FEBRUARY 10, 2016

TIME: 
COMMENCED AT: 2:00 P.M.
CONCLUDED AT: 2:45 P.M.

LOCATION: 
PRESIDENT'S CONFERENCE ROOM
FAMU CAMPUS
TALLAHASSEE, FLORIDA

REPORTED BY:
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OTHER TRUSTEES ALSO PRESENT:

Bettye Grable
Cleve Warren
Matthew Carter

* * * * *
CHAIRMAN WARREN: Tasha, are you there?

MS. ROYSTER: I am.

CHAIRMAN WARREN: The next committee would be the Audit and Compliance Committee, which isn't due to convene until 2:15. Could we check to see if the members are on the line and maybe we can go on with that meeting?

MS. ROYSTER: We can.

Trustee Washington.

TRUSTEE WASHINGTON: Here.

MS. ROYSTER: Trustee Graham.

(NO RESPONSE).

MS. ROYSTER: Trustee McCoy.

TRUSTEE MCCOY: Here.

MS. ROYSTER: Trustee Woody.

(NO RESPONSE).

MS. ROYSTER: Trustee Woody.

(NO RESPONSE).

MS. ROYSTER: Trustee Reed.

(NO RESPONSE).

CHAIRMAN WARREN: Okay.

TRUSTEE WASHINGTON: Can we try to get in
touch with Woody? I know Graham is out.

MS. BURY: Woody is on the line.

TRUSTEE WOODY: I'm sorry, here. I'm here.

TRUSTEE CARTER: They were talking about you, man. I'm glad you chimed in.

TRUSTEE WOODY: Oh, boy, I should have stayed quiet and listened to what y'all were talking about.

CHAIRMAN WARREN: Do we have --

TRUSTEE WOODY: I'm trying to do two things at one time. Okay, I'm sorry. I'm here.

CHAIRMAN WARREN: That's all right.

TRUSTEE WASHINGTON: So good afternoon. I would like to call the Audit Committee to order. Welcome to everyone, or you've all been here.

And, Ms. Barrington, will you please call the role?

MS. BARRINGTON: Sure. Thank you. Good afternoon to everyone.

Chair Washington.

TRUSTEE WASHINGTON: Here.

MS. BARRINGTON: Trustee Graham.

(NO RESPONSE).

MS. BARRINGTON: Trustee McCoy.

TRUSTEE MCCOY: Here.
MS. BARRINGTON: Trustee Woody.

TRUSTEE WOODY: Here.

MS. BARRINGTON: Trustee Reed.

(NO RESPONSE).

MS. BARRINGTON: Well, we've got a quorum.

TRUSTEE WASHINGTON: Thank you.

So we just have two action items this afternoon. The first is the approval of the minutes. The minutes have been posted online for your review.

May I have a motion to approve?

TRUSTEE WOODY: So moved, Madam Chair.

Trustee Woody.

TRUSTEE WASHINGTON: Thank you. And a second?

TRUSTEE MCCOY: Second. This is Trustee McCoy.

TRUSTEE WASHINGTON: Thank you. Is there any discussion?

(NO RESPONSE).

TRUSTEE WASHINGTON: If no discussion, a motion -- or approve by saying aye.

(AFFIRMATIVE INDICATIONS).

TRUSTEE WASHINGTON: Any approvals (sic)?

(NO RESPONSE).

TRUSTEE WASHINGTON: The ayes have it. We
will call those -- the motion carries.

The next item is the acceptance of the report for the review of allegations, which is Emo Architects for Pharmacy Phase II building. It is my understanding that moving forward the Board will have to accept, which means just review and accept these before submitting them officially to the Board of Governors. They would like to know that the Board has actually reviewed and accepted these before moving on with those, so it's not an approval formally, it is just accepting; and then they will move forward and we will submit a copy to the Board of Governors. But VP Givens will give an overview of the report.

VICE PRESIDENT GIVENS: First, just to give a little background on the report itself, the architect for the Pharmacy Phase II construction project was terminated by the University; and after he was terminated, he filed a number of allegations with the Board of Governors.

The Board of Governors received the allegations and referred it down to the University to investigate but wanted the University to hire an outside firm to do an investigation. We hired a firm, and they have issued their report on the
allegations.

Just to walk quickly through those, there was an allegation that the contract commitments exceeded the encumbrance authorizations. This was found to be substantiated. It was around a period from May 2010 until September 2010 when the encumbrance authorizations exceeded -- or the commitments exceeded the encumbrance authorizations by 663,000; this was corrected in September.

And just to clarify what this is, the money had been appropriated to the University but the University needed to get approval to spend it and just had not gotten that approval until September.

The second allegation had to do with mismanagement of the project that resulted in delays, which resulted in the University paying general condition costs. This was found to be substantiated. They validated some $300,000 in costs that were paid, but they were substantially less than what the allegation -- the allegation was there were $1.5 million in delayed costs that the University had incurred. Each cost was paid through a subsequent amendment to the contract.

And then there were three allegations that were not substantiated. The first just had to do
with the architect claiming that he had -- was not paid for work performed and was entitled to a termination fee under the clause of the contract. They found that he was paid for work performed but did not render an opinion on whether the termination fee was owed; however, our General Counsel's office and our outside counsel both feel like no termination fee was owed under the contract.

And then, also, there's an allegation that the University contacted some of the subconsultants after termination of the contract, and this was found that the University had done that but they -- when the complaint was made, we ceased contact.

And then the last allegation was that the University violated procurement laws by hiring the architect -- the successor architect on an emergency basis rather than true competitive procurement, and this was found to be unsubstantiated. That's the highlights of the report.

TRUSTEE WASHINGTON: Thank you, VP Givens.

Do I have any questions? Are there any questions from Committee members or other Board
members?

    (NO RESPONSE).

TRUSTEE WASHINGTON: Hearing -- go ahead.

TRUSTEE CARTER: What's the overall status?

Trustee Carter. Just asking, what's our overall status on this matter? I know we've got to get to the Board of Governors, but what's our status in terms of what we present to the Board of Governors?

Bottom line it for me.

VICE PRESIDENT GIVENS: We send them the report, they review it. If they have questions, they'll get back with us.

We will have a corrective action plan that we'll send along with the report. And basically what we've done is the construction manual has been redone. We have new people in place over the construction area. And our office, the Division of Audit and Compliance, is providing some ongoing monitoring for a project to see that we're following our new construction manual.

TRUSTEE CARTER: Permission to follow up?

TRUSTEE WASHINGTON: Sure.

TRUSTEE CARTER: Is there any outstanding litigation in this matter?

VICE PRESIDENT GIVENS: It's possible the
architect could continue -- or could file suit. At
the present time, no, there is no litigation. He
could still file to get the termination fee if he
feels like he's owed it.

TRUSTEE CARTER: Thank you.

TRUSTEE WASHINGTON: Any other questions?

TRUSTEE WOODY: VP Givens, did we --

TRUSTEE WASHINGTON: Hold on one second,

Trustee Woody. We have a follow-up.

ATTORNEY SELF: This is David Self, Associate
General Counsel.

I've been working on this matter with Emo
Architects. When Emo was terminated about two and
a half or three years ago, we did deliver to him
his final check that we believed -- based on our
evaluation of the project, his final check was
approximately $32,000.

He has not cashed that check. It has lingered
so long that our accounting people have surrendered
that check to unclaimed property, the state's
unclaimed property. He has approximately two years
remaining on the statute of limitations to decide
if he wants to bring litigation, so we won't know
for certain until either he files or the statute
runs.
TRUSTEE WASHINGTON: Thank you for that clarification.
Yes, Trustee Carter.

TRUSTEE CARTER: What about -- the check you mentioned, it's probably stale by now, right?

ATTORNEY SELF: Yeah, it is. Well, they don't actually expire, but our accounting department called the General Counsel's office a week and a half ago: What do we do with this check? They were about to take the money and put it back into the account. For purposes of our litigation strategy, we did not want to take the money back. We suggested that it be surrendered to DMS for unclaimed property, Financial Services, for their unclaimed property.

TRUSTEE CARTER: Let me --

TRUSTEE WASHINGTON: Please.

TRUSTEE CARTER: With the possibility of litigation, would it be better to put it in a -- what our version of a trust account would be?

ATTORNEY SELF: Without getting into a litigation strategy, we believe that to bring the money back in gives them some sort of defenses or claims to it.

We've given them the check. It hasn't been
cashed. The next step for state-issued property like that is to go to Financial Services in their unclaimed property department. It's the same as if you left a utility deposit and moved and didn't claim -- going to the Treasury Department of unclaimed property and fill it out.

TRUSTEE CARTER: But they have two years --

CHAIRMAN WARREN: Madam Chair, this is Trustee Warren.

ATTORNEY SELF: No, no, litigation is different. Litigation is different.

CHAIRMAN WARREN: Madam Chair.

ATTORNEY SELF: He can cash his check at any time. If he wants to sue, he still has two more years.

TRUSTEE WASHINGTON: All right. Trustee Woody and then Trustee Warren, we had a couple of questions?

CHAIRMAN WARREN: Well, mine isn't a question. I just can't hear the respondent. If you would ask them to get closer to the mike or speak into it.

TRUSTEE WOODY: The same thing, I can barely hear also.

TRUSTEE WASHINGTON: Apologies. He is very close.
ATTORNEY SELF: I don't know what part you didn't hear. The bottom line is we've given the architect his last check; he has not cashed it. We submitted that to unclaimed property, the state's Financial Services department. There are two years remaining on the statute of limitations, so we won't know until the two years run or if he files an action.

TRUSTEE WASHINGTON: Thank you so much. Any other --

TRUSTEE WOODY: Can you tell me what -- this is Trustee Woody.

Could you tell me what the amount of that last check was? Because I thought I heard VP Givens say it wasn't as much as they originally said it was.

TRUSTEE WASHINGTON: That is two separate issues, Trustee Woody.

ATTORNEY SELF: The final check was $32,000 and change. The other allegation had to do with delayed damages.

TRUSTEE WOODY: Oh, okay. Thank you.

TRUSTEE WASHINGTON: Thank you. Very good questions.

Any other questions?

CHAIRMAN WARREN: Trustee Warren, if I may.
TRUSTEE WASHINGTON: Yes, Trustee Warren.

CHAIRMAN WARREN: The outline of the allegations in the first paragraph, the summary paragraph, doesn't give us a perspective on the date of origin, if you will, of the allegations. Might I suggest in the future that if we have something like this that we have some kind of reference point?

I get the impression in reading it that this allegation might have been outstanding for six years; is that not correct?

ATTORNEY SELF: No. This particular allegation, no, has not been outstanding for six years, but the project has had some issues for quite sometime. It started in 2006 or 7, just to give you some idea of how long the project has been going.

TRUSTEE WASHINGTON: And Trustee --

CHAIRMAN WARREN: But the allegations filed with the Board of Governors was filed with them when?

ATTORNEY SELF: About two and a half years ago.

TRUSTEE WASHINGTON: And, Trustee Warren, you should have received separately the full
report from the company that the Audit and
Compliance office sent out. What was that, last
month? That had the full detail of all of the
history and the full findings and corrective
action. If you don't have that, we can have the
staff resend that.

CHAIRMAN WARREN: Please.

TRUSTEE WASHINGTON: Any other questions?
(NO RESPONSE).

TRUSTEE WASHINGTON: Hearing none, can I have
a motion to accept this report?

CHAIRMAN WARREN: So moved. I'm not on it.

TRUSTEE WOODY: So moved.

TRUSTEE MCCOY: I'll second.

TRUSTEE WASHINGTON: Thank you. Trustee Woody
motioned, and Trustee McCoy seconded that motion.

All in favor say aye.

(AFFIRMATIVE INDICATIONS).

TRUSTEE WASHINGTON: Opposed nay.
(NO RESPONSE).

TRUSTEE WASHINGTON: The motion carries.

So now I recognize VP Givens to present the
information items for the Committee.

VICE PRESIDENT GIVENS: The first information
item is just to go through a discussion on the
Audit Committee's roles and responsibilities.

The roles and responsibilities of the Audit Committee are defined by the Audit Committee Charter that's adopted by the Audit Committee and approved by the Board of Trustees. It's reviewed periodically. Right now we do it about every year or year and a half to review it to be sure it's in conformance with the model charter that's put out by the Institute of Internal Auditors.

And the Committee Charter that we have now is based on that model charter. Just quickly, some of the roles of the Audit Committee are to oversee the financial reporting, oversight of internal controls and risk management. There's a certain relationship with the internal auditors and the interaction with management, as well as some responsibilities to oversee the ethics and compliance of the University, and also have how the Audit Committee interacts with the internal auditors, and that's the Division of Audit and Compliance, as well as with other Board committees and just some recommendations that the Audit Committee is to evaluate itself periodically, as well as obtain the orientation education necessary.

And I'd just like to hit some highlights of
this. In the oversight and financial reporting, the Audit Committee is the arm of the Board of Trustees to oversee the financial reporting of the University. The primary responsibility is to ensure the integrity of the financial information. And you do this through hiring qualified people as well as receiving audit reports and seeing that the audits are done timely and have the interaction with the auditors.

As far as oversight of internal controls and risk management, this has always been a big responsibility in government for audit committees to oversee the controls regarding legal and regulatory compliance. And those are controls that would extend beyond just the typical financial reporting controls.

And then to ensure that the University devotes adequate resources required for the effectiveness of the internal control processes as well as to determine the risk management processes are in place, especially as they affect such areas as financial reporting and reputational risk; review the risk assessment and challenge the risk profile as well as reassess the list of the top risk areas and determine who in management should oversee the
areas. And we do this -- every year we do a risk assessment that is done for the primary purpose of developing the work plan for the Division of Audit and Compliance, but we present the report to the Committee for review and approval. And that's the point at which it gives the Board an opportunity to see what high-risk areas have been identified, to ask appropriate questions, and to ensure that the University is providing for appropriate addressing of those issues.

As far as relationship with independent auditors, the Board is the one that has the authority to hire independent auditors. And when we hire those, those are primarily for special projects just like the one we had. The state auditor general is the one who every year does the financial and audit of the federal awards program.

As far as interaction with management, the Audit Committee just needs to be able to find the balance between oversight without making the management decisions. And this is done through an open and trusting relationship with management and asking appropriate questions. The meetings of the Audit Committee provides you the opportunity to do
that as well as just direct interaction with appropriate employees.

As far as the interaction with the internal auditors, you know, we like you to look at us as the key resource to provide information to you that you need for making decisions. It's important that we have a direct line to the Audit Committee and that the Audit Committee is involved with the risk assessment process. It's also we -- the standards need to be viewed as an objective entity, and our role in this is basically fact finding and reporting. We don't get into making management decisions or implementing management decisions; that's left up to management. That way it maintains our objectivity and independence so we're not put in a position of trying to audit decisions that we made.

And if there are questions, I'd be glad to answer questions on the roles. If not, I'll be glad to move on to our next topic.

TRUSTEE WASHINGTON: Just a second. Thank you, VP Givens.

Committee members, I know that we have a number of new members on the Committee as well as Board members, and so I just wanted to say that I
asked VP Givens to give this sort of overview, high level as we go through, so as we continue to mull through some of these issues, you have at least an understanding. So I would encourage you to ask questions, if not now, then off line directly to VP Givens.

Thank you, VP Givens. You can continue.

VICE PRESIDENT GIVENS: I just wanted to give an update on a couple of reports that were issued. We had issued a report on followup of some -- of an audit that was done of the purchasing card program. We found that there were still instances where the documentation was not adequate and that sometimes it was not complete, and these are expenses for the purchasing card program. In some instances, they were not complete and not submitted on time. In some instances, there was not an adequate business purpose for the expenses. And the purchasing card administrator has implemented some corrective actions on all of those to address those issues.

We also had issued a report on the hiring process at the University as a result of some allegations that were reported to the Board of Governors and that they referred down to us to look at. They asked us to look at the hiring process to
be sure the hiring process was followed in the
hiring of this particular individual.

We did that. We found that the hiring process
was followed. We found that the individual was
qualified to be hired into the position he was
hired; but in doing it, we did see some areas that
could be improved, and it related primarily to the
instances where the advertising for a position is
waived.

We met with our HR department. We went
through the findings, then HR has agreed to
implement some changes to the process, basically to
revise policy language to codify and clarify the
procedure that's used when an advertisement is
waived, and also to consider procedures that could
help the University take action in the event an
individual provides false information about
pertinent or minimum qualifications that are used
in the selection process.

And then, also, we noted some improvements
could be made in the background check process,
which we found that the EEOC guidelines were
followed but that it would help I think if they
were codified in writing. HR has agreed to look at
that as a possibility to put those in writing.
TRUSTEE CARTER: Madam Chairman, an opportunity for questions?

TRUSTEE WASHINGTON: Sure. Chair -- I mean, sorry, Trustee Carter.

TRUSTEE CARTER: In the context of the non-advertised positions, what's the volume? How do we -- is there a way to quantify that? I want to see if there's a problem. How do we quantify that? How many was that or --

VICE PRESIDENT GIVENS: We looked, and within a year maybe there might have been 30 or so.

TRUSTEE CARTER: And the basis for that?

VICE PRESIDENT GIVENS: Is the need to fill positions quickly if there were people that were qualified to take --

TRUSTEE CARTER: Now is that more for internal employees? What I'm trying to get my head around, why would you not advertise? Is that because these are internal promotions or employees? How does that --

VICE PRESIDENT GIVENS: Well, that was part of the process that we looked at. When the advertising is waived, there's a justification that has to be provided. And the justification, it could range from just the need to fill
positions or -- I don't remember the rest of them off the top, but there are several reasons that were given.

TRUSTEE CARTER: Excuse me, Madam Chair.

TRUSTEE WASHINGTON: Sure.

TRUSTEE MCCOY: Could you please talk up? I can barely hear you.

TRUSTEE CARTER: Sorry about that.

For this line of questioning, in the case of non-advertised, who is the final signing authority? How do we -- who is the final signing authority on that? If you're going to waive advertising, how does that -- there has to be someone responsible, right?

PRESIDENT MANGUM: Me.

TRUSTEE CARTER: The President? So you are informed of that, right, so long as -- just as long as we have oversight, so if we're doing that, then I think the President, you know, should be able to know that that occurs so we don't leave that to some folks down in the --

TRUSTEE WASHINGTON: So just to be clear, for all unadvertised filling of job description -- you know, for all unadvertised positions, the President is the final say on the actual signoff, like she is
aware of each individual that we have waived hiring
for -- or waived advertising, or would it be maybe
like the Chief of Staff?

VICE PRESIDENT GIVENS: It says or President's
designee.

TRUSTEE WASHINGTON: Okay, or the President's
designee.

ATTORNEY THOMAS: It would be a vice president
or the President.

TRUSTEE WASHINGTON: Right. Okay.

TRUSTEE CARTER: I'm just asking that for
accountability purposes.

VICE PRESIDENT GIVENS: And the hiring manager
is the one that can initiate that, whether or not
it's advertised.

TRUSTEE GRABLE: Chairman Washington, this is
Trustee Grable. I too, like Trustee Woody, I can
barely hear when people are talking; and then
several people start talking and I miss the entire
discussion.

TRUSTEE WASHINGTON: I apologize, Trustee
Grable. We will get VP Givens a little closer to
the mike and maybe he can speak up.

TRUSTEE GRABLE: Trustee Washington --

TRUSTEE WASHINGTON: Can you hear me? Trustee
Grable?

TRUSTEE GRABLE: Yes, I'm here.

TRUSTEE WASHINGTON: Sorry.

TRUSTEE GRABLE: Thank you.

TRUSTEE WASHINGTON: I apologize for the ambient noise. The line of questioning is just ensuring that there is a process and procedure for unadvert -- for positions that have been waived. And it appears as if there is a process and that the accountability structure goes up to either a VP or the President herself.

TRUSTEE GRABLE: Okay. Thank you for that clarification, Trustee Washington.

TRUSTEE WASHINGTON: You are very welcome.

Any other questions on that matter? Oh, sorry, General Counsel.

ATTORNEY THOMAS: Yes. I just wanted to state that there is a regulation and it's 10.102 that prescribes what the process is for waiver of advertisement. There's a form that must be completed, and the only persons that are allowed to, you know, do actual hiring would be the President or the President's designee, which is an actual VP, not an associate or --

TRUSTEE WASHINGTON: Okay. Thank you very
much.

Any more questions?

TRUSTEE WOODY: Chairman Washington, Trustee Woody.

TRUSTEE WASHINGTON: Yes, Trustee Woody.

TRUSTEE WOODY: Is there a requirement -- did you find that there is a requirement that everybody that is interested in applying for a position submit an application, a written application that is submitted to HR?

TRUSTEE WASHINGTON: Rick, VP Givens.

VICE PRESIDENT GIVENS: In the process, if it's advertised yes, everybody is required to submit an application; but not in the -- an application has not been required in the process where advertisement is waived.

TRUSTEE WASHINGTON: That might be something we look into. Is there a state regulation, General Counsel, on filling out of the state application?

ATTORNEY THOMAS: Not that it's applicable to the State University System because we prescribe our own hiring regulations.

TRUSTEE WASHINGTON: Okay. Thank you.

Trustee Woody, are you okay? Do you have any more questions?
CHAIRMAN WARREN: There's Trustee Warren if he
doesn't.

TRUSTEE WASHINGTON: Trustee Warren, you are
recognized.

CHAIRMAN WARREN: Well, this whole subject
matter seems to me opens Pandora's box on the
subject of nepotism. So if we have a process for
approving -- making job assignments or hiring
people without advertisement, then I'm delighted to
hear that the process floats up to the final
authority being the President or the President's
designee. But on the other hand, to not have an
application, minimally an application for those
folk, how is the President then made aware of the
qualifications of the person without something
having been submitted, an application and even a
resume, for that matter, attached to it that helps
in that evaluation? Otherwise it comes to her
merely anecdotally, a recommendation from somebody
who likes somebody else.

TRUSTEE WASHINGTON: So, Trustee Warren, I
will just reiterate maybe what the General Counsel
noted, was that there is -- even for the waived
positions, there is a justification form and
supporting documents that are required to be
submitted with those.

VICE PRESIDENT GIVENS: Yeah, and I'd just like to add too, that the hiring manager in the process determines what documents are required. And that's generally going to be at least a resume, so you do have a resume that's submitted too.

CHAIRMAN WARREN: So, Madam Chair, a follow on then.

TRUSTEE WASHINGTON: Yes, Trustee Warren.

CHAIRMAN WARREN: We're still leaving the discretion on what is submitted to the hiring manager as opposed to rule and/or a procedure dictating what minimally should be provided under any circumstance, be it an advertised job or a non-advertised job. If one of us, as an example, as a Board member, wanted -- had an inquiry about the recent hire, for whatever reason that might be, the hiring manager would have determined what's available to us to review if we had questions about a hiring.

TRUSTEE WASHINGTON: I agree, and it sounds like it's the will of the Committee to maybe review the regulation itself for hiring and maybe add some additional clarification in there and make sure that it is codified and shored up in a way that we
feel is appropriate. So maybe I will task myself
with getting with General Counsel and VP Givens and
whoever else is --

PRESIDENT MANGUM: Human resources.

TRUSTEE WASHINGTON: -- in human resources to
make sure that those regulations -- and I'm not
sure what committee they'd come out of because it
wouldn't be audit necessarily. But we will
definitely continue with this line of -- to make
sure that it is not a Pandora's box.

CHAIRMAN WARREN: Yes, thank you. Thank you,
Trustee Washington.

TRUSTEE WASHINGTON: VP Givens --
Are there any other questions on this specific
topic?

(NO RESPONSE).

TRUSTEE WASHINGTON: All right. VP Givens,
can you please continue?

VICE PRESIDENT GIVENS: Yes. I'd just like to
give a quick update on where we are related to the
review that was authorized by the Board related to
the renovations at the University's owned house
that's being occupied by the President and the
bonuses.

We have hired the firm of Grant Thornton to do
the review. They were onsite last week, this week and probably will be onsite next week with the anticipation of having a report to us by sometime -- around February the 16th is what they've committed to.

And then, lastly, I'd just like to give a quick update on the proposed Board of Governors' regulations --

TRUSTEE WASHINGTON: VP Givens, one second.

Madam President.

PRESIDENT MANGUM: Thank you for the opportunity to speak and to clarify the terminology.

There were no bonuses, those were hiring incentives. We should use the appropriate language.

TRUSTEE WASHINGTON: Thank you for the clarification.

VP Givens.

VICE PRESIDENT GIVENS: And then an update on the proposed Board of Governors' regulations. Those -- the Board of Governors is in the process. They have met with various stakeholders, they've received input, and they're incorporating some changes. Their intent right now is to issue
another draft set of regulations and have some more
meetings with the stakeholders prior to taking
those to the Board of Governors' committee for
notice. So those are moving still, but they're not
on track to go to the Board of Governors' Audit
Committee in March as previously planned.

And, Madam Chair, that would conclude my
report.

TRUSTEE WASHINGTON: Thank you, VP Givens.
Do we have any more -- any other questions
from Committee members or non-Committee members?

CHAIRMAN WARREN: Madam Chair, this is Trustee
Warren.

TRUSTEE WASHINGTON: Yes, Trustee Warren,
you're recognized.

CHAIRMAN WARREN: The work of the Audit staff
seems to be heavily focused on investigative work.
I'm curious to know if Mr. Givens -- and I think
we've seen this before, but just help me with my
memory, Mr. Givens, if you will, if there is an
audit plan on areas that you would focus on to
explore where we might have risk.

Your staff and you serve as internal auditors
to the University, and in that role our expectation
is that you would look under rocks, either on an
invited basis as doing investigations and an
uninvited basis your free will to look at operating
procedures all over the University so that we can
make adjustments where need be based on those
periodic examinations or explorations of yours.

But over the last several months what we've
heard most about are investigations or your
responses to allegations, but help us understand
what is the work plan for the Audit staff with
respect to periodic reviews.

VICE PRESIDENT GIVENS: Every year we do a
risk assessment, and based on the risk assessment,
we come up with a work plan that includes the
audits as well as time that we allocate to
investigations, as well as some management requests
that we provide some help on.

We do spend an awful lot of time on
investigations. I would -- we spend probably
50 percent of our time doing investigations. We
going allegations through the hotline, we get them
direct, we get some referred down from the Board of
Governors, as well as the Governor's Inspector
General all refer these down to us and we do -- we
look at those. We have developed a filter that we
try to run these through so that we can maintain a
balance between the audits and the investigations.

You know, as far as the filter that we have on the investigations, we try to look at things like: Does the person making the complaint have first-hand knowledge of what they're talking about, or is this something they've heard or something that they just suspect might be going on? We look at what their motive might be for filing a complaint, do they have a problem with somebody that they're trying to stir trouble up for; and then we look at the impact, what's the possible impact on the complainant.

Some of the allegations involve some issues that relate to compliance but may not have a real big impact, and so we try to prioritize based on those factors. But the standards have changed a little bit in the last year or so and they do require that internal auditors maintain a balance in their work. And it's something we're cognizant of and really trying to work towards maybe doing that a little better as far as doing more audit work.

CHAIRMAN WARREN: Thank you, Mr. Givens.

TRUSTEE WASHINGTON: Thank you, Committee members. Any other further business before the
Committee?

(NO RESPONSE).

TRUSTEE WASHINGTON: If no other business, the Audit and Compliance Committee is adjourned.

CHAIRMAN WARREN: Thank you, Trustee Washington.

(WHEREUPON, THE COMMITTEE MEETING WAS ADJOURNED).

* * * * *
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 21st day of February, 2015.

_________________________  
NANCY S. METZKE, RPR, FPR  
Court Reporter
D

date [t] - 14:5
DATED [t] - 35:7
David [t] - 10:10
decide [t] - 10:22
decisions [g] - 18:22, 19:6, 19:13, 19:16
defenses [t] - 11:23
define [t] - 16:3
definitely [t] - 29:9
delayed [g] - 7:21, 13:20
delays [t] - 7:16
delighted [t] - 27:9
deliver [t] - 10:14
department [g] - 11:7, 12:3, 13:5, 21:10
Department [t] - 12:5
deposit [t] - 12:4
descrip [t] - 23:23
detail [t] - 15:3
determine [g] - 17:20, 17:25
determined [t] - 28:18
determines [t] - 28:4
developed [t] - 32:24
developing [t] - 18:3
devotes [t] - 17:17
dictating [t] - 28:13
different [t] - 12:11
direct [g] - 19:1, 19:7, 32:21
directly [t] - 20:5
discretion [g] - 28:11
discussion [g] - 5:18, 5:20, 15:25, 24:20
Division [g] - 9:17, 16:20, 18:3
DMS [t] - 11:13
documentation [t] - 20:13
documents [g] - 27:25, 28:4
done [g] - 8:13, 9:15, 17:8, 18:2, 18:22, 20:11
down [g] - 6:22, 20:24, 23:21, 32:21, 32:23
draft [t] - 31:1
due [t] - 3:7

E

education [t] - 16:24
EEOC [t] - 21:22
effectiveness [t] - 17:18
either [t] - 10:24, 25:10, 31:25
emergency [t] - 8:19
Emo [g] - 6:3, 10:12, 10:13
employees [g] - 19:2, 22:17, 22:19
courage [t] - 20:4
encumbrance [g] - 7:4, 7:7, 7:8
ensure [g] - 17:5, 17:17, 18:8
ensuring [t] - 25:7
entire [t] - 24:19
entitled [t] - 8:2
entity [t] - 19:10
especially [t] - 17:21
ethics [t] - 16:17
evaluate [t] - 16:23
evaluation [g] - 10:16, 27:18
event [t] - 21:16
examinations [g] - 32:5
example [g] - 28:15
exceeded [g] - 7:4, 7:7, 7:8
excuse [t] - 23:4
expectation [t] - 31:24
expenses [g] - 20:14, 20:18
expire [t] - 11:7
explorations [t] - 32:5
explore [t] - 31:22
extend [t] - 17:15

F

fact [t] - 19:11
factors [g] - 33:16
false [t] - 21:17
FAMU [t] - 1:14
far [g] - 17:10, 18:11, 18:19, 19:3, 33:2, 33:21
favor [t] - 15:17
FAX [t] - 1:22
February [t] - 30:4, 35:7
FEBRUARY [t] - 1:10
federal [t] - 18:17
fee [g] - 8:3, 8:6, 8:8, 10:3
file [g] - 10:1, 10:3
filed [g] - 6:19, 14:19, 14:20
files [g] - 20:24, 13:7
filling [g] - 33:8
fill [g] - 12:6, 22:13, 22:25
filling [g] - 23:23, 26:19
filter [g] - 32:24, 33:2
financial [g] - 16:13, 17:1, 17:3, 17:5, 17:15, 17:22, 18:17
Financial [g] - 11:14, 12:2, 13:5
findings [g] - 15:4, 21:11
firm [g] - 6:24, 6:25, 29:25
first [g] - 5:8, 7:25, 14:3, 15:24, 33:5
First [g] - 6:15
first-hand [g] - 33:5
floats [g] - 27:10
FLORIDA [g] - 1:1, 1:15, 1:21, 35:3
focus [g] - 31:21
focused [g] - 31:17
folk [g] - 27:14
folks [g] - 23:21
follow [g] - 9:21, 10:9, 28:7
follow-up [g] - 10:9
followed [g] - 21:1, 21:4, 21:23
following [g] - 9:20
followup [g] - 20:10
foregoing [g] - 35:6
form [g] - 25:20, 27:24
formally [g] - 6:11
forward [g] - 6:5, 6:12
FPR [g] - 1:16, 35:5, 35:11
free [g] - 32:2
full [g] - 14:25, 15:3, 15:4
future [g] - 14:6

G

GARY [g] - 1:8
general [g] - 7:17, 18:16
O

objective [-1] - 19:10
objectivity [-1] - 19:15
obtain [-1] - 16:24
occupied [-1] - 29:23
occurs [-1] - 23:20
OF [-3] - 1:2, 35:3, 35:3
office [-4] - 8:7, 9:17, 11:8, 15:2
OFFICE [1] - 1:21
officially [1] - 6:7
one [9] - 4:11, 10:8, 18:12, 18:15, 18:16, 24:14, 28:15, 30:9
ongoing [1] - 9:18
online [1] - 5:9
open [-1] - 18:23
opens [-1] - 27:6
operating [1] - 32:2
opinion [1] - 8:5
order [1] - 4:14
orientation [1] - 16:24
origin [1] - 14:5
originally [1] - 13:15
OTHER [1] - 2:1
outside [2] - 14:2
outside [4] - 6:24, 8:7
owed [3] - 8:6, 8:8, 10:4
own [1] - 26:22
owned [1] - 29:22
P

P.M [2] - 1:12, 1:12
paid [4] - 7:19, 7:22, 8:2, 8:4
paragraph [2] - 14:3, 14:4
particular [2] - 14:12, 21:2
paying [1] - 7:16
percent [1] - 32:19
performed [2] - 8:2, 8:4
period [1] - 7:5
periodically [2] - 16:6, 16:23
permission [1] - 9:21
perspective [1] - 14:4
pertinent [1] - 21:18
planned [1] - 31:6
point [2] - 14:8, 18:6
POST [1] - 1:21
posted [1] - 5:9
prescribe [1] - 26:21
prescribes [1] - 25:19
PRESENT [1] - 2:1
present [4] - 9:8, 10:2, 15:22, 18:4
president [1] - 24:8
PRESIDENT’S [1] - 1:14
previously [1] - 31:6
primary [2] - 17:4, 18:2
prioritize [1] - 33:15
procedures [2] - 21:15, 32:3
proceedings [1] - 35:6
procurement [2] - 8:17, 8:20
profile [1] - 17:23
project [6] - 6:18, 7:15, 9:19, 10:16, 14:14, 14:16
projects [1] - 18:15
provide [2] - 19:5, 32:16
Q

quiet [1] - 4:7
quite [1] - 14:15
quorum [1] - 5:5
R

rather [1] - 8:19
RE [1] - 1:4
reading [1] - 14:9
really [1] - 33:20
reason [1] - 28:17
reassess [1] - 17:24
received [3] - 6:21, 14:25, 30:24
receiving [1] - 17:7
recent [1] - 28:17
recognize [1] - 15:22
recommendations [1] - 16:22
redone [1] - 9:16
Reed [2] - 3:22, 5:3