Audit and Compliance Committee

Presented by Joseph Maleszewski and Rica Calhoun

June 3, 2020
Risk Assessment
June 2019 - May 2020

Joseph Maleszewski, MBA, CIA, CIG, CIGI, CIGA, CISA, CGAP, CCEP
Vice President of Audit
Division of Audit
Risk Assessment

• Requirements
• Process
  o Interviews
  o Focus Groups
  o Industry Research
  o Audit, Advisory, Investigations
• Timeline
• COVID-19
• Heat Map
Risk Assessment

1. Safeguarding the health and safety of students, faculty, and staff
2. Ensuring continuity of courses of study and other essential operations
3. Determining the short- and long-term financial implications
4. Providing timely communications with key constituencies
5. Addressing special considerations such as clinical and research program continuity, food and housing insecurity, and the needs of low-income and international students
COVID-19 Risk Areas

- Distance Learning
- Health & Safety
- Enrollment
- Student Wellness
- Emergency Preparedness
- Athletics
- Compliance
- Advancement
- Budget
- Procurement Services
- Legal
- External Funding
- Auxiliaries
- Construction
- Human Resources
- Controller’s Office
- Information Technology
## Risk Assessment

### Academic Affairs: Distance Learning

<table>
<thead>
<tr>
<th>Students without the proper technology for course completion may increase course failure rates, withdrawals, and impact progression rates</th>
<th>Many courses that were structured for in-person instruction, posed challenges for quick conversion to a virtual setting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scaling of academic integrity technology and processes for volume of Distance Learning</td>
<td>Quality instruction will be hampered by 50% of the faculty being new to distance learning instruction and/or instructional technology</td>
</tr>
<tr>
<td>Grading policy changes may impact Performance Based Funding metric outcomes</td>
<td>Change of procedures to ensure compliance with privacy laws in a remote environment</td>
</tr>
<tr>
<td>Increased need for academic support services in a virtual environment</td>
<td>Manual graduation processes that were automated or need to be automated</td>
</tr>
</tbody>
</table>
## Risk Assessment

<table>
<thead>
<tr>
<th>Finance &amp; Administration: Information Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of employee knowledge on how to appropriately use and secure technology provided for teleworking and distance learning</td>
</tr>
<tr>
<td>Capability to ensure that all remote access capabilities are tested and secure and endpoints used by workers are patched</td>
</tr>
<tr>
<td>Ability of current staffing levels to meet the security monitoring and customer service within an expanded operating environment</td>
</tr>
<tr>
<td>Vulnerability management of remote access tools or infrastructure (i.e. VPN)</td>
</tr>
<tr>
<td>Lack of sufficient levels of ongoing cybersecurity awareness communications to reinforce the need for remote workers/students to remain vigilant to socially engineered attacks</td>
</tr>
<tr>
<td>Increased occurrence of phishing, malware, and ransomware attacks since the COVID-19 pandemic began</td>
</tr>
<tr>
<td>Strain of teleworking and distance learning technology on University resources (people, costs of software/hardware/licenses)</td>
</tr>
<tr>
<td>Insecure virtual communication platforms impacting University operations, privacy requirements, and reputation</td>
</tr>
</tbody>
</table>
Risk Assessment

Finance & Administration: Budget

Ability to balance the FY 2019-2020 budget due to significant unplanned expenses related to COVID-19, including refunds of housing and meal plans.

Ability to accurately forecast budget scenarios due to limited expense information: operational expenses to prepare and sustain a new mode of operations.

Ability to accurately forecast budget scenarios due to limited revenue information: state appropriations, enrollment, fall auxiliary, etc.
## Risk Assessment

### Student Affairs: Student Wellness

<table>
<thead>
<tr>
<th>Icon</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>🧠</td>
<td>Increased prevalence of mental health needs and alcohol and drug issues</td>
</tr>
<tr>
<td>⛔️</td>
<td>Ability to virtualize recreation and fitness activities</td>
</tr>
<tr>
<td>🗝️</td>
<td>Proliferation of electronic and manual student data requiring protection</td>
</tr>
<tr>
<td>🕵️‍♂️</td>
<td>Ability to monitor for and detect hazing within Greek life and student activities</td>
</tr>
<tr>
<td>🛒</td>
<td>Ability to provide additional resources to students to higher risk populations (FTIC, international students, significant financial need)</td>
</tr>
<tr>
<td>🗤</td>
<td>Coordinating and facilitating communication amongst departments and schools of complaints or issues when in a remote work environment</td>
</tr>
<tr>
<td>🌐</td>
<td>Implementation of appropriate safety measures to comply with physical distancing guidelines</td>
</tr>
</tbody>
</table>
## Heat Map

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSET AND RISK MANAGEMENT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emergency Preparedness</td>
<td>Moderate</td>
<td>Moderate &amp; Rising</td>
<td>Moderate &amp; Rising</td>
</tr>
<tr>
<td>Endowment &amp; Development</td>
<td>Moderate</td>
<td>Moderate</td>
<td>Moderate &amp; Rising</td>
</tr>
<tr>
<td>Environmental Health &amp; Safety</td>
<td>Moderate</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td><strong>AUXILIARY AND SERVICE DEPARTMENTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Athletics</td>
<td>High</td>
<td>High &amp; Rising</td>
<td>High &amp; Rising</td>
</tr>
<tr>
<td>Auxiliary Enterprise Administration</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Bookstore</td>
<td>Low</td>
<td>Low</td>
<td>Low &amp; Rising</td>
</tr>
<tr>
<td>Housing</td>
<td>Moderate</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>Police</td>
<td>Moderate</td>
<td>Moderate</td>
<td>High</td>
</tr>
<tr>
<td>Recreation &amp; Athletic Centers</td>
<td>Moderate</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>Service Centers Auxiliary</td>
<td>Moderate</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Special Events Center</td>
<td>Moderate</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td><strong>FINANCIAL MANAGEMENT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting</td>
<td>Low</td>
<td>Low</td>
<td>Low &amp; Rising</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>Moderate</td>
<td>Moderate</td>
<td>Moderate &amp; Rising</td>
</tr>
</tbody>
</table>

**FLORIDA A&M UNIVERSITY**
## Risk Assessment

<table>
<thead>
<tr>
<th>Risk Level</th>
<th>FY17/18</th>
<th>FY18/19</th>
<th>FY19/20</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>29</td>
<td>27</td>
<td>22</td>
<td>↓</td>
</tr>
<tr>
<td>Moderate</td>
<td>37</td>
<td>37</td>
<td>39</td>
<td>↑</td>
</tr>
<tr>
<td>High</td>
<td>14</td>
<td>16</td>
<td>19</td>
<td>↑</td>
</tr>
</tbody>
</table>

**FY 2017-2018**

- High: 14%
- Moderate: 37%
- Low: 29%

**FY 2018-2019**

- High: 16%
- Moderate: 37%
- Low: 27%

**FY 2019-2020**

- High: 19%
- Moderate: 39%
- Low: 22%
Work Plan
July 2020 – December 2020

Joseph Maleszewski, MBA, CIA, CIG, CIGI, CIGA, CISA, CGAP, CCEP
Vice President of Audit
Division of Audit
Work Plan Overview

**Requirement**
- IIA Standards – Performance Standards 2010 Planning

**Changes to Work Plan**
- 6 – Month Audit Work Plan
- Mapped to Strategic Plan and President’s Goals

**Benefit of New Format**
- Responsive to rapidly changing risks
- Focus on accountability, integrity, and efficiency
Assurance Services

CARES Act Funding Reviews
• Emergency Student Financial Aid
• Institutional Funds
• HBCU Funds

Knight Foundation - SJGC Expenditure Reviews
• Q4 (April 2020 – June 2020)
• Q1 (July 2020 – Sept 2020)

Reimbursements
Spring 2020 Housing and Meal Plan

Auxiliary Transfers Review
Auxiliary to Athletics
January 2020 – June 2020

Performance Based Funding Data Integrity Audit
Advisory Services

Strategic Financial Management
- Performance Based Funding
- CARES Act – HBCU Funding

IT - Remote Working
- Security Controls
- Operational Impacts

Management Requests
- Board of Trustees
- Senior Leadership Team
- External Party

Athletics Budget Process
- Budget Process Compliance
- Revenue Forecasting
- Process for Compiling Expenses
- Budget Monitoring and Reporting
- Budgeting for Future Capital Outlay and Maintenance Costs
- Title IX
Continuous Monitoring Services

**Construction**
- Root Cause Analysis: Project Delays
- Root Cause Analysis: Budget Shortfalls
- Funding Source Allowability for Expense
- CASS Relocation Plans
- Budget Reporting

**Purchase Cards**
- Unallowable Expenses
- Data Trend Analysis
- Reconciliation Compliance

**Textbook Affordability**
- Fall 2020
- Spring 2021
Audit and Advisory Services on the Horizon

Assurance Services
- Academic Honesty Framework
- Property Management Review
- Colleges/Schools – Academic and Business Operations
- Payroll – OPS, Cost Center
- Online Education and Support

Advisory Services
- Student Wellness Infrastructure
- FEMA – Expense Tracking and Reimbursement
- Privacy – Governance, Processes, Training
- Housing - Business Operations & Student Safety

Continuous Monitoring Services
- IT-NIST 800-171/Cybersecurity Maturity Model Certification
- COSO – Enterprise Risk Management Implementation
“At FAMU, Great Things are Happening Every Day!”