



Board of Trustees Audit & Compliance Committee Meeting

Wednesday, December 6, 2017
9:00 AM

Florida Polytechnic University
Admissions Center
4700 Research Way
Lakeland, FL 33805

Cliff Otto, Chair
Dr. Richard Hallion

Don Wilson, Vice-Chair
Gary Wendt

Mark Bostick

AGENDA

- | | | |
|-------|--|-------------------|
| I. | Call to Order | Cliff Otto, Chair |
| II. | Roll Call | Maggie Mariucci |
| III. | Public Comment | Cliff Otto, Chair |
| IV. | Approval of the October 31, 2017 Minutes
Action Required | Cliff Otto, Chair |
| V. | 2016-18 Audit and Compliance Committee
Work Plan Review
Action Required | David Blanton |
| VI. | Audit Update | David Blanton |
| VII. | University Audit & Compliance Annual Report
Action Required | David Blanton |
| VIII. | FIPR Institute Payroll Review
Action Required | David Blanton |
| IX. | Audit & Compliance Risk Assessment/Work Plan
Action Required | David Blanton |

X. **Board of Governors Requests**

David Blanton

XI. **Closing Remarks and Adjournment**

Cliff Otto, Chair

DRAFT

**FLORIDA POLYTECHNIC UNIVERSITY
BOARD OF TRUSTEES
AUDIT & COMPLIANCE COMMITTEE
MEETING MINUTES
Florida Polytechnic University Admissions Building
4700 Research Way
Lakeland, Florida 33805
October 31, 2017 @ 9:00 AM**

I. Call to Order

Committee Vice Chair Don Wilson called the Audit and Compliance Committee meeting to order at 9:20 a.m.

II. Roll Call

Maggie Mariucci called the roll: Committee Vice Chair Don Wilson, Trustee Mark Bostick, Trustee Dick Hallion, and Trustee Gary Wendt were present and a quorum was declared.

Other trustees present: Board Chair Frank Martin, Trustee Jim Dewey, Trustee Sandra Featherman, Trustee Henry McCance, Trustee Jacob Livingston, and Trustee Bob Stork were present.

Staff present: President Randy Avent, Mr. Kevin Aspegren, Ms. Gina DeJulio, Mr. Mark Mroczkowski, Dr. Terry Parker, Mrs. Maggie Mariucci, Mr. David Blanton and Mr. Rick Maxey.

III. Public Comment

There were no requests for public comment.

IV. Approval of Minutes

Trustee Dick Hallion made a motion to approve the Audit and Compliance Committee meeting minutes of June 7, 2017. Trustee Mark Bostick seconded the motion; a vote was taken, and the motion passed unanimously.

V. 2016-2018 Audit and Compliance Committee Work Plan

Vice Chair Wilson stated the financial audit and the foundation audit would take place in December.

Trustee Hallion made a motion to approve the Work Plan. Trustee Bostick seconded the motion; a vote was taken and the motion passed unanimously.

VI. Introduction of David Blanton, Chief Audit Executive /Chief Compliance Officer

Mr. Mark Mroczkowski introduced Mr. David Blanton, CAE/CCO. Liaison duties will be passed from Mr. Mroczkowski to Mr. Blanton.

VII. CAE/CCO Report

Mr. David Blanton presented a short-term work plan. His position is the last mandated position required by the BOG to be filled. His position reports directly to the Board and is precluded from performing operational duties in order to maintain independence and objectivity. He will investigate fraud, waste, and abuse, and is tasked with all auditing activities. Mr. Blanton will also review all policies, procedures, rules and regulations. He will present his risk assessment plan at the December 2017 meeting.

Trustee Wilson remarked that the University is very fortunate to have Mr. Blanton onboard.

VIII. Closing Remarks and Adjournment

With no further comments, the meeting was adjourned at 10:15 a.m.

DRAFT

AGENDA ITEM: V

**Florida Polytechnic University
Audit and Compliance Committee
Board of Trustees
December 6, 2017**

Subject: Audit and Compliance Committee Work Plan

Proposed Committee Action

Recommend approval of the revised Audit and Compliance Committee Work Plan to the Board of Trustees.

Background Information

David Blanton, Chief Audit Executive/Chief Compliance Officer (CAE/CCO) will provide the Committee with a proposed Work Plan updated through December 2018. The proposed Work Plan was developed with the assistance of the Audit and Compliance Committee Chair.

Supporting Documentation: 2017-18 Audit and Compliance Committee Work Plan.

Prepared by: David A. Blanton, CAE/CCO

Florida Polytechnic University
 Audit & Compliance Committee
 Work Plan 2017-18

March 15, 2017	June 7-8, 2017	September 13, 2017	December 6, 2017
<ul style="list-style-type: none"> • New BOG Audit & Compliance regulations workshop • Adopt BOT regulation in conformance with BOG 	<ul style="list-style-type: none"> • Risk Assessment Workshop 	<ul style="list-style-type: none"> • UAC short-term Work Plan 	<ul style="list-style-type: none"> • UAC 2016-17 Annual Report • UAC 2017-18 Risk Assessment/Activity Plan • FIPRI Payroll Review
February 28, 2018	May 22-23, 2018	September 12, 2018	December 5, 2018
<ul style="list-style-type: none"> • University Financial Audit – FYE 6/30/17 • Foundation Financial Audit – FYE 6/30/17 	<ul style="list-style-type: none"> • University Compliance & Ethics Program Plan • Enterprise Risk Management (ERM) Workshop 	<ul style="list-style-type: none"> • UAC 2017-18 Annual Report • UAC 2018-19 Risk Assessment/Activity Plan 	<ul style="list-style-type: none"> • University Financial Audit FYE 6/30/18 • Foundation Financial Audit FYE 6/30/18

AGENDA ITEM: VI

**Florida Polytechnic University
Audit and Compliance Committee
Board of Trustees
December 6, 2017**

Subject: Audit Update

Proposed Committee Action

No action required. Information only.

Background Information

David Blanton, Chief Audit Executive/Chief Compliance Officer (CAE/CCO) will provide the Committee with an update of all University and Foundation audits currently in progress and/or scheduled to begin in the near future.

Supporting Documentation: Supporting documentation located in the presentation prepared for the Audit and Compliance Committee.

Prepared by: David A. Blanton, CAE/CCO



University Audit & Compliance Report

David A. Blanton
December 6, 2017



Outline

- **Audit Update**
- **Past Audit Activity**
- **Current/Future Audit Activity**
- **Board of Governors Requests**
- **Summary**



Audit Update

- Auditor General Operational Audit – in progress
- Auditor General Federal Audit – Statewide audit that is typically released in March
- Auditor General Financial Audit – fieldwork just started but will probably not be complete until January
- Auditor General Bright Futures Audit– this 2-year audit has not started
- Foundation Financial Audit – fieldwork complete; however, report has not been issued



Outline

- **Audit Update**
- **Past Audit Activity**
 - FIPR Institute Payroll Review (approval required)
 - 2016-17 Annual Report (approval required)
- **Current/Future Audit Activity**
- **Board of Governors Communications**
- **Summary**



FIPR Institute Payroll Review

- **Sunera/Focal Point reviewed the FIPR payroll processes and activities for the period 1/1/14 to 6/30/16**
- **Review scope included:**
 - Proper approval of leave forms and timesheets
 - Accuracy of employee annual and sick leave accrual
 - Adherence to leave policy and procedures
 - Adequacy of employee pay rates/approval of changes
 - Adherence to overtime policy
- **FIPR has since migrated from a manual records system to Workday**



FIPIR Institute Payroll Review

Findings:

1. Timesheets missing supervisory approval

- (17 instances from population of 2.5 years 15 employees, or 3.8% error rate)

2. Exceptions noted between leave request forms and leave recorded

- (3 instances that resulted in an overstatement of 42 hours annual leave and 27 hours of sick leave)

3. One employee's hours dropped below the requirement for health benefits and it was not certain if they qualified for participation in the health plan



UAC Annual Report

- **Board of Governors Regulation 4.002 requires that an Annual Report summarizing the activities of University Audit & Compliance (UAC) be prepared and approved by the Board of Trustees**
- **University Audit & Compliance functions were performed by Sunera/Focal Point for the 2016-17 fiscal year**



UAC Annual Report

- **Governance**

- The Charter for the Audit & Compliance Committee was revised to provide for requirements of newly adopted BOG Regulations
- The Charters for University Audit and University Compliance were adopted by the BOT and included certain requirements set forth by new BOG Regulations

- **Audits/Reviews**

- Workday Implementation Review
- Two investigative reviews performed

- **Compliance & Ethics Program**

- One of 19 required elements completed (Compliance and Ethics Charter)



Outline

- **Audit Update**
- **Past Audit Activity**
- **Current/Future Audit Activity**
 - 2017-18 Risk Assessment/Work Plan (approval required)
- **Board of Governors Communications**
- **Summary**



UAC 2017-18 Risk Assessment/Activity Plan

- **Internal Auditing Standards require that audits be scheduled and performed according to a risk-based annual plan**
- **The plan is required to be approved by the Audit & Compliance Committee**
- **The risk assessment was formulated from the following**
 - Interviews with various University staff
 - Observations and a review of University records
 - Previous risk assessments prepared by Sunera and University management
 - The collective knowledge of UAC as it relates to University operations
 - Other university audit reports



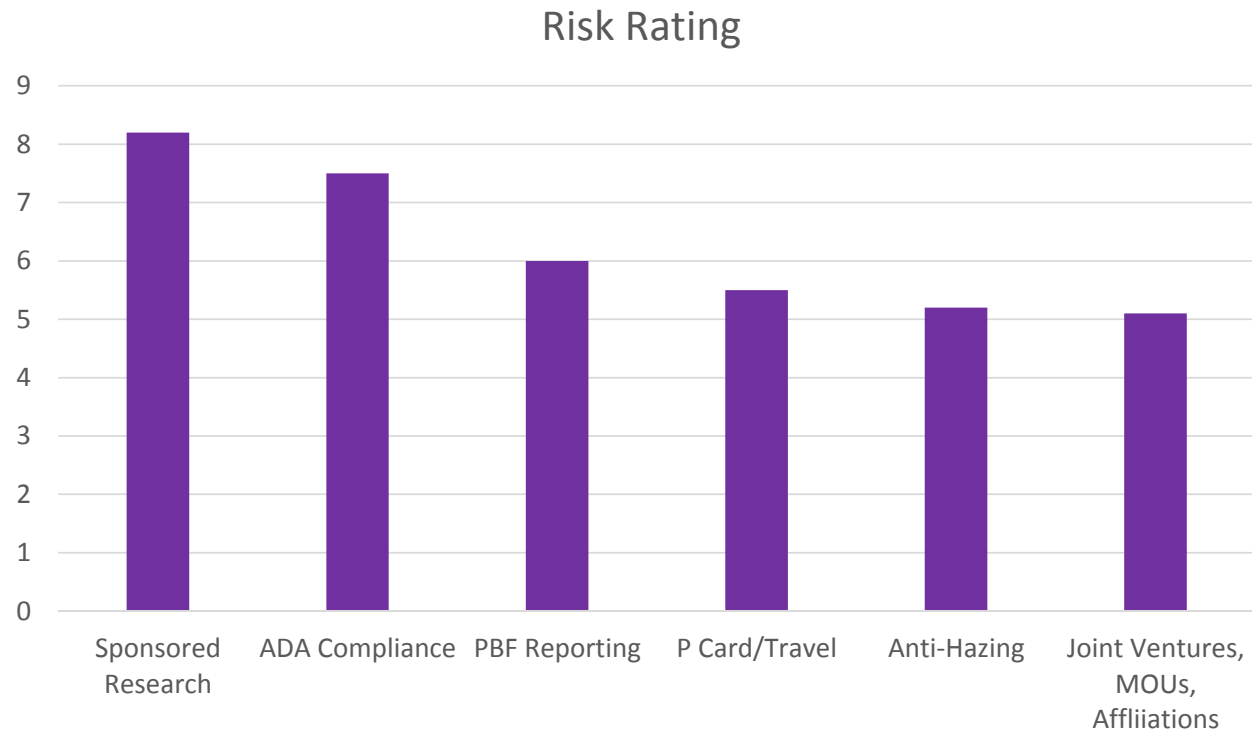
UAC 2017-18 Risk Assessment/Activity Plan

- **Audit risks are then evaluated based on various factors using a weighted scoring process**
 - Impact
 - Likelihood or concern
 - Management’s ranking
 - Risk factor classifications (compliance, operational, financial, reputational, strategic, technology, human capital)



UAC 2017-18 Risk Assessment/Activity Plan

Results of the Risk Assessment:





UAC 2017-18 Risk Assessment/Activity Plan

Audit Objectives of High Risk Areas:

Rank	Risk Area	Objectives/Purpose of Audit
1	Sponsored Research	To determine whether appropriate policies and procedures are in place to promote compliance with applicable laws, rules and regulations. To determine whether adequate controls over sponsored research have been designed and placed into operation to promote the proper administration of sponsored research.
2	Americans with Disability (ADA) Act	To determine whether the administration of ADA compliance incorporates a defined mission, stated goals and objectives, and clear lines of organizational authority and responsibility. To determine compliance with other ADA provisions.
3	Performance Based Funding (PBF) Reporting Controls	To determine whether the University has established adequate controls in order to properly report on the various metrics related to PBF. [Note: PBF is not currently applicable to Florida Poly; however, it is anticipated that such reporting will be required in 2021.]
4	Purchasing Card/Travel Expenses	To determine whether the Purchasing Card Program was administered in accordance with applicable University policies and procedures and whether related P-card and travel expenses were reasonable, adequately supported, and for valid University purposes.
5	Anti-hazing	To determine compliance with the University's anti-hazing policy. To determine whether appropriate controls are in place to ensure that the University has properly communicated anti hazing procedures and has conducted an appropriate level of oversight for anti-hazing responsibilities.
6	Joint ventures, MOU's, and Partnership or Affiliation Agreements	To determine if University and Foundation joint ventures, MOU's, and Partnership/Affiliation arrangements have been appropriately formulated; are consistent with the mission, goals, interests, and intellectual property rights of the University; and have been appropriately reviewed, approved, and executed.



UAC 2017-18 Risk Assessment/Work Plan

- **Other considerations in developing the UAC Work Plan:**
 - Development of the Compliance and Ethics Program
 - Follow-up of Auditor General operational findings to ensure corrective action has been taken
 - Other various requirements (training, administrative matters, investigations, and consulting activities)
- **UAC Work Plan then developed in order to effectively use resources available for University Audit and University Compliance**



Outline

- **Audit Update**
- **Past Audit Activity**
- **Current/Future Audit Activity**
- **Board of Governors Communications**
 - Enterprise Risk Assessment (ERM) Survey
 - Sponsored Research Certification
 - SUS Compliance Program Checklist
- **Summary**



BOG Requests

The following certifications/surveys were prepared at the request of the Board of Governors:

- **Enterprise Risk Management (ERM) Survey**
 - The survey essentially indicates that the University has not established an ERM approach to risk management; however, the Board has been briefly advised on ERM and the University is considering the benefits of adopting ERM
- **Sponsored Research Certification**
 - Most representations affirmed that appropriate controls have been established to ensure compliance; however, one representation relative to written procedures indicates that policy development and acceptance is in progress



BOG Requests

- **SUS Compliance Program Status Checklist**

- Compliance and Ethics Program: 11 of 19 Regulation components complete as of November 2017

Program Status Summary (November 2017)						
Area	Regulation Components	Completed	In Process			Not Begun
		✓	Good Progress ●	Slow Progress ●	Poor Progress ●	N/B
A - University-wide Compliance Program	5	1	This item is no longer an option as the date (November 3, 2017) has already past	3	0	1
B - Program Plan	5	1		4	0	0
C - BOT Committee	4	4		0	0	0
D - Chief Compliance Officer	5	5		0	0	0
TOTAL	19	11		7	0	1



Summary

- **The following items are presented for approval:**
 - 2017-18 Audit & Compliance Committee Work Plan
 - University Audit & Compliance Annual Report (2016-17)
 - University Audit & Compliance Risk Assessment & Activity Plan (2017-18)
 - FIPIR Payroll Review performed by Sunera/Focal Point
- **Other matters included:**
 - Updates on all scheduled audits
 - BOG ERM Survey, Sponsored Research Certification, and SUS Compliance Program Status Checklist (Board Chair signature required)

AGENDA ITEM: VII

**Florida Polytechnic University
Audit and Compliance Committee
Board of Trustees
December 6, 2017**

Subject: University Audit and Compliance Annual Report (2016-17)

Proposed Committee Action

Recommend approval of the UAC Annual Report for the 2016-17 fiscal year to the Board of Trustees.

Background Information

Board of Governors Regulation 4.002 requires that an annual report be prepared summarizing the activities of University Audit for the preceding year. This annual report reflects the activity for University Audit and Compliance for the period July 1, 2016 to June 30, 2017.

Supporting Documentation: University Audit and Compliance Annual Report.

Prepared by: David A. Blanton, CAE/CCO



UNIVERSITY AUDIT & COMPLIANCE
ANNUAL REPORT
2016-17

In accordance with Board of Governors Regulation 4.002, this report is presented to summarize the activities of University Audit and Compliance for the 2016-17 fiscal year.

**FLORIDA POLYTECHNIC UNIVERSITY
UNIVERSITY AUDIT & COMPLIANCE
ANNUAL REPORT 2016-17**

Message from the Chief Audit Executive and Chief Compliance Officer

Board of Governors Regulation 4.002 requires that an annual report be prepared summarizing the activities of University Audit for the preceding year. This report reflects activity for the period July 1, 2016 to June 30, 2017. Although this report is directed to that end, I'm excited that in July 2017 Florida Poly welcomed me as the University's first ever Chief Audit Executive and Compliance Officer (CAE/CCO) shortly after this reporting period. I look forward to the year ahead and the challenges of establishing the audit and compliance functions at Florida Poly!

For the 2016-17 fiscal year, the University Audit function was outsourced to Sunera (a.k.a. Focal Point Data Risk), an independent Certified Public Accounting and risk management consulting firm. During the 2016-17 fiscal year, Sunera completed a review of internal controls associated with Workday (the new cloud-based software system that the University implemented in October of 2016) and completed two investigations. One additional project, started in the 2016-17 fiscal year, was released subsequent to year end. (Florida Industrial and Phosphate Research Institute Payroll Review)

During the 2016-17 fiscal year, University staff and the Board of Trustees also worked together to draft and adopt the following Charters in response to new Board of Governors Regulations:

- Board of Trustees Charter – Audit and Compliance Committee (AACC), revised
- Internal Audit Charter
- Compliance and Ethics Charter

The revised AACC Charter effectively establishes the AACC as the committee responsible for oversight of University internal controls, all audit functions, risk oversight, and oversight of the compliance and ethics program. The new charters for Internal Audit and Compliance and Ethics provide for proper organizational independence as the CAE/CCO reports functionally to the AACC and administratively to the President. The clear establishment of governance roles and organizational independence prescribed in the charters provides the proper foundation for University Audit and Compliance to be established and to succeed going into the 2017-18 fiscal year.

It is amazing to look back on the short existence of Florida Poly and see how far the University has come in a relatively short period of time. I am very grateful to be chosen as the first CAE/CCO and to be a part of the team assisting the University in achieving its strategic and operational objectives going forward.

David A. Blanton, CPA
Chief Audit Executive/Chief Compliance Officer

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UNIVERSITY AUDIT & COMPLIANCE
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Purpose and Mission

The mission of University Audit and Compliance (UAC) is to serve the University by recommending actions to assist them in achieving its strategic and operational objectives. This assistance includes providing recommendations to management of activities designed and implemented by management to strengthen internal controls, reduce risk to and waste of resources, and improve operations to enhance the performance and reputation of the University. In addition, University Audit assists the Audit and Compliance Committee (AACC) of the Board of Trustees in accomplishing its oversight responsibilities in accordance with the University's Board of Trustees and Florida Board of Governors guidelines and regulations.

Definition and Role of Internal Auditing

According to the Institute of Internal Auditors (IIA):

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes." Under the IIA "Three Lines of Defense" model, Internal Audit serves as "the third line of defense" as noted below:

- The first line of defense is provided by front line staff and operational management. The systems, internal controls, the control environment and culture developed and implemented by these business units is crucial in anticipating and managing operational risks.
- The second line of defense is provided by the risk management and compliance functions. These functions provide the oversight and the tools, systems and advice necessary to support the first line in identifying, managing, and monitoring risks.
- The third line of defense is provided by the internal audit function. This function provides a level of independent assurance that the risk management and internal control framework is working as designed.

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UNIVERSITY AUDIT & COMPLIANCE
ANNUAL REPORT 2016-17**

Governance and Charters

In November 2016, the Board of Governors (BOG) promulgated Regulations 4.001: *University System Processes for Complaints of Waste, Fraud, or Financial Mismanagement*, 4.002: *State University System Chief Audit Executives*, and 4.003: *State University System Compliance and Ethics Programs*. In response to these new BOG Regulations, the University structured and approved the following Florida Poly Charters in March of 2017:

- **Board of Trustees Audit and Compliance Committee (AACC) Charter.** The AACC Charter was amended to provide for the following oversight responsibilities charged to the AACC:
 - Oversight of internal controls
 - Oversight and direction of the internal and external auditing functions ensuring its independence
 - Integrity of the University’s annual financial statements
 - The performance of the University’s independent audit functions
 - Approval of the annual audit plan
 - Monitoring and controlling risk exposure
 - Oversight and direction of the University’s compliance and ethics program ensuring its independence
 - Set standards for ethical conduct

- **Internal Audit Charter.** The Internal Audit Charter effectively establishes the position of Chief Audit Executive (CAE) and provides for a dual-reporting relationship of the CAE to promote independence and objectivity. In this dual-reporting relationship, the CAE reports functionally to the AACC and administratively to the President. In addition, to further promote independence the Charter specifies that the CAE is not authorized to:
 - Perform any operational duties
 - Initiate or approve accounting transactions or the selection of vendors
 - Direct the activities of any University employee

The Charter provides that the CAE is required to perform audits and reviews, provide consulting services, and perform investigations generally focused on improper activities including misuse of University resources, fraud, financial irregularities, academic integrity concerns, and research misconduct. The Charter also directs that such audits and investigations will be performed according to an approved risk-based annual plan.

- **Compliance and Ethics Charter.** The Compliance and Ethics Charter effectively establishes the University’s Compliance and Ethics Program consistent with Chapter 8 of the Federal Sentencing Guidelines and BOG Regulation 4.003. The Charter outlines the following elements which define the duties and responsibilities of University Compliance:

**FLORIDA POLYTECHNIC UNIVERSITY
UNIVERSITY AUDIT & COMPLIANCE
ANNUAL REPORT 2016-17**

- Oversight of compliance and ethics and related activities
- Development of effective lines of communication
- Providing effective training and education
- Revising and developing ethics policies and procedures
- Performing internal monitoring, investigations, and compliance reviews
- Responding promptly to detected problems and undertaking corrective action
- Enforcing and promoting standards through appropriate incentives and disciplinary guidelines
- Measuring compliance program effectiveness
- Oversight and coordination of external inquiries into compliance with Federal and State laws and taking appropriate steps to ensure Safe Harbor

As prescribed by the Charter, University Compliance provides guidance on compliance, ethics, and related matters to the university community. The office collaborates with compliance partners and senior leadership to review and resolve compliance and ethics issues and coordinate compliance and ethics activities, accomplish objectives, and facilitate the resolution of problems.

Internal Audit Activity (Audits, Reviews, and Investigations)

During the period of July 1, 2016 to June 30, 2017, the internal audit function of the University was outsourced to Sunera, an independent Certified Public Accounting firm. The following summarizes the activity of the outsourced internal audit function:

- **Workday Implementation Review.** In July 2016, Sunera performed a review to determine whether certain business processes and related procedures incorporated into the implementation of Workday, the new cloud-based software system, were aligned correctly to support critical business processes. Listed below are the processes included within the scope of the review:
 - Human Resources/Payroll terminations
 - Construction Projects
 - Procurement contracts
 - Employee expenses
 - Awards/Grants

After review of the Workday configurations and interviews with key personnel, Sunera noted that the current configurations and planned activities will support the University's critical business processes; however, several recommendations were made relative to configuring the system within each area of review. It was further concluded that the configurations will mitigate key business risks and support the University's control environment. An additional review of the final configuration closer to the go-live date was recommended, but not performed.

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UNIVERSITY AUDIT & COMPLIANCE
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- **Risk Assessment and Audit Plan.** In August 2016, Sunera prepared a Risk Assessment and Audit Plan that was presented to and approved by the AACC. The plan identified 12 areas of risk and ranked them as noted in the table below:

#	Risk Area	Area of Focus (i.e. processes/Controls	2016/17 Planned Audits
1	Campus/Environmental Safety	Laboratory safety, faculty student research, insurance requirements.	X
2	Emergency Response	Emergency management plan, active shooter plan/training, notification system.	
3	IT Security	IT risk assessment, user access, security controls, data privacy/data breach.	X
4	Third Party/Auxiliary Services Management	Contract review, auxiliary services, facilities management, and student services management.	X
5	Student Life	Title IX, Student health, Inclusion programs.	X
6	Policies and Procedures	Policy requirements, benchmarking.	X
7	Continuity/Succession Planning	Succession planning, employee ratings.	
8	Human Resources	Hiring processes, succession planning, ethics/incident reporting, and job description/classification.	
9	Student Accounts/Financial Aid/Cash	Cash management, student classification, fees.	
10	Procurement	Competitive bidding, vendor management, committee formation.	
11	Employee Misconduct	Employee hotline and investigation procedures.	
12	Accreditation	Requirement tracking.	

Florida Industrial and Phosphate Research (FIPR) Payroll Review. During the 2016-17 fiscal year, Sunera conducted a review of payroll processes and activities between the period of January 1, 2014 to June 30, 2016. As of June 30, 2017, the report was not issued. (Issued in October 2017)

Investigative Reviews. During the 2016-17 fiscal year, Sunera performed two investigative reviews as follows:

- An investigation into summer compensation for overload hours and other duties not included within faculty contracts.
- An investigation relative to a student complaint.

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UNIVERSITY AUDIT & COMPLIANCE
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Compliance and Ethics Program

In November 2016, BOG Regulation 4.003, *State University System Compliance and Ethics Programs*, was adopted. Regulation 4.003 requires each university to establish a compliance and ethics program within two years of regulation adoption. To monitor each institutions progress on implementing the requirements of the Regulation, the BOG requires each university to complete a “Compliance and Ethics Program Status Checklist” each year. The Checklist requires a response to 19 elements identified in Board of Governors Regulation 4.003 as the essential elements of an effective Compliance and Ethics Program. In February 2017, Florida Poly filed the Checklist with the BOG Inspector General and reported that none of the 19 required elements had been completed. Subsequent to the Checklist reporting, one of the elements was effectively completed in March 2017 when the Compliance and Ethics Charter was adopted by the AACC, as noted above in the *Governance and Charters* section of this report.

AGENDA ITEM: VIII

**Florida Polytechnic University
Audit and Compliance Committee
Board of Trustees
December 6, 2017**

Subject: FIPR Institute Payroll Review

Proposed Committee Action

Recommend approval of the Florida Industrial and Phosphate Research (FIPR) Institute Payroll Review to the Board of Trustees.

Background Information

For the 2016-17 fiscal year, the University Audit function was outsourced to Sunera (a.k.a. Focal Point Data Risk), an independent Certified Public Accounting and risk management consulting firm. Sunera conducted a review of FIPR payroll processes and activities between the period of January 1, 2014 to June 30, 2016 and the report was recently released.

Supporting Documentation: Florida Industrial and Phosphate Research Institute Payroll Review report.

Prepared by: David A. Blanton, CAE/CCO



FLORIDA INDUSTRIAL AND PHOSPHATE RESEARCH INSTITUTE PAYROLL REVIEW

October 23, 2017

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EXECUTIVE SUMMARY

This review of The Florida Industrial and Phosphate Research Institute focused on the payroll process and activities between the period January 1, 2014 to June 30, 2016. The payroll review disclosed the following:

Finding 1: Evidence of supervisor approval was not consistently documented on leave requests forms and/or timesheets.

Finding 2: Annual and/or sick leave per the employee timesheets and leave request forms did not reconcile to the payroll register for three out of fifteen employees sampled.

Finding 3: One full-time employee was consistently taking leave without pay during 2014 and 2015. Further, analysis should be performed to determine if part-time status was ever triggered in relation to health benefits.

BACKGROUND

The Florida Industrial and Phosphate Research Institute (FIPR) is a legislatively created state research unit within Florida Polytechnic University a State University within the State of Florida public university system. Florida Polytechnic University is governed by the Florida Polytechnic Board of Trustees, which was established in 2012 under the authority of the State University System of Florida Board of Governors. The Board of Trustees sets policy for the University and the University President is responsible for the administration of the policies. However, FIPR continued to receive administrative support from and adhere to University of South Florida procedures until September 2013 when a memorandum of agreement was signed between the University of Florida and Florida Polytechnic University. While receiving administrative support from the University of South Florida, timekeeping and payroll activities were performed via the University of South Florida's on-line GEM system. Once transitioned to the University of Florida, timekeeping was performed via paper-based timesheets and leave forms and provided to the University of Florida for payroll processing. The University of Florida continued administrative services to FIPR until September 2016 when the memorandum of agreement expired. At this time, Florida Polytechnic University implemented their ERP system, Workday, and began the assumption of administrative services for FIPR.

SCOPE AND OBJECTIVES

To review payroll and leave detail for the period between January 1, 2014 and June 30, 2016 to include the following:

- Proper approval of employee leave forms and/or bi-weekly timesheets
- Accuracy of employee annual and sick leave accrual
- Adherence to leave policy and procedures
- Accuracy of employee pay rates including proper approval of changes
- Adherence to overtime policy

The review included selection and examination of payroll records. To achieve the above objectives, the review included review of applicable policies and procedures, obtaining an understanding of the payroll process, inquiry with key personnel, test of sample transactions and analyses of payroll data.

The sample selected for testing is only a representative sample and should not be relied upon as complete assurance of compliance with policies or for the identification of fraud, waste, or abuse.

SUMMARY OF RESULTS

The following procedures were performed and the results are as follows:

- Leave request forms and/or employee timesheets, where applicable, were reviewed to determine if supervisor approval was properly obtained. Seventeen occurrences were noted where either sick or annual leave taken either had no leave form on file or the leave form was not signed. **(Finding 1)**
- The Annual and Sick Leave balances on the manually maintained Leave Records for 15 employees were recalculated for the audit period without exception. The accrual amounts were in line with Florida Polytechnic University Benefits Regulation No. FPU-6.003. Furthermore, the recalculated Annual and Sick leave balances were agreed to the ending balances on the pay register without exception.
- The timesheets and approved leave request forms were reconciled to the payroll register and leave record for accuracy and completeness. Upon review, the following exceptions were noted **(Finding 2)**:
 - For 2014, one employee took 24 hours of sick leave per an approved leave request form that was not recorded on the timesheet, leave record or payroll system.
 - For 2015, one employee took 40 hours of annual leave per an approved leave request form that was not recorded on the timesheet, Leave Record or payroll system.
 - For 2016, one employee took 8 hours of annual leave and 3 hours of sick leave and only 6 hours of annual leave was recorded on the Leave Record and in the payroll system and the 3 hours of sick leave was not recorded either.
- Employee pay rates per the pay registers were reconciled to the approved employee pay rates for accuracy. Additionally, salary increase files were reviewed for proper approval. Upon review, all employees were being paid at the correct pay rate based on the approved wage increase files received from Human Resources.
- Overtime hours per employee timesheets were reviewed for proper supervisor approval and accuracy. Upon review, all overtime hours had proper approval and were properly recorded.
- Exempt employees engaged in concurrent appointments were reviewed for proper authorization. Upon review, one exempt employee (Media Technologist) was paid a supplemental rate of \$30/hour to perform lawn maintenance services. Proper request was made by FIPR for the concurrent appointment via the 'USF Office of Research and Innovation Personnel Action Freeze Exception Form,' the 'USF Concurrent Appointment Form,' and the 'USF Request for Approval of Extra Compensation' form. These forms were properly approved by the USF Director.
- Observation was made regarding one full-time employee who began taking "LWOP" (leave without pay) beginning in 2014 and continued this practice through 2016. Further review should be performed to determine if the employee ever fell below 30-hour per week average requirement for the state group insurance eligibility for health benefits. **(Finding 3)**.
- Upon inquiry and observation, two instances were noted where close relatives (spouses) both worked for FIPR. However, upon review of the timesheets, leave forms, and approved pay increases, there were no instances noted where relatives were approving each other's time, leave, or pay. This is in line with policy FPU-6.009-Employment-of-Relatives -2.21.14.

RECOMMENDATIONS

Finding 1: Since the audit review period, the University has implemented Workday, which has automated the time off request process and manual leave forms are no longer required.

Finding 2: FIPR should review the identified leave discrepancies and make necessary adjustments to employee leave balances.

Finding 3: FIPR should perform a review of the employee's average hours worked during each of the eligibility periods and determine whether he/she fell below the required 30 average hours per week. If so, management should determine if any actions are required in conjunction with the University's Human Resources Department.

Management's Response:

FIPR Management would like to take this opportunity to thank Sunera for their professionalism and determination to find and fairly evaluate all pertinent information relating to this audit. FIPR Management agrees with the findings in the audit report and only wishes to make additional comments for others who will read and interpret the findings and recommendations.

Findings and Recommendations

1. Seventeen occurrences were noted where sick or annual leave taken either, a) had no leave form on file or b) the leave form was not signed. The 17 occurrences were spread out over 7 of the 15 audited employees over a long audit period. Considering the number of leave forms handled during the audit period, this does not seem excessive. As recommended, use of Workday alleviates the problem.
2. Reconciliation of timesheets and approved leave request forms to the payroll register and leave record for accuracy and completeness revealed discrepancies. 12 of 15 employees had no issues, and the remaining 3 employees had one issue each. This is quite good considering hundreds of manual entries on paper circulated between 3 locations (FIPR/FPU/UF). Specifically:
 - a. The referenced employee is no longer employed at FIPR.
 - b. The referenced hours have been corrected in the current system.
 - c. The referenced hours have been corrected in the current system.
3. The employee whose status is in question is no longer employed at FIPR. The University's HR Department may determine action or non-action in this matter. Use of Workday along with HR and supervisory oversight should prevent re-occurrence with other employees.

APPENDIX A

List of policies and procedures referenced during Payroll review.

- FPU-6.003 Hours of Work and Overtime
- FPU-6.004 Annual Leave
- FPU-6.005 Sick Leave
- FPU-6.009 Employment of Relatives
- Florida Polytechnic University Description of Employee Benefits

AGENDA ITEM: IX

**Florida Polytechnic University
Audit and Compliance Committee
Board of Trustees
December 6, 2017**

Subject: University Audit and Compliance Risk Assessment and Work Plan (2017-18)

Proposed Committee Action

Recommend approval of the UAC Risk Assessment and Work Plan to the Board of Trustees.

Background Information

As required by the Internal Audit Charter, Florida Board of Governors Regulations, and Internal Auditing Standards, audits are to be scheduled and performed according to a risk-based annual plan which shall be submitted to the President, the AACC, and the Board of Governors. The goal of the Plan is to effectively use audit resources in order to provide audit coverage to areas with the greatest known risks and to dedicate sufficient time in establishing the Compliance and Ethics Program in accordance with BOG Regulations.

Supporting Documentation: University Audit and Compliance Risk Assessment and Work Plan. (2017-18)

Prepared by: David A. Blanton, CAE/CCO



University Audit & Compliance

Work Plan

For the Fiscal Year Ended June 30, 2018

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Transmittal Letter

December 6, 2017

Mr. Cliff Otto, Audit and Compliance Committee (AACC) Chair
Dr. Randy Avent, President
Florida Polytechnic University

I am pleased to submit the Annual Work Plan (Plan) of the Florida Polytechnic University Audit and Compliance (UAC) office for the fiscal year ending June 30, 2018. The Plan provides for the planned activity of both University Audit and University Compliance. The Plan includes provision for audits based on an assessment of risk and provision for establishing the Compliance Program at the University. In addition, the Plan includes provision for approximately twenty-nine percent of UAC time for assisting management with additional requests, special investigations, follow-up on any Auditor General findings, and other value-added work.

The Plan may be updated as necessary to reflect changes in the University's strategic plan, program initiatives, and external environment factors along with accommodating requests from the Board of Trustees and University management.

Please sign below to acknowledge your acceptance of the Plan. Thank you in advance for the support offered in the performance of University Audit and Compliance responsibilities.

Sincerely,

David A. Blanton

David A. Blanton, CPA
Chief Audit Executive & Chief Compliance Officer

Approved by: _____
Dr. Randy Avent, President/Date

Approved by: _____
Mr. Cliff Otto, Chair AACC/Date

AUDIT AND COMPLIANCE WORK PLAN

Introduction

The Internal Audit Charter approved by the Audit and Compliance Committee (AACC) provides that the mission of the University audit is to serve the University by recommending actions to assist them in achieving its strategic and operational objectives. This assistance includes providing recommendations to management of activities designed and implemented by management to strengthen internal controls, reduce risk to and waste of resources, and improve operations to enhance the performance and reputation of the University. Additionally, the Compliance and Ethics Charter provides that the mission of University Compliance is to support and promote a culture of ethics, compliance, risk mitigation, and accountability.

As required by the Internal Audit Charter, pursuant to Florida Board of Governors (BOG) Regulations¹ and Internal Auditing Standards², audits are to be scheduled and performed according to a risk-based annual plan which shall be submitted to the President, the AACC, and the Board of Governors. A risk assessment is an on-going systematic exercise performed to identify concerns and potential areas of risk that may benefit from audit assurance and is used to appropriately allocate audit resources. In performing the risk assessment, information on risk areas and concerns were gathered during the last four months from the following: (UAC was just established 7/31/17)

- interviews with various University staff
- observations and a review of University records
- previous risk assessments prepared by Sunera and University management
- the collective knowledge of UAC as it relates to University operations
- a review of other University audit reports

A population of 68 risk areas were compiled in order to create the “audit risk universe”. Various risk factors were then analyzed and applied to the audit risk universe in order to generate a relative risk rating by area/specific risk. The results of this risk assessment process led to the generation of selected audit topics as identified on pages 4 and 5.

How does a risk assessment prepared for audit purposes differ from Enterprise Risk Management?

The primary purpose of a risk assessment prepared for audit is to allocate auditing resources to those areas with the greatest perceived risk.

Enterprise Risk Management (ERM) is the culture, capabilities, and practices that organizations integrate with strategy-setting and apply when they carry out that strategy, with a purpose of managing risk in creating, preserving, and realizing value. ERM includes practices management has put in place to actively manage risk.³

¹ Florida Board of Governors Regulation 4.002(6)(d)

² *International Standards for the Professional Practice of Internal Auditing*

³ Committee on Sponsoring Organizations of the Treadway Commission (COSO) Executive Summary *Enterprise Risk Management – Integrating with Strategy and Performance*

AUDIT AND COMPLIANCE WORK PLAN

Risk Assessment Process

Each year, University Audit and Compliance is charged with completing an assessment of risk to assist in the development of an Annual Audit & Compliance Work Plan (Plan). The goal for the Plan is to effectively use audit resources in order to provide audit coverage to areas with the greatest known risks and to dedicate sufficient time in establishing the Compliance and Ethics Program in accordance with BOG Regulations⁴.

A list of risk areas, prepared from interviews with selected senior management, a review of other audit reports, and previous risk assessments was compiled and prioritized with respect to University goals and objectives, the nature and type of risk, and available resources. The areas of risk were assessed and the Work Plan was developed considering the following factors:

1. Impact
2. Likelihood or concern
3. Management’s ranking
4. Risk factor classifications (compliance, operational, financial, reputational, strategic, technology, and human capital)

A weighted value was then determined, based on the four factors above, for each risk identified. Risks with a higher risk scores were prioritized for audit consideration and presented to the Audit and Compliance Committee Chair.

The Florida Auditor General recently performed an operational audit of the University for the period January 2016 through March 2017; however the final report has not been released. The Plan includes an allocation of resources to perform follow-up reviews on reported matters to ensure appropriate corrective action has been taken for each report finding. Audit areas included in the scope of that audit that did not have related findings were deemed to have lower risk.

RISK FACTORS & CONSIDERATIONS

Operational – Are University resources being used in an effective and efficient manner? Could University operations be improved?

Financial – Are University financial processes handled as intended? Are assets maintained and protected in an appropriate manner? Is financial reporting reliable and accurate? Are accounting records properly maintained?

Compliance – Is the department or audited activity in compliance with applicable laws, rules, regulations, and University policies?

Reputational – Does an activity or action rise to the level of concern such that the resulting loss or damage impair the reputation of the University?

Strategic – Does the activity or department’s actions align with the strategic plan of the University? (i.e. mission, goals, and objectives)

Technology – Does the processes, applications, and infrastructure that support an activity or department adequately support the technology environment for the University?

Human Capital – Is the University workforce properly suited to meet the objectives of the University?

⁴ Florida Board of Governors Regulation 4.003(1)

AUDIT AND COMPLIANCE WORK PLAN

Risk Areas

The following areas were determined to present the highest risk using the risk assessment methodology described on page 5:

Rank	Risk Area	Objectives/Purpose of Audit
1	Sponsored Research	To determine whether appropriate policies and procedures are in place to promote compliance with applicable laws, rules and regulations. To determine whether adequate controls over sponsored research have been designed and placed into operation to promote the proper administration of sponsored research.
2	Americans with Disability (ADA) Act	To determine whether the administration of ADA compliance incorporates a defined mission, stated goals and objectives, and clear lines of organizational authority and responsibility. To determine compliance with other ADA provisions.
3	Performance Based Funding (PBF) Reporting Controls	To determine whether the University has established adequate controls in order to properly report on the various metrics related to PBF. [Note: PBF is not currently applicable to Florida Poly; however, it is anticipated that such reporting will be required in 2021.]
4	Purchasing Card & Travel Expenses	To determine whether the Purchasing Card Program was administered in accordance with applicable University policies and procedures and whether related purchasing card and travel expenses were reasonable, adequately supported, and for valid University purposes.
5	Anti-hazing	To determine compliance with the University's anti-hazing policy. To determine whether appropriate controls are in place to ensure that the University has properly communicated anti hazing procedures and has conducted an appropriate level of oversight for anti-hazing responsibilities.
6	Joint ventures, MOU's, and Partnership or Affiliation Agreements	To determine if University and Foundation joint ventures, MOU's, and Partnership/Affiliation arrangements have been appropriately formulated; are consistent with the mission, goals, interests, and intellectual property rights of the University; and have been appropriately reviewed, approved, and executed.

Given the limited resources of UAC, and the amount of time necessary to establish both the audit and compliance functions at the University, planned audits were limited to the two highest risks and follow-up review of the Florida Auditor General findings from their most recent operational audit⁵. Additionally, the Plan provides sufficient time to create an Ethics and Compliance Hotline, which is deemed to be a high priority for both Audit and Compliance. In the event that resources for the 2017-18 fiscal year are available beyond activities called for in the Plan on page 5, risks 3 through 6 above will be added to the Plan as audit topics.

⁵ The Operational Report from the Florida Auditor General has not been released; however, based on preliminary discussions with Auditor General staff an estimate of time necessary for follow-up was allocated.

AUDIT AND COMPLIANCE WORK PLAN

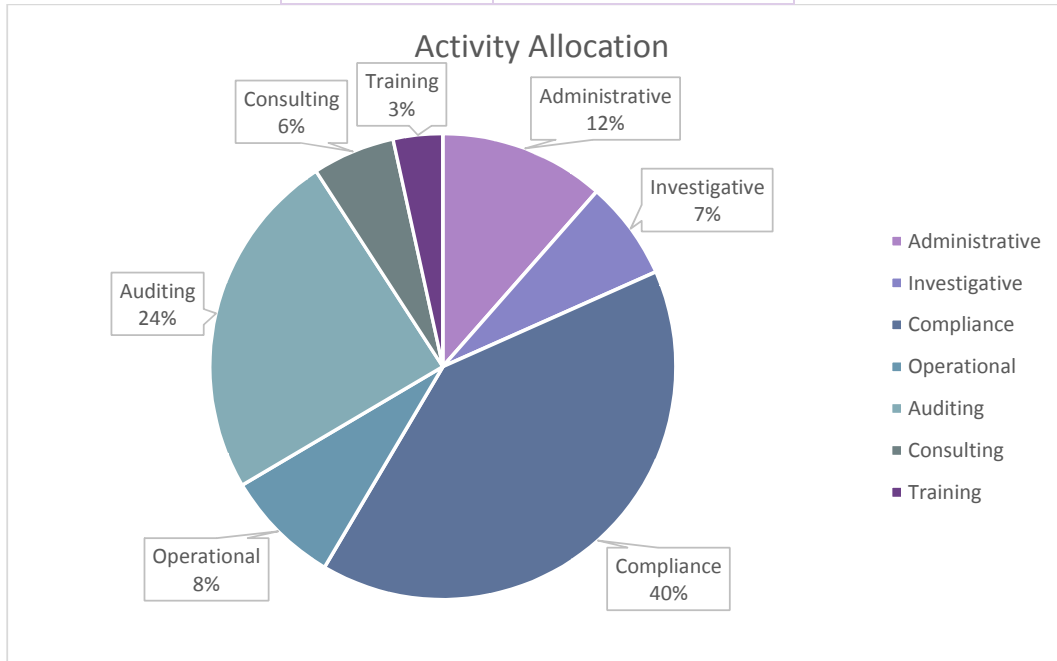
The following Plan summarizes planned activity pursuant to the risk-based assessment:

Florida Polytechnic University University Audit & Compliance Work Plan (1)	
Activity	Estimated Hours
ADMINISTRATIVE ACTIVITIES:	
Periodic meetings with President/Board	60
BOG Communications (including SUS Status Program Checklist)	40
Develop written procedures governing the conduct of Audits & Investigations	60
Other	40
INVESTIGATIVE ACTIVITIES:	
Complaint Intake, Preliminary Inquiries, Investigations (2)	120
COMPLIANCE ACTIVITIES:	
Development of the Compliance and Ethics Program	440
Development of UAC Web/Pulse site for Ethics and Compliance	100
Research/explore options for hotline	60
Implement hotline	100
OPERATIONAL ACTIVITIES:	
UAC Risk Assessment and Audit Plan 2017-18	100
UAC Annual Report	40
AUDITING ACTIVITIES:	
Auditor General Operational Audit Follow-up (3)	200
FIPR Payroll Review - Monitoring and Follow-up	16
Sponsored Research Audit	140
Americans with Disabilities Audit	68
MANAGEMENT ADVISORY/CONSULTING ACTIVITIES:	
Various (2)	100
TRAINING ACTIVITIES:	
Webinars and Continuing Professional Education	60
Total Estimated Hours	1,744
Notes:	
(1) This short-term work plan is subject to change based on requests made by the Board to evaluate particular programs or activities.	
(2) Estimated hours for investigations and management advisory services not readily quantifiable and could increase given additional allegations and/or consulting requests.	
(3) Auditor General Operational Report has not been released and the estimate is based on verbal communication of preliminary findings.	

AUDIT AND COMPLIANCE WORK PLAN

The table below identifies current resources available for University Audit and University Compliance during the Plan year: (1 staff FTE, hired beginning 7/31/17)

Available Staffing Hours	
Month	Hours
August	184
September	168
October	176
November	152
December	128
January	168
February	160
March	176
April	168
May	176
June	168
Sub Total	1,824
Vacation/sick	(80)
Annual hours available	1,744



AGENDA ITEM: X

**Florida Polytechnic University
Audit and Compliance Committee
Board of Trustees
December 6, 2017**

Subject: Board of Governors Requests

Proposed Committee Action

Information only. No action required.

Background Information

David Blanton, CAE/CCO, will present a summary for each of the various requests from the Board of Governors related to the University's efforts at (1) establishing an Enterprise Risk Management (ERM) process (2) establishing appropriate controls over sponsored research and (3) the implementation of a compliance and ethics program.

Supporting Documentation: Enterprise Risk Management Survey, Sponsored Research Certification, and SUS Compliance Program Status Checklist.

Prepared by: David A. Blanton, CAE/CCO



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Enterprise Risk Management

2017 SUS ERM Practices Survey

Name of University: Florida Polytechnic University

BACKGROUND: The purpose of this survey is to gather information about the current state of Enterprise Risk Management (ERM) practice at all State University System institutions. An ERM-like approach to risk management encourages a more holistic view of risk by considering risks across the university. By adopting such an approach, leadership can focus on the risks most likely to impede the university's achievement of its mission.

Risk is the probability that an event or action may adversely affect an organization and the achievement of its objectives. Some examples of risk are:

- **Strategic risk:** The risk related to the achievement of organizational goals.
- **Operational risk:** The risk of loss resulting from inadequate or failed controls, operations, or procedures.
- **Compliance risk:** The risk of not adhering to policies, plans, procedures, regulations, laws, contracts, or other requirements.
- **Financial risk:** The risk that the organization will not have adequate cash flow to meet financial obligations.
- **Legal liability risk:** The risk of loss to the organization that is primarily caused by: 1) a claim being made or some other event occurring that results in liability for the organization; 2) a failure to adequately protect assets owned by the organization; or 3) a change in the law.
- **Reputational risk:** The risks associated with public image that significantly increase other risk areas – particularly strategic and financial risks.

INSTRUCTIONS: Please identify the individual(s) completing this survey in the space provided below. It is important that your survey responses reflect a complete and university-wide response. Select from among the options provided by clicking on the appropriate box. Feel free to supplement your responses with additional information in the "Notes/ Attachments" column.

Survey Completed by:

Name: David A. Blanton
Title: Chief Audit Executive/Chief Compliance Officer
E-mail: dblanton@floridapoly.edu
Phone: (863) 874-8441
Date: September 26, 2017



STATE UNIVERSITY SYSTEM of FLORIDA
Board of Governors

Enterprise Risk Management

2017 SUS ERM Practices Survey

2017 SUS ERM Practices Survey		
Questions		Notes/Attachments
1.	<p>ERM Program: Select the statement best describing the current state of your university's ERM program.</p> <p><input type="checkbox"/> A. No university-wide process in place.</p> <p><input checked="" type="checkbox"/> B. Currently considering university-wide risk management program, but have made no decisions yet.</p> <p><input type="checkbox"/> C. No formal university-wide risk management process in place, but have plans to implement one.</p> <p><input type="checkbox"/> D. Partial university-wide risk management process in place (i.e., some, but not all, risk areas addressed).</p> <p><input type="checkbox"/> E. Complete formal university-wide risk management process in place.</p>	
2.	<p>Barriers to ERM: What perceived or actual barriers exist in implementing ERM at your university? Select all that apply.</p> <p><input checked="" type="checkbox"/> A. Competing priorities</p> <p><input checked="" type="checkbox"/> B. Insufficient resources</p> <p><input type="checkbox"/> C. Lack of perceived value</p> <p><input type="checkbox"/> D. Perception ERM adds bureaucracy</p> <p><input type="checkbox"/> E. Lack of board or senior executive ERM leadership</p> <p><input type="checkbox"/> F. Legal or regulatory barriers</p> <p><input type="checkbox"/> G. Others: _____</p>	<p>As a relatively new institution, independence and accreditation was our primary objective. As the university itself enters the maturation stage, developing more risk-mature practices will be one of our higher priorities.</p>
3.	<p>Chief Risk Officer (CRO): Does your university have an individual designated to serve as CRO or equivalent?</p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>If so, identify the individual by name and title: _____</p>	
4.	<p>CRO Reporting Relationship: To whom does the CRO formally report?</p> <p><input type="checkbox"/> A. Board of trustees or committee of the board</p> <p><input type="checkbox"/> B. President</p> <p><input type="checkbox"/> C. Chief Financial Officer</p> <p><input type="checkbox"/> D. Other: Specify _____</p> <p><input checked="" type="checkbox"/> E. Not Applicable (we do not have a CRO or equivalent)</p>	
5.	<p>CRO Resourcing: Please identify how many full time equivalent (FTE) staff and the amount of budget dedicated to the CRO and associated ERM program.</p> <p>Staff: _____</p> <p>Budget (annual amount): _____</p>	Not applicable
6.	<p>Risk Committee: Does your university have a management-level risk committee?</p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p>	Not applicable



STATE UNIVERSITY SYSTEM of FLORIDA
Board of Governors

Enterprise Risk Management

2017 SUS ERM Practices Survey

	<p>If so, please provide the following information: Risk committee composition (Chair and members)? _____ _____ Meeting frequency? _____ Governing documents? (e.g., Charter, Policy, etc. – please provide a copy) _____</p>	
7.	<p>Board Committee: Has the board of trustees delegated risk oversight to a board-level committee (Audit and Compliance, Risk, Executive, other)?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If so, which one? Audit & Compliance Committee (AACC)</p> <p>How often does this committee meet and take up risk oversight? annually _____</p> <p>Governing documents? (e.g., Charter, Policy, etc. – please provide a copy) See AACC Charter</p>	<p>Oversight of risk has been delegated to the Audit & Compliance Committee (AACC) and such oversight responsibilities are specified in the AACC charter. (See charter)</p>
8.	<p>Risk Exposure Reports: Does the board of trustees receive formal reports of the university's top risk exposures?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Is so, what frequency and format? A report (Excel worksheet) of risks was presented to the Audit & Compliance Committee (AACC) in June 2017. Prior to this, the contracted internal auditor presented risks to the AACC.</p>	<p>In June 2017, the AACC was presented a report on risks generally present in university environments. Each risk identified efforts by management to mitigate or manage the various risks.</p>
9.	<p>Governing Documents: Does your university have a formal policy statement regarding university-wide approach to risk management?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Applicable (No ERM program)</p> <p>If so, please provide.</p>	
10.	<p>Risk Appetite: The university board of trustees has articulated its appetite for or tolerance of risks in the context of strategic planning.</p> <p><input type="checkbox"/> A. Not at all <input type="checkbox"/> B. Minimally <input type="checkbox"/> C. Somewhat <input type="checkbox"/> D. Mostly <input type="checkbox"/> E. Extensively <input checked="" type="checkbox"/> F. Not Applicable (No ERM program)</p> <p>Describe or provide relevant documents.</p>	



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Enterprise Risk Management

2017 SUS ERM Practices Survey

<p>11.</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p><input type="checkbox"/> Not Applicable (No ERM program)</p>	<p>Enterprise-level Risk Inventory: Does your university maintain a risk inventory at the enterprise level?</p> <p>If so, please describe or provide an example (it does not need to reveal the actual identified risks).</p>	<p>As noted in question 8, an Excel worksheet of risks is maintained. This list was obtained from a peer institution and used as the starting point for risk identification and management.</p>
<p>12.</p> <p><input type="checkbox"/> A. Not at all</p> <p><input checked="" type="checkbox"/> B. Annually</p> <p><input type="checkbox"/> C. Semi-Annually</p> <p><input type="checkbox"/> D. Quarterly</p> <p><input type="checkbox"/> E. Monthly, Weekly, or Daily (Ongoing/Continuous)</p>	<p>Enterprise-level Risk Inventory: How frequently does your institution go through the process to update key risk inventories – both likelihood and impact of risk exposures?</p>	<p>Expectation is that this will be performed annually.</p>
<p>13.</p> <p><input checked="" type="checkbox"/> A. Ad hoc discussions at management meetings</p> <p><input type="checkbox"/> B. Scheduled agenda discussion at management meetings</p> <p><input type="checkbox"/> C. Written reports prepared either monthly, quarterly, or annually</p> <p><input type="checkbox"/> D. Unknown</p>	<p>Communication of Risks: How are risks communicated from business unit leaders to senior executives?</p>	
<p>14.</p> <p><input type="checkbox"/> A. Not at All</p> <p><input type="checkbox"/> B. Minimally</p> <p><input type="checkbox"/> C. Somewhat</p> <p><input type="checkbox"/> D. Mostly</p> <p><input checked="" type="checkbox"/> E. Extensively</p>	<p>To what extent has the volume and complexity of risks increased over the past five years?</p> <p>Please Describe: As a new institution, the start-up and growth phases of Florida Poly presented significant risk.</p>	<p>Given the relatively short existence of our institution, and our rapid growth, the volume and complexity of risks have increased significantly since the inception of Florida Poly.</p>
<p>15.</p>	<p>Please provide any additional documents or information you feel would be beneficial for the Board of Governors to understand the current state of ERM practice at your university.</p>	<p>N/A</p>



STATE UNIVERSITY SYSTEM of FLORIDA
Board of Governors

Sponsored Research Certification

Name of University: Florida Polytechnic University

INSTRUCTIONS: Please respond "Yes" or "No" for each representation below. Explain any "No" responses to ensure clarity of the representation you are making to the Board of Governors.

Sponsored Research Certification Representations			
Representations	Yes	No	Comment/Reference
1. I am responsible for establishing and maintaining, and have established and maintained, reasonable effective internal controls and monitoring over my university's division of sponsored research.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
2. The internal controls and monitoring activities include policies for negotiating, entering into, and executing research contracts; policies for soliciting and accepting research grants and research donations; policies over the collection of fees and research donations; and policies related to the appropriate use of research funds.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Sponsored Research operates within a process framework that ensures internal controls and stewardship of research funds. The Office of Research Services (ORS), established only in 2/2015, was immediately followed by implementing a new ERP system (FY 2016). (continued below)
3. The research activities of the university comply with applicable laws and the mission and long term plans of the university, and reasonable controls are in place to identify any material noncompliance so that it may be remedied.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
4. The internal controls and monitoring activities are consistent with the requirements of applicable funding entities.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

I certify the foregoing information is true and correct to the best of my knowledge. My signature below acknowledges I have read and understand these statements. I certify this information will be reported to the board of trustees.

Certification: *Jamie M. Vanni* Date 10/4/2017

Title: Director, Sponsored Research

Policy development and acceptance, therefore, has been slowed. Additionally, many policies such as financial monitoring, human capital management, fee collection and research donations require other departments to establish policies first for the University and are not solely based on ORS adoption.



SUS Compliance Program Status Checklist November 2016 - November 2017

University: Florida Polytechnic University

Preparer: David A. Blanton, Chief Audit Executive/Chief Compliance Officer

Instructions: For the four area tables below, please complete the Description and Progress Indicator columns for each Regulation Component, which align with Board of Governors Regulation 4.003 (effective November 3, 2016). Then complete the Program Status Summary table immediately below.

Return completed checklists to BOGInspectorGeneral@flbog.edu.

For assistance, please contact the Board of Governors Office of Inspector General and Director of Compliance at joseph.maleszewski@flbog.edu or 850-245-9247.

Program Status Summary (November 2017)						
Area	Regulation Components	Completed	In Process			Not Begun
		✓	Good Progress ●	Slow Progress ●	Poor Progress ●	N/B
A - University-wide Compliance Program	5	1	This item is no longer an option as the date (November 3, 2017) has already past	3	0	1
B - Program Plan	5	1		4	0	0
C - BOT Committee	4	4		0	0	0
D - Chief Compliance Officer	5	5		0	0	0
TOTAL	19	11		7	0	1

Legend:

- ✓ Indicates that the university president and board chair assert that the regulation components making up this area are fully implemented in accordance with Board of Governors Regulation 4.003.
- **NOTE:** This item is no longer an option as the date (November 3, 2017) has already past. In the prior version of the checklist, it indicated that the university president and board chair anticipated regulation components making up this area to be completed by November 3, 2017.
- Indicates that the university president and board chair anticipate regulation components making up this area to be completed by November 3, 2018 (completion of items beyond this date constitute non-compliance with Board of Governors Regulation 4.003).
- Indicates that the university president and board chair anticipate regulation components making up this area to be completed by May 3, 2019 (six months beyond the period established in Board of Governors Regulation 4.003).
- N/B Indicates that the university president and board chair acknowledge that the university has not begun implementing the regulation components making up this area. The "N/B" indicator should be used in conjunction with either the amber or red light indicators to communicate anticipated completion periods for items not yet begun.

Area A – University-wide Compliance Program		
Regulation Component	Description	Progress Indicator
A1 – University-wide Compliance Program implemented consistent with Code of Ethics for Public Officers and Employees (Part III, Chapter 112, F.S.) and the Federal Sentencing Guidelines Manual, Chapter 8, Part B [4.003(1) & (2)(b)]	November 2017: Florida Poly did not have a Chief Compliance Officer (CCO) until 7/31/17. Therefore, this position has only been staffed for the last 4 months. Additionally, given the size of Florida Poly relative to other SUS institutions, the CCO also serves as the Chief Audit Executive. Therefore, Florida Poly was not staffed to accommodate a full two-year implementation period for the Compliance Program. Nevertheless, the CCO is currently developing a Compliance Program consistent with applicable requirements and intends to have the majority of regulation components making up this area to be completed by November 2018.	●
A2 – CCO reports to the BOT at least annually on Program effectiveness (copy to BOG) [4.003(7)(g) 8.]	November 2017: CCO scheduled to report to the BOT on the effectiveness of the Program at the 5/22-23/18 Audit and Compliance Committee meeting. Additionally, the responses to this “Compliance Program Status Checklist” will be presented to the BOT in December 2017 and again in 2018.	●
A3 – External Program design and effectiveness review every 5-years (copy to BOG) [4.003(7)(c)]	November 2017: Until the Compliance Program is developed and placed into operation for several years, it would not be possible to conduct an external effectiveness review.	● N/B
A4 – Process established for detecting and preventing non-compliance, unethical behavior, or criminal conduct [4.003(7)(h)]	November 2017: The CCO is currently developing a Compliance Program consistent with applicable requirements and intends to have the majority of regulation components making up this area to be completed by November 2018.	●
A5 – Due diligence steps for not including individuals who have engaged in conduct not consistent with an effective Program [4.003(8)]	November 2017: Currently, the following University Regulations provide <ul style="list-style-type: none"> • FPU-6.011, Criminal Background Checks, requires background screenings of all prospective employees. Additionally, per the Regulation, the University may take negative employment action based solely on an individual’s conviction record if the specific offense demonstrates unfitness for performing in the position and relates to the job. • FPU-6.002, Personnel Code of Conduct and Ethics, provides that University personnel who are determined by the University to have violated the Code are subject to disciplinary action. Disciplinary actions may include penalties such as: dismissal, 	✓

	suspension, demotion, reduction in salary, forfeiture of salary, restitution, public censure, and/or reprimand; other disciplinary actions as may be deemed appropriate by the University President/designee; and/or as specified by law or regulation.	
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Area B – Program Plan		
Regulation Component	Description	Progress Indicator
B1 – Compliance and Ethics Program Plan approved by BOT (copy to BOG) [4.003(7)(a)]	November 2017: The CCO is currently developing a Compliance Program consistent with applicable requirements and intends to have the majority of regulation components making up this area to be completed by November 2018.	●
B2 – Plan provides for compliance training for university employees and BOT members [4.003(7)(b)]	November 2017: The CCO is currently developing a Compliance Program Plan which would include compliance training for university employees and BOT members.	●
B3 – Designated compliance officers (e.g., Title IX, Athletics, Research, etc.) as either direct reports or dotted-line reports (specify which) [4.003(7)(d)]	November 2017: The CCO maintains open lines of communication and meets periodically with both the Title IX Coordinator and the Director of Sponsored Programs and has enlisted their assistance in partnering with the CCO as compliance partners. (Although not formalized, a dotted line report is anticipated for both). The University currently has no Athletics.	●
B4 – Reporting mechanism (e.g., Hotline) for potential/actual violations and provides protection for reporting individuals from retaliation [4.003(7)(e) & (f)]	November 2017: Although a “Hotline” is not currently in place, Florida Poly Number FPU-1.0125P, Fraud Prevention and Detection, provides for a process of reporting fraud or unethical behavior. (Policy currently in revision to direct such reporting to the CAE/CCO). It is anticipated that a Hotline will be in place for Florida Poly in early 2018.	●
B5 – Promoting and enforcing the Program through incentives and disciplinary measures [4.003(7)(g)9.]	November 2017: <u>Incentives:</u> The current “Performance Review Form”, used for evaluations and tied to merit/promotional increases, utilizes the following criteria for evaluation: (one of four criteria applied) <ul style="list-style-type: none"> Shows initiative, uses creative problem solving to reduce barriers, has integrity and follows State regulations and policies. <u>Disciplinary measures:</u> As noted above for A5, Regulation FPU-6.002, Personnel Code of Conduct and Ethics, University personnel who are determined to have violated the Code of Ethics are subject to disciplinary action. Disciplinary actions may include penalties such as: dismissal, suspension,	✓

	demotion, reduction in salary, forfeiture of salary, restitution, public censure, and/or reprimand; other disciplinary actions as may be deemed appropriate.	
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Area C - BOT Committee		
Regulation Component	Description	Progress Indicator
C1 - BOT Committee provides oversight to Compliance and Ethics Program [4.003(3)]	<p>November 2017: BOT oversight of the Compliance and Ethics Program are detailed within the Audit and Compliance Committee (AACC) Charter's purpose and responsibilities. The revised Charter, amended March 15, 2017, has been provided to the Board of Governors Office of Inspector General and Director of Compliance via CAERS.</p> <p>On October 31, 2017, the CCO provided an update to the AACC on the status of the Program and in December 2017 is scheduled to present both the report of activities for the Program as of June 2017 and the Work Plan going into 2018.</p>	✓
C2 - BOT Audit and Compliance Committee Charter (copy to BOG) [4.003(3)]	<p>November 2017: The revised Charter, amended March 15, 2017, has been provided to the Board of Governors Office of Inspector General and Director of Compliance via CAERS.</p>	✓
C3 - Routine CCO meetings with BOT Committee - please describe the nature and frequency of meetings (e.g., semi-annually, quarterly, monthly, etc.) [4.003(7)(a) & 7(g)(3)]	<p>November 2017: The CCO routinely meets with the AACC (quarterly) and reports functionally to the AACC should they have any concerns in the interim.</p> <p>The CCO has also met individually with the Chair of the Audit and Compliance Committee.</p>	✓
C4 - Routine CCO meetings with President - please describe nature and frequency of meetings (e.g., semi-annually, quarterly, monthly, etc.) or whether the CCO participates in other regularly held direct reports or leadership meetings [4.003(7)(a) & 7(g)(3)]	<p>November 2017: The CCO routinely meets with the President (monthly at minimum). Additionally, the CCO is invited to attend monthly operations meetings with the President and senior University staff.</p>	✓

Area D - Chief Compliance Officer		
Regulation Component	Description	Progress Indicator
D1 - Appointed Chief Compliance Officer (CCO) [4.003(4)]	November 2017: The University appointed it's first-ever CCO on July 31, 2017.	✓
D2 - CCO reports functionally to the Board and administratively to the President [4.003(5)]	November 2017: As evidenced by the University Compliance Charter, the CCO reports functionally to the AACC (BOT) and administratively to the President. The President has recognized this reporting structure and does not attempt to influence the compliance function.	✓
D3 - Compliance Office Charter (copy to BOG) [4.003(6)]	November 2017: The University Compliance Charter has been provided to the Board of Governors Office of Inspector General and Director of Compliance via CAERS.	✓
D4 - CCO independence, objectivity, and access, (provide details of resolution of barriers) [4.003(7)(g)5 & (7)(g)7]	November 2017: As noted in D2 above, the CCO reports functionally to the Board. This reporting structure is outlined in the Charter for University Compliance in order to ensure the proper independence and objectivity of the CCO. Currently, there are no impairments to the CCO's independence or barriers to the CCO's access. The CCO is committed to operating in an objective manner.	✓
D5- CCO authority and resources (provide details of both staffing and budget) [4.003(7)(g)(2)]	November 2017: Given the relative size of Florida Poly to other SUS institutions, the CAE also serves as the CCO at Florida Poly. (Total staff of one) Additionally, Florida Poly's University Compliance function has only been staffed since 7/31/17. (Only four months) The CCO has not been denied budgetary authority for any necessary resources to date.	✓

I certify that all information provided is true and correct to the best of my knowledge.

Certification: _____ Date _____
President

I certify that all information provided is true and correct to the best of my knowledge.

Certification: _____ Date _____
Board of Trustees Chair