

## Givens, Richard

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**From:** Mike Portuondo <Mike.Portuondo@ey.com>  
**Sent:** Friday, January 12, 2018 3:06 PM  
**To:** Givens, Richard  
**Cc:** Sergio Negreira; Dawn Woods  
**Subject:** FAMU investigation findings

Rick,

Hope the new year is treating you well. Please see below for our findings with respect to the investigation we performed for the FAMU Rattler Booster club. Please let me know if you have any questions regarding our findings.

### Summary of Findings

#### **1. Bad Debt / AR Irregularities:**

- a. EY observed 108 write offs of membership dues to Bad Debt Expense totaling \$49,483. We attempted to contact five members to confirm they did not pay their membership dues. Of the five members we attempted to contact, three provided EY with documentation that they did in fact make payment for their membership dues (totaling \$1,688) and received the associated membership benefits.
- b. The financial statements covering the period at issue indicated an increase in membership dues receivables from \$94,592 to \$144,798 and an increase in bad debt from \$59,949 to \$71,210, though no documentation supporting these accounting practices was available for our analysis.
- c. Recommendations:
  - i. Perform further transaction testing of the population of (a) write-offs to Bad Debt Expense and (b) Aging Accounts Receivable to understand how pervasive this issue is.
  - ii. Interview former Executive Director and Office Manager to explain the irregularities identified.

#### **2. Tax contribution letter irregularities:**

- a. The Rattler Boosters appears to have provided a tax contribution statement to 507 members. However, only 182 members had eligible payments recorded on the general ledger, suggesting an additional 325 members received tax contribution letters from Rattler Booster while no supporting contributions were documented in the general ledger. This irregularity may lead to a potential regulatory / compliance issue.
  - i. Recommendation: A complete analysis of the membership payments made should be conducted to explain these inconsistencies and accurately identify which members were eligible for tax contribution statements.

#### **3. Gameday parking irregularities:**

- a. EY obtained a documentation issued by the Rattler Boosters indicating 27 of 36 assigned parking spaces had been paid for in full. However, no payments for these 27 parking spaces were recorded in the FAMU Athletic Department's financial records.
- b. Additionally, according to our analysis of available documents, the FY16 collections from membership dues was \$274,250, but a memo from the former Rattler Boosters executive director stated the club's FY16 revenue was \$234,850, indicating a discrepancy of \$39,400. Based on our comparison of the paid in full list, we observed 46 exceptions from the entire population of 253 membership payments.
  - i. Recommendation: A reconciliation of the paid in full list, parking manifest, and corresponding membership dues paid should be conducted to identify further irregularities.



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