



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

An aerial photograph of the FAMU campus, showing a large brick building with a red roof, a courtyard with a fountain, and a swimming pool. The image is overlaid with a semi-transparent green filter.

Review of Auxiliary Funds Transfers to Athletics

Assurance Services
Report No. 21-22-0007

June 30, 2022



Florida Board of Governors (BOG) Regulation 9.013 - *Auxiliary Operations* (Appendix B), states,

Auxiliary services are integral activities of a university that furnish to its faculty, staff and students goods and/or services that are necessary or desirable but not readily available elsewhere in terms of costs, quality, quantity, timeliness, convenience, or other similar considerations... Each institution may determine whether its auxiliary services will be self-supporting on an individual or collective basis, except for athletics, which shall be a self-supporting entity. Revenues for auxiliary services shall not be provided from general revenue supported budget entities except in payment of goods and/or services.

Florida A&M University (FAMU) accounts for its Intercollegiate Athletics Program as a separate auxiliary fund. In February 2013, the Florida Auditor General issued [Operational Report No. 2013-103](#), which reported FAMU improperly transferred monies from non-athletics auxiliary funds to its Intercollegiate Athletics Program to cover the cash deficits from 2008 to 2012 in violation of BOG Regulation 9.013. In May 2019, FAMU's Division of Audit subsequently identified an additional violation of BOG Regulation 9.013 and as a result engaged Carr, Riggs, and Ingram (CRI) to conduct a forensic review. In June 2019, CRI reported six transfers from non-athletics auxiliary funds to the Intercollegiate Athletics Program contrary to BOG regulation requirements. In response to CRI's findings, President Robinson, required the Division of Audit to regularly perform assurance reviews of Auxiliary/Athletic transactions for compliance with BOG Regulation 9.013. Since June 2019 the Division of Audit has performed a number of reviews – none of which identified any additional improper Auxiliary transfers to the Intercollegiate Athletics Program.

For this engagement, the DoA reviewed all journal entries from January 1, 2020, to June 15, 2022, that involved funds transferred to and from Auxiliary and Athletics. Our review specifically looked for any transfer of funds from Fund 116 (Auxiliary) to Fund 115 (Athletics), which would violate BOG Regulation 9.013. Our analysis of the journal entries and their supporting documents, did not identify any transactions which violated BOG Regulation 9.013.



APPENDIX A: Purpose, Scope, and Methodology

Purpose and Scope

The purpose of this assurance service was to determine whether the University complied with Florida Board of Governors Regulation 9.013(3) - Auxiliary Operations which requires the Intercollegiate Athletics program to be self-supporting - prohibiting the use of other university auxiliary funds for Intercollegiate Athletics. The scope included transfers of funds between Auxiliary and Athletics from January 1, 2020, to June 15, 2022.

Methodology

As part of the engagement we:

- Reviewed the Florida Board of Governors Regulation 9.013(3) - Auxiliary Operations;
- Examined listings of journal entries for Auxiliary and Athletics for the review period;
- Performed data analytics on journal entry data;
- Examined Journal entries; and
- Reviewed supporting documentation.



APPENDIX B: Board of Governors Regulation 9.013 – Auxiliary Operations

9.013 Auxiliary Operations

(1) Auxiliary services are integral activities of a university that furnish to its faculty, staff and students goods and/or services that are necessary or desirable but not readily available elsewhere in terms of costs, quality, quantity, timeliness, convenience, or other similar considerations. These activities shall support the educational endeavor of the institution and enhance its functioning; therefore, they shall not detract or distract from this basic endeavor in any way, financially or otherwise.

(2) Each auxiliary service is an individual entity and shall be accounted for as such. A service may be operated by the institution or by a private contractor under the institution's supervision. Under either arrangement, all pertinent institutional revenues and costs shall be assigned to each auxiliary and the consequent financial results of operations determined.

(3) There shall be a uniform system of financial reporting within the State University System for auxiliary services. Each institution may determine whether its auxiliary services will be self-supporting on an individual or collective basis, except for athletics, which shall be a self-supporting entity. Revenues for auxiliary services shall not be provided from general revenue supported budget entities except in payment of goods and/or services. Provided, however, auxiliary services may be housed in buildings that are financed from other sources.

(4) Proposed expenditures from the various auxiliary funds shall be reflected in annual budgets filed with the Board of Governors.

Authority: Section 7(d), Art. IX, Fla. Const., History—Formerly BOG Rule 6C-3.14 and 6C-9.13, 3-4-74, 12-17-74, 8-29-77, 9-8-77, 8-11-85, 1-8-86, 4-10-86, 11-20-08.



DISTRIBUTION

Responsible Manager:

- Gloria Walker, CFO/Vice President, Finance and Administration

Internal Distribution:

- FAMU Board of Trustees
 - Kelvin Lawson, Chair
 - Kimberly Moore, Vice Chair
 - Ann Marie Cavazos, FAMU Faculty Senate President
 - Otis Cliatt, II
 - Thomas W. Dortch, Jr.
 - Michael Dubose
 - Kristin Harper
 - Zachary Bell, FAMU Student Body President
 - Belvin Perry, Jr.
 - Craig Reed, FAMU Audit and Compliance Committee Chair
 - Kenward Stone
 - Nicole Washington
- FAMU Senior Leadership Team
 - Larry Robinson, Ph.D., President
 - Dr. Maurice Edington, Provost and Vice President, Academic Affairs
 - Linda F. Barge-Miles, Chief of Staff
 - Dr. Kelly McMurray, Associate Vice President, Strategic Planning, Analysis and Institutional Effectiveness
 - Rica Calhoun, Chief External Compliance & Ethics Officer
 - Dr. Kyle Eidahl, Faculty Senate Representative
 - Dr. Shawnta Friday-Stroud, Vice President, University Advancement/ Executive Director, FAMU Foundation
 - Cynthia Henry, Executive Assistant
 - Dr. William E. Hudson, Vice President, Student Affairs
 - Carmen Cummings Martin, Assistant VP, Alumni Affairs/University Advancement
 - Dr. Tiffany Ardley, Faculty Senate Representative
 - Robert Seniors, VP, Information Technology Services/CIO
 - Denise Wallace, Vice President, Legal Affairs and General Counsel
 - Charles Weatherford, Vice President, Research
 - Danielle McBeth, Director, Government Relations
 - Michael Smith, Interim Vice President/Director of Athletics
 - Keith Miles, Director, Communications, Marketing, and Media Relations
 - Dr. Eric Akins, Director, Title III Programs

External Distribution:

- Julie Leftheris, Inspector General and Director of Compliance, Board of Governors



PROJECT TEAM



Engagement was conducted by:

William (Bill) Knight, CIGA
Enterprise Risk Management Coordinator



Engagement was supervised by:

Deidre Melton, CIA, CISA, CISM, CDPSE, CRISC, CFE, CIGI, CRMA
Associate Vice President for Audit and Chief Risk Officer



Engagement was approved and distributed by:

Joseph K. Maleszewski, CFE, CIA, CGAP, CISA, CIG, CIGA, CIGI, CCEP, CCA
Vice President for Audit and Chief Audit Executive

STATEMENT OF ACCORDANCE

The Division of Audit's mission is to provide independent, objective assurance and consulting services designed to add value and improve the University's operations. It helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

We conducted this assurance service in accordance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require we plan and perform the assurance service to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our engagement objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

Please address inquiries regarding this report to the Division of Audit at (850) 412-5479.

<https://www.famu.edu/administration/audit/index.php>