

**Florida Agricultural and Mechanical University  
Board of Trustees**



**Audit & Compliance Committee Meeting  
Trustee Craig Reed, Chair  
Grand Ball Room  
Wednesday, June 2, 2021 - 9:45 AM**

**Committee Minutes**

**Members Present:** Trustee Craig Reed, Chair, Trustee Ann Marie Cavazos, Trustee Michael Dubose, Trustee Belvin Perry, Jr., and Trustee Carrington M. Whigham

Trustee Chair Craig Reed called the meeting to order. In Ms. Barrington's absence, Ms. Linda Barge-Miles called the roll. A quorum was established.

Chair Reed acknowledged five (5) Action Items:

1. Minutes: Consideration of Approval – March 3, 2021 at 9:45 AM;
2. Board of Trustee Policy 2005-14 Financial and Other Conflicts of Interest and Commitment Governing Research;
3. External review of the University's Compliance and Ethics Program by Huron;
4. Division of Audit FY2021-2022 Audit Work Plan; and
5. Notice of Proposed New Regulation for a regulation titled Fraud Prevention and Detection.

**ACTION ITEM 1:** A motion was made by Trustee Belvin Perry, Jr. for approval of the March 3, 2021, Minutes. Trustee Ann Marie Cavazos seconded the motion. There was no discussion. The motion was unanimously approved.

**ACTION ITEM 2:** Chair Reed recognized Chief Compliance and Ethics Officer Rica Calhoun to present revisions to Board of Trustee Policy 2005-14 *Financial and Other Conflicts of Interest and Commitment Governing Research*. Ms. Calhoun explained that the policy had been updated to address changes in federal and state guidance regarding research activities. Ms. Calhoun reviewed associated changes to the conflicts of interest processes including automation of reporting for both faculty and staff. She also discussed related implementation and training for these revised processes.

Trustee DuBose moved approval of Board of Trustee Policy 2005-14 *Financial and Other Conflicts of Interest and Commitment Governing Research*. Trustee Cavazos seconded the motion. The motion was unanimously approved.

**ACTION ITEM 3:** Chair Reed then moved to the next approval item – the external review of the University's Compliance and Ethics Program by Huron in accordance with the State University System of Florida Board of Governors Regulation 4.003(7)(c). Chief Compliance and Ethics Officer Calhoun explained that the external review is required once every 5 years and summarized the process, scope, and results of the review for the Committee.

The Huron review found no material deficiencies in the eight areas of the program reviewed. Ms. Calhoun summarized the external review observations and recommendations with the Committee.

Huron made recommendations regarding program resources; a central repository for policies, procedures and other guidance documents; compliance training; BOT training; risk ownership process; risk owner roles and responsibilities; and enforcement for non-compliance.

Chair Reed opened the floor to questions and comments. Board members asked questions and commended Ms. Calhoun and her team for their progress in implementing an effective compliance and ethics program. Discussion surrounded the topic of BOT training and consistency of actions for identified instances of non-compliance.

Trustee Perry moved approval of the external review of the University's Compliance and Ethics Program. Trustee Cavazos seconded the motion. The motion was unanimously approved by the Committee.

**ACTION ITEM 4:** Chair Reed moved to the fourth action item – consideration of approval for the Division of Audit's proposed *Fiscal Year 2021-20221 Audit Work Plan*. VP Maleszewski reviewed the audit work plan with the committee. This plan is required by regulation, professional standards, and the Division's charter document. The work plan includes Assurance Services; Advisory Services; Taskforces and Committees; Continuous Monitoring; Follow-up, Investigations, and Risk Assessments; and Internal Audit Administration.

Trustees asked questions regarding diversity and inclusion and discussed alignment with the State University System of Florida Board of Governors' diversity and inclusion efforts. Following discussion, Chair Reed asked for a motion to approve the Division of Audits proposed *Fiscal Year 2021-20221 Audit Work Plan*. Trustee DuBose moved approval and the motion was seconded by Trustee Perry. The motion was unanimously approved.

**ACTION ITEM 5:** Chair Reed moved on to the fifth action item - the Notice of Proposed New Regulation for a regulation titled *Fraud Prevention and Detection*. The Board of Governors approved a system fraud regulation in March 2021 requiring each system university to adopt a fraud regulation. The FAMU BOT had previously approved BOT Policy 2020-01 in December 2020 entitled *Fraud Prevention and Detection*. This new regulation supplements the existing policy and, when fully approved, will bring the FAMU into compliance with the March 2021 BOG regulation. VP Maleszewski briefly reviewed the regulation. Chair Reed asked if there was any discussion and called for a motion to approve. Trustee Perry moved approval of the notice of proposed new regulation. Trustee DuBose seconded the motion and it was approved unanimously.

**INFORMATION ITEMS:** Chair Reed then recognized Chief Compliance and Ethics Officer Rica Calhoun to present the Office of Compliance and Ethics Informational Items. Ms. Calhoun reviewed FAMU Fundamentals training (Cybersecurity, Sexual Harassment Prevention, Clery Act, Code of Conduct, Open Meetings and Records, and Fraud) offerings and completion rates. She reviewed the BOT Governance Series trainings (Compliance and Ethics, and SUS/FAMU Governance). Ms. Calhoun then reviewed upcoming events for the Compliance and Ethics Program which include a plan review and development (for program years 4-7); compliance coordinator position for research; compliance and ethics culture survey, and office relocation.

Chair Reed commended Ms. Calhoun for an excellent job and inquired regarding program resources. Ms. Calhoun indicated additional resources were needed to expand both the program's monitoring and reach as there are currently 2 positions in the Office of Compliance and Ethics. She further indicated that resources would be discussed as part of the evaluation and response to the Huron review.

Chair Reed acknowledged VP Maleszewski to present the following Division of Audit Informational Items:

1. Risk Assessment;
2. Audit and Investigative Follow-up;
3. Internal Controls Assessment Statement;
4. International Internal Audit Awareness Month; and
5. Division of Audit Update - What's Next for Division of Audit for the 2021 Calendar Year.

VP Maleszewski and Audit Director Melton presented the informational items and offered to answer any questions and/or elaborate on any of the presented items.

With regard to the Risk Assessment, Trustee DuBose inquired about the "high" assessment for FAMU Police. Discussion ensued regarding associated risks. The discussion then turned to risk trends and Trustee Cliatt encouraged management to have action plans to address and mitigate known high risk areas. Trustee DuBose asked for follow-up with the President and his team to better understand risks associated with the Department of Campus and Safety Security (FAMU Police).

Trustee Cavazos inquired regarding the status of investigations and VP Maleszewski indicated that individual briefings could be provided but that ongoing investigations are confidential.

Trustee Washington indicated that, with regard to Athletics, FAMU need a way to understand the risk level absent the auxiliary repayment plan which will keep it categorized as "high" risk. Director Melton indicated that there is an Athletics risk theme that breaks out specific Athletics risk areas needing attention. Further discussion ensued regarding corrective actions put into place to mitigate Athletics risks.

Trustee Moore emphasized the need for the University to present the action items/plans associated with high-risk areas. Chair Reed and VP Maleszewski acknowledged the input from Trustees regarding the presentation of risk information and the desire to have risk response/management information presented contemporaneously with the risk assessment information.

Chair Reed then turned to Director Melton to provide an update on audit and investigative follow-up. Chair Reed asked that the follow-up information identify a responsible party, associated actions, and a timeline for the corrective actions to be taken.

Chair Reed then asked for the update on the Internal Controls Assurance Statement. VP Maleszewski briefly reviewed the statement and described the report contents to the Committee. VP Maleszewski indicated that the Division of Audit would work with management to establish corrective action plans tied to both the Risk Assessment and the Internal Controls Assurance Statement.

VP Maleszewski turned the discussion over to Audit Director Melton to review International Internal Audit Awareness Month activities hosted by the Division of Audit over the month of May. Ms. Melton then briefly reviewed upcoming activities for the Division of Audit including an upcoming office move, annual report, training, quality assurance and improvement program, and newsletter.

Trustee Whigham asked that the Division of Audit engage students in the preparation of the newsletter and other Division activities.

There being no further business before the Committee, Chair Reed adjourned the meeting.