

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



**Division of Audit and Compliance
2015-16 Risk Assessment and Internal Audit Plan**

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2015-16 Risk Assessment & Internal Audit Plan

Executive Summary

In developing the 2015-2016 Internal Audit Plan, we performed a university-wide internal audit risk assessment, a process that identified and analyzed risks facing Florida Agricultural and Mechanical University (FAMU). The risk assessment served as the primary basis for developing the 2015-2016 Internal Audit Plan. The objective of the risk assessment is to align internal audit resources to those processes that pose the highest risk to the University's ability to achieve its objectives. In addition, we considered fraud risk factors in the development of this Internal Audit Plan.

While completing this year's risk assessment, we conducted 16 interviews with certain members of the Executive Staff and members of FAMU's Board of Trustees related to the University's overall risk universe. Each interview was scheduled for approximately one hour, and each interviewee was asked to comment on the risks associated with FAMU's ability to execute its core objectives and risks specifically related to their span of control. Additionally, meetings with eight focus groups (45 participants) were held and a survey was distributed to focus group participants to solicit feedback on risks associated with significant processes, and to assist in ranking the overall risk of major processes in the different risk universe spheres.

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Risk Assessment Matrix Development Process

The development of the Risk Assessment Matrix is a three step process:

1. Determine the risk universe for FAMU
2. Determine the likelihood of occurrence having a material impact on the University
3. Risk definition – low, medium and high

Risk Universe

The risk universe was compiled using a standard risk universe for Universities and adjusting for operations applicable to FAMU. The adjustments to the risk universe were made from our knowledge and experience with the University’s operations, prior Internal Audit reports, and from discussions with Executive Staff and focus groups.

Likelihood of Material Impact of Occurrence

The risk related to each category was scored based on the likelihood of having a material impact on the University. Interviewees and survey recipients completed the risk ranking, where each risk was scored on an impact and likelihood scale. Guidance on risk ranking (listed below) was provided to survey recipients for measuring impact and likelihood on a 1-5 scale.

Likelihood

| Score | Rating | Probability |
|-------|---------------|-------------|
| 5 | Expected | >90% |
| 4 | Highly likely | ≤ 90% |
| 3 | Likely | ≤ 60% |
| 2 | Not likely | ≤ 30% |
| 1 | Slight | ≤ 10% |

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Risk Impact

| Score | Rating | Strategic | | Operations | Compliance | Financial |
|-------|-------------|---|---|---|--|---|
| 5 | Significant | Loss of confidence in all stakeholder* groups | Potential closing of University | Enterprise wide; inability to continue normal operations across entire University | Management indictments; Large-scale legal action; Regulatory sanctions | Financial impact greater than \$100M |
| 4 | High | Loss of confidence by 3 or more stakeholder* groups | 2 or more changes in senior leadership; significant changes to University's strategic plan | Significant interruptions to University operations | Management challenges; Large legal liabilities; Regulatory fines | Financial impact of \$70M-\$100M |
| 3 | Moderate | Loss of confidence by 2 or more stakeholder* groups | 1 or more changes in senior leadership; significant changes to University's operating plans and execution | Moderate interruptions to University operations | Management reviewed; Legal reserve established; Regulatory investigation | Financial impact of \$50-\$70M |
| 2 | Low | Loss of confidence limited to 1 stakeholder* group | Refinements or adjustments to University's operating plans and execution | Minor interruptions to University operations | Management unaffected; Minimal liabilities; Regulatory attention | Financial impact between \$100K - \$50M |
| 1 | Limited | Limited impact to 1 stakeholder* group | Limited adjustment necessary | Limited interruptions to University operations | Limited liabilities or Regulatory impact | Financial impact of less than \$100K |

***Note: example stakeholder groups include students, faculty, Board of Governors, Board of Trustees, donors, alumni, SACS, USDOE, etc.**

Upon receipt of the surveys, we multiplied impact and likelihood and used that number to calculate overall risk, which was then grouped into risk categories of low, moderate and high.

Risk Definition

Low risk – FAMU has an unlikely probability of risks occurring that would have at least a material impact on the Company's ability to achieve its strategic objectives.

Moderate risk – FAMU has a medium probability of risks occurring that would have at least a material impact on the Company's ability to achieve its strategic objectives.

High risk – FAMU has an expected probability of risks occurring that would have at least a material impact on the Company's ability to achieve its strategic objectives.

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Risk Assessment Matrix

There are many definitions and categories of risk. Entities perceive risk based on the nature of their operations, the organization’s culture and other factors unique to them. Risk Management is broadly defined as a process designed to identify potential events that may affect the entity, and to manage risks to provide reasonable assurance regarding achievement of entity objectives. ¹

Every entity exists to realize value for its stakeholders. Value is created, preserved or eroded by management decisions in all aspects of an entity’s activities, from strategy setting to daily operations. Entities failing to recognize the risks they face, from external or internal sources, and to manage them effectively, can destroy value. An effective starting point for understanding risk is to take a look at all aspects of an entity’s activities.

The matrix below classifies and ranks FAMU’s risks according to the risk universe and scoring as discussed above. Additionally, prior year and planned internal audit coverage is noted in the table below. The Auditor General also performs annual financial statement and federal awards audits.

| | | Overall Ranking (Impact * Likelihood) | Planned Internal Audit Coverage | | |
|--|--|---|------------------------------------|---------|---------|
| | | | 2015-16 | 2016-17 | 2017-18 |
| <ul style="list-style-type: none"> ● Low: <10.0 ● Medium: 10.1 – 14.9 ● High: >15 | | | | | |
| Strategic Risks | | | | | |
| Governance | | | | | |
| 1.01 | Corporate Governance | 16.18 | | X | |
| 1.02 | Leadership Effectiveness | 14.02 | | | |
| 1.03 | Control Environment/Internal Controls | 13.51 | X | X | X |
| 1.04 | Roles, Responsibility & Accountability | 13.46 | | | |
| 1.05 | Culture | 16.92 | | | X |
| Planning & Resource Allocation | | | | | |
| 2.01 | Strategic Planning & Direction | 13.81 | | | |
| 2.02 | Annual Budgeting & Forecasting | 13.73 | | | |
| 2.03 | IT Enablement & Process Automation | 16.61 | | | X |
| 2.04 | Alliances & Partnerships | 11.26 | | | |
| Strategic Initiatives | | | | | |
| 3.01 | Program Planning & Governance | 13.44 | | | |
| 3.02 | Program Execution & Monitoring | 13.01 | | | |
| 3.03 | Business Acceptance & Change Management | 13.88 | | | |
| Industry Dynamics | | | | | |
| 4.01 | Macro-economic Factors | 10.36 | | | |
| 4.02 | Regulatory Uncertainty / Government Advocacy | 16.00 | | | |
| 4.03 | Educational Standard / Preference Changes | 12.46 | | | |
| Communications | | | | | |
| 5.01 | Alumni Relations | 14.09 | | | |
| 5.02 | Community/Media Relations | 15.01 | | | |

¹ Source: COSO Enterprise Risk Management – Integrated Framework, 2004 COSO

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| | <ul style="list-style-type: none"> ● Low: <10.0 ● Medium: 10.1 – 14.9 ● High: >15 | Overall Ranking (Impact * Likelihood) | Planned Internal Audit Coverage | | |
|---------------------------------|--|---|------------------------------------|---------|---------|
| | | | 2015-16 | 2016-17 | 2017-18 |
| 5.03 | Crisis Communication | 14.72 | | X | |
| 5.04 | Faculty, Staff & Student Communication | 13.09 | | | |
| Operational Risks | | | | | |
| Academic Operations | | | | | |
| 6.01 | Curriculum Strategy & Development | 12.60 | | | |
| 6.02 | Faculty Recruiting & Retention Strategy | 13.91 | | | |
| 6.03 | Student Recruiting & Retention Strategy | 17.49 | | X | |
| 6.04 | Tuition - Cost of Education | 14.01 | | X | |
| 6.05 | Admission & Enrollment | 16.14 | | | |
| 6.06 | Financial Aid | 15.93 | X | X | X |
| 6.07 | Billings (tuition/services) | 12.43 | | | |
| 6.08 | Student Support Services | 13.09 | | | |
| Education Delivery | | | | | |
| 7.01 | Capacity Planning & Scheduling | 11.47 | | | |
| 7.02 | On-line Education & Support | 13.10 | | | |
| 7.03 | Licensing & Classroom Technology Support | 12.41 | | | |
| Contracts & Grants | | | | | |
| 8.01 | Contract Management | 12.09 | | X | |
| 8.02 | Sponsor Funding | 11.60 | | | |
| 8.03 | Intellectual Property | 8.86 | | | |
| 8.04 | Clinical Trials Research Billing | 9.63 | | | |
| 8.05 | Research & Data Integrity | 11.43 | | X | |
| Donor Management | | | | | |
| 9.01 | Fundraising/Development Infrastructure | 12.67 | | | |
| 9.02 | Donor Compliance / Intent | 12.07 | | | |
| 9.03 | Gifts & Donation Management | 12.27 | | | X |
| Supply Chain | | | | | |
| 10.01 | Vendor Management & Supplier Quality | 10.80 | | | X |
| 10.02 | Procurement & Supplier Rationalization | 9.41 | | | |
| People / Human Resources | | | | | |
| 11.01 | Human Capital Strategy / Planning | 14.81 | | | |
| 11.02 | Faculty & Staff Performance | 15.00 | | | X |
| 11.03 | Development & Training | 15.58 | | | |
| 11.04 | Succession Planning | 16.30 | | | |
| Information Technology | | | | | |
| 12.01 | IT Strategy & Planning | 15.79 | | | |
| 12.02 | IT Network Infrastructure & Architecture | 17.36 | | | |
| 12.03 | IT Availability | 16.30 | X | | |
| 12.04 | Information Security | 16.75 | | X | |

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| | <ul style="list-style-type: none"> ● Low: <10.0 ● Medium: 10.1 – 14.9 ● High: >15 | Overall Ranking (Impact * Likelihood) | Planned Internal Audit Coverage | | |
|--|--|---|------------------------------------|---------|---------|
| | | | 2015-16 | 2016-17 | 2017-18 |
| Environmental Health & Safety / Hazards | | | | | |
| 13.01 | Physical Security | 14.95 | | | |
| 13.02 | Public & Student Safety | 15.36 | | X | |
| 13.03 | Lab Safety | 13.64 | | | X |
| 13.04 | Business Continuity Planning / Resiliency | 12.86 | | | |
| Physical Assets | | | | | |
| 14.01 | Real Estate Optimization | 10.77 | | | |
| 14.02 | Property, Plant & Equipment Optimization | 13.27 | | | |
| 14.03 | Construction Management | 14.08 | X | X | X |
| 14.04 | Facilities Management | 13.51 | | | |
| Compliance Risks | | | | | |
| Code of Conduct | | | | | |
| 15.01 | Ethics & Integrity | 14.25 | | | |
| 15.02 | Fraud / Asset Misappropriation | 14.80 | | | |
| 15.03 | Academic Misconduct | 15.08 | | | X |
| 15.04 | Conflict of Interest | 14.48 | | | |
| Legal & Regulatory | | | | | |
| 16.01 | Anti-corruption | 12.96 | | | |
| 16.02 | Research Compliance | 11.96 | | | |
| 16.03 | Labor Laws | 11.91 | | | |
| 16.04 | Sales Tax Compliance | 10.28 | | | |
| 16.05 | Athletic Programs & NCAA | 16.91 | | | X |
| 16.06 | HIPAA (Privacy & Security) | 12.80 | | X | |
| 16.07 | FERPA | 13.57 | | | |
| 16.08 | Maintain 501(c)3 Tax-Exempt Status | 12.67 | | | |
| Finance Risks | | | | | |
| Accounting & Reporting | | | | | |
| 17.01 | Financial Accounting, Reporting and Disclosure | 13.70 | | | |
| 17.02 | Management Reporting & Business Intelligence | 15.56 | X | X | X |
| Liquidity & Credit | | | | | |
| 18.01 | Cash Planning & Management | 13.82 | | | X |
| 18.02 | Credit & Collections | 14.74 | | | |
| 18.03 | Investment Strategy & Management | 17.60 | | | |
| 18.04 | Funding & Refinancing | 13.01 | | | |
| 18.05 | Debt Structure & Management | 14.37 | | | |
| 18.06 | Bond Compliance | 14.36 | | | |
| 18.07 | Pension Fund Liability | 13.53 | | | |
| Risk Management | | | | | |
| 19.01 | Insurance Coverage & Optimization | 14.59 | | | |

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Risk Themes

Listed below is a summary of risks consistently cited by interviewees and survey recipients during this year's Risk Assessment. These are summarized here to provide the Audit Committee and management with areas represented to the Division of Audit & Compliance to be "top of mind" for key executives and managers within the organization.

► Governance

An area noted during our Risk Assessment interview process was that while the University has policies and procedures in place, oftentimes certain areas or departments are not following these policies. Failure to follow policies and procedures increases the University's risk in all risk categories, and affect the ability to safeguard resources and deliver education services. An additional concern is lack of a process for adopting, reviewing, and changing University policies, which increases the risk that policies are not updated to meet changes in the environment.

Internal audit coverage – Policies and procedures reviews (conducted as part of each audit and in investigations); Review of process for adopting, reviewing and changing policies (2015-16); assessing ethics-related programs and activities (2016-17); assessing adequacy of risk management (2017-18)

► Funding

Diminishing funding from the State and a continued soft economy is a high risk for the University. Decreased government funding results in increased dependence on tuition and donations in a current state where enrollment is flat and tuition increases are not likely to be approved. The University is continuing to recover from the previous SACS probation. Although the University is no longer on probation, the University has continued to have several flow-down effects: there is an adverse effect on faculty and student morale; and enrollment has decreased from prior levels and flattened. Reductions in Federal funding for student financial aid (i.e., PELL grants for summer terms) provides continued concern for students' ability to obtain financial aid (as approximately 90% of the student body is on some sort of financial aid).

Donor relations and donor management also were cited as a risk to the University. Capital campaigns are challenging given the recent low rankings from the performance funding metrics and continued media scrutiny surrounding the University.

Continued funding from the State relies on meeting certain metrics, including retention, graduation rates, and employment after graduation. The Board of Governors has mandated that it receive assurance that the process for submitting data related to performance funding metrics is reliable. Additionally, Florida Statute 1009.286 was recently passed, which requires a student to be responsible for 100% of course costs if the student exceeds 110% of the required credit hours to obtain a degree.

Internal audit coverage – Process review for performance based funding metrics (2015-16, 2016-17, and 2017-18); Assessment of Compliance with Florida Statute 1009.286 (2016-17); and FAMU Foundation process review (2017-18)

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► Student Recruitment and Retention

A main goal of the University is the ability to recruit the best and the brightest students. Historically, the University has enrolled a mix of “access opportunity” students (i.e., students who do not meet all requirements for admission to the University). Although the number of “access opportunity” students admitted in the last two years has been reduced from prior years, the mix of “access opportunity” students admitted continues to have an impact on graduation rates (on average 6 years) and progression rates. This will continue to affect the University’s ability to meet the requirements for performance-based funding metrics, if support services are not provided. The University has implemented an initiative to reduce the number of access opportunity students accepted; however, the University will need to invest money and resources to continue this initiative and to increase the number of students who apply for admission. Additionally, money and resources will need to be invested to provide the support services to retain students, such as academic advisement, tracking system, amended academic policies, career development, transition programs, counseling, and classroom technology support.

Internal audit coverage – Student Recruitment and Retention process assessment (2016-17)

► Financial Aid

Risk Assessment interviewees and survey respondents consistently noted the management of financial aid funds (including administering to students and return of funds to the government) as a high risk area for the University. If financial aid is not administered according to federal regulations, penalties and fines could occur. Additionally, if FAMU fails to administer financial aid to students in a timely manner, this could adversely affect student recruitment and retention.

It was also noted that the University’s IT systems are not used to their full functionality, and financial aid processes were noted as being more manual than necessary.

An Associate Vice President and two debt counselors have been hired to address some of the high risk areas. Enhancements to financial aid processes in the past year have included satisfactory academic progress appeal, exit counseling, and official and unofficial withdrawals.

Internal audit coverage – Financial aid process review (2015-16); student eligibility review (2016-17); Review compliance with Return to Title IV provisions (2017-18)

► Athletics & NCAA Compliance

One high compliance risk noted by Risk Assessment participants was the potential for a major NCAA or Title IX infraction. The University is required to have a certain number of players eligible to field a team. During 2013-14 and 2014-15, the NCAA imposed penalties on some athletic teams as a result of a low academic progress rate. An NCAA investigation disclosed some violations and additional penalties could be imposed. Additionally, there is elevated media scrutiny around college athletics, and an infraction could potentially cause increased reputational risk for FAMU.

Another risk related to the athletic department is lack of funding and the operating deficit. The athletic department has operated with a minimal compliance staff, increasing the risk that noncompliance could occur. Much of the department’s funding comes from the athletic fees assessed to students; consequently

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the flat enrollment increases the risk that the Athletic department's revenues will continue to be less than expenses.

Internal audit coverage – Follow-up on certain financial and operational Athletic department processes (2015-16); Liaison in responding to NCAA investigative report (2015-16); audit of athletic department cash collections (2016-17); review of compliance with NCAA regulations (2017-18)

► **Human Resources**

Human Resources provides the systems, tools, and processes for managers to perform their day-to-day responsibilities and operations. During the Risk Assessment, several respondents noted the University administration continues to face organizational challenges in recruiting and retaining talented faculty and staff. Respondents noted that faculty salaries are low compared to other state universities and rank as one of the lowest in the State of Florida. Additional risks to the University included retaining institutional knowledge, inadequate performance evaluation process, and background checks not being timely performed. Respondents also mentioned that certain areas lacked either enough resources or lacked qualified resources to effectively carry out University objectives.

Several respondents also indicated that formal succession planning is not consistently performed by the University administration, which could result in loss of institutional knowledge when individuals leave the University.

Human Resources is currently redesigning the University's position classification system to ensure that staff positions are appropriately classified. The new staff classification system will assist managers with making fiscally responsible decisions when it comes to making compensation and promotion decisions.

Internal audit coverage – assessing privacy risks (2015-16); assess performance evaluation process (2017-18)

► **Information Technology (IT)**

Almost all Risk Assessment participants noted some aspect of IT as a high risk for the University. A theme consistently mentioned was that the University's ERP System (PeopleSoft) is not configured to provide maximum system functionality. One root cause of this issue noted is that there is no IT Governance Committee in place to make long term strategic decisions regarding selecting and prioritizing the development of functionality that should exist in the system. Several respondents noted that manual processes are required to supplement and/or be used in place of processes that could be automated (including systemic approvals, reconciliations, segregation of duties controls, etc.).

The growing cost of IT is also a high risk for the University. During the Risk Assessment, individuals noted it is difficult to meet salary demands of rising IT professionals, and also difficult to retain the talent needed to maintain the University systems. Maintaining the resources the University has spent time to train, specifically with particular applications (PeopleSoft), is a challenge that creates further risk. The Network Operations Closet (NOC) air conditioning system needs to be replaced. It does not have sufficient cooling and there is a risk it could go down for an extended period of time.

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The establishment of a disaster recovery plan is important for the University to reduce the likelihood of interrupted operations. The University currently does not have a comprehensive and formalized disaster recovery plan; however, the applications that run on the PeopleSoft system are hosted by a third party, Cedar Creststone, which has a disaster recovery plan and could recover PeopleSoft data. However, the University uses several other IT applications that do not have formal disaster recovery plans and which could cause significant interruptions if not easily recoverable.

Data breaches and inadequate access controls continue to be a concern. A University-wide procedure that would require supervisors to verify access to data within their area of responsibility is being developed.

Finally, online classes are in the early stages of development at the University. This is a large revenue opportunity for the University, and it will be important to have the system infrastructure to be able to effectively offer courses via this platform. The University has migrated several IT systems (iRattler/peopleSoft, Blackboard, email, legacy student system, and website infrastructure) to the cloud and other third party managed hosted systems.

Internal audit coverage – Information Technology access controls assessment (2015-16), IT security controls assessment (2015-16); Disaster Recovery Assessment (2016-17); IT Automated Controls Assessment (2017-18)

► **Physical Security / Public and Student Safety**

Physical security and public/student safety was noted as a high risk at the University. During the Risk Assessment, respondents noted that funding is not adequate to secure the campus and upgrades should be made to more fully secure the campus and its buildings. While a rogue student or person on campus can always pose a risk, the University has implemented measures to reduce the impact, including ensuring that the security cameras are operational, installing additional cameras, increasing lighting, officers walking the campus and buildings to show a physical presence, increasing training hours for staff, evaluating firearms training, use of an emergency notification system, and purchase of equipment. The Department of Public Safety received State accreditation during the year and is seeking accreditation from a national agency as evidence that its processes and procedures meet appropriate standards of operation. Other security measures being considered include fencing off parts of campus in which the crime is the highest, equipment and technological updates, and adding building access security.

Several respondents indicated appropriate controls and processes to ensure safety in university laboratories need improvement, which increases the risk that students and staff could be injured.

Internal audit coverage – Review Clery Act reporting (2016-17); Assessment of Laboratory safety controls (2017-18)

► **Media Relations and Crisis Communication**

Due to the recent events, the University has had extensive media coverage over the past few years. Publishing inaccurate information and creating a negative image of the University is a high risk for the University. As previously mentioned, this could also lead to an adverse impact on fundraising, retention, and enrollment.

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When a crisis occurs related to FAMU, the University could be unfavorably affected if the crisis is not addressed with a swift, formal action plan, including clearly defined roles and responsibilities. Crisis management and emergency management teams have been established to respond to events that could affect the University's image and brand. Respondents indicated crisis communications have not been timely and accurately reaching faculty, staff, and students. All stakeholders of the University should be considered in crisis communications – students, faculty, staff, alumni, community, and the media.

Improvements in university communications have included implementation of a quality control review of publications and a style manual to provide uniformity in university publications.

Internal audit coverage – Crisis communication plan development advisory project (2016-17)

► **Procurement and Accounts Payable**

Risk assessment participants noted that the procurement function (including vendor management and accounts payables) is a risk to FAMU.

Interviewees noted that the procurement process is slow and often takes longer than expected to generate purchase orders. This was noted as especially affecting the area of research and grants, as many grants are on a restricted timeline for using funds. This area in particular has had to create system work-arounds to procure goods/services. System work-arounds create elevated risk for the University in the areas of following policies and procedures, potential for fraud, and other downstream inefficiencies.

Respondents also noted that certain vendors are hesitant to work with FAMU as timely payment is not consistent. Limited ability to work with preferred vendors could affect performance of the University and its ability to meet key objectives.

Internal audit coverage – Accounts Payable review (2015-16); Contracts and Grants review (2016-17); Research Compliance assessment (2016-17); Vendor performance management review (2017-18)

► **Construction Management**

The University has two major construction projects in process. A new procedures manual has been developed for management of construction projects, but has not been used long enough to determine its effectiveness. In addition there has been significant turnover in the Facilities Planning and Construction department.

Internal audit coverage – Audit construction project (2015-16); (2016-17); (2017-18)

► **Budgeting and Cash Management**

Flattening enrollment, uncertainty around donations and state funding, and flattening of tuition increases have caused an uncertainty in the level of funding the University will receive in coming years. As such, participants noted that budget planning at the University has become a challenge. Having a solid budget process in place allows the University to more appropriately allocate resources. The University is in the process of reviewing and revising its budget process to provide a structure to ensure that resources are allocated to those programs and activities that further the University's goals and are priorities.

The University collects cash at sites other than the central cashier's office. The decentralization of cash collections increases the risk of misappropriation of assets.

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Internal audit coverage – Decentralized cash collections (2015-16, 2016-17, and 2017-18); Cash forecasting and budget review (2017-18)

▶ **Regulatory and Compliance**

The University's compliance function is decentralized. Compliance officers for the various compliance activities oversee compliance in their area of responsibility, such as NCAA, Title IX, ethics, research, Equal Employment Opportunity, ADA, Family Medical Leave Act, and SACS, but there is no on-going coordinating and monitoring of the day-to-day compliance activities. Risk for noncompliance is increased without appropriate coordination and on-going oversight.

Internal audit coverage – Management service project to implement proposed BOG regulation concerning compliance function (2015-16); assess compliance with Family Medical Leave Act (2016-17)

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| Project Description | Proposed Internal Audit Plan Risk Category/Risk Area | Coverage for Fiscal Year | | |
|---|---|--------------------------|---------|---------|
| | | 2015-16 | 2016-17 | 2017-18 |
| Governance | | | | |
| Policies & procedures review | Control Environment | 400 | | |
| Policy adoption, review, and change review | Corporate governance | | X | |
| Review adequacy of risk management | Culture | | | X |
| Financial | | | | |
| Accounts payable review | Accounting and reporting | 400 | | |
| Decentralized cash collections | Accounting and reporting | 300 | X | X |
| Cash forecasting & budget review | Accounting and reporting | | | X |
| Compliance | | | | |
| Review privacy risks | Legal & regulatory | 300 | | |
| Review compliance with NCAA rules | Legal & regulatory | | | X |
| Review compliance with FMLA | Legal & regulatory | | X | |
| Operational | | | | |
| Financial aid process review | Academic operations | 350 | | |
| Financial aid student eligibility review | Academic operations | | X | |
| Financial aid return to title IV compliance | Academic operations | | | X |
| IT - Access controls review | Information Technology | 400 | | |
| IT - Security controls review | Information Technology | 400 | | |
| IT - Disaster Recovery Plan review | Information Technology | | X | |
| IT - Review Automation/use of PeopleSoft | Information Technology | | | X |
| Construction management review | Physical assets | 300 | X | X |
| Review laboratory safety controls | Environmental Health & Safety | | | X |
| Review Title IX/Clery Act reporting | Environmental Health & Safety | | X | |
| Review compliance with 1009.286, FS | Academic operations | | X | |
| FAMU Foundation Process review | Donor Management | | | X |
| Contracts & grants compliance review | Contracts & Grants | | X | |
| Research compliance review | Contracts & Grants | | X | |
| Vendor performance management | Supply chain | | | X |
| Assess student recruitment & retention | Academic operations | | X | |
| Review performance evaluation process | People/Human Resources | | | X |

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| | | | | |
|--|---------------------------------------|--------|---|---|
| Performance based funding metrics | Control environment/internal controls | 1,500 | X | X |
| Total Hours Audits & assurance | | 4,350 | | |
| Management Advisory Services | | | | |
| Implementation of compliance function | Compliance/Legal & regulatory | 400 | | |
| Crisis communication plan development | Strategic/communications | | X | |
| Management requests | | 700 | X | X |
| Total Management Services | | 1,100 | | |
| Follow Ups And Investigations | | | | |
| Follow up athletic department processes | | 250 | | |
| Follow up of audit findings | | 250 | X | X |
| Investigations | | 3,305 | | |
| Total Follow up and investigation | | 3,805 | | |
| Internal Audit Administration | | | | |
| Training | | 320 | | |
| Administration | | 4,800 | | |
| Leave | | 520 | | |
| Total internal Audit Administration | | 5,640 | | |
| Total All Hours | | 14,895 | | |

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Risk Assessment Process

In preparation for the risk assessment interviews, the team researched FAMU and its industry risks by utilizing experiences from FAMU and other university internal audits. Based on the research performed, the team members discussed the views of risk facing FAMU and reviewed a listing of projects performed by the Division during the year.

The team then solicited feedback on the relevant risk points and potential projects during the risk assessment interview process. The interviews are an integral part of the risk assessment process, as the Division brings internal audit experience and FAMU management expertise on the risks facing the University.

In addition, we met with focus groups and distributed an automated risk assessment survey to the next level of FAMU administrators, soliciting their confidential input on risks facing the organization. The result of this process is a comprehensive view of the important risks at FAMU and an audit plan responsive to those risks.

Interviewee Listing

In conducting the University risk assessment, we interviewed fifteen individuals across the organization in key financial, operational, strategic and compliance functions. Each interview was scheduled for one hour.

Interviewees were asked to specifically consider and comment on the following items:

- ▶ The scope of their responsibilities
- ▶ Inherent risk in their functional area
- ▶ Their view of risks related to the processes in their area of responsibility
- ▶ Their view on overall risk to the University
- ▶ Their view of fraud risk for the University

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Interview Listing *(continuation)*

The following members of FAMU’s Board of Trustees, Executive Staff, and other members of Administration were interviewed:

| Name | Title |
|----------------------------|--|
| Trustee Rufus Montgomery | Chairman, Board of Trustees |
| Trustee Karl E. White | Chairman, Audit Committee, Board of Trustees |
| Elmira Mangum | President |
| Dale Cassidy | Vice President for Finance and Administration |
| Terence Calloway | Chief of Police/Director of Public Safety |
| Marcella David | Provost & Vice President for Academic Affairs |
| Funmi Ojetayo, Esq | Special Assistant and Counsel to the President |
| George Cotton Sr. | Vice President, University Advancement/Executive Director of FAMU Foundation (i) |
| Earl D’Wayne Robinson | Interim Athletic Director |
| Dr. William E. Hudson, Jr. | Vice President for Student Affairs |
| David Cantrell | Associate Vice President and Chief Information Officer (ii) |
| Avery D. McKnight, Esq. | Vice President and General Counsel |
| Timothy Moore | Vice President for Research |
| Jimmy Miller | Vice President for Communications and External Relations |
| Joyce Ingram | Assistant Vice President and Chief Human Resources Officer |
| Wanda Ford | Executive Director of Title III Programs |

- (i) Since George Cotton Sr., was hired by FAMU on July 1, 2015, Angela Poole, former Interim Vice President for University Advancement/Executive Director of FAMU Foundation, also participated in the risk assessment interview for the University Advancement/FAMU Foundation area.
- (ii) Since David Cantrell was hired by FAMU on June 8, 2015, Michael James, former Interim Associate Vice President and Chief Information Officer, also participated in the risk assessment interview for the Enterprise Information Technology (EIT) area.

In addition, we distributed the risk assessment survey to the next level of FAMU administration (focus groups) soliciting their confidential input on risks facing the University.

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



An Overview of Surveys Received

| RISK ASSESSMENT FOCUS GROUP PARTICIPATION | |
|--|---------------------|
| Group | Participants |
| Academic | 5 |
| Audit | 6 |
| Compliance | 9 |
| Finance | 8 |
| Financial Aid | 3 |
| Information Technology | 6 |
| Registrar | 4 |
| Research | 4 |
| TOTAL | 45 |

| Risk Assessment Survey Overview of Surveys Used in Risk Matrix | | |
|---|--|--|
| | # of Total Surveys Received | % of Total Surveys Received |
| Leadership (Board of Trustees and Senior Management) | 9 | 25% |
| Middle Management | 27 | 75% |
| Total | 36 | 100% |