

Florida Agricultural and Mechanical University  
Board of Trustees



**Audit & Compliance Committee Meeting**

**Date: Thursday, March 16, 2017**

**Time: 3:00 PM**

*Conference Call*

**Committee Members:** Trustee Craig Reed, Chair  
Trustee Gary T. McCoy, Trustee Harold Mills  
Trustee Belvin Perry, Jr., Trustee Robert Woody

**AGENDA**

- I. Call to Order Chair Craig Reed
- II. Roll Call Debra M. Barrington

**ACTION ITEMS**

- III. Approval of Minutes - November 7, 2016 Chair Reed
- IV. Accept Audit Report
  - Information Technology Compliance Audit

**INFORMATION ITEMS**

- V. Issues in Implementation of compliance function Richard Givens
    - a. Background
    - b. Draft compliance charter
    - c. Timetable for implementation
  - VI. Operational Audit Update
  - VII. DAC Process for Follow-up of Audits Findings
  - VIII. Update External Audit of Rattler Boosters
- Adjournment Chair Craig Reed

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



**Division of Audit & Compliance  
Monday, November 7, 2016, 3:00 PM  
Conference Call**

**Minutes**

Trustee Nicole Washington, Chair, called the meeting to order.

**Members Present:** Trustee Nicole Washington, Chair  
Trustee Jaylen Smith, Trustee Craig Reed,  
Trustee Gary T. McCoy, Trustee Robert Woody

Debra M. Barrington, Administrative Assistant to the Vice President, called the roll. A *quorum* was established.

**Action Items**

Trustee Nicole Washington, Chair, led the meeting and discussion with a request to approve the Wednesday, September 14, 2016, Audit Committee meeting minutes. The minutes were posted on the website for review. No amendments to the minutes were made. A motion for approval was made by Trustee Robert Woody, seconded by Trustee McCoy, and were approved.

Chair Washington informed the Committee of two additional action items.

The following internal audit reports performed by the Division of Audit & Compliance were to be reviewed and accepted:

- Audit of Selected Transactions of the Rattler Boosters, Inc. and the Audit of Selected Financial Aid Processes. Both were distributed to the Board; along with Post Audit Evaluation which is a relatively new process. Staff has been asked to provide some additional clarification and recommendations so that the Board is not just looking at reports but also receiving information that the University is moving in the right direction. The Post Audit Evaluation is to provide the following:
  - Executive summary,
  - Audit findings,
  - Management responses, and
  - The Division's recommendations as to whether further actions are required.

The Audit of Selected Transactions of Rattler Boosters, Inc., related to the discrepancies in the parking manifest, game day parking sales, recruiting expenses, and budget and financial reporting. Many of these items will be resolved once the transfer to the Foundation of the Boosters' assets and accounting is completed.

Discussion was held regarding the process and timing of the transfer of Booster assets to the Foundation and whether the Boosters would be given an extension to complete the transfer. *Board* Chairman Kelvin Lawson shared that Trustee Dortch was approached by the Boosters' Board regarding the deadline, which was the day of the DSO meeting. The Booster Board has proposed a change in its top leadership. Because of the proposed leadership change, the DSO Committee recommended that the University's Board give the Boosters an additional two weeks to comply. The Boosters' Chairman of the Board, Mr. Shephard, is assuming that role temporarily until they find a replacement.

Chair Washington obtained clarification that the extra two weeks to comply includes everything that was outlined in the original request from Trustee Dortch. Chair Washington reiterated that most of the findings in that report will be resolved after the transfers are made. The audit committee will monitor implementation of the corrective action plan through the normal follow up of audit findings.

Chair Washington, requested a motion to approve the Audit of Selected Transactions of the Rattler Boosters, Inc. Trustee Woody moved approval and Trustee Smith seconded. The motion carried.

Chair Washington shared the second audit for acceptance is the Audit of Selected Financial Aid Processes. The findings in this report related to student withdrawals and timely return of funds, processes for documenting the last day of attendance, and disbursement override reports. The University has developed a corrective action plan to address the issues. In connection with the finding related to determining the last day of attendance, Trustee Washington would like the University to consider a university-wide policy for recording and documenting the last day of attendance. This might be something to consider for future actions.

Chair Washington asked if there were further discussion. Sharing none, a motion was requested to accept the report. Trustee Woody motioned for it to be accepted. The motion was seconded by Trustee McCoy. The motion carried.

The Division's 2016-17 Work Plan was amended to include a review of band member eligibility and travel compliance. This audit will take about 200 hours; however, due to some changes in the audit process from last year, the performance funding audit is not going to take as many man hours as it did last year. The 200 hours are being moved from the Performance Funding Audit to the Band Eligibility Audit. Chair Washington requested a motion to approve. Trustee Reed made the motion to approve, Trustee Smith seconded the motion, and the motion carried.

### **Information Items**

An update was given regarding a potential external audit of the Rattler Boosters. A Request for Proposal was sent out on October 1, 2016 with responses due by November 21, 2016 and selection of a firm expected by December 9, 2016.

Vice President Givens provided a review of the status of the follow-up of prior audit findings as of September 30, 2016. Of the 69 findings that were to be corrected, 48% were fully corrected, 13% were partially corrected, 25% were not corrected, 10% were corrected with a significantly corrective action plan, and 4% were deemed to warrant no further action.

An overview of the current status of significant findings was also presented. It appears that two uncorrected findings (the athletics budget deficit plan and textbook affordability) may be reported for the third time in an operational audit by the Auditor General, which would trigger reporting of the findings to the Joint Legislative Audit Committee (JLAC) of the Legislature. The JLAC could take certain actions, which could include withholding of funds from the University or monitoring of the University's actions to address the noncompliance. The status of the corrective action plans for the findings for bank reconciliations and textbook affordability was discussed.

An update was given for the corrective action plan for the Athletic Department Budget deficit, which included 1) the plans to repay the auxiliary funds that initially paid the expenses for the athletic department and 2) the specific steps to provide assurance that the corrective action plan is implemented and providing the desired results.

The meeting was adjourned by Trustee Nicole Washington, Chair.