



Audit and Compliance Committee Meeting

PRESENTED BY

Joseph Maleszewski and Rica Calhoun

December 4, 2019

Florida Agricultural and Mechanical University



Risk Assessment/Audit Work Plan

- Board of Governor Regulation
- Professional Auditing Standards
- BOT-approved Charter Document
- Periodic Risk Assessments
- Risk-based Audit Work Plan
- Dynamic and Flexible
- Board Approval





Audit Work Plan Update

- **Projects Moved Forward**
 - Export Controls
 - IT Change Management
 - Faculty & Staff Leave
- **Projects Expanded**
 - Athletics Review
 - Athletics Use of Auxiliary Funds Investigations - CRI
- **Projects Added**
 - Internal Controls Advisory Service
 - Policy and Procedures Advisory Services





BOT Policy Highlights

- Direct University to adopt COSO's –
 - Internal Control Framework
 - ERM Framework
- Focus on financial controls ensuring timely and reliable financial and operational information
- Roles and Responsibilities for:
 - BOT
 - AACC
 - President and his Administration





University Code of Conduct

Proposed additions to BOT Regulation
1.019

- External Communication on Behalf of the University
- Contract Authority
- Gifts and Entertainment
- Record Keeping
- Fraud
- Health and Safety
- Sustainability
- Information Technology
- Investigations
- Retaliation
- Equal Opportunity





Mandatory Training Timeline

- November 2019: Communication plan kick-off
- December 2019: Content Complete
 - Clery
 - Compliance and Ethics
 - Cyber Security
 - Sexual Harassment Prevention
 - Title IX
- January-February 2020: Implementation on LinkedIn Learning Platform
- March 1-31, 2020: Mandatory training window for all employees
- Compliance Education for Board Members Spring 2020





Division of Audit – Issued Reports

Athletics Expense Review

- **Issued:** September 20, 2019
- **Scope:** FY 2017-2018 Athletics Department fiscal and operational activities:
 - Procurement and Purchasing Card
 - Invoice Pre-audits
 - Budget Monitoring and Oversight
 - Fiscal and Compliance Training





Division of Audit – Issued Reports

Athletics Expense Review

- **Observations:**

- **Budget:** Overspent FY 2017-2018 budget by over \$1.7 million
- **Authorizations:** Contractual Services PO
- **Expenditures:** Budget and Timely Encumbered
- **P-card transactions:** Supporting Documentation and Reconciliation
- **Pre-audits:** Invoice Deficiencies
- **Training:** Fiscal and Compliance





Division of Audit – Issued Reports

Essential Theater Cash Collections

- **Issued:** September 20, 2019
- **Scope:** Visual Arts, Humanities and Theatre Department (Essential Theatre) - July 1, 2018, to March 31, 2019





Division of Audit – Issued Reports

Essential Theater Cash Collections

- **Observations:**
 - **Cash collected:** Safeguarded, Reconciled, Deposited, and Recorded
 - **P-Card Transactions:** Compliant
 - **Documentation:** Background Checks
 - **Training:** Cash Collections and Control





Division of Audit – Issued Reports

Athletics Decentralized Cash Collections

- **Issued:** October 4, 2019
- **Scope:** Fall 2018
- **Observations:**
 - Cash Collections Satisfactory:
 - Internal Controls
 - Proper Segregation of Duties
 - Cash Deposits
 - Game Day Operations (including Parking and Concessions)





Division of Audit – Issued Reports

Process for Adopting and Changing Policies

- **Issued:** November 20, 2019
- **Scope:** Current Process for Adopting and Changing Policies
- **Observations:**
 - Improvements Needed due to:
 - Lack of a Central Repository
 - Manual Processes
 - Outdated Policies





STATUS OF PRIOR AUDIT FINDINGS

14 Open Audit Findings as of November 20, 2019

2 Corrected Ahead of Schedule Require Validation		9 Partially Corrected		3 Future Due Date	
	Athletics Decentralized Cash Controls Audit: Ticket Void/Reissue Process		2018 Operational Audit Findings: Intercollegiate Athletic Programs – Deficit Cash Balances		IT Governance Committee: The University Lacked the Establishment of an IT Governance Committee.
	Athletics Decentralized Cash Controls Audit: University Processing Timely Deposit		2017-18 Cloud Security Governance Audit: Disaster Recovery		Purchasing – Vendor Contracts: Subject Matter Expert Review of Contracts
			2017-18 Athletic Expense Review: Failure to Attend Mandatory University Fiscal and Compliance Training		ADA Website Compliance: The University’s Website is Not Fully ADA Compliant
			2017-18 Athletic Expense Review: Inadequate Athletics Procurement Practices		
			2018-19 Decentralized Cash Collections – Essential Theatre: Criminal Background Screenings		
			Athletics Decentralized Cash Controls Audit: Ticket Security		
			2018-19 Decentralized Cash Collections – Essential Theatre: Cash Handler Training		
			2017-18 SGA Follow-Up Audit: Student Employee Time Reporting – SGA		
			Purchasing - Vendor Contracts: Procurement Processing Guidelines Were Not Consistently Followed by University Personnel.		

Severity Risk Level



High Risk



Medium Risk

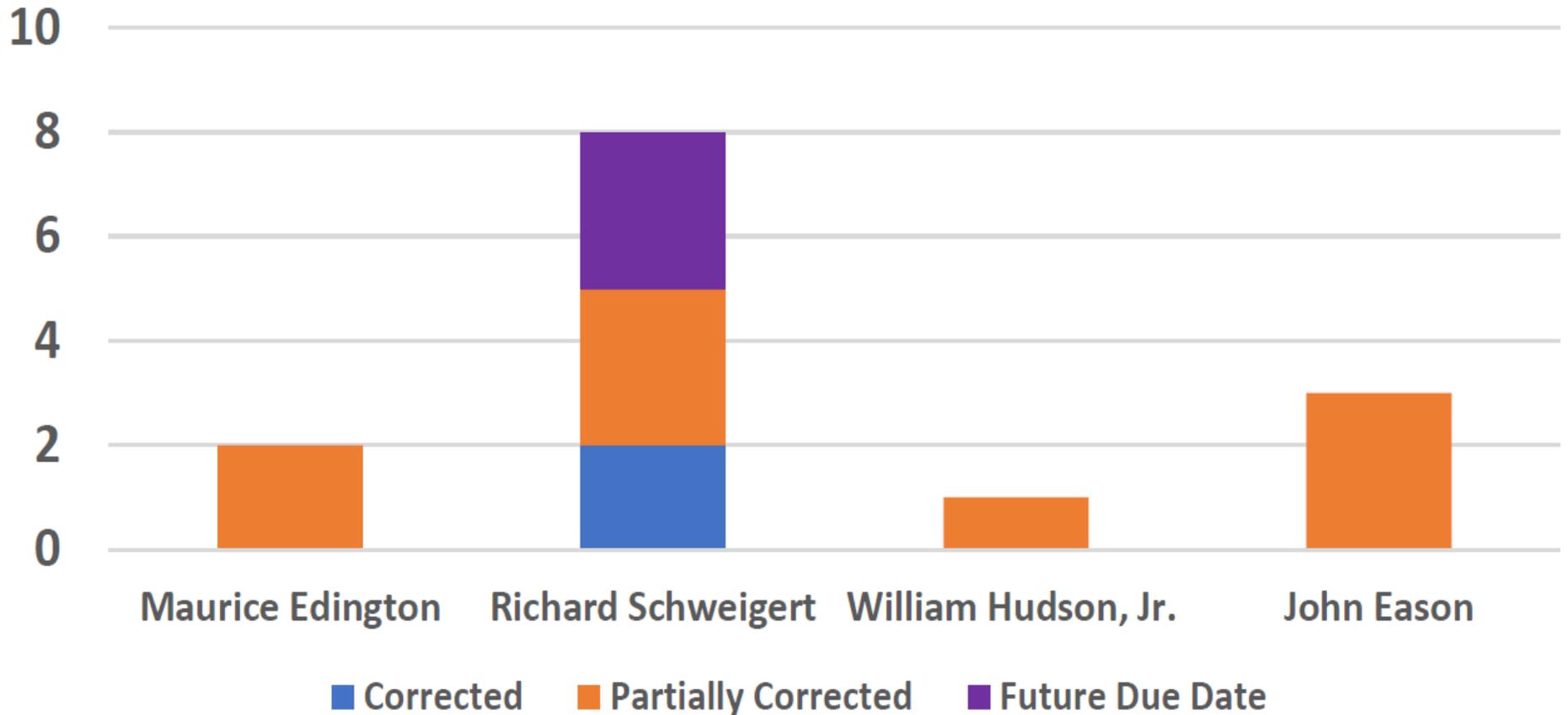


Low Risk



STATUS OF PRIOR AUDIT FINDINGS

Open Audit Findings by Executive Owner





STATUS OF PRIOR AUDIT FINDINGS

8

Findings Closed Since September 19, 2019 BOT Meeting



Athletics Decentralized Cash Controls Audit: Unsecured cash area



2018 Operational Audit Findings: Payroll Processing Time Cards



NCAA Committee on Infractions – FAMU Case No. 00176: Institutional Obligation to Timely Renew or Non-renew Student Athlete Financial Aid



2016-17 BOG IT Compliance Audit: Information Security Plan Development and Implementation



2017 DSO Independent Audits: FAMU Rattler Boosters Proper Accounting Records (Finding No. 2017-1)



Athletics Decentralized Cash Controls Audit: Post reconciliation process not entirely completed



2018 DSO Independent Audit: Supporting Documentation



2017-18 Cloud Security Governance Audit: Service Transition Planning

Severity Risk Level



High Risk



Medium Risk



Low Risk





Investigations Follow Up

27	Corrected - Require Validation
	FAMU Foundation: Separation of Duties for Authorizing & Receiving Awards
	FAMU Development Research School: Policy on Background Checks
	FAMU Development Research School: Faculty and Staff Guidance and Expectations for Student Interactions
	FAMU Foundation: Checks Issued to Authorized Individuals or Departments
	FAMU Foundation: Approval of Check Changes
	College of Education: Falsified Credentials - Take Appropriate Personnel Actions
	College of Agriculture and Food Sciences: Services Within Scope of Grant Award
	College of Pharmacy and Pharmaceutical Sciences: Receipt and Deposit of Travel Proceeds
	College of Pharmacy and Pharmaceutical Sciences: Payment Process and Travel Reimbursements Training
	College of Pharmacy and Pharmaceutical Sciences: Procedures for Trip Forms





Investigations Follow Up

	College of Pharmacy and Pharmaceutical Sciences: Foreign Travel – Take Appropriate Personnel Actions		Sponsored Research: Monitoring of Compliance with Award Policies
	FAMU Development Research School: Follow Grade Change Policies and Procedures		College of Agriculture and Food Sciences: Alternative Student Transportation
	FAMU Development Research School: Policies and Procedures for Attendance Redemption Programs		College of Agriculture and Food Sciences: Create a Daily Sign-In/Out Log
	FAMU Development Research School: Document All Background Check Activities		College of Agriculture and Food Sciences: Alternate Authority to Sign Work Verification Logs
	FAMU Development Research School: Background Checks for University Employee Transfers		College of Pharmacy and Pharmaceutical Sciences: Use of Authorized University Cash Collection Points
	FAMU Foundation: Authorized Individuals for Check Pick-Up		FAMU Development Research School: Random Background Checks for Faculty & Staff
	FAMU Foundation: Guidelines for Emergency and Need-Based Funding		FAMU Foundation: Alternative Offline Scholarship Application Process
	FAMU Foundation: Adherence to Scholarship Requirements by All Recipients		FAMU Foundation: Recall Check
	FAMU Foundation: Verification of Scholarship Eligibility Requirements		





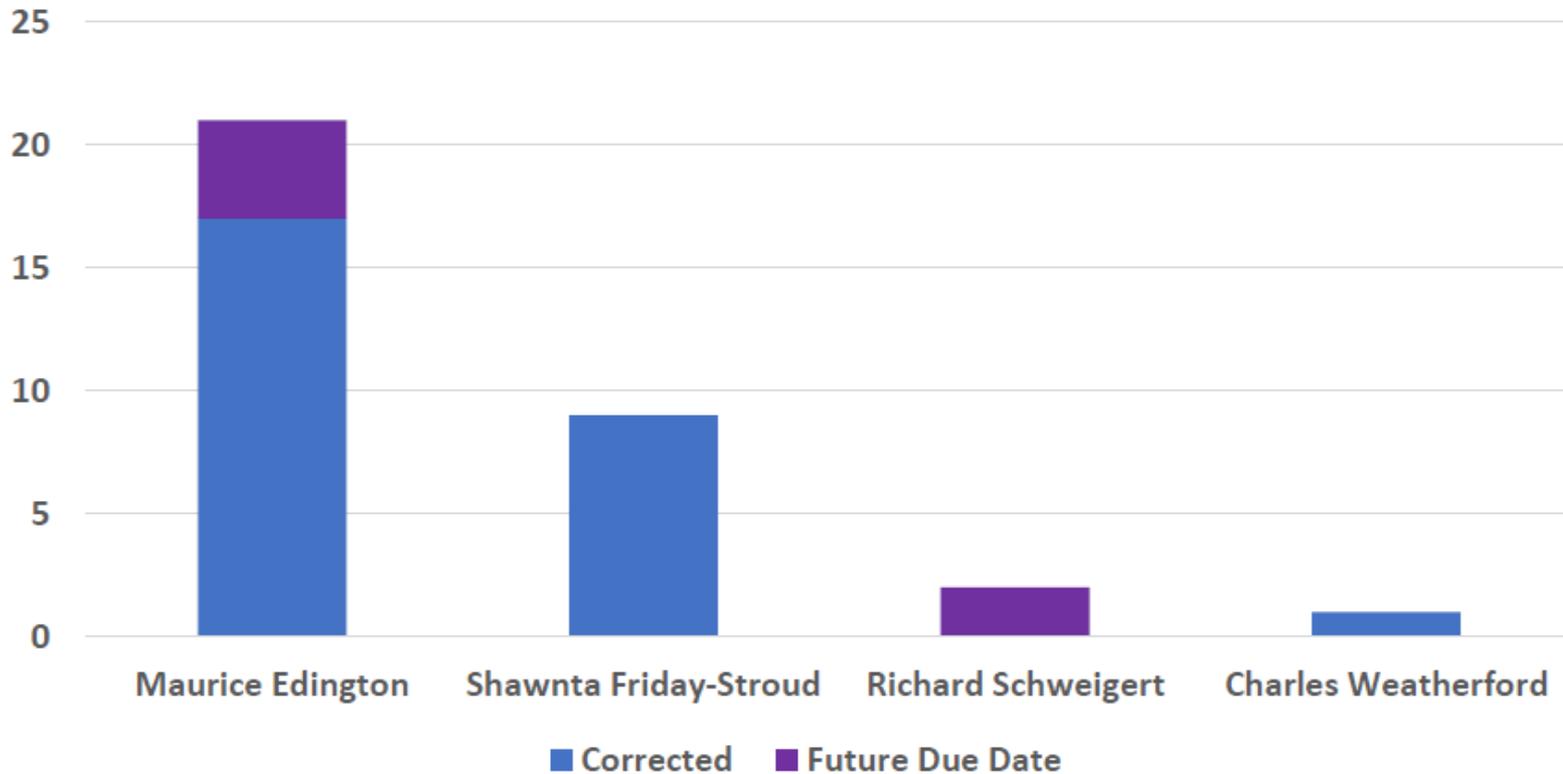
6	Future Due Date
	College of Education: New Hire and Change of Position Background Checks (12/2019)
	Human Resources: Guidance on Background and Reference Check Procedures (11/2019)
	College of Education: Process for Confirming Interview Information (12/2019)
	College of Social Sciences, Arts and Humanities: Procedures for Cash Collection by Authorized Cash Collection Points (3/2020)
	Office of International Education and Development: Central Oversight and Approval of all Study Abroad Programs (12/2019)
	Human Resources: Amend Onboarding Process to include Outside Employment Form (11/2019)





Investigations Follow Up

Open Recommendations by Executive Owner





External Audits

- FY 2018-19 Financial Statements
- FY 2018-19 Bright Futures Scholarship Program
- Federal Program Audit FYE 6/30/18
- Internal Controls Review - Crowe





Auditor General Findings

2019-063 Dec. 3, 2018	2017-197 Mar. 31, 2017	2014-108 Feb. 20, 2014
Athletics Cash Deficit	Athletics Cash Deficit	Athletics Cash Deficit
Construction: Negotiation & Monitoring	Construction: Negotiation & Monitoring	
	Construction: GMP Pay Requests	
Construction: Competitive Solicitation	Construction: Competitive Solicitation	
Payroll: Approval of Exempt Employee Time Worked	Payroll: Approval of Exempt Employee Time Worked	
P-Card Program	P-Card Program	
	Travel	
	Collection – Student Receivables	
	Textbook Affordability	Textbook Affordability
	IT Access Controls	
		Florida Residents for Tuition Purposes



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Division of Audit Updates

- University Fraud Policy
- Board Risk Appetite/Tolerance Statement
- Director of Audit Position
- PBF Data Integrity
- College of Engineering





“At FAMU, Great Things Are Happening Every Day.”

established 1887

