



**Board of Trustees Audit & Compliance Committee**

Tuesday, August 8, 2023

Microsoft Teams Virtual Meeting

*Trustees:* Sandra Callahan, Chair; Oscar Horton, Lauran Monbarren

**A G E N D A**

- I. Call to Order and Comments Chair Sandra Callahan
- II. Public Comments Subject to USF Procedure Chair Callahan
- III. New Business – Action Items
  - a. [Approval of May 23, 2023, Meeting Notes](#) Chair Callahan
  - b. [Approval of Revised Compliance & Ethics Charter](#) Chief Compliance Officer,  
Caroline Fultz-Carver
- IV. New Business – Information Items
  - a. [Internal Audit Annual Report 2022-23](#) Chief Internal Auditor,  
Virginia Kalil
  - b. [Update - University and DSO  
Independent Audit Findings Report](#) General Counsel, Gerard Solis
  - c. [Foreign Travel Annual Report 2022-23](#) Director of Research Integrity & Compliance,  
Jason Ramage
  - d. [Office of Internal Audit  
External Quality Assurance Review](#) Chief Internal Auditor,  
Virginia Kalil
- V. Adjournment Chair Callahan



**USF Board of Trustees  
Audit & Compliance Committee  
NOTES  
May 23, 2023  
Microsoft Teams Virtual Meeting**

**I. Call to Order and Comments**

The meeting of the Audit & Compliance Committee was called to order by Chair Sandra Callahan. Chair Callahan asked Kiara Guzzo to call roll. Ms. Guzzo called roll with the following committee members present: Sandra Callahan and Oscar Horton. A quorum was established.

**II. Public Comments Subject to USF Procedure**

No requests for public comments were received.

**III. New Business – Action Items**

**a. Approval of February 14, 2023 Meeting Notes**

Upon request and receiving no changes to the meeting notes, Chair Callahan requested a motion for approval. Trustee Horton made the motion which was seconded by Chair Callahan and the February 14<sup>th</sup> meeting notes were unanimously approved as written.

**IV. New Business – Audit & Compliance Committee Information Items**

**a. 2022 Compliance & Ethics Annual Report**

Dr. Caroline Fultz-Carver, Chief Compliance Officer, presented information item IV(a): 2022 Compliance & Ethics Annual Report. The annual report summarizes the activities of the Office of Compliance & Ethics (OCE) during the calendar year 2022. This report fulfills an annual reporting requirement stated in BOG regulation 4.003 and was provided to the committee in accordance to the BOT-ACC approved OCE Program Plan. In addition, the Office of Compliance & Ethics has a responsibility to provide a copy of the annual report to the BOG.

As it related to changes in infrastructure during 2022, the University made a substantial investment in the Office of Compliance & Ethics. President Law made it clear that this department is responsible for implementing the guard rails in which the University conducts their business. Last year, a total of six new positions were added to OCE, but 11 new positions were recruited to the OCE, to include one new employee in Healthcare Compliance.

In addition, highlights of 2022 activities included: foreign influence legislation compliance certification; a BOG pilot audit of foreign gifts and contracts reporting; HB7 compliance review, procedure development, and hold; a 5-year compliance and ethics program effectiveness review; eDisclose; and EthicsPoint.

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The university's overall Florida Code of Ethics disclosure compliance rate in eDisclose for the 2022 calendar year. These rates for each campus were as follows: Sarasota-Manatee was at 100%, St. Petersburg was at 99%, and Tampa (including Health) was at 96%.

During calendar year 2022, USF received 147 reports in EthicsPoint, the university's anonymous reporting system. Of these, 136 (93%) cases were closed by year end and 11 (7%) remained opened. Of the closed reports, 28 (20%) were substantiated, 88 (65%) were unsubstantiated, and 20 (15%) were referred (when a report falls outside the scope of EthicsPoint). Dr. Fultz-Carver stated the number of EthicsPoint we received in 2022 are well beyond what we received 2020, have increased each year since the pandemic, and are at pre-pandemic levels.

**b. Antifraud Framework Annual Status**

Virginia Kalil, Chief Internal Auditor, presented information item IV (b): Antifraud Framework Annual Status. The report was presented in accordance with the BOG regulation 3.003, Fraud Prevention and Detection, which requires that the status of the University's Antifraud Framework is reported to the BOT, at least annually. Ms. Kalil noted the university community believes fraud prevention and detection is important because it is the right thing to do: they want to be good stewards of the resources entrusted to them. The BOG and the University have specific regulations and policies that outline their expectations:

BOG Regulation 3.003: Fraud Prevention and Detection

Expectations outlined for universities in developing appropriate institutional controls and a risk management framework that provides reasonable assurance that fraudulent activities within the Universities areas of responsibility are prevent, detected, reported, and investigates.

USF Regulation 5.001: Fraud Prevention and Detection

This regulation details the Universities commitment to the highest standards of the ethical conduct and zero tolerance for unethical or fraudulent activity. It also includes, but is not limited to, the components of its antifraud framework. The applicability to all members of the University community and the responsibilities that are expected for prevention, detention, investigation, and remediation. This regulation identifies the Chief Financial Officer as responsible for the design, development, implementation, and oversight of framework. In addition, it stresses the prohibition of any form of retaliation against individuals who make a reasonably good faith report of suspected fraud.

USF Policy 0-023, Internal Controls

This policy further details the responsibilities and expectations related to an effective system of internal controls, which also includes those controls related to the prevention and detection of fraudulent activity.

In addition, Ms. Kalil outlined the four key components of the University's antifraud framework: tone at the top, assessment of risks, processes and systems, and continuous improvement. Risk assessments are key to the framework's success in helping proactively identify areas of fraud risk exposure. Both the Controller's Office and the Office of Internal Audit completed their annual fraud risk assessments independent of one another and shared relevant feedback. The Office of Internal Audit completed fraud risk assessments on each individual engagement conducted also by the department.

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Antifraud activities performed included fraud risk assessments, university enterprise risk management process, EthicsPoint hotline investigations, Office of Internal Audit Recommendations and Follow-up, Project Drive/Oracle Cloud Human Capital Management (HCM), and Fraud Awareness Initiative.

As it related to the Office of Internal Audit's fraud awareness campaign, the goal has been to educate and empower the USF community to recognize the red flags of fraud and understand the reporting responsibilities, and ultimately report any suspicious activity. The components of this initiative included on-demand presentations, webinar training, and flash reports. On-demand presentations included taking the message personally to leadership and staff. In addition, the Office of Internal Audit hosted their first webinar where they partnered with Tampa's FBI Special Agent Andrew Sekela who presented to the 163 registered USF attendees. Monthly Flash reports began in January 2023 where red flags of fraud are highlighted to include emerging topics and trends.

As of April 30, 2023, the FY23 summary of investigations totaled 43 reports of which 27 (12 requiring investigative support) were closed and five of the 27 were determined to be founded. For the five founded investigations, four were categorized under misappropriations, and one was categorized under conflict of interest.

In addition, Ms. Kalil outlined how to report fraud which included contacting the EthicsPoint hotline or reporting the incident to management.

#### **c. University and DSO Independent Audit Finding Report**

Gerard Solis, General Counsel, presented information item IV(c): University and DSO Independent Audit Finding Report. The Independent Audit Findings Report describes audit findings and auditor recommendations, and management's responses and correction status.

The University and DSOs received a total of 16 audits from independent auditors for the fiscal year ended June 30, 2022. The reports containing findings include the following:

- 0 Findings in the 5 University or USF Auxiliary June 30, 2022, Audited Financial Statements
- 1 Finding in the University Operational Audit issued November 2022
  - Mr. Solis noted this finding was closed as of December 31, 2022
- 1 Finding in the State of Florida Federal Awards Audit (Formerly A-133)
  - Mr. Solis noted USF disagrees with the finding and is consulting with the U.S. Department of Education to reverse or modify the finding.
- 0 Findings in the 8 DSO June 30, 2022, Audited Financial Statements
- 0 Finding in the USF Health Services Support Organization, Inc.'s June 30, 2022, Audited Financial Statements

#### **d. Office of Internal Audit External Quality Assurance Review**

Virginia L. Kalil, Chief Internal Auditor, presented information item IV (d): Office of Internal Audit External Quality Assurance Review. In accordance with the Institute of Internal Audit Standard 1312 and BOG Regulation 4.002 (6)(e), an external quality assessment of the Internal Audit function is required once every five years by qualified independent assessors. As the Chief Audit Executive, it is Ms. Kalil's responsibility to

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discuss with the board the form and frequency of the external assessment, as well as the qualifications and independence of the external assessors.

The two types of external assessments include self-assessment with independent external validation and full external assessment. The self-assessment with independent validation is the most commonly used method as it is the most cost effective for organizations. Regardless of the method, the external assessor must conclude as to conformance with the professional Code of Ethics and the Standards; the external assessment may also include operations or strategic comments. In addition, the assessors were encouraged to share operational and strategic best practices.

In selecting the assessment team, Universities were identified through the department's involvement with the Association of College & University Auditors, who had internal audit functions who demonstrated best practices that align with USF's aspirational goals and are leaders that are respected within the profession. The approach was to select a team of three members, which would include two members that were external to the state, and one member that was internal to the state, who would be able to guide the team with state specific requirements. The external assessors included the following:

Brian Daniels, CIA, CISA, GCFA  
Chief Audit & Compliance Office  
The University of Tennessee System

Kimberly "Kim" F. Turner, CPA  
Chief Audit Executive  
Texas Tech University System

Trevor L. Williams, CPA, CIGA  
Chief Audit Executive  
Florida Internal University

The self-assessment was completed on May 15, 2023. On-site testing and interviews will be conducted on June 5<sup>th</sup> through June 7<sup>th</sup> of 2023, with an expectation to have the external assessors final report by June 30, 2023.

**V. Adjournment**

Having no further business, Chair Callahan adjourned the Audit & Compliance Committee meeting.

**Agenda Item: III.b.**

**USF Board of Trustees  
Audit & Compliance Committee  
August 8, 2023**

**Issue:** Office of Compliance & Ethics (OCE) Charter Revisions

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**Proposed action:** Approval of the revised OCE Charter

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**Executive Summary:**

Florida Board of Governors (BOG) Regulation 4.003 requires “The office of the chief compliance officer [to] be governed by a charter approved by the board of trustees and reviewed at least every three (3) years for consistency with applicable Board of Governors and university regulations, professional standards, and best practices. A copy of the approved charter and any subsequent changes shall be provided to the Board of Governors, through the Office of the Inspector General and Director of Compliance.

In compliance with these regulatory requirements, the current Charter for the Office of Compliance & Ethics (OCE) has been reviewed and suggestions have been made by the Chief Compliance Officer to align the Charter with the BOG regulations, professional standards, and best practices.

The current OCE Charter was approved on October 19, 2020.

**Financial Impact:** N/A

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**Strategic Goal(s) Item Supports:** Goal 5: To practice continuous visionary planning and sound stewardship throughout USF to ensure a strong and sustainable financial base and adapt proactively to emerging opportunities in a dynamic environment.

**BOT Committee Review Date:** 8/8/2023

**Supporting Documentation Online (please circle):**

**Yes**

**No**

Proposed Revised Compliance & Ethics Charter

**USF or Campus specific:** USF

**Prepared by:** Caroline Fultz-Carver, Chief Compliance Officer



## Charter

This charter identifies the purpose, authority, and responsibilities of the University of South Florida Office of Compliance & Ethics.

### I. Purpose

The University of South Florida (USF) Office of Compliance & Ethics (“Compliance & Ethics”) is responsible for the coordination and management of all university compliance and ethics activities. Compliance & Ethics provides assurance to the USF Board of Trustees that such activities are reasonably designed, implemented, enforced, and effective in preventing and detecting violations of law, regulations, and policies, as well as violations of ethical principles of conduct. The mission of Compliance & Ethics is to create, support, and promote a university-wide culture of compliance, ethics, and accountability consistent with the Florida Code of Ethics for Public Officers and Employees (FCOE) contained in Part III, Chapter 112, Florida Statutes; Chapter 8, Part B, Section 2.1(b) of the Federal Sentencing Guidelines Manual (“FSG Manual”); and Florida Board of Governors (BOG) Regulation 4.003.

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### II. Authority and Governance

Compliance & Ethics reports functionally to the Board of Trustees Audit and Compliance Committee and administratively to the USF President. This reporting relationship ensures the independence of Compliance & Ethics and assures adequate consideration of its compliance and ethics recommendations. The Chief Compliance Officer (CCO) has primary responsibility for managing and coordinating Compliance & Ethics. The CCO and Compliance & Ethics staff have organizational independence and objectivity to perform their responsibilities free from influence.

Compliance & Ethics has full and unrestricted access to all USF functions, including its direct support organizations and practice plans, activities, records, property, information systems, and personnel, including those records or activities exempt from the Public Records laws, needed to fulfill its responsibilities.

Compliance & Ethics is responsible for ensuring confidential records obtained during the course of its activities are adequately secured and are not disclosed without established authority.

### III. Responsibilities

Compliance & Ethics is responsible for fulfilling the requirements of an effective compliance program as outlined by the FSG Manual and BOG Regulation 4.003. The CCO and Compliance & Ethics staff shall:

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Compliance & Ethics Charter | 1

- Develop and implement a program plan. This plan and any subsequent changes shall be approved by the Board of Trustees and a copy provided to the Board of Governors Office, through the Office of the Inspector General and Director of Compliance (OIGC).
- Provide training to USF employees and Board of Trustee members regarding their responsibility and accountability for ethical conduct and compliance with applicable laws, regulations, rules, policies, and procedures.
- Facilitate an external review of the program's design and effectiveness at least once every five (5) years. The first external review shall be initiated within five (5) years from the effective date of BOG Regulation 4.003. The review and any recommendations for improvement will be provided to the Board of Trustees and USF President. The assessment shall be approved by the Board of Trustees with a copy provided to the Board of Governors Office, through the OIGC.
- Administer and publicize, in a manner which promotes visibility, an anonymous "hotline" for individuals to report potential or actual misconduct and violations of university policy, regulations, or law, and ensure that no individual faces retaliation for reporting a potential or actual violation when such report is made in good faith. If the CCO determines the reporting process is being abused by an individual, he or she may recommend actions to prevent such abuse.
- Support and communicate USF policies articulating steps for reporting misconduct and protection from retaliation, including the escalation of alleged misconduct, including criminal conduct, when there are reasonable grounds to believe such conduct has occurred.
- Communicate routinely to the Board of Trustees and USF President regarding program activities and provide an annual report on the effectiveness of the program. Any program plan revisions, based on the CCO's annual report, shall be approved by the Board of Trustees. A copy of the annual report and any program plan revisions shall be provided to the Board of Governors Office, through the OIGC.
- Assist USF in its responsibility to use reasonable efforts to exclude within the university and its affiliated organizations individuals whom it knew or should have known through the exercise of due diligence to have engaged in conduct inconsistent with an effective Program.
- Designate, compliance officers for various program areas throughout the university, as either direct reports or accountable reports to the CCO.

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Such designations will be based on an assessment of risk in any particular program or area. If so designated, the individual shall coordinate and communicate with the CCO on matters relating to the program.

- Promote and enforce the program, in consultation with the Board of Trustees and USF President, consistently through appropriate incentives and disciplinary measures to encourage a culture of compliance and ethics. Failures in compliance or ethics shall be addressed through appropriate measures, including education or disciplinary action.
- Initiate, conduct, supervise, coordinate, or refer to other appropriate offices [such as Human Resources, the Office of Internal Audit, Title IX-VAWA Compliance, or the Office of the General Counsel] such inquiries, investigations, or reviews deemed appropriate; and in accordance with university regulations and policies, state law, or federal regulations, submit final reports to appropriate action officials.
- Timely notify the Board of Governors Office, through the OIGC, of any significant issues of noncompliance.

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To ensure Compliance & Ethics has the capabilities to perform the responsibilities and duties described herein, the CCO will:

- Maintain a professional staff with sufficient size, knowledge, skills, and experience to ensure an effective compliance and ethics program.
- Utilize approved third-party resources as appropriate to supplement programmatic efforts.
- Communicate routinely with the Board of Trustees and USF President regarding Compliance & Ethics activities and perform assessments of programmatic changes and improvements where necessary.

#### IV. Professional Standards

Compliance & Ethics adheres to the *Florida Code of Ethics for Public Officers and Employees* and the *Code of Professional Ethics for Compliance and Ethics Professionals* adopted by the membership of the Society of Corporate Compliance and Ethics.

#### V. Charter Review and Approval

The Board of Trustees-approved Compliance & Ethics Charter shall be reviewed at least every three (3) years for consistency with applicable Board of Governors and USF regulations, professional standards, and best practices.

A copy of the approved charter and any subsequent changes shall be provided to the Board of Governors.

| \_\_\_\_\_ Approved on: \_\_\_\_\_  
William Weatherford, Chair, USF Board of Trustees

**Deleted:** Jordan B. Zimmerman

| \_\_\_\_\_ Approved on: \_\_\_\_\_  
Rhea F. Law, USF President

**Deleted:** Stephen C. Currall

| \_\_\_\_\_ Approved on: \_\_\_\_\_  
Caroline B. Fultz-Carver, Chief Compliance Officer

**Agenda Item: IV.a.**

**USF Board of Trustees**  
**Audit & Compliance Committee**  
**August 8, 2023**

**Issue:** USF Office of Internal Audit (IA) Annual Report for 2022-23

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**Proposed action:** Informational

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**Executive Summary:**

The IA Work Plan for fiscal year 2022-23 was approved by the Audit & Compliance Committee on August 16, 2022. This Annual Report describes the internal audit, consulting, and investigative activities and allocation of resources as compared to the approved Work Plan.

In FY 2023, the audit team completed 9 audits, 3 consulting projects, and 24 investigations. Project summaries are included in the report. Additionally, semi-annual reports were produced summarizing the status of management's implementation of IA's recommendations.

As part of the department's Quality Assurance and Improvement Program (QAIP), internal assessments performed throughout the year, as well as the five-year external assessment conducted during the year, confirmed IA's conformance with the Institute of Internal Auditors' International Standards for the Professional Practices of Internal Auditing, Code of Ethics, and Core Principles.

**Financial Impact:** N/A

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**Strategic Goal(s) Item Supports:** To practice continuous visionary planning and sound stewardship throughout USF to ensure a strong and sustainable financial base, and to adapt proactively to emerging opportunities in a dynamic environment.

**BOT Committee Review Date:** 08/08/2023

**Supporting Documentation Online (please circle):**  Yes  No

*2022-23 Annual Report Overview 080823 FR.pdf*

*2022-23 Internal Audit Annual Report 080823 FR.pdf*

**Prepared by:** Virginia Kalil, Executive Director/Chief Internal Auditor, USF Internal Audit

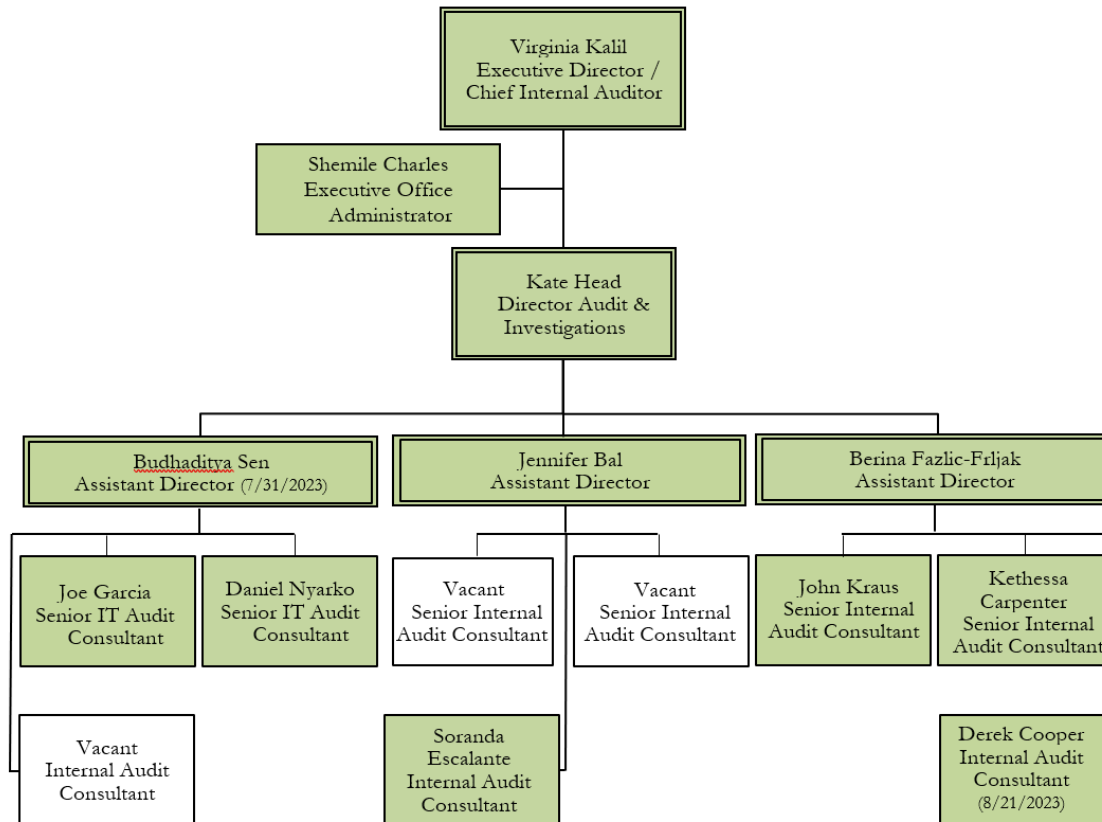
# Annual Report FY2022-23

**Virginia L. Kalil**  
**Executive Director/Chief Internal Auditor**

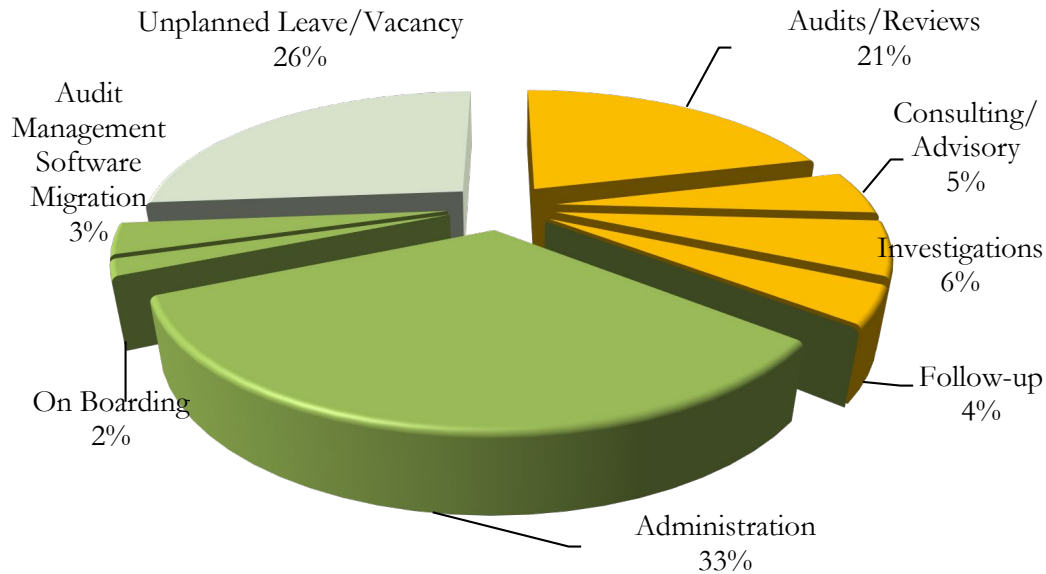
Audit & Compliance Committee | August 8, 2023



# Organizational Chart as of July 2023



# Total Resource Allocation



PROJECT	BUDGET	%	ACTUAL	%
<b>DIRECT SERVICES:</b>				
Audits/Reviews	7,200	25%	6,143	21%
Consulting/Advisory	1,500	5%	1,447	5%
Investigations	2,900	10%	1,832	6%
Follow-up	850	3%	976	4%
Contingency	1,800	6%	0	0%
<b>Total Direct Services</b>	<b>14,250</b>	<b>49%</b>	<b>10,398</b>	<b>36%</b>
<b>OTHER:</b>				
Administration	11,514	40%	9,485	33%
On Boarding	400	1%	524	2%
Audit Management Software Migrations	500	2%	1,009	3%
Unplanned Leave/Vacancy	2,456	8%	7,704	26%
<b>Total Other</b>	<b>14,870</b>	<b>51%</b>	<b>18,722</b>	<b>64%</b>
<b>TOTAL</b>	<b>29,120</b>	<b>100%</b>	<b>29,120</b>	<b>100%</b>

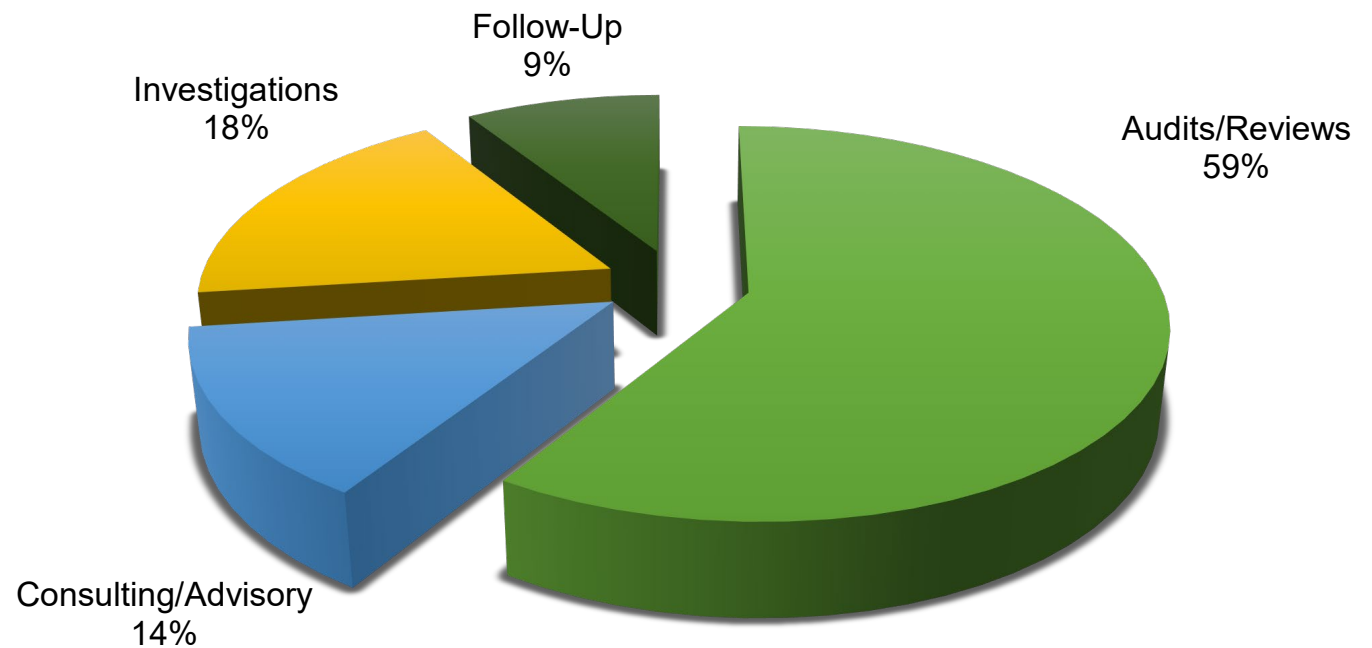
## Direct Services Highlights

### Completed

- 9 audits
- 3 consulting projects
- 24 investigations

### In Progress

- 4 audits
- 2 consulting projects
- 11 investigations



## University Audits Completed

- Performance-Based Funding Data Integrity
- Preeminence Data Integrity
- Attractive Items
- Procure-to-Pay
- End-User Computing
- Identity Management



## Direct Support Organizations Audits Completed

- Sun Dome, Inc. Contract Management
- Institute of Applied Engineering Revenue Cycle
- University Medical Services Association Account Reconciliation

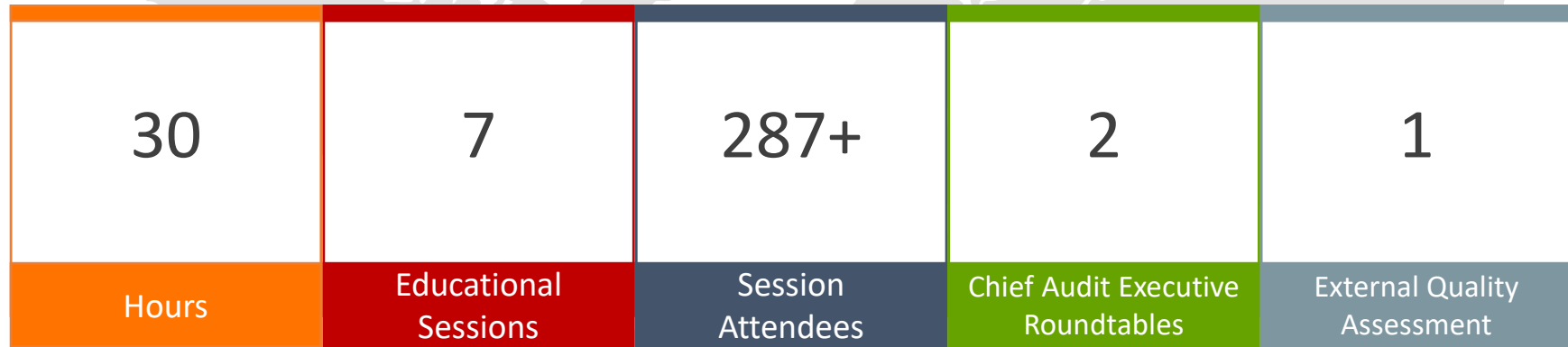
# Recommendations & Implementations

- Categories:
  - *Assignment of Responsibility*
  - *Authorization: Adequacy & Timeliness*
  - *Compliance with Federal Laws*
  - *Effective & Efficient Operations*
  - *IT: Confidentiality, Integrity, & Availability of Data*
  - *Reporting: Accuracy, Completeness, & Timeliness*
  - *Safeguarding of Assets*
  - *Separation of Duties*
  - *Training & Guidance: Accuracy, Completeness, & Timeliness*
- 65% implementation rate of audit recommendations

## Quality Assurance & Improvement Program

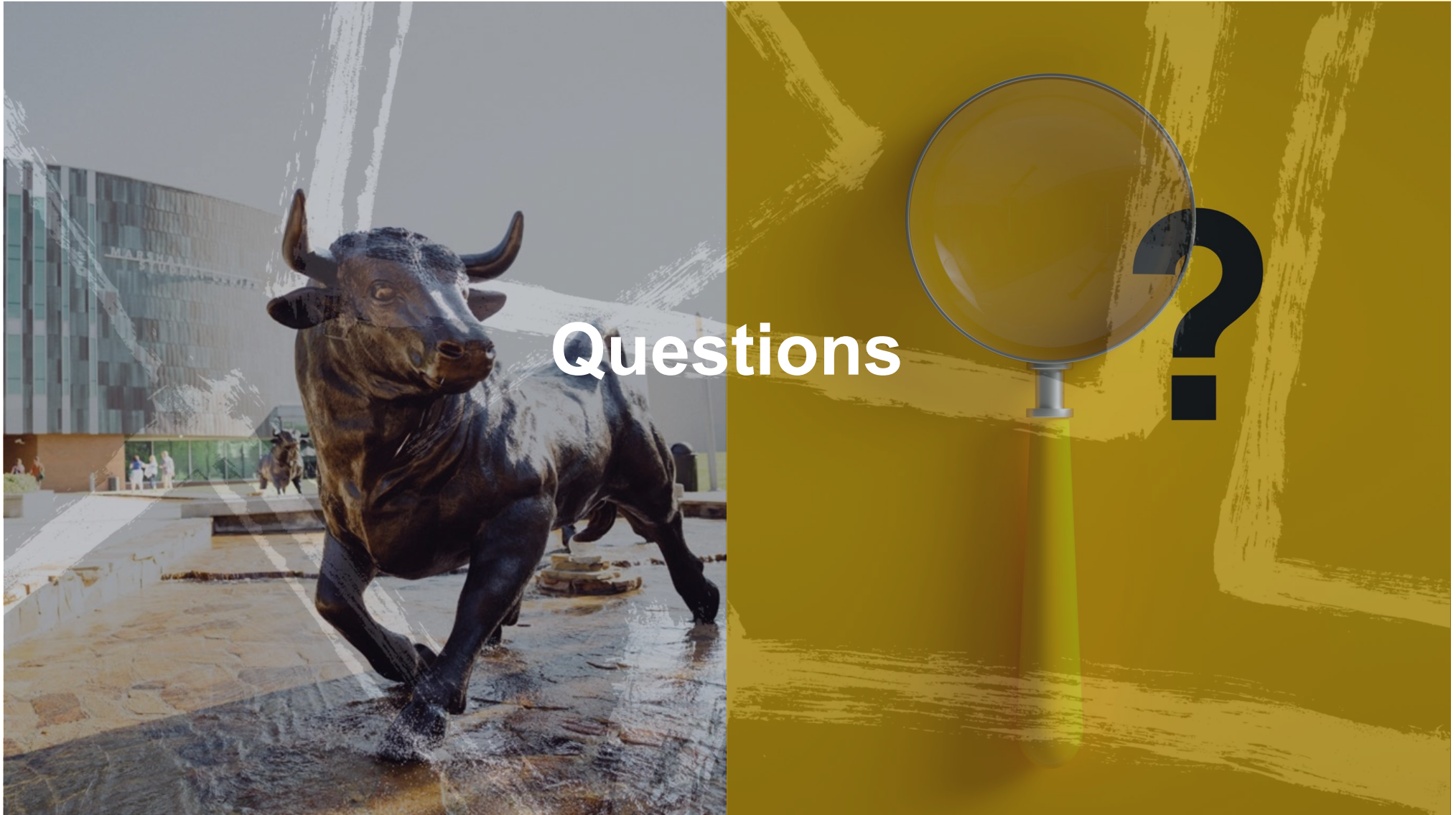
- Internal assessments confirmed conformance with IIA Standards
- External assessment required every five years performed this year confirmed conformance with IIA Standards
- Next external assessment planned to be conducted in Spring 2028

# Service to the Profession

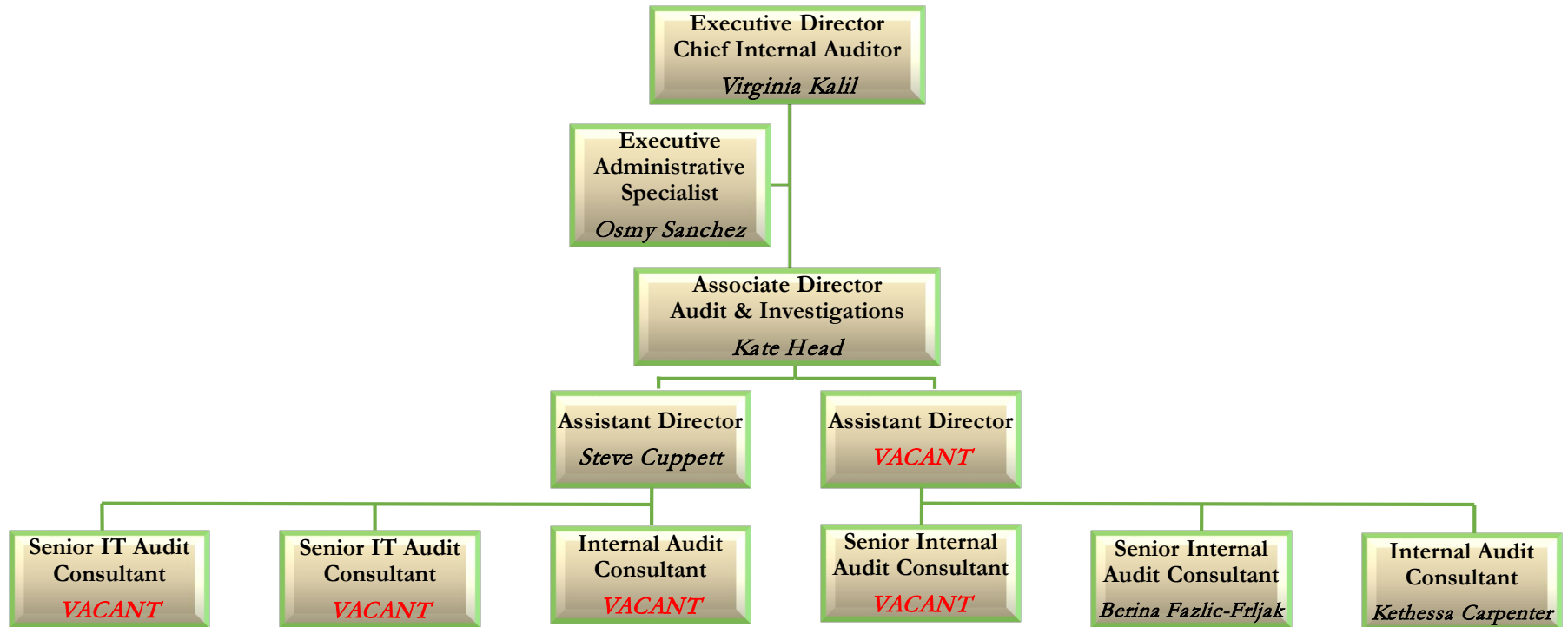


- Information Technology (IT)
- Data Analytics

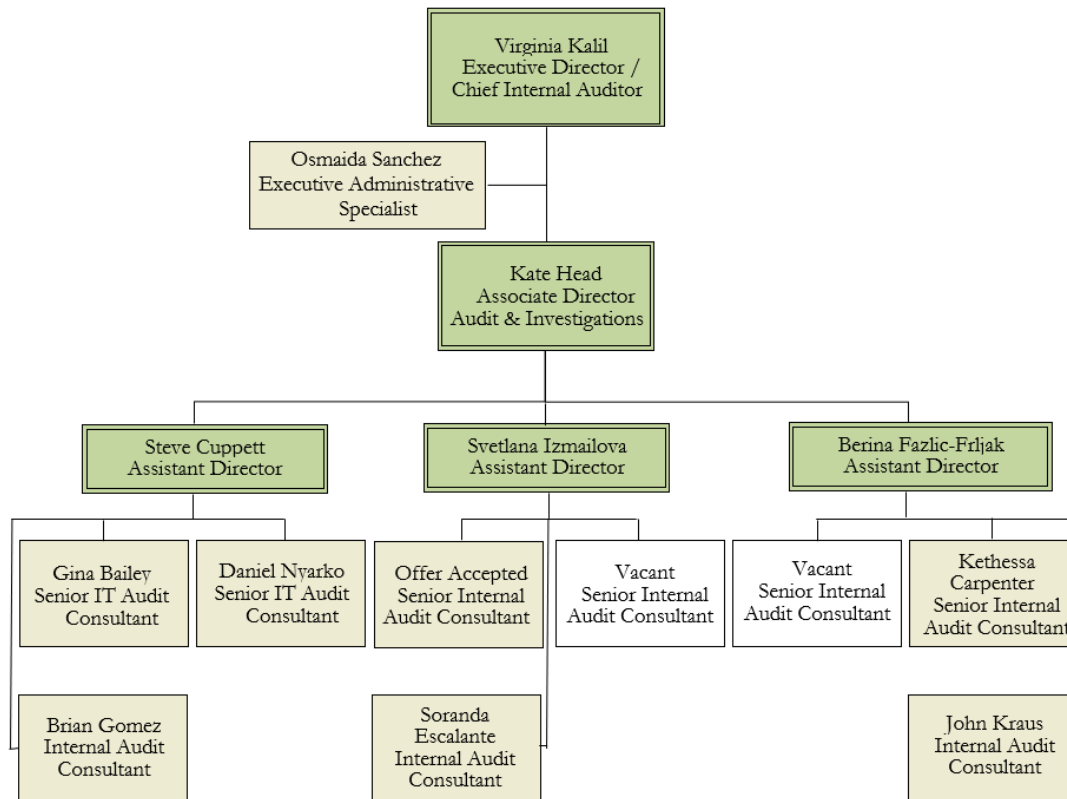
- Quality Assurance
- Fraud Prevention & Detection



# Organizational Chart as of July 2021



# Organizational Chart as of July 2022







# 2022-23 ANNUAL REPORT

*Office of Internal Audit*



UNIVERSITY of  
**SOUTH FLORIDA**  
Office of Internal Audit



## EXECUTIVE SUMMARY

*It is my pleasure to present the Office of Internal Audit's (IA's) Annual Report for fiscal year 2023. IA concluded the year by completing:*

- ✓ *Nine (9) audits, including two (2) related to Information Technology (IT) and two (2) conducted by contracted IA services,*
- ✓ *Three (3) consulting projects, and*
- ✓ *24 investigations.*

*Also, projects in progress at year-end included:*

- *Four (4) audits,*
- *Two (2) consulting projects, and*
- *Eleven (11) investigations.*

*One of the department's most significant events this year included upgrading the department's audit management system. This improved accessibility through a cloud-based version and provided for more efficiency in processes. IA also continued transitioning all internal audit activities from the University's support organizations into IA. This involved significant effort to consolidate work plan and risk assessment responsibilities, follow up on management's outstanding corrective actions, and integrate audit management tools and methodologies.*

*The IA team's efforts throughout the year assisted leadership with ensuring the appropriate internal control structure was in place to: minimize the risk of asset loss, including fraud; promote effectiveness and efficiency of resources; comply with applicable laws, rules, and regulations; and ensure data supporting the preeminence and performance-based metrics could be relied upon. Summaries of the work performed are included within this report.*

*In response to the audit work performed and in demonstrating their commitment to excellence, leadership improved the control environment through the implementation of 65% of the audit recommendations open during the fiscal year.*

*Along with the internal work performed, the team continued to support external services received from the Governor's Chief Inspector General, the State Auditor General, the BOG's Office of Inspector General and Compliance, and other external auditors.*

*As part of the Quality and Assurance Improvement Program, IA's internal assessments confirmed conformance to the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (IIA Standards), Code of Ethics, and Core Principles. Additionally, this year, an external assessment, required at least once every five years, was performed. Based on the internal and external assessments, it was determined IA "generally conforms" to the IIA Standards, Code of Ethics, and Core Principles, which is the highest level of achievement in the assessment process.*

*Lastly, IA is proud of the experience and professionalism of its staff. The team's continued service to the internal audit profession included, but was not limited to, providing subject matter experts to share knowledge and experience through working groups, speaking engagements, conferences, and specific training events with the Association of College and University Auditors, the Institute of Internal Auditors, the Association of Inspectors General, and the USF Muma College of Business. Specific highlights this year included:*

- *30 hours facilitating*
- *Seven (7) educational events to*
- *287 participants;*
- *Two (2) opportunities to advise on chief audit executive roundtables; and*
- *One (1) opportunity to participate as an external assessor for another university.*

*Also, in alignment with the team's strategic objective to improve advanced data analytical skills, three team members achieved the Analytics Certified Data Analyst designation.*

*Congratulations to the team for a job well done, especially during quite a challenging year! Thank you to the Board of Trustees, President, and senior leadership for their support in this year's accomplishments.*



*Virginia L. Kalil*  
CIA, CFE, CISA, CRISC

## USF INTERNAL AUDIT

Virginia Kalil, Executive Director/Chief Internal Auditor

- Certified Internal Auditor
- Certified Information Systems Auditor
- Certified Fraud Examiner
- Certified in Risk and Information Systems Control
- BS Accounting, University of South Florida

Kate Head, Associate Director

- Certified Public Accountant
- Certified Information Systems Auditor
- Certified Fraud Examiner
- Certified Inspector General
- BS Accounting, Oklahoma State

Berina Fazlic-Frljak, Assistant Director

- Certified Internal Auditor
- Certified in Risk Management Assurance
- MBA, Louisiana State University
- BS International Trade and Finance, Louisiana State University

Jennifer Bal, Assistant Director

- Certified Public Accountant
- Certified Fraud Examiner
- Certified Inspector General Investigator
- MAcc, University of Texas
- BS Marketing, University of Maryland

Kethessa Carpenter, Senior Audit Consultant

- Certified Public Accountant
- Certified Internal Auditor
- BA Business Administration & Accounting, St. Leo University

John Kraus, Senior Audit Consultant

- Certified Public Accountant
- MAcc, University of South Florida
- BS Accounting, University of South Florida

Daniel Nyarko, Senior Information Technology Audit Consultant

- Certified in Risk and Information Systems Control
- Certified Information Systems Auditor
- MBA Finance, Kwame Nkrumah University of Science and Technology, Ghana
- B.ED Foundation (Accounting and Business Management), University of Cape-Coast, Ghana

Joe Garcia, Senior Information Technology Audit Consultant

- Certified Information Systems Auditor
- Certified Customer Success Manager
- BS Accounting with Computer Science Minor, University of Central Florida

Soranda Escalante, Audit Consultant

- BS Accounting, Florida Agricultural and Mechanical University

Shemile Charles, Executive Office Administrator

- MA Management & Organizational Leadership, American Public University
- BA English & Communication Studies, University of Maryland



*Pictured (L-R): Kethessa Carpenter, Soranda Escalante, Berina Fazlic-Frljak, Kate Head, Shemile Charles, Virginia Kalil, Jennifer Bal, Joseph Garcia, John Kraus. Not pictured: Daniel Nyarko.*

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## MISSION, PURPOSE, AND ORGANIZATION

The Office of Internal Audit (IA) provides the University of South Florida (USF) with independent, objective assurance and advisory services designed to add value and improve the university's operations. IA's mission is to enhance and protect organizational value through risk-based and objective assurance, advice, and insight and assist the university in achieving its strategic goals by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes. These services add value and promote stewardship, accountability, integrity, efficiency, and compliance.

In order to effectively fulfill its responsibilities, IA is organizationally independent from the University's operational activities and structurally reports at an appropriate level within the organization to support its organizational independence. IA reports functionally to the Audit and Compliance Committee (ACC) of the Board of Trustees (BOT) and administratively to the University President. This reporting relationship ensures responsibilities are carried out in a manner free from actual or perceived impairment.

The nature and scope of services provided by IA include audits, compliance reviews, management advisory services, consulting, and investigations. IA is committed to being insightful, proactive, and future-focused and upholding the values of integrity, objectivity, respect, confidentiality, excellence, and collaboration in the performance of their duties.

## AUDITS

IA projects are performed in accordance with the [Institute of Internal Auditors \(IIA\)](#)

[International Standards for the Professional Practice of Internal Auditing \(the "IIA Standards"\)](#), [Code of Ethics](#), and [Core Principles](#). The IIA is the recognized authority for those in the internal audit profession and the IIA standards are required by the [Florida Board of Governor's Regulation 4.002 \(6\)\(a\) State University System Chief Audit Executives](#).

USF has adopted the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Control Framework which is utilized by IA to assess the effectiveness of the University's internal control systems in place. USF's internal control objectives are communicated to all USF employees via [USF Policy 0-023 Internal Control](#).

## Attractive Items

IA performed an audit of Attractive Items. The audit focused on the adequacy of the control structure in place over the tracking, decaling, inventorying, and monitoring of attractive items throughout their life cycle, which is designed to ensure that attractive items are protected from loss.

Based on the review, IA concluded there was an adequate system of internal control in place, assuming corrective actions are taken timely to address the two medium-priority risks related to enhancing the USF Best Practices Guide for Control of Attractive/Sensitive Items and implementing centralized oversight and guidance over the management of attractive items.

## Procure-to-Pay

IA performed a review of Procure-to-Pay. The audit focused on controls over supplier management and procurement as administered centrally by the University Controller's Office.

Based on the review, IA concluded there was an adequate system of internal control in place over supplier management and procurement, assuming corrective actions are taken timely to address the two medium-priority risks related to the need to enhance monitoring of punch-out vendors to ensure compliance with contracts and improve monitoring of the vendor's service organization controls reports.

### **End-User Computing**

IA performed a review of End-User Computing. The audit focused on reviewing end-user computing practices and resources at USF to ensure that appropriate controls have been designed and implemented.

Based on the review, recommendations were made to address risks identified. This report was classified as confidential due to the sensitive nature of the IT issues disclosed.

### **Performance-Based Funding Data Integrity**

IA reviewed the processes and controls established to ensure the completeness, accuracy, and timeliness of data submissions to the Board of Governors (BOG) in support of the Performance-Based Funding measures.

Based on the review, IA concluded there was an adequate system of internal control in place, assuming corrective actions are taken timely to address the two medium-priority risks related to dual enrollment courses taken in summer terms being improperly identified in the Hours to Degree Courses to Degree table impacting Metric Three – Cost to the Student, and systems access privileges.

### **Preeminence Data Integrity**

IA reviewed the processes and controls established to ensure the completeness, accuracy, and timeliness of data submissions

relied upon by the BOG to support calculations for the 12 preeminence metrics and assess USF's eligibility under the Florida Statute 1001.7065 Preeminent state research universities program.

Based on the review, IA concluded there was an adequate system of internal controls in place over all 12 metrics (Metrics A-L), assuming corrective actions are taken timely to address two medium-priority risks related to controls supporting the National Science Foundation (NSF) Higher Education Research and Development (HERD) survey. These risks included the need for additional verification and formal documentation of the rationale for the inclusion of the Moffitt Cancer Center Imputed Rent and the need for additional controls over the research and development expenditures reported in the NSF HERD survey.

### **Sun Dome, Inc. (SDI) Contract Management**

IA contracted with Protiviti, a global consulting firm, to perform an audit of the oversight and management performed by SDI, a USF Direct Support Organization, of the arena management company, Tampa Bay Entertainment Properties, LLC (TBEP). The audit focused on the design and effectiveness of internal control processes designed to monitor compliance with the contractual terms and conditions of the Arena Management Agreement between SDI and TBEP.

Based on Protiviti's review, it was concluded there was an adequate system of internal control in place, assuming corrective actions are taken timely to address the five medium-priority risks related to inaccurate and incomplete invoices; inaccurate incentive fee calculation; non-adherence to contract terms and obligations regarding the delivery of monthly financial statements, operating budget, settlement invoices and incentive fees;



lack of review of financial packages, invoices, payments, and operations manual; and non-fulfillment of contract terms by TBEP.

### **Institute of Applied Engineering (IAE) Revenue Cycle**

IA performed a review of the revenue cycle in place at IAE, a USF Direct Support Organization. The audit focused on controls over IAE's revenue cycle including billing and accounts receivable.

Based on the review, IA concluded there was an adequate system of internal controls in place, assuming corrective actions are taken timely to address the seven medium-priority risks related to inadequate policies and procedures, maintaining evidence of control procedures performed over unbilled and billed receivables, timeliness of bank reconciliations, ensuring separation of duties over the posting of cash receipts, leadership review of quarterly financial statements, timeliness of invoices issued to sponsors, and an incorrect general and administrative rate used to compute revenues from one sponsor.

### **University Medical Services Association (UMSA) Account Reconciliation**

IA performed an audit of the UMSA's account reconciliation process. The focus of this audit was the design and effectiveness of controls governing account reconciliations.

Based on the review, IA concluded there was an adequate system of internal controls in place, assuming corrective actions are taken timely to address the five medium-priority risks related to critical and non-critical account determination, timeliness of account reconciliations, documentation and storage of reconciliations, supporting documentation, and reconciliation procedures.

### **Identity Management**

IA contracted with Protiviti, a global consulting firm, to perform an audit of the USF Identity and Access Management (IAM) program. The audit focused controls applied to USF's Active Directory (AD) environment.

Based on the review, recommendations were made to address risks identified. This report was classified as confidential due to the sensitive nature of the IT issues disclosed.

### **INFORMATION TECHNOLOGY**

Forty-four percent (44%) of the IA team is certified with IT-related designations. IA's information system projects are performed in accordance with the ISACA (formerly Information Systems Audit and Control Association) standards and guidelines. ISACA has designed this guidance as the minimum acceptable level of performance required to meet the professional responsibilities set out in the ISACA Code of Ethics for Auditing and Control Professionals. ISACA standards and guidelines are consistent with the Control Objectives for Information and Related Technology (COBIT), an IT governance framework which enables management to bridge the gap between control objectives, technical issues, and business risk. This year, IA completed IT audits related to End-User Computing and Identity Management.

The IT IA Team focuses on factors which impact the confidentiality, integrity, and availability of the university's information systems as well as the resources held within those systems. Confidentiality not only addresses the security of sensitive data, but also whether access to such data is effectively controlled.

IA utilizes an integrated audit approach whereby the IT IA Team assists the general IA Team on audit and consulting projects with

significant information systems components. Integrated audit projects this year included Procure to Pay, Performance-Based Funding Data Integrity, and Preeminence Data Integrity.

## CONSULTING SERVICES

Consulting services are collaborative projects between university leadership and IA. These services may be requested in advance and included as part of the annual work plan; however, many requests are made throughout the year. A project's objective will vary depending on the needs of leadership but may include: improving a process or procedure; assisting in the implementation of a new system; interpreting laws, rules, policies, and other guidance; or facilitating education/training programs. These services are proactive in nature and can be helpful to any university function or department.

This year, IA was involved in and/or completed the following consulting projects:

- ✓ Office of Research Investigative Procedures
- ✓ Human Capital Management System Design and Implementation
- ✓ Direct Reimbursement / Advance Process
- ✓ IA Quality Assurance Review Self-Assessment
- ✓ Board of Trustees Audit and Compliance Committee Performance Assessment

## ADVISORY SERVICES

IA is committed to providing proactive advice on internal controls, operations, and compliance. Requests for advisory services may come from various management levels throughout the University and often involve emerging issues in research, IT, or compliance. The information we provide through these

services assists management in decision-making and improving operations. Results of these types of services are communicated verbally or through a memorandum.

This year, IA was involved in the following advising projects:

- ✓ Risk Assessment
- ✓ Fraud Awareness

## INVESTIGATIONS

The BOT and President have charged IA with performing investigations related to the University and its associated organizations. Investigations are an objective review of evidence related to a complaint or allegation.

IA may receive complaints or allegations from EthicsPoint, the University's anonymous reporting system, directly from an individual, or referred by various university offices or state and local government agencies.

Reports of complaints, allegations, or concerns may or may not be supported by the facts. Hence, it is critical that the investigative process be managed discreetly and confidentially to ensure the integrity of the process and protect the reputations of named individuals. Florida law supports the need for confidentiality during investigations and permits active investigations to be classified as exempt from public record. Only those with a legitimate business need are provided with information related to ongoing investigations.

Out of 49 such reports of complaints, allegations, or concerns received by IA, 14 were referred to other units and 11 remained open as of June 30, 2023. Of the 24 completed investigations, 10 were substantiated and five resulted in recommendations to improve the control environment. The substantiated recommendations related to misuse of the

procurement card program, conflict of interest, mismanagement of institutional resources, and asset misappropriation by employees and contractors.

## **FOLLOW-UP ACTIVITY**

In accordance with IIA Standards, IA follows up on all IA recommendations to determine if corrective actions have been taken. Utilizing a web-based tracking system, university leadership can continuously update the status of their corrective actions, including action plans and target implementation dates, and IA can efficiently and effectively monitor their progress. Follow-Up Reports, covering activity from July 1 through December 31, 2022, and January 1 through June 30, 2023 were issued during the fiscal year demonstrating a fiscal year implementation rate of 65%.

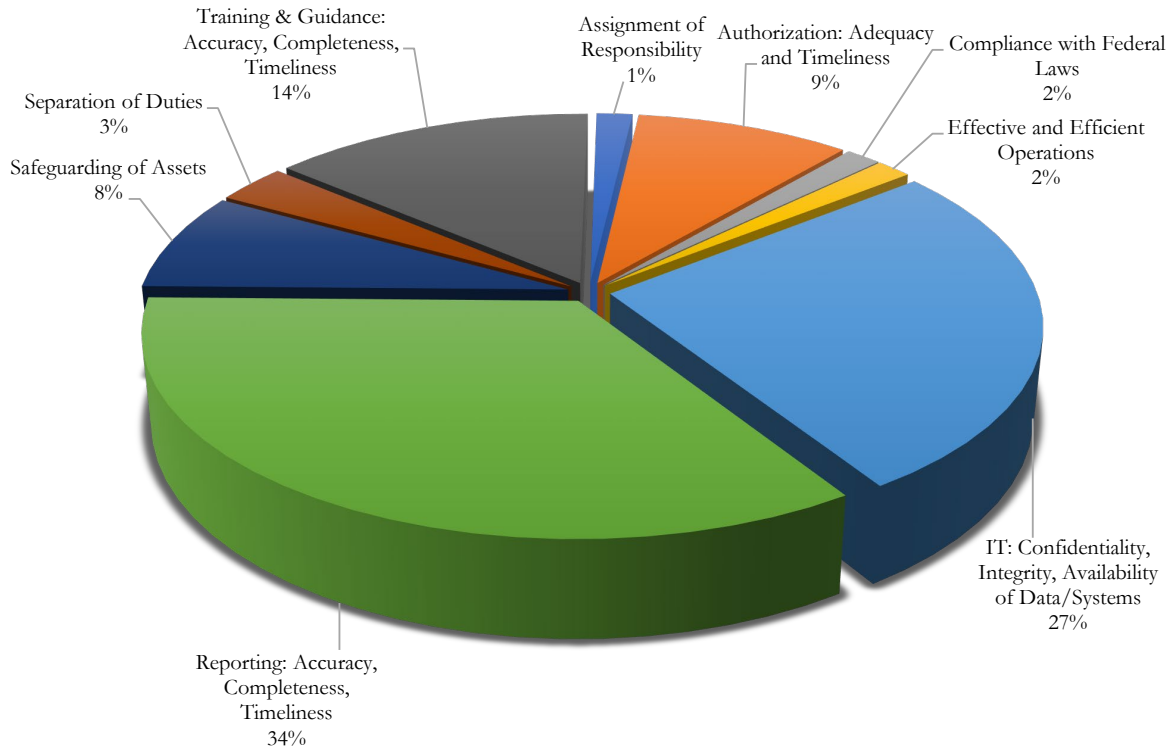
During this fiscal year, leadership implemented corrective actions related to recommendations in the following categories:

- Assignment of Responsibility
- Authorization: Adequacy & Timeliness
- Compliance with Federal Laws
- Effective and Efficient Operations
- IT: Confidentiality, Integrity, Availability of Data/Systems
- Reporting: Accuracy, Completeness, Timeliness
- Safeguarding of Assets
- Separation of Duties
- Training & Guidance: Accuracy, Completeness, Timeliness

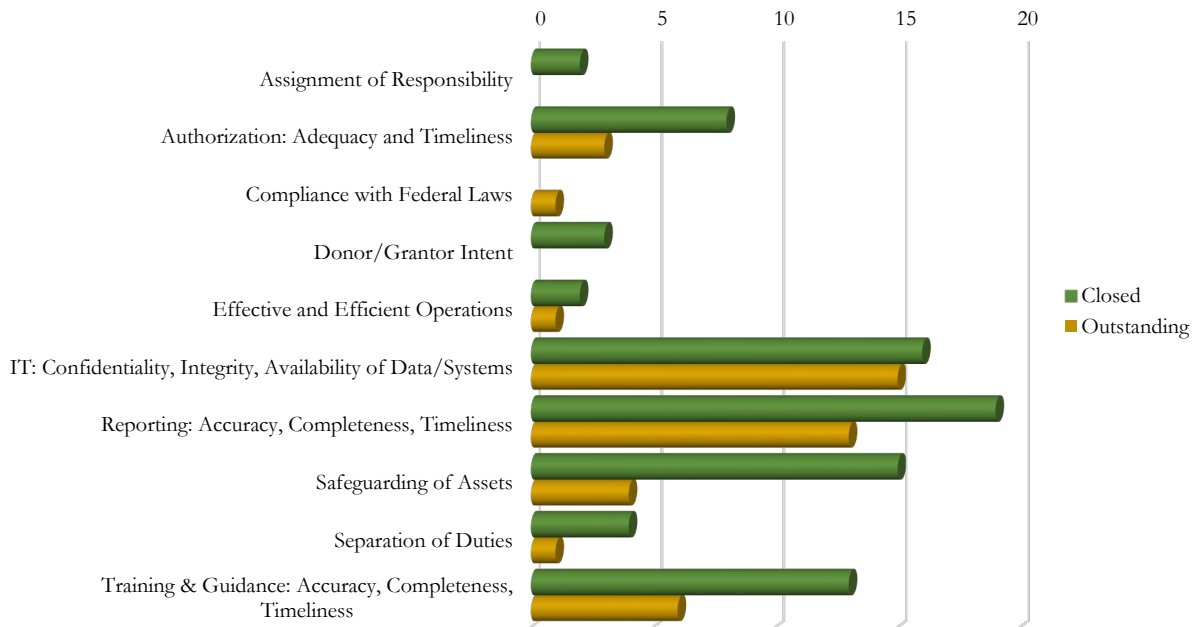
The following graphs depict summaries of new recommendations made during the fiscal year and the status of implementing corrective actions for all outstanding recommendations, including those carried forward from the prior year.



### Recommendations

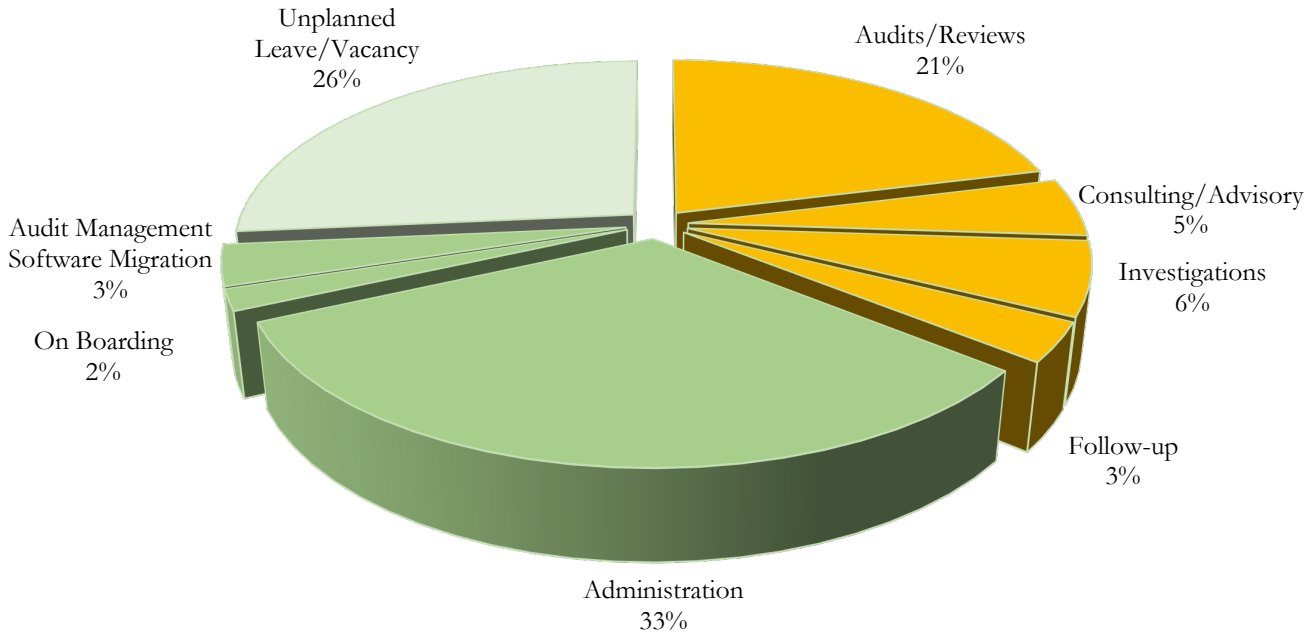


### Implementations



## ACTIVITY ANALYSIS

### Total Hours FY 2023



PROJECT	BUDGET	%	ACTUAL	%
<b>DIRECT SERVICES:</b>				
Audits/Reviews	7,200	25%	6,143	21%
Consulting/Advisory	1,500	5%	1,447	5%
Investigations	2,900	10%	1,832	6%
Follow-up	850	3%	976	4%
Contingency	1,800	6%	0	0%
<b>Total Direct Services</b>	<b>14,250</b>	<b>49%</b>	<b>10,398</b>	<b>36%</b>
<b>OTHER:</b>				
Administration	11,514	40%	9,485	33%
On Boarding	400	1%	524	2%
Audit Management Software Migrations	500	2%	1,009	3%
Unplanned Leave/Vacancy	2,456	8%	7,704	26%
<b>Total Other</b>	<b>14,870</b>	<b>51%</b>	<b>18,722</b>	<b>64%</b>
<b>TOTAL</b>	<b>29,120</b>	<b>100%</b>	<b>29,120</b>	<b>100%</b>

IA's direct services include activities related to the performance of audits, consulting and advisory projects, investigations, and follow-up. The fiscal year 2023 work plan budgeted 49% of IA's resources for direct services. Actual direct services of 36% fell less than budget due to unplanned leave and vacancies. Direct services for resources in place during the fiscal year were 49% which met budget expectations. In addition to IA's hours noted above, 806 hours of contracted internal audit services were utilized in the performance of two projects included within this report.

## QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

In conformance with IIA Standards, BOG regulations, and the USF IA Charter, it is the responsibility of the Chief Audit Executive (CAE) to develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity and includes both internal and external quality components. Internal assessments were performed throughout the audit processes by IA leadership to confirm conformance with the IIA Standards, Code of Ethics, and Core Principles. Additionally, this year, an external assessment, which is required at least once every five years, was performed. Based on the internal and external assessments, it was determined IA **“generally conforms”** to the [IIA Standards](#), [Code of Ethics](#), and [Core Principles](#), which is the highest level of achievement in the assessment process. The full external report, USF Office of Internal Audit Self-Assessment with Independent Validation, was issued on June 27, 2023, and is available on IA’s website at [www.usf.edu/audit/publications](http://www.usf.edu/audit/publications).

## PROFESSIONAL ACTIVITIES

IA is proud of the experience and professionalism of its staff. During 2022-23, we continued our involvement with the following organizations that support higher education, internal auditing, information technology, and compliance activities.

- Association of College and University Auditors (ACUA)
- Institute of Internal Auditors (IIA)
- Association of Healthcare Internal Auditors (AHIA)
- Association of Certified Fraud Examiners (ACFE)
- ISACA (formerly, the Information Systems Audit & Control Association)
- American Institute of Certified Public Accountants (AICPA)
- Association of Inspectors General (AIG)

The team’s involvement included, but was not limited to, providing subject matter experts to share their knowledge and experience through working groups, speaking engagements, conferences, and specific training events with the IIA, the AIG, and the USF Muma College of Business. Specific highlights include:

- 30 hours facilitating
- 7 educational events to
- 287 participants;
- 2 opportunities to advise on chief audit executive roundtables; and
- 1 opportunity to participate as an external assessor for another university.

Also, in alignment with the team’s strategic objective to improve advanced data analytical skills, three team members achieved the Analytics Certified Data Analyst (ACDA) designation.

## UPCOMING YEAR

The Work Plan for fiscal years 2023 and 2024, as summarized on the next page, was approved by the BOT ACC on August 16, 2022. This multi-year plan offers IA the flexibility to move projects between years as schedules warrant.

The IA Work Plan is aligned with USF’s strategic plans, objectives, and enterprise risks, and optimizes the use of available IA resources. Significant changes to the plan will be communicated to the BOT ACC as appropriate.

Work Plan Fiscal Years 2023 & 2024

	% of Effort	2022-23 Hours	% of Effort	2023-24 Hours
<b>DIRECT SERVICES</b>				
<i>Audit Services</i>				
<b>Core Processes:</b>				
Attractive Items		200		
Procure to Pay (Jaggaer)		500		
Construction				800
Decentralized Human Resource Controls				800
<b>Academic Areas:</b>				
PBF Data Integrity		500		400
Preeminence Data Integrity		500		500
College of Nursing				800
Degree Certification				800
<b>Information Technology (IT):</b>				
End User Computing		500		
Decentralized IT		700		
Identity Management		External		External
Remote Access				700
DSO: IT Governance Assessment				750
<b>Research</b>				
USFH Research				700
<b>Regulatory/Compliance</b>				
Driver and Vehicle Information Database Access (DAVID)				250
<b>Direct Support Organizations (DSOs)</b>				
		4,300		4,300
<i>Follow-up; Coordinate External Audits</i>				
		850		600
<i>Subtotal</i>				
		8,050		11,400
<b>Consulting &amp; Other Direct Services</b>				
Quality Assurance Review Self-Assessment		500		-
Risk Assessment		600		600
Fraud Awareness		200		200
Human Capital Management System		200		200
Other Services - compliance, financial, IT				300
<b>Investigations @ 10%</b>				
		2,900		2,900
<b>Contingency @ 7%</b>				
		1,800		2,000
<b>TOTAL DIRECT SUPPORT</b>	<b>49%</b>	<b>14,250</b>	<b>60%</b>	<b>17,600</b>
<b>INDIRECT SUPPORT</b>				
Activities Include: Leave, Holiday, Training, Administrative Activities, Quality Assurance Program		11,514		11,520
On Boarding		400		-
Audit Management Software Migration		500		-
<b>TOTAL INDIRECT SUPPORT</b>	<b>43%</b>	<b>12,414</b>	<b>40%</b>	<b>11,520</b>
<b>VACANCY</b>	<b>8%</b>	<b>2,456</b>		<b>-</b>
<b>TOTAL HOURS AVAILABLE (CAE + 13 STAFF)</b>	<b>100%</b>	<b>29,120</b>	<b>100%</b>	<b>29,120</b>

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**Agenda Item: IV.b.**

**USF Board of Trustees**  
Audit & Compliance Committee Meeting  
August 8, 2023

**Issue:** Update: University and DSO Independent Audit Findings Report

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**Proposed action:** Informational

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**Executive Summary:**

Provide an update regarding the following Independent Audit Finding:

**UNIVERSITY OF SOUTH FLORIDA**

2022 State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards

**Finding 2022-032**

USF expended ESF – HEERF Institutional Portion of funds for an unallowable purpose.

**Auditor Recommendations**

We recommend that the USF consult with the U.S. Department of Education and, as appropriate, seek reimbursement from the DSO for the amount provided to defray the lost revenue.

**Management’s Response to Auditor**

USF disagrees with the finding and is consulting with the U.S. Department of Education to reverse or modify the finding. USF’s position is that the ESF funds properly supported USF clinical revenues generated by USF clinicians and should not be confused with revenues generated by the DSO. If required, reimbursement will be sought from UMSA and the ESF funds will be used for other allowable university purposes.

**Responsible Party:**

Jennifer Condon, Vice President of Business & Finance

**Financial Impact:**

N/A

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**Strategic Goal(s) Item Supports:**      **Goal 5: A strong, sustainable and adaptable financial base**  
**BOT Committee Review Date:**      **n/a**  
**Supporting Documentation Online (*please circle*):**      **Yes**      **No**  
**Prepared by:**      **Office of General Counsel**

**Agenda Item: IV.c.**

**USF Board of Trustees**  
Audit & Compliance Committee  
August 8, 2023

**Issue:** Annual Foreign Travel Report

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**Proposed action:** Informational

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**Executive Summary:**

Florida Statute 1010.36, Foreign Travel and Research Institutions, requires all SUS institutions to establish an approval and monitoring program for international travel by January 1, 2022. Section 1010.36(4) requires USF to submit an annual report of employment-related foreign travel to countries of concern to the Board of Governors (BOG) or other appropriate governing board. In 2022, the BOG issued guidance clarifying that the annual travel report must be submitted to the USF Board of Trustees on July 31, beginning in 2022. The attached report represents the annual foreign travel report and covers the period from July 1, 2022 through June 30, 2023.

**Financial Impact:** N/A

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**Strategic Goal(s) Item Supports:** 3.C(4): To increase collaborative national and international scholarly activity while strengthening processes to protect intellectual assets.

**BOT Committee Review Date:** August 8, 2023

**Supporting Documentation Online (please circle):**  Yes  No

**Prepared by:** Mitchell McNelly, Senior Foreign Influence Analyst and Jason Ramage, Director of Research Integrity & Compliance



# Annual Foreign Travel Report

July 1, 2022 – June 30, 2023

Jay Ramage, PhD, MS, MBA  
Director, Research Integrity & Compliance



- Florida Statute 1010.36 requires all SUS institutions to establish an approval and monitoring program for international travel by January 1, 2022.
- Section 1010.36(4) requires USF to submit an annual report of foreign travel to the BOG or other appropriate governing board.
- The BOG issued guidance stating the annual report must be submitted to the USF BOT on July 31 of each year, beginning in 2022.

### Foreign Countries of Concern (FCOC)

People's Republic of China

Russian Federation

Islamic Republic of Iran

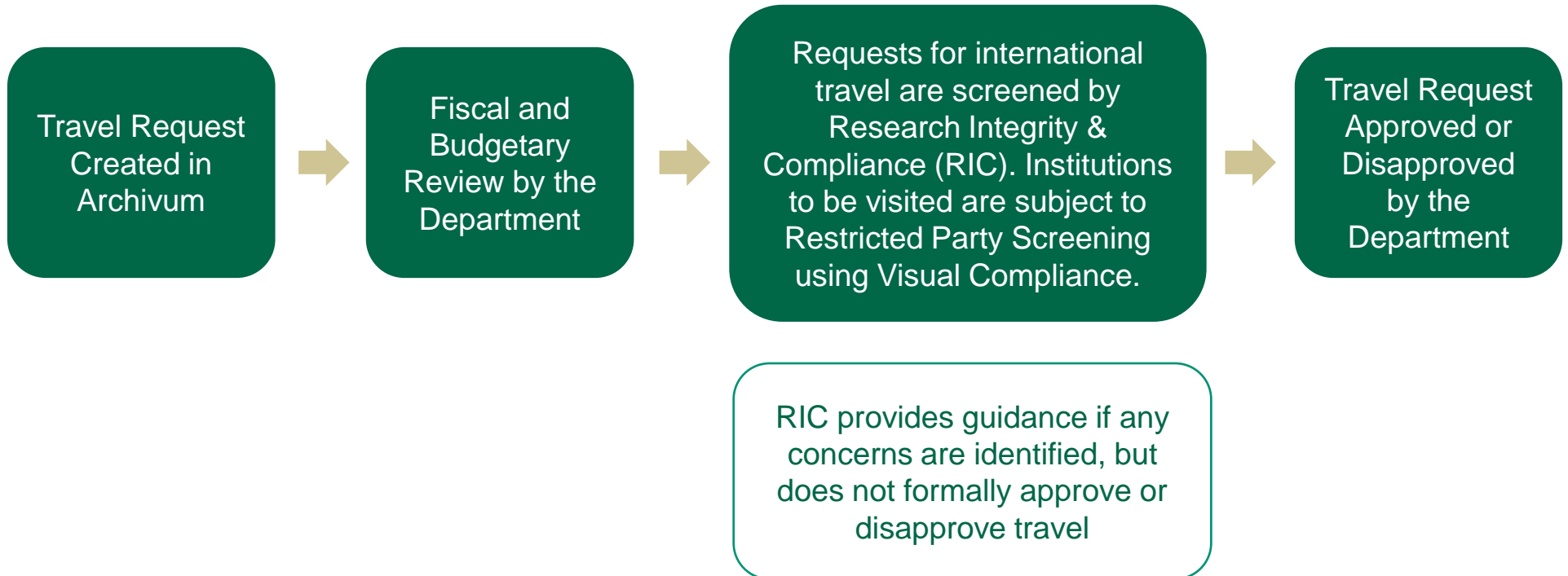
Democratic People's Republic of Korea (North  
Korea)

Republic of Cuba

Venezuelan regime of Nicolás Maduro

Syrian Arab Republic

## Travel Review and Approval Process



# Summary

- In Fiscal Year 2023 (July 1, 2022 – June 30, 2023), RIC conducted a total of 1264 screenings for international travel
- Of this total, 17 (1.3%) involved a foreign country of concern
- 75% (9/12) of travel involving an FCOC was to China; the remaining 25% (3/12) was to Cuba
- Five screenings were conducted for travel that was subsequently canceled

# Annual Foreign Travel Report

## July 1, 2022 – June 30, 2023

Traveler	Foreign Country of Concern Visited	City(ies) Visited	Institution(s) Visited
Chi-Keung Fung	China	Guangzhou	Guangzhou University
Yangxin Huang	China	Changdu	Southwest Jiaotong University / International Chinese Statistical Association
Hongwei Su	China	Beijing	Beijing Normal University / Asia-Pacific Society for Computers in Education
DaZhi Wang	China	Hangzhou	Zhejiang University
DaZhi Wang	China	Chongqing	Children's Hospital of ChongQing Medical University
Zhigao Wang	China	Suzhou	Soochow University
Zheyi Xu	China	Guangzhou	China Summer Workshop on Information Management
Dezhi Yin	China	Beijing	Peking University / Beihang University
Yu Zhang	China	Shanghai, Nanjing, Chongqing	China Overseas Transportation Association / Chongqing Jiaotong University / Southeast University / Tongji University / Shanghai Jiaotong University
Laura Redwine	Cuba	Havana	Cuban Society of Psychology
Kevin Roman Candelaria	Cuba	Havana	Cuban Society of Psychology
Marilyn Stern	Cuba	Havana	Cuban Society of Psychology

# Screenings for travel that was subsequently canceled

## July 1, 2022 – June 30, 2023

Traveler	Foreign Country of Concern Visited	City Visited	Institution(s) Visited
Gert-Jan de Vreede	China	Beijing	Renmin University
Yicheng Tu	China	Dalian	Beijing University of Technology / 2023 Asia-Pacific Conference on Image Processing, Electronics and Computers
Tiffany Chenneville	Cuba	Havana	Cuban Society of Psychology
Gabriel Picone	Cuba	Havana	Center for Genetic Engineering and Biotechnology
Gabriel Picone	Cuba	Havana	University of Havana / Center for Genetic Engineering and Biotechnology

# RIC Foreign Influence Team

- Fred Pflueger, PhD, Export Control Officer
- Mitchell McNelly, Senior Foreign Influence Analyst
- Urika DeVecchio, Foreign Influence Analyst



July 26, 2023

Trustee Sandra Callahan  
University of South Florida  
Office of the Board of Trustees Operations  
4202 E. Fowler Avenue, CGS301  
Tampa, FL 33620


Re: Annual Foreign Travel Report

Dear Trustee Callahan:

Effective July 1, 2022, Florida Statute 1010.36, Foreign Travel and Research Institutions required all State University System institutions to establish an approval and monitoring program for international travel by January 1, 2022. Section 1010.36(4) requires USF to submit an annual report of employment-related foreign travel to countries of concern to the Board of Governors (BOG) or other appropriate governing board. In April of 2022, the BOG issued guidance clarifying that the annual foreign travel report must be submitted to the USF Board of Trustees each July 31, beginning in 2022. The attached report represents the annual foreign travel report and covers the fiscal period from July 1, 2022 through June 30, 2023.

Please let me know if I may answer any questions.

Respectfully,

DocuSigned by:  
  
C609B218103B47E...  
Jason G. Ramage  
Director, Research Integrity & Compliance

Encl.

cc: Sylvia Thomas, Interim Vice President for Research & Innovation  
Keith Anderson, Assistant Vice President for Research & Innovation  
Marcia Taylor, Director, Office of International Services  
Fred Pflueger, Export Control Officer  
Caroline Fultz-Carver, Chief Compliance Officer  
Jorge Rodriguez, Foreign Influence Compliance Officer

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**Research Integrity & Compliance**

University of South Florida / 3702 Spectrum Blvd., Suite 165 / Tampa, FL 33612 / 813-974-5638



Annual Foreign Travel Report  
July 1, 2022 – June 30, 2023

<b>Traveler</b>	<b>Foreign Country of Concern Visited</b>	<b>City(ies) Visited</b>	<b>Institution(s) Visited</b>
Chi-Keung Fung	People's Republic of China	Guangzhou	Guangzhou University
Yangxin Huang	People's Republic of China	Chengdu	Southwest Jiaotong University / International Chinese Statistical Association
Hongwei Su	People's Republic of China	Beijing	Beijing Normal University / Asia-Pacific Society for Computers in Education
DaZhi Wang	People's Republic of China	Hangzhou	Zhejiang University
DaZhi Wang	People's Republic of China	Chongqing	Children's Hospital of ChongQing Medical University
Zhigao Wang	People's Republic of China	Suzhou	Soochow University
Zheyi Xu	People's Republic of China	Guangzhou	China Summer Workshop on Information Management
Dezhi Yin	People's Republic of China	Beijing	Peking University / Beihang University
Yu Zhang	People's Republic of China	Shanghai, Nanjing, Chongqing	China Overseas Transportation Association / Chongqing Jiaotong University / Southeast University / Tongji University / Shanghai Jiaotong University
Laura Redwine	Republic of Cuba	Havana	Cuban Society of Psychology
Kevin Roman Candelaria	Republic of Cuba	Havana	Cuban Society of Psychology
Marilyn Stern	Republic of Cuba	Havana	Cuban Society of Psychology

The following screenings were conducted, but the travel was subsequently canceled.

<b>Traveler</b>	<b>Foreign Country of Concern Visited</b>	<b>City(ies) Visited</b>	<b>Institution(s) Visited</b>
Gert-Jan de Vreede	People's Republic of China	Beijing	Renmin University
Yicheng Tu	People's Republic of China	Dalian	Beijing University of Technology / 2023 Asia-Pacific Conference on Image Processing, Electronics and Computers
Tiffany Chenneville	Republic of Cuba	Havana	Cuban Society of Psychology
Gabriel Picone	Republic of Cuba	Havana	Center for Genetic Engineering and Biotechnology
Gabriel Picone	Republic of Cuba	Havana	University of Havana / Center for Genetic Engineering and Biotechnology

**Agenda Item: IV.d.**

**USF Board of Trustees**  
Audit & Compliance Committee  
August 8, 2023

**Issue:** Office of Internal Audit External Quality Assurance Review

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**Proposed action:** Informational

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**Executive Summary:** In accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing, Board of Governors Regulations, and the Office of Internal Audit Charter, an external quality assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The chief audit executive must discuss with the board:

- The form and frequency of external assessment.
- The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.
- Conclusions of assessors.
- Corrective action plans

**Financial Impact:** NA

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**Strategic Goal(s) Item Supports:** To practice continuous visionary planning and sound stewardship throughout USF to ensure a strong and sustainable financial base, and to adapt proactively to emerging opportunities in a dynamic environment.

**BOT Committee Review Date:** 08/08/2023

**Supporting Documentation Online (please circle):**

**Yes**

**No**

*2023 External QAR Overview 08082023 FR.pdf*

*23-011 QAR FR 05232023.pdf*

**Prepared by:** Virginia Kalil, Executive Director/Chief Internal Auditor, USF Office of Internal Audit

# External Quality Assurance Review

**Virginia L. Kalil**  
**Executive Director/Chief Internal Auditor**

Audit & Compliance Committee | August 8, 2023



# Requirements

- Institute of Internal Audit Standard 1312

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The chief audit executive must discuss with the board:

- The form and frequency of external assessment.
- The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.
- Conclusions of assessors.
- Corrective action plans.

- BOG Regulation 4.002 (6)(e)

The chief audit executive must develop and maintain a quality assurance and improvement program in accordance with professional audit standards. This program must include an external assessment conducted at least once every five (5) years. The external assessment report and any related improvement plans shall be presented to the board of trustees, with a copy provided to the Board of Governors Office, through the Office of the Inspector General and Director of Compliance.

# Process and Timeline



## Scope and Methodology

- Evaluation of Conformance with the Institute of Internal Auditors' (IIA's) Standards and Code of Ethics
- Self-assessment with Independent Validation
- The IIA's Quality Assessment Manual for the Internal Audit Activity (2017) Methodology
- Validation of self-assessment by external assessment team through
  - Quality control process review
  - Documentation review, including sample testing
  - Interviews with stakeholders and Office of Internal Audit (IA) staff members

## Overall Conclusion

Based on the review, IA ***generally conforms*** to the IIA Standards and the Code of Ethics. The term “generally conforms” means that the relevant structures, policies, and procedures comply with the individual standards and Code of Ethics in all material respects and represents the ***highest rating*** for the assessment.

## Strengths and Leading Practices

- IA is well-respected and members of the board and senior leadership view the team as thorough, collaborative, and a trusted advisor.
- IA demonstrates independence through its well-established functional reporting line to the Board of Trustees which is recognized by University administrators.
- IA has established strong partnerships with USF Information Technology and the Chief Information Officer.
- IA has established effective communication with the Audit and Compliance Committee and senior leadership.
- IA has produced audit reports that satisfy the needs of stakeholders demonstrating thorough research and in-depth analysis of issues.



# Opportunities for Improvement

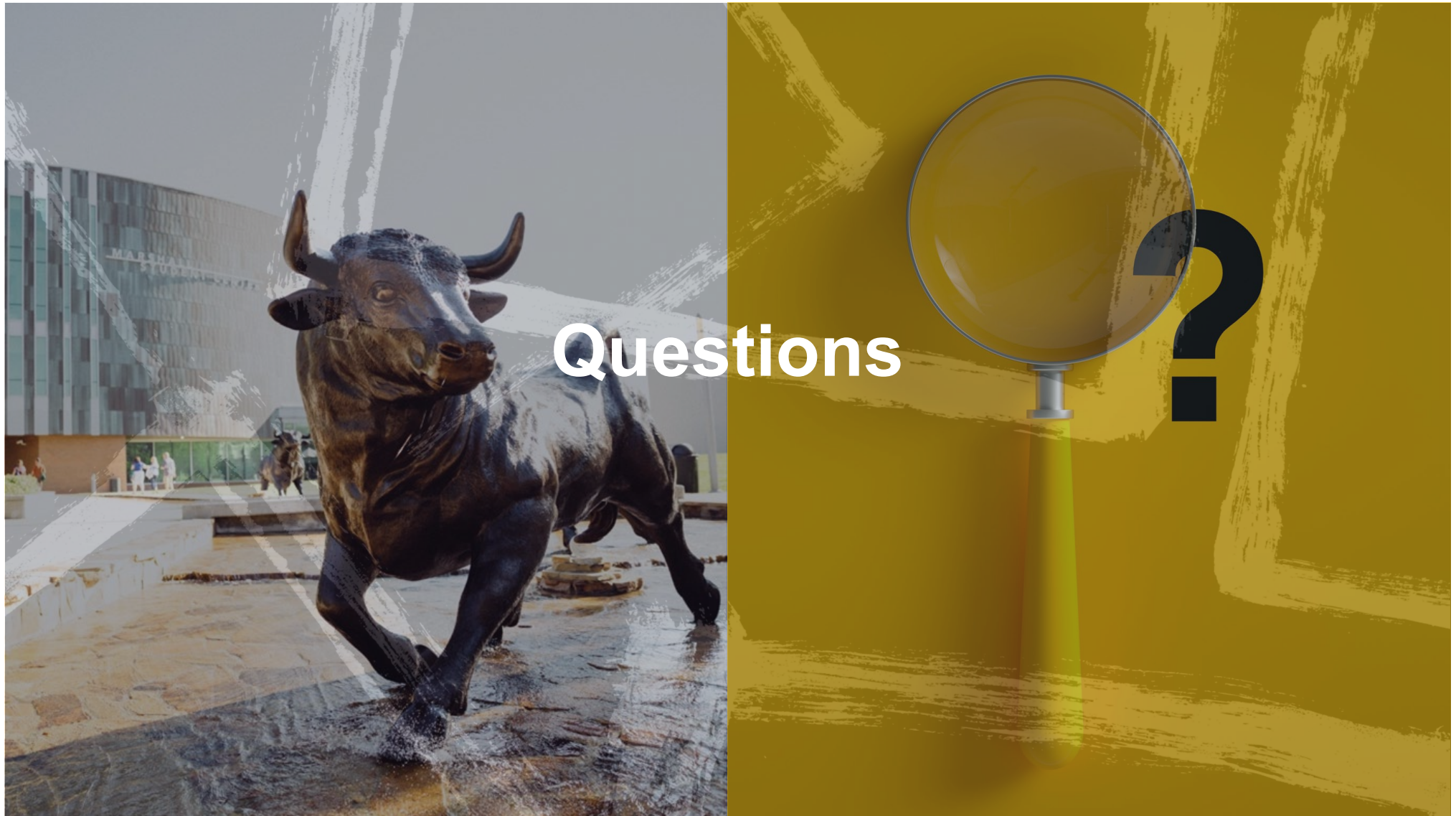
IA's self-assessment and collaboration with the external assessment team identified recommendations which will help ensure:

- Better documentation retention when relying on the work of external assurance and consulting service providers;
- Broader risk coverage and continued alignment of stakeholders' risk tolerances;
- Successful recruitment and retention of talent; and
- Efficient communication of results.

# Stakeholder Impressions



"If Audit fails, we fail."  
*President Rhea Law*



## Successful Audit Practices

- Well-respected, high-performing team is valued and supported by management and the Board of Trustees.
- Team's education, experience, and professional credentials are commendable.
- Policies and procedures are robust with regular quality assurance points and a focus on technology.
- Activity is focused on institutional risks, including information technology and fraud risks.

## External Assessors



Brian Daniels, CIA, CISA, GCFA  
Chief Audit & Compliance Officer  
The University of Tennessee  
System



Kimberly "Kim" F. Turner, CPA  
Chief Audit Executive  
Texas Tech University System



Trevor L. Williams, CPA, CIGA  
Chief Audit Executive  
Florida International University



## MEMORANDUM

TO: President Rhea Law  
USF Board of Trustees Audit and Compliance Committee

FROM: Virginia L. Kalil, CIA, CISA, CFE, CRISC  
Executive Director/Chief Internal Auditor

DATE: June 27, 2023

SUBJECT: 23-011 USF Office of Internal Audit Self-Assessment with Independent Validation

DocuSigned by:  
*Virginia Kalil*  
0D6C38EF9E6641E...

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The USF Office of Internal Audit (IA) conducted a self-assessment of its internal audit services for the most recent five-year period as required by the Institute of Internal Auditing's International Standards for the Professional Practice of Internal Auditing (IIA Standards) and the [Board of Governors' \(BOG\) Regulation 4.002 \(6\)\(e\)](#). The principal objective of the assessment was to evaluate IA's conformance with the current IIA Standards and Code of Ethics. IA's self-assessment was concluded on May 5, 2023 and provides senior management and the board with information about IA as of that date.

IA also evaluated its effectiveness in carrying out its mission, as set forth in the [Internal Audit Charter](#) and expressed by USF management and the Board of Trustees (BOT). The results of IA's self-assessment were validated by a three-member external assessment team. The assessment team also reviewed IA's observations related to successful internal audit practices and opportunities for continuous improvement. The form and frequency of the external assessment, to include the independence and qualifications of the assessment team, was discussed with the BOT Audit and Compliance Committee (ACC). A description of the methodology used to complete this assessment is described on page 2 of this report.

Based on the review, IA **generally conforms** to the IIA Standards and the Code of Ethics. The term "generally conforms" means that the relevant structures, policies, and procedures comply with the individual standards and Code of Ethics in all material respects and represents the highest rating for the assessment. See [Appendix A](#) for additional details.

While conformance gaps were not identified, opportunities for continuous program enhancement were made based upon the IIA Practice Guides, other best practice guidance, and professional interactions with other internal audit functions and the external assessment team. See [Appendix B](#) and [Attachment A](#) for additional details.

Please contact us at (813) 974-2705 if you have any questions.



## SCOPE AND METHODOLOGY

IA compiled and prepared information consistent with the methodology established in the IIA's *Quality Assessment Manual for the Internal Audit Activity (2017)*. Included with all supporting documentation, this information was comprised of completed and detailed planning guides and an evaluation summary that documented all conclusions and observations.

To accomplish the objectives, the external assessment team reviewed information prepared by IA and the conclusions reached in this report. The external assessment team also conducted interviews with selected key stakeholders, including the ACC Chair and members, senior executives, and IA management and staff members; reviewed a sample of audit projects and associated work papers and reports; and prepared diagnostic tools consistent with the methodology established in the IIA's *Quality Assessment Manual for the Internal Audit Activity (2017)*.

The external assessors also prepared an "Independent Validation Statement" report to document conclusions related to the validation of IA's self-assessment. This statement is included in [Attachment A](#) of this report.

## SUMMARY OF OBSERVATIONS

IA believes that the environment in which it operates is well-structured and progressive, Standards are understood, the Code of Ethics is being applied, and management endeavors to provide useful audit tools and implement appropriate practices. Consequently, IA's comments and recommendations are intended to build on this foundation.

*Successful Audit Practices – areas where IA is operating in a particularly effective or efficient manner when compared to the practice of internal auditing demonstrated by internal audit activities in other organizations.*

IA receives a high level of support from USF senior management and the BOT ACC. The internal audit program is well-respected and is viewed as a high-performing team.

Although IA has experienced significant turnover in the last two years, the audit team has maintained a wide range of knowledge and experience, including higher education experience. The team's level of education, knowledge, and professional certification is commendable. The management team takes great care in the development of staff including supporting team members' educational and professional development, as well as skill enhancement needs.

IA's ability to respond promptly to management needs, despite limited staffing resources, demonstrates an effective and efficient use of audit resources and strong project management skills.

IA has built a strong infrastructure over audit processes, with robust policies and procedures alongside regular quality assurance points. IA embraces the use of technology and has embedded the IIA Standards within their internal audit management software (TeamMate+) templates to ensure compliance.

During fiscal year 2022-2023, IA migrated from TeamMate AM to TeamMate+, a cloud-based solution, consistent with USF's cloud first-strategy. IA strengthened the alignment between IIA and other professional Standards by providing references to process steps and policies within each work step, which further underlined IA's compliance with the relevant IIA guidance.

The IA team remains focused on institutional risks, including information technology and fraud risks, from the development of the two-year work plan through the development of individual project plans. This helps to ensure that IA remains focused on projects supporting the strategic goals of USF.

*Gaps to Conformance – areas where IA falls short of achieving one or more major objectives and attains an opinion of “partially conforms” or “does not conform” with the Standards or Code of Ethics.*

No gaps identified.

*Opportunities for Improvement – areas to enhance the efficiency or effectiveness of IA's infrastructure of processes. These items do not indicate a lack of conformance with the Standards or Code of Ethics.*

IA's self-assessment identified the following recommendation which will help ensure ([Appendix B](#)):

- Better documentation retention when relying on the work of external assurance and consulting service providers.

Additionally, IA's collaboration with the external assessment team identified the following recommendations which will help ensure ([Attachment A](#)):

- Broader risk coverage and continued alignment of stakeholders' risk tolerances;
- Successful recruitment and retention of talent; and
- Efficient communication of results.



**APPENDIX A**  
**EVALUATION SUMMARY AND RATING DEFINITIONS**

		GC	PC	DNC
<b>Overall Evaluation</b>		✓		
<b>Attribute Standards (1000 through 1300)</b>		GC	PC	DNC
1000	Purpose, Authority, and Responsibility	✓		
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	✓		
1100	Independence and Objectivity	✓		
1110	Organizational Independence	✓		
1111	Direct Interaction with the Board	✓		
1112	Chief Audit Executive Roles Beyond Internal Auditing	✓		
1120	Individual Objectivity	✓		
1130	Impairment to Independence or Objectivity	✓		
1200	Proficiency and Due Professional Care	✓		
1210	Proficiency	✓		
1220	Due Professional Care	✓		
1230	Continuing Professional Development	✓		
1300	Quality Assurance and Improvement Program	✓		
1310	Requirements of the Quality Assurance and Improvement Program	✓		
1311	Internal Assessments	✓		
1312	External Assessments	✓		
1320	Reporting on the Quality Assurance and Improvement Program	✓		
1321	Use of “Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> ”	✓		
1322	Disclosure of Nonconformance	✓		

Performance Standards (2000 through 2600)		GC	PC	DNC
2000	Managing the Internal Audit Activity	✓		
2010	Planning	✓		
2020	Communication and Approval	✓		
2030	Resource Management	✓		
2040	Policies and Procedures	✓		
2050	Coordination and Reliance	✓		
2060	Reporting to Senior Management and the Board	✓		
2070	External Service Provider and Organizational Responsibility for Internal Auditing	✓		
2100	Nature of Work	✓		
2110	Governance	✓		
2120	Risk Management	✓		
2130	Control	✓		
2200	Engagement Planning	✓		
2201	Planning Considerations	✓		
2210	Engagement Objectives	✓		
2220	Engagement Scope	✓		
2230	Engagement Resource Allocation	✓		
2240	Engagement Work Program	✓		
2300	Performing the Engagement	✓		
2310	Identifying Information	✓		
2320	Analysis and Evaluation	✓		
2330	Documenting Information	✓		
2340	Engagement Supervision	✓		

2400	Communicating Results	✓		
<b>Performance Standards (2000 through 2600)</b>		<b>GC</b>	<b>PC</b>	<b>DNC</b>
2410	Criteria for Communicating	✓		
2420	Quality of Communications	✓		
2421	Errors and Omissions	✓		
2430	Use of “Conducted in Conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> ”	✓		
2431	Engagement Disclosure of Nonconformance	✓		
2440	Disseminating Results	✓		
2450	Overall Opinions	✓		
2500	Monitoring Progress	✓		
2600	Communicating the Acceptance of Risks	✓		
<b>Code of Ethics</b>		<b>GC</b>	<b>PC</b>	<b>DNC</b>
	<b>Code of Ethics</b>	✓		

<b>Ratings Definition</b>		
Rating		Description
<b>GC</b>	<b>Generally Conforms</b>	This is the highest rating and indicates that the assessor or the assessment team has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the <u>individual</u> standard or elements of the Code of Ethics in all material respects. For the <u>sections</u> and <u>major categories</u> , this means that there is general conformity to a majority of the individual standard or element of the Code of Ethics and at least partial conformity to the others within the section/category. There may be significant opportunities for improvement, but these should not represent situations where the activity has not implemented the <i>Standards</i> or the Code of Ethics and has not applied them effectively or has not achieved their stated objectives. As indicated above, general conformance does not require complete or perfect conformance, the ideal situation, or successful practice, etc.
<b>PC</b>	<b>Partially Conforms</b>	This indicates that the assessor or assessment team has concluded that the activity is making good-faith efforts to comply with the requirements of the <u>individual</u> standard or elements of the Code of Ethics, or a <u>section</u> or <u>major category</u> , but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the <i>Standards</i> or the Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the internal audit activity and may result in

Ratings Definition		
Rating		Description
		recommendations to senior management or the board of the organization.
<b>DNC</b>	<b>Does Not Conform</b>	This indicates that the assessor or assessment team has concluded that the internal audit activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many or all of the objectives of the <u>individual</u> standard or element of the Code of Ethics, or a <u>section</u> or <u>major category</u> . These deficiencies will usually have a significantly negative impact on the internal audit activity's effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board.

## APPENDIX B

### EFFICIENCY AND EFFECTIVENESS

1. **The Office of Internal Audit lacks a specific written procedure regarding documentation when relying on external assurance and consulting service providers.**

IIA Standard 2050 – Coordination and Reliance states, “The chief audit executive should share information, coordinate activities, and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts”.

USF had an established relationship with Protiviti, an external service provider, dating back to March 31, 2008, when a Master Services Agreement between Protiviti and the University was signed. In December 2020, USF General Counsel contracted with Protiviti to assist the Office of Internal Audit (IA) with providing investigatory services, as well as control assessment services.

In addition, the Board of Trustees (BOT) Chair requested IA contract with Protiviti to perform an assessment of the design and effectiveness of internal control processes related to the administration, distribution, use, and accounting for procurement cards at three Direct Support Organizations (DSOs) – the Health Professions Conferencing Corporation (HPCC), the USF Foundation, and the USF Alumni Association. The scope of the review was defined in a Statement of Work.

IA worked very closely with Protiviti on three related projects and met with Protiviti team leadership weekly. Separate IA projects were maintained for each of these efforts. The Protiviti efforts related to the DSO Procurement Card controls was selected during the self-assessment to verify IA was monitoring these efforts consistent with IIA standards and expectations.

IA placed reliance on the work of the external services provider through weekly meetings and continuous monitoring of the work performed. During our self-assessment, IA noted that key documents which demonstrate best practice were left out of the project files as follows:

- Scope of Work and Contract: While these documents existed and have been signed, they were not placed in the specific project file.
- Project Meeting Summary: While IA was advised of audit progress through ongoing meetings with Protiviti, a Project Meeting Summary document was not prepared for the specific audit file as evidence of the meetings held.

Due to staff shortages and a challenging job market, IA plans to continue the use of supplemental internal audit services to fulfill its fiscal year 2023-2024 IA Work Plan. Due to a continued necessity to partially outsource the performance of the internal audit work, there is a need to establish a more formal structure and review process to ensure that adequate documentation is maintained in the audit files as evidence of the ongoing monitoring efforts performed by IA in the reliance on outsourced services.

**Recommendation: IA should establish a specific written procedure that details the documentation and monitoring activities to be performed when the internal audit activity relies on the work of external assurance and consulting services providers.**

**ATTACHMENT A**

IA 23-011



**TEXAS TECH UNIVERSITY SYSTEM™**

Office of Audit Services

**University of South Florida  
Office of Internal Audit  
Independent Validation of  
Quality Self-Assessment Review**

June 16, 2023

ATTACHMENT A

IA 23-011



TEXAS TECH UNIVERSITY SYSTEM™

Office of Audit Services

June 16, 2023

Ms. Virginia Kalil, CIA, CFE, CISA, CRISC
Executive Director/Chief Internal Auditor
Office of Internal Audit
4202 E. Fowler Avenue, ALN 145
Tampa, FL 33620

Dear Ms. Kalil,

We were engaged to conduct an independent validation of the self-assessment by the Office of Internal Audit (IA) at University of South Florida (USF) for the five-year period ending May 31, 2023. The primary objective of the validation was to verify the assertions and conclusions made in the attached self-assessment report concerning adequate fulfillment of USF’s basic expectations of IA, its conformity to The Institute of Internal Auditors’ (IIA) Code of Ethics and International Standards for the Professional Practice of Internal Auditing, and successful internal audit practices and opportunities for continuous improvement. We addressed this objective through interviews of selected stakeholders to the internal audit function; interviews of IA staff members; review of documents prepared by IA; review of quality control processes; and evaluation of IA work products from a sample of audit reports. These activities were performed during June 2023.

Based on the information we received and evaluated, we concur with IA’s conclusions that it Generally Conforms with the IIA Code of Ethics and International Standards for the Professional Practice of Internal Auditing in all material respects during the period under review. This opinion, which is the highest of three possible ratings, means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal auditing program. Additionally, IA is held in high regard by its key stakeholders within USF, indicating that the office is accomplishing its mission to assist the Board of Trustees, President, and University leadership by providing independent, objective assurance and consulting services designed to add value and improve USF operations.

We appreciate the cooperation and assistance provided to us throughout the course of our review by the members of IA and the USF community.

Sincerely,

Kimberly F. Turner, CPA
Chief Audit Executive
Office of Audit Services
Texas Tech University System

Brian Daniels, CIA, CISA, GCFA
Chief Audit & Compliance Officer
Office of Audit & Compliance Office
University of Tennessee System

Trevor Williams, CPA, CIGA
Chief Audit Executive
Office of Internal Audit
Florida International University

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Office of Internal Audit External Quality Assessment Review

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## Overall Conclusion of the Independent Review Team

Based on the information we received and evaluated, it is our overall opinion that the internal audit function Generally Conforms with The IIA *Code of Ethics* and *International Standards for the Professional Practice of Internal Auditing (Standards)* in all material respects during the period under review. Strengths and leading practices, as well as opportunities for continued program enhancement are included in our report, and we agree with the results of the self-assessment performed by the IA team.

The rating system that was used for expressing an opinion for this review provides for three levels of conformance: generally conforms, partially conforms, and does not conform. “Generally Conforms” means that the IA has policies, procedures, and a charter that were judged to be in accordance with the standards, even if opportunities for improvement may exist. “Partially Conforms” means deficiencies, while they might impair, did not prohibit the IA from carrying out its responsibilities. “Does Not Conform” means deficiencies in practice were found that were considered so significant as to seriously impair or prohibit the IA from carrying out its responsibilities.

The following table lists the specific sections of the IIA *Standards* and *Code of Ethics* and contains our opinion of how the activities of the IA conform to each section:

Standard Type and Description	Opinion
<i>IIA Attribute Standards:</i>	
1000 Purpose, Authority, and Responsibility	Generally Conforms
1100 Independence and Objectivity	Generally Conforms
1200 Proficiency and Due Professional Care	Generally Conforms
1300 Quality Assurance and Improvement Program	Generally Conforms
<i>IIA Performance Standards:</i>	
2000 Managing the Internal Audit Activity	Generally Conforms
2100 Nature of Work	Generally Conforms
2200 Engagement Planning	Generally Conforms
2300 Performing the Engagement	Generally Conforms
2400 Communicating Results	Generally Conforms
2500 Monitoring Progress	Generally Conforms
2600 Communicating the Acceptance of Risks	Generally Conforms
<i>The Institute of Internal Auditors' Code of Ethics</i>	
	Generally Conforms

## Strengths and Leading Practices

**The IA is well-respected, and members of the Board of Trustees and senior leadership view IA as thorough, collaborative, and a trusted advisor.** Administrators have embedded IA in an advisory role in significant University strategic priorities and projects including implementation of a human capital management system and development of an administrative partnership model.

**The IA's independence through its functional reporting line to the Board of Trustees is well-established and recognized by University administrators.**

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**IA has established strong partnerships with USF Information Technology and the Chief Information Officer**, which is evidenced by the chief audit executive's inclusion and engagement with the IT Management Council and the Information Governance Management Council.

**The IA has established effective communication with the Audit and Compliance Committee and senior leadership.** The chief audit executive communicates engagement results to the Audit and Compliance Committee and senior leadership in a clear, informative, and concise manner that enables them to easily understand the nature, extent, and importance of the issues.

**The IA has produced audit reports that satisfy the needs of the USF stakeholders, in that the reports demonstrated thorough research and in-depth analysis of the issues.** Additionally, the audit recommendations are practical and actionable.

## Opportunities for Continued Program Enhancement

### Broader Risk Coverage

Maximizing IA's impact requires achieving both breadth and depth of coverage across the University enterprise. Breadth is achieved when IA performs work for many different aspects of the enterprise; depth refers to the ability of IA to address complex matters that go beyond just scratching the surface. Reportedly, both auditors and University leaders expect a full review of all activities in areas under audit, "to ensure nothing is missed." However, this expectation limits IA's ability to achieve the breadth needed for a comprehensive University and may result in spending valuable audit time on lower risks in one area areas as compared with higher risks in other areas. Implying an audit will uncover every issue may also give a false sense of security to recently audited areas, since audits are designed to offer reasonable – but not absolute – assurance.

We recommend IA management work with University leaders in reducing the average engagement size to facilitate broader IA coverage across the University. Doing so should allow for increased coverage of higher risk areas where management desires IA input and will improve the timeliness of communicating results.

### Recruitment and Retention

Although the department has several extended vacancies, it was clear during our review that the Board of Trustees, the President, and senior leadership are very supportive of IA's efforts to recruit and retain talented and committed professionals. The CAE should continue to leverage this financial support to explore creative methods for recruiting and retaining professional staff. Potential opportunities exist to develop a career-level position that continues the track of a senior auditor into a principal role without having to transition to management of employees.

### Co-sourced Audit Engagements

IA has leveraged an external audit firm to supplement the existing expertise and capacity of audit staff, particularly amid a period of short staffing. IA should continue to pursue expertise to address complex topics and key risk areas. A specific opportunity that is forthcoming relates to capital construction, a topic that IA included on its most recent audit plan. The complexity and

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scale of a large capital project requires specialized expertise that is likely best leveraged through external audit firm engagement, and there may be other key risk areas that dictate a similar course of action.

**Risk Tolerance**

IA has demonstrated significant commitment to aligning its work with the strategic direction of the University. In the same spirit, IA leadership should continue efforts to fully understand the risk tolerance and risk appetite of key stakeholders to ensure its work continues to be relevant and valuable.

**Engagement Communications**

For assurance engagements, IA typically issues an audit report containing high risk issues and a management letter containing medium and low risk issues. The two reports are issued to the same members of management. To improve efficiency for both IA and its clients, we support IA's plans to combine these into one report in the near future.

**Engagement Overview****Background**

Internal audit functions within Florida state agencies, including higher education systems and institutions, are required to conform with:

- The Institute of Internal Auditors (IIA) *Code of Ethics* and *International Standards for the Professional Practice of Internal Auditing (Standards)* and
- Florida Board of Governors Regulation 4.002, *State University System Chief Audit Executives*.

These standards require internal audit functions to undergo periodic external quality assurance reviews to assess conformance with the Standards and Regulation at least every five years. USF IA completed its last external quality assurance review in June 2018.

**Objective, Scope, and Methodology**

Our objective was to provide reasonable assurance that IA conforms to the standards listed above and to appraise the quality of its operations. The scope of our review covered the five-year period ending May 31, 2023, primarily focusing on 2022-2023 operations. We performed our quality assessment based on the latest version of the IIA Standards published in January 2017.

We accomplished our objective through the following procedures:

- Interviews of selected stakeholders of the internal audit function, including audit clients, key USF administrators, and members of the Board of Trustees Audit Committee (listed in Appendix A)
- Interviews of IA staff members

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- Review of the previous external quality assurance report and information on the implementation status of those recommendations
- Review of the IA and audit committee charters
- Review of the organizational structure and reporting lines of the audit function
- Review of the annual audit plan and other materials prepared by IA, including the self-assessment recommendations
- Examination of a sample of IA work products and audit and advisory reports

We performed these procedures during June 2023.

**Quality Assessment Team**

**Kimberly F. (Kim) Turner, CPA**, is the chief audit executive for the Texas Tech University System and leads a department of 17 auditors serving three general academic institutions and two health sciences centers. A former president of the Association of College and University Auditors (ACUA), Kim received ACUA's Professional Contributions award in 2014 and ACUA's Excellence in Service Award in 2011. Kim has served as founding president of the High Plains Chapter of The IIA; statewide board member and South Plains Chapter president of the Texas Society of CPAs; and board chair for the City of Lubbock Audit Committee and for Lubbock Meals on Wheels. Kim is currently Vice Chair of the Covenant Health System Board and Board Secretary for the Texas Tech Credit Union. A member of ACUA Faculty, Kim is a frequent speaker for professional organizations and has served on numerous peer review teams to enhance the performance of internal audit functions, both inside and outside of higher education.

**Brian Daniels, CIA, CISA, GCFA**, is the chief audit and compliance officer for University of Tennessee System with five institutions across the state. Brian began serving as the Chief Audit and Compliance Officer at The University of Tennessee System in 2019. Previously, he served 15 years in higher education in the Commonwealth of Virginia, primarily at the University of Virginia and Virginia Tech where he last served as the Director of Internal Audit. With an early career focus on IT Audit, his undergraduate degree was from Virginia Tech, and he received an MBA from James Madison University. Under Brian's leadership, Audit and Compliance, with more than 25 professionals, is a systemwide resource for the University of Tennessee, reporting directly to the Audit and Compliance Committee of the UT Board of Trustees. Offices are located on the Knoxville, Memphis, Chattanooga, and Martin campuses. The audit team prioritizes audit projects focused on high-risk topical areas, as well as efficiency, compliance, information technology, and fraud investigations. The compliance function includes the institutional compliance program as well as system-wide coordination and oversight for Title IX and the Clery Act. Institutional Compliance monitors more than 350 regulations.

**Trevor Williams, CPA, CIGA**, is the chief audit executive for Florida International University. Mr. Williams has a long and distinguished career spanning over 33 years in accounting and auditing, inclusive of both internal and external auditing. During his years of auditing, he has been involved in performing, coordinating, and directing financial, compliance, and performance audits in a wide variety of areas including construction, transportation, education, financial services, risk management, pension and health benefit plans, maintenance operations, contracts, and grants. Mr. Williams graduated with honors from Virginia State University with a Bachelor of Science degree in Business Administration and a minor in Accounting. He also earned a Master of Accounting Degree from Florida International University and is a Certified Public Accountant in Florida and Virginia. In addition, he currently serves on the Association of Local

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Government Auditors' Peer Review Committee and was a mentor in the 5000 Role Models of Excellence Project and Big Brothers/Big Sisters programs, where he mentored young men in the community.

### **Report Distribution**

USF President Rhea Law  
USF Board of Trustees Audit and Compliance Committee

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**Appendix A: Interviews Conducted****Stakeholders Served by the Audit Function**Board of Trustees

- Sandra Callahan, Chair of the Board of Trustees Audit & Compliance Committee
- Oscar Horton, Board of Trustees Audit & Compliance Committee
- Luran Monbarren, Board of Trustees Audit & Compliance Committee

Executives of University of South Florida (USF)

- Rhea Law, President
- Dr. Prasant Mohapatra, Provost and Executive Vice President for Academic Affairs
- Dr. Charles Lockwood, Executive Vice President for USF Health & Dean of Morsani College of Medicine
- Dr. Eric Eisenberg, Senior Vice President of University Community Partnerships
- Richard Sobieray, Senior Vice President, Financial Strategy (CFO) and Administrative Services and Chief Financial Officer
- Gerard Solis, Senior Vice President for Legal Affairs and General Counsel
- Jay Stroman, Senior Vice President for Advancement and Alumni Affairs
- Christian Hardigree, Regional Chancellor, USF St. Petersburg Campus
- Dr. Karen Holbrook, Regional Chancellor, USF Sarasota-Manatee Campus
- Michael Kelly, Vice President for Athletics
- Angela Sklenka, Vice President and Chief Human Resources Officer
- Dr. Sylvia Thomas, Vice President Research & Innovation
- Jennifer Condon, Vice President of Business & Finance and Deputy CFO
- Sidney Fernandez, Vice President/Chief Information Officer
- Dr. Theresa Chisolm, Vice Provost for Strategic Planning, Performance & Accountability

**Staff Members of the Audit Function**

## Senior Management of the Office of Internal Audit

- Virginia Kalil, Executive Director/Chief Internal Auditor
- Kate Head, Director Audit & Investigations

Internal Audit Department – Assistant Directors, Senior IT Audit Consultants, Senior Internal Audit Consultants and Internal Audit Consultants

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## ATTACHMENT A

IA 23-011

University of South Florida  
Office of Internal Audit External Quality Assessment Review

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### Appendix B: Stakeholder Impressions

The “word cloud” below captures and demonstrates the frequency and importance of the key words from key stakeholder interviews.



“If Audit fails, we fail.”  
President Rhea Law

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June 16, 2023

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