

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



**Audit & Compliance Committee Meeting  
Chair White  
Wednesday, February 12, 2025  
2:00 p.m.**

**Committee Minutes**

**Committee Members:** Michael White, Chair  
Belvin Perry, Jr. (Vice Chair); John Crossman; Emery A. Gainey;  
Kelvin Lawson; Craig Reed

Chair White called the meeting to order. The roll was called, and a quorum was established. Chair White acknowledged two action items.

1. Minutes: Consideration of Approval – Wednesday, December 4, 2024
2. Performance-based Funding Data Integrity Audit/Certification

**The first action item** – The first action item was approval of the December 4, 2024, meeting minutes. Chair White asked for a motion. The minutes were moved by Trustee Lawson and seconded by Trustee Reed. The motion carried and the December 4, 2024, meeting minutes were approved.

**The second action item** – The second action item was the consideration of approval for the Performance-based Funding Data Integrity Audit/Certification. Chair White acknowledged VP Maleszewski to present the audit and certification. VP Maleszewski presented the report and certification document noting that there were no adverse audit findings and that the work may serve as a basis for the President and Board Chair to execute the BOG-require data integrity certification. VP Maleszewski acknowledged the work of management and informed the Committee, that with their approval, this item would be considered by the full BOT on February 13, 2025. Chair White called for a motion to approve the Performance-based Funding Data Integrity Audit/Certification. Trustee Lawson moved approval of the item which was seconded by Trustee Gainey. The motion carried and the Performance-based Funding Data Integrity Audit/Certification were moved forward for full BOT consideration of approval.

Chair White then acknowledged Deputy Chief Operation Officer Melton to facilitate a workshop on Risk-Aware Board Governance. Melton indicated that this workshop is part of the continuing board orientation as requested by Chair Harper. Melton

. Harper requested that we provide this session to catch everyone up and ensure we're all on the same level with those expectations.

Ms. Melton presented some highlights of the risk appetite statement and a high-level overview because there are some new board members. We have reviewed the risk profile and presented some highlights where the focus is as the year has progressed.

Ms. Melton also shared how Trustees, actions, and decisions impact University risk and how trustees impact our accreditation. Ms. Melton reported that most of this workshop will be around that last bullet, “Group Discussions,” which facilitates group discussions among the Board involving risk and where you may see the Risk Gap.

In December, this board approved the University’s risk appetite statement, which serves as a cornerstone for approaching risk across all institution levels. Ms. Melton briefly revisits that framework and discusses how it should inform the Board decisions, questions, and overall oversight as Board Members.

Ms. Melton shared the definition of “What is Risk? Appetite, risk, and appetite define the level and type of risk the University will accept to pursue its strategic objectives. It’s not about avoiding risk because you can’t avoid risk altogether. Still, it’s really about setting clear boundaries around where we can take calculated risks and where we must be more cautious.

Pursuing an understanding of the University’s risk, an appetite is crucial for several reasons, and those 3 reasons are in the book before you. So, one guides strategic decisions when evaluating new initiatives, programs, or partnerships. We heard about some of those today. Consider whether they align with our risk appetite. Are we stepping into areas where the Board has indicated we should be risk-averse?

Are we leveraging opportunities? Because risk is not all about avoidance? It’s also about taking advantage of those opportunities. So, are we leveraging opportunities in areas where calculated risk is encouraged?

There are three (3) reasons regarding Risk Appetite Connection to Board Overview:

- 1) Guiding Strategic Decisions;
- 2) Framing the Right Questions;
- 3) Ensuring Accountability;

Risk appetite helps frame the questions you ask in your board meetings. For example, if we are high risk averse in financial management, you might crowd deeper into budget controls, procurement processes as well as resources. Allocation to ensure we remain within our defined thresholds. I was pleased to hear some of those targeted questions being asked earlier this morning during our finance committee.

You are also Stewards of the University’s mission. You serve in that role, and you help to ensure that leadership is operating within the risk parameters set by the board. This includes holding the administration accountable when actions deviate from the risk appetite. Especially in critical areas of fiscal health, compliance, and campus safety. Ultimately, our risk appetite is more than just a document on the shelf or our website. It’s to be used as a decision-making lens by both our board and our management. One of the things that we wanted to dive into is really to bring you up to speed. As I mentioned, on what does the risk profile look like for the University before you see the top 10 University risks as Board members? Understanding the University’s risk profile is vital to guiding strategic decisions, ensuring institutional resilience, and safeguarding our mission.

The university operates in an increasingly complex environment.

Critical information to keep in focus:

- 1) Financial resilience and fiscal stewardship - The financial health of the university remains a top priority with concerns around budgeting procurement, efficiency, and resource allocation with increasing demands on limited funding board, oversight, on financial policies and long-term sustainability plans is critical;
- 2) Talent Management;
- 3) Political Impact and Legislation;
- 4) Culture of Accountability;
- 5) IT/Cybersecurity;
- 6) Campus Safety & Security;
- 7) Organizational Change Management;
- 8) Human Resource Operations;
- 9) Financial Aid;
- 10) Staff and Student Mental Health;

Based on Trustees, Ellison and Gainey's questions were given and required clarity. 1) What is the corrective action?

Trustee Harper asked AVP Melton for the previous document. So this is a bit of a laying-the-groundwork slide that the Board has previously discussed in much more detail around these 10 risks. So that would be a good follow-up if you don't mind sharing with both Trustee Ellison and Ganey so that there is a deeper foundation of understanding.

AVP Melton agreed to do so. AVP proceeded as she reported - Trustee Actions plus Decisions IMPACT Universities:

- Inconsistent or unvetted communication with stakeholders – Disruption of institutional partnerships, operations, or funding.
- Advocacy or actions that contradict university policies or strategic and performance goals – Legal, financial, and compliance risks.
- Off-the-cuff remarks or public disagreements during meetings – Undermining stakeholder confidence (students, faculty, donors, partners).

AVP presented successfully and will return with greater clarity referencing questions given and Trustee Harper's request regarding the Board's questions.

Audit Director Trystal Wright successfully presented the Division of Audit Work Plan and Internal Audit Activities as follows:

- 1) Projects – Financial Aid Audit (Reporting);
- 2) Athletics Financial Review: Spring 2023 (Reporting);
- 3) Gramm Leah Bliley Act (GLBA): Safeguards Rule Audit, (Completed);
- 4) Foreign Influence Audit (Fieldwork);
- 5) Athletics Financial Review: Spring 2024 (Pending Status);
- 6) Performance-Based Funding Data Integrity Audit (Reporting);

Status of Correct Actions for Open Audit Issues since June 2023. There are four (4) Open Audit Issues.

Trustee Lawson commented on the safety.

VP Maleszewski responded that the rail heights aren't sufficient to meet the ADA requirements, but other measures have been implemented to address the risk level, like signage. Ultimately, we have to identify funds to bring them up to a height that's safe without having to have warning signs.

VP Maleszewski also responded that within the details of the board materials, we include other information from management about what actions they plan to take to address the issue. Who's responsible for it? The anticipated timeframe for implementing corrective actions is as follows: Chair White, VP Maleszewski, shared, "I think you know."

We're keenly aware that no work we do has meaning unless management acts on it, whether it's an audit or an investigation. We monitor these things to ensure that either action is taken or management has accepted the risk of not taking actions, and if that is a risk that we feel is too high for management to accept. We certainly talk to President Beard about that. If he and I disagreed on that. We'd be talking to you about it at this table.

President Beard shared that he receives building assessment facilities assessment on a regular basis, and they give us a time limit to do it, and obviously, he works with construction to get it done. Maybe that is information that we can include in future meetings.

Trustee Lawson asked: What would it cost us to fix that? When the State comes out and inspects our facilities, is that an issue that we could be cited for?

AVP Melton said WE would have to return to the Board with that information.

Ms. Wright shared that she would get back to the Board with her answer to the question asked because she didn't have those numbers with her.

Ms. Wright was asked to continue as she reported on the Advisory Activities – Work Plan:

- IT Governance: State of Cybersecurity (Pending status)';
- Campus Safety & Security (Pending);
- Academic Affairs: Operations (Pending);

As for our advisory updates, we will be kicking off our campus, safety, and security advisory this month, as well as academic affairs. Operations advisory. Next month. Our IT Governance

Advisory is still on hold, pending our onboarding of a new IT Auditor, because we still have a vacancy there.

VP Maleszewski reported that, as for investigations, this has been a point of discussion at each of our meetings for this fiscal year, and we've received 26 complaints. We've closed 37. According to this, since those materials were produced. We've closed 39 of those, including the infamous 900-day one, which has nothing to do with employee concerns. It was a fraud matter, but we've doubled down our efforts, and we would like to thank Erica Thames for giving up many nights and weekends to ensure that we have the progress that you see here today. We've also added, with the support of President Beard, Erik Finneman, Professional Services Inc. (PSI) to our team to help us bring these to completion faster.

Currently, we have nine (9) open cases; three (3) of those are carried forward, and one (1) of those is contracted out to an external CPA firm to perform that work. That engagement is expected to come to a conclusion within the next month. We're working steadily and hard to make sure any allegations that come to us are reviewed in a timely manner.

### **INFORMATIONAL ITEMS**

Chair White acknowledged Chief Compliance and Ethics Officer Calhoun to provide an Office of Compliance and Ethics Update.

Deputy COO and Chief Risk Officer Melton provided a brief Office of Enterprise Risk Management Update but did not provide a Gift Report Corrective Action Plan Update as reflected in the agenda due to time constraints.

VP Maleszewski and Audit Director, Trystal Wright, reported the Division of Audit updates on Audit and Investigative Follow-up; Internal and External Audit Update; and Division Updates.

### **Adjournment**

Chair White Adjourned the meeting as there was no further business.