



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

Annual Report 2019-2020



ACCOUNTABILITY ● INTEGRITY ● EFFICIENCY

September 2020



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DIVISION OF AUDIT - OVERVIEW

The Division of Audit (Division) provides audit, advisory, investigative, and other services as appropriate to all entities of the University, including schools, colleges, administrative departments, auxiliary enterprises, and support organizations. The Division assists the University in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the University's risk management, control, and governance processes.

The Division is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of Florida Agricultural and Mechanical University (FAMU). The Division adds value by serving as a proactive business partner with University management by evaluating business processes, controls, compliance mechanisms and technologies to ensure:

- Business risks are appropriately identified and managed;
- Assets and resources are properly controlled;
- Operational, financial, and managerial information is accurate and reliable;
- University actions are compliant with policies, procedures, standards, state and federal laws, and regulations;
- Effective coordination and cooperation are provided to external auditors to avoid duplication of efforts;
- Allegations of fraud, waste, abuse; and complaints received from the Chief Inspector General (CIG) and Florida Board of Governors (FLBOG) are appropriately investigated; and
- Quality and continuous improvement are fostered in the University's control processes.

VISION

We will be championed by our customers, benchmarked by our peers (counterparts), and dedicated to excellence in our products and services.

MISSION

We add value to FAMU and its stakeholders by promoting accountability, integrity, and efficiency through excellence in auditing, investigations, management reviews, and technical assistance.

VALUES

- Integrity
- Objectivity
- Competence
- Confidentially
- Fairness
- Professionalism
- Personable
- Empathetic




PRIORITIES

- Awareness
- Sufficiency
- Timeliness
- Added-Value



STANDARDS

The Division activities for audit (assurance), advisory, and investigative services are governed by the following professional standards:

Governing Body	Standards	Division Services
	<i>International Professional Practices Framework</i> published by the Institute of Internal Auditors, Inc.	Audit Advisory
	<i>Government Auditing Standards</i> published by the United States Government Accountability Office	Audit Advisory
	<i>Information Technology Assurance Framework</i> published by ISACA	Audit
 <p>ASSOCIATION OF INSPECTORS GENERAL <i>Advancing Professionalism, Accountability & Integrity</i></p>	<i>Principles and Standards for Offices of Inspector General</i> published by the Association of Inspector General	Investigations
 <p>STATE UNIVERSITY SYSTEM OF FLORIDA</p>	<i>Standards for Complaint Handling and Investigations for the State University System of Florida</i> published by the State University System of Florida	Investigations



2019-20 ACCOMPLISHMENTS



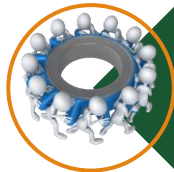
Provided Assurance Services Related to Performance Based Funding Data Integrity, Cash Collections, Procurement Services, Grant Management, and Athletics Expense Management



Provided Advisory Services on High Risk Issues Related to Athletics, Policy and Procedure Management, Construction, CARES Act, Information Technology, Financial Controls, and Strategic Financial Management and Planning



Worked with University management to close 59 audit and investigation findings



Implemented a Continuous Monitoring Program for High Risk Areas: Athletics, Construction, Information Technology Services and Textbook Affordability



Restructured the Division of Audit to add an Audit Director to increase efficiency of Division operations



Developed a COVID-19 Risk Landscape to Provide Management with an Overview of COVID-19 Risks Impacting the University Across Divisions



Redesigned the annual work plan to align Division projects to the University's strategic plan, accountability plan, and President's goals



Spearheaded the Development of Board of Trustees and University Policies on Internal Controls and Enterprise Risk Management



AUDIT ACTIVITIES

Audit (assurance) activities are included on the Division’s approved Audit Work Plan and result in a formal report which includes observations and corrective actions that were identified during the audit. During FY 2019-20, the Division completed seven (7) audit projects listed below.

The full reports are accessible via links below:

1. [6-Month Work Plan \(July 2020 -December 2020\) \(#19-20-0009\)](#)
2. [Risk Assessment June 2019 - May 2020 \(#19-20-0008\)](#)
3. [FY 2019-20 Performance-Based Funding Data Integrity Data Integrity Certification \(#19-20-0006\)](#)
4. [Purchasing Card Audit \(#19-20-0004\)](#)
5. [Decentralized Cash Collections Audit: Athletics Department \(#19-20-0003\)](#)
6. [FY 2017-18 Athletics Expense Review \(#19-20-0002\)](#)
7. [FY 2018-19 Essential Theatre Decentralized Cash Collection \(#19-20-0001\)](#)

The synopsis for each of the reports is presented in the following section. The executive summary for each of the reports is covered in Appendices A through G.



6-Month Work Plan: July 2020 - December 2020 [Appendix A](#)

[FLBOG Regulation 4.002](#) and professional auditing standards¹ state that the chief audit executive (CAE) must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization’s goals. Additionally, the CAE must review and adjust the plan, as necessary, in response to changes in the organization’s business, risks, operations, programs, systems, and controls. Over the past year, FAMU experienced significant changes within the institution’s management, operations, programs, and the ongoing global pandemic. Those changes led the CAE to move from the standard three-year audit work plan to a six-month audit work plan in an effort to focus the Division’s resources in areas of high risk and University need. Additionally, Division activities have been mapped to the University’s strategic plan and President’s goals to ensure alignment and support of institutional goals and objectives. Although the plan was developed to guide our activities over the 6-month period, the plan will be adjusted to meet management’s and the BOT’s needs as other priorities are identified.

¹ International Standards for the Professional Practice of Internal Auditing (Standards) – Performance Standards 2010 Planning



2

Risk Assessment June 2019 – May 2020 [Appendix B](#)

The risk assessment was prepared in accordance with [FLBOG Regulation 4.002](#) and requirement of professional standards. The assessment served as the primary basis for developing the six-month audit work plan for July 2020 through December 2020. The plan highlights the significant changes that the University experienced over the past year, along with a detailed list of risks that impacted various departments as a result of the COVID-19 pandemic. Additionally, the risk assessment provides a heat map of risk levels in over 80 areas within the University for the past three years. The areas covered are based categorically around the Association of College & University Auditors’ risk dictionary. The objective of the risk assessment was to align internal audit resources to those processes that pose the highest risk to the University’s ability to achieve its objectives, while providing management with insights into key risks that should be addressed as a result of the COVID-19 pandemic’s impact on University operations.



3

FY2019-20 Performance-Based Funding (PBF) Data Integrity Audit [Appendix C](#)

The Performance- Based Funding Data Integrity Audit is performed annually and required by Florida Statute 1001.076 – *Powers and Duties of the Board of Governors*. At the direction of the Florida Board of Governors Chair, Ned Lautenbach, we performed the audit to verify the data submitted for the Fall 2018, Spring 2019, and Summer 2019 academic semesters that supports the University’s 10 performance funding metrics; evaluated the University’s processes for completeness, accuracy, and timeliness of performance funding data submissions; and reviewed other University actions that could impact the University’s Data Integrity Certification required by the FLBOG. The audit did not reveal any material errors within the data files submitted by FAMU and found that the controls and processes established by FAMU were adequate to ensure completeness.



4

Purchasing Card Audit [Appendix D](#)

We audited the University’s Purchasing Card program policies and procedures as part of the BOT approved Audit Work Plan. We tested high risk purchasing card (P-cards) components and performed follow-ups on noted Auditor General Operational Audit findings. Our audit revealed, that in general, the University had adequate internal controls over the use of P-cards and had enhanced controls around P-cards in response to the Auditor General Operational Audit findings. However, our audit disclosed that improvements were needed in the areas of timely reconciliations; cardholder transaction, daily, and credit limits; and obtaining proper supporting documentation and approvals. Our post audit follow-up review shows that management had implemented corrective actions to address noted issues.



Source: <https://famuatletics.com/news/2019/2/15/211790826.aspx>

5

Decentralized Cash Collections Audit: Athletics Department [Appendix E](#)

We audited the decentralized cash collection procedures and on-site football game day cash collections for the Athletics Department as part of the BOT approved Audit Work Plan. The audit included processes associated with the Box Office, Game Day Operations, and Parking. Our audit found cash collection processes were satisfactory in the areas of internal controls, proper segregation of duties, cash deposits, and game day operations including parking and concessions. Additionally, the audit noted improvements were needed in the areas of proper safeguarding of cash, Box Office manual, post-game reconciliation, and ticket validity/void processes. Our post audit follow-up review shows that management had implemented corrective actions to address noted issues.

6

FY 2017-18 Athletics Expense Review [Appendix F](#)

In accordance with our Audit Work Plan approved by BOT, we audited the FY 2017-18 Athletics Department fiscal and operational activities. Our audit disclosed that transactions collectively contributed to the Athletics Department’s overspending their FY 2017-2018 budget by over \$1.7 million. As a result, we recommended improvements in internal controls over expenditures, P-card transaction record keeping, timely reconciliations, verification of services prior to payment of invoices,



enhancements to the budget process, and that all Athletic Department employees are provided fiscal and compliance training.



Source: <http://famu.edu/index.cfm?essentialtheatre&famuconnection>

7

FY 2018-19 Decentralized Cash Collection Audit: Essential Theatre [Appendix G](#)

As part of our Audit Work Plan approved by the BOT, we conducted an audit of the cash collection process for the Visual Arts, Humanities and Theatre Department (Essential Theatre). We reviewed decentralized the authorization for Essential Theatre as a cash collection location and select topics of compliance with the University’s Cash Collection and Controls Manual and FAMU’s Purchasing Card Manual. Our audit disclosed that the cash collection process, in general, was satisfactory and internal controls ensured cash collected was fully accounted for, adequately safeguarded, reconciled, properly approved, and timely deposited. However, we did note that improvements were needed to ensure all applicable students and employees received criminal background checks and cash handlers received the appropriate training. Our follow-up review shows that management had implemented corrective actions to address noted issues.





















FOLLOW-UP ACTIVITIES

Follow-up activities are completed for any outstanding audit findings disclosed in audit services and may be completed for other engagements, such as investigations and risk assessment. Periodic reports are provided to the Board of Trustees' Audit and Compliance Committee, President, and senior leadership team on the status of implementation of corrective actions.









Audit Follow-ups

During the fiscal year, there were thirty-six (36) open audit findings. At the end of the fiscal year, twenty-six (26), or 72% of the 36 findings were closed and ten (10) were open.











Closed audit findings are findings on which management had completed and the Division had validated corrective actions. Open audit findings are those on which either management has not taken full and complete corrective actions or the Division has not validated the effectiveness of corrective actions taken. The details of our follow-ups are described below:

26	Closed Audit Findings
	2016-17 BOG IT Compliance Audit: Information Security Plan Development and Implementation
	2017 DSO Independent Audit: FAMU Rattler Boosters Proper Accounting Records (Finding No. 2017-1)
	2017-18 Athletic Expense Review: Inadequate Athletics Procurement Practices
	2018-19 Decentralized Cash Collections – Essential Theatre: Criminal Background Screenings
	NCAA Committee on Infractions – FAMU Case No. 00176: Institutional Obligation to Timely Renew or Non-renew Student Athlete Financial Aid
	Purchasing Card Transaction Audit: Revised Policy
	Purchasing Card Transaction Audit: Athletics Monthly Reconciliation
	Athletics Decentralized Cash Controls Audit: Unsecured cash area
	2017-18 SGA Follow-Up Audit: Employee Time Reporting – SGA
	2018 DSO Independent Audit: Supporting Documentation
	2018 Operational Audit Findings: Payroll – Time Reporting
	2018-19 Decentralized Cash Collections – Essential Theatre: Cash Handler Training
	2018-19 Risk Assessment: Purchasing – Vendor Contracts (Subject Matter Expert Review of Contracts)
	Athletics Decentralized Cash Controls Audit: Ticket Security
	Athletics Decentralized Cash Controls Audit: Ticket Void and Reissue
	Athletics Decentralized Cash Controls Audit: University Processing Timely Deposit
	Athletics Decentralized Cash Controls Audit: Post Reconciliation Process Not Entirely Completed
	FAMU Foundation Fiscal Year 2018 External Audit Issues: Material Change In Unrealized Gain Was Not Being Monitored and Recorded On Regular Basis

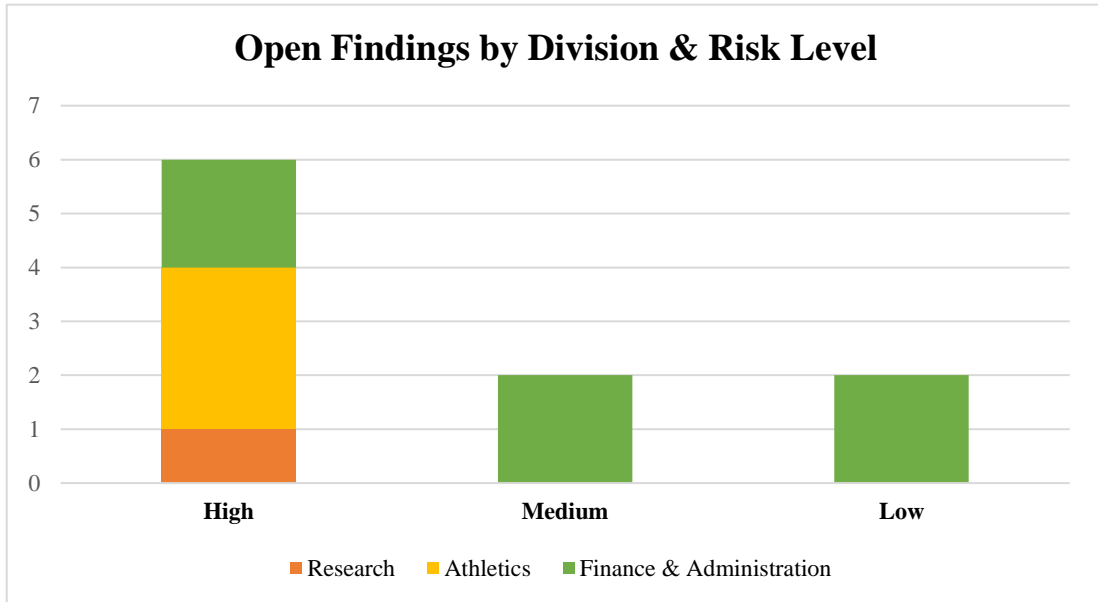


26	Closed Audit Findings
	FAMU Rattler Boosters Fiscal Year 2018 External Audit Issues: Bank reconciliations were not being prepared on a monthly basis
	Purchasing Card Transaction Audit: Supporting Documentation & Approvals
	Purchasing Card Transaction Audit: Threshold Analysis
	2017-18 Cloud Security Governance Audit: Service Transition Planning
	2017-18 SGA Follow-Up Audit: Student Employee Time Reporting – SGA
	2018-19 Risk Assessment: Purchasing - Vendor Contracts (Procurement Processing Guidelines)
	Auditor General Audit: Federal Audit Enrollment Status Change and R2T4 Issues
	Crowe Report -Internal Control and Business Process Assessment: Data Protection – Employee Security Awareness Training

Severity Risk Level  High Risk  Medium Risk  Low Risk












10 Open Audit Findings	
4 <u>Partially Corrected</u>	6 <u>Not Corrected</u> In Process
 2018 Operational Audit Findings: Intercollegiate Athletic Programs – Deficit Cash Balances  2017-18 Cloud Security Governance Audit: Disaster Recovery  2017-18 Athletic Expense Review: Failure to Attend Mandatory University Fiscal and Compliance Training  2018-19 Risk Assessment: IT Governance Committee	 2018-19 Risk Assessment: Emergency Preparedness  2018-19 Risk Assessment: Hazardous Lab Chemicals  2018-19 Risk Assessment: Bragg Stadium Safety & Maintenance  IT Governance Committee: The University Lacked the Establishment of an IT Governance Committee.  2019 Crowe Report: Data Protection – Employee Removable Media  2019 Crow Report: Information Security – Policies and Procedures

Severity Risk Level  High Risk  Medium Risk  Low Risk

























Investigative Follow-ups

During FY 2019-20, management had completed and the Division had validated corrective actions for all thirty-three (33), or 100% of the recommendations resulted from our investigative activities. They included:

33	Recommendations Implemented and Validated
	College of Education: Falsified Credentials - Take Appropriate Personnel Actions
	College of Education: New Hire and Change of Position Background Checks
	FAMU Development Research School: Faculty and Staff Guidance and Expectations for Student Interactions
	FAMU Development Research School: Policy on Background Checks
	FAMU Foundation: Approval of Check Changes
	FAMU Foundation: Checks Issued to Authorized Individuals or Departments
	FAMU Foundation: Separation of Duties for Authorizing & Receiving Awards
	Human Resources: Guidance on Background and Reference Check Procedures
	College of Agriculture and Food Sciences: Services Within Scope of Grant Award
	College of Education: Process for Confirming Interview Information
	College of Pharmacy and Pharmaceutical Sciences: Foreign Travel – Take Appropriate Personnel Actions



33	Recommendations Implemented and Validated
	College of Pharmacy and Pharmaceutical Sciences: Payment Process and Travel Reimbursements Training
	College of Pharmacy and Pharmaceutical Sciences: Procedures for Trip Forms
	College of Pharmacy and Pharmaceutical Sciences: Receipt and Deposit of Travel Proceeds
	College of Social Sciences, Arts and Humanities: Procedures for Cash Collection by Authorized Cash Collection Points
	FAMU Development Research School: Background Checks for University Employee Transfers
	FAMU Development Research School: Document All Background Check Activities
	FAMU Development Research School: Follow Grade Change Policies and Procedures
	FAMU Development Research School: Policies and Procedures for Attendance Redemption Programs
	FAMU Foundation: Adherence to Scholarship Requirements by All Recipients
	FAMU Foundation: Authorized Individuals for Check Pick-Up
	FAMU Foundation: Guidelines for Emergency and Need-Based Funding
	FAMU Foundation: Verification of Scholarship Eligibility Requirements
	Office of International Education and Development: Central Oversight and Approval of all Study Abroad Programs
	Sponsored Research: Monitoring of Compliance with Award Policies
	College of Agriculture and Food Sciences: Alternate Authority to Sign Work Verification Logs
	College of Agriculture and Food Sciences: Alternative Student Transportation
	College of Agriculture and Food Sciences: Create a Daily Sign-In/Out Log
	College of Pharmacy and Pharmaceutical Sciences: Use of Authorized University Cash Collection Points
	FAMU Development Research School: Random Background Checks for Faculty & Staff
	FAMU Foundation: Alternative Offline Scholarship Application Process
	FAMU Foundation: Recall Check
	Human Resources: Amend Onboarding Process to include Outside Employment Form

Severity Risk Level  High Risk  Medium Risk  Low Risk



ADVISORY ACTIVITIES

The Division provides advisory services which are intended to provide advice, technical assistance, and information on a wide variety of topics related to compliance, internal controls, and business practices. This includes reviewing current practices, researching and interpreting policies and procedures, and responding to routine inquiries. The Division also serves as a liaison with the external auditors.

During FY 2019-20, the Division issued four advisory reports and memorandums. The full reports and memorandums are accessible via links below:

1. [Advisory Services Report: Overview of Audits & Reviews by External Parties \(#19-20-0007\)](#)
2. [Advisory Services Report: Process for Adopting and Changing Policies \(#19-20-0005\)](#)
3. [Advisory Memorandum: Graduation Process Impacts Declaration of FAMU State of Emergency, March 20, 2020](#)
4. [Advisory Memorandum: Status of Select Athletics Reporting Requirements December 18, 2019](#)

Note: The synopsis for each of the reports and memos is presented in the following section. The executive summary for each of the reports and memos is covered in Appendices H through K.

1

Overview of Audits & Reviews by External Parties [Appendix H](#)

Various state and University policies and regulations and professional standards² require CAEs to evaluate and communicate internal control deficiencies to those parties responsible for taking corrective action, including senior management and the board of directors. We performed a review of external audits, accreditation reviews for various schools and colleges, and program reviews. Our review communicated issues raised by external governing and regulatory bodies, as well actions taken by the University to resolve those issues.

2

Process for Adopting and Changing Policies [Appendix I](#)

Professional auditing standards³ state that the internal audit activity must assist the organization in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement. Additionally, the internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organization's governance, operations, and information systems regarding compliance with laws, regulations, policies, procedures, and contracts. The University must have current policies to guide the behavior and expectations of management, staff, and students. We performed a review of the University's processes for adopting and changing policies and made several recommendations for improving the overall policy process and employee awareness of the policies.

² The regulations and professional standards include:

- FLBOG Regulations 4.002 State University System Chief Audit Executives;
- [International Standards for the Professional Practice of Internal Auditing \(Standards\) – Performance Standards 2130 - Control; and](#)
- [FAMU Board of Trustees and University Policies on Internal Controls and Enterprise Risk Management;](#)

³ International Standards for the Professional Practice of Internal Auditing (Standards) – Performance Standards 2130 - Control



3

Graduation Process Impacts Declaration of FAMU State of Emergency, March 20, 2020 [Appendix J](#)

Beginning Wednesday, March 18, 2020, FAMU was temporarily transitioned to remote work as a precaution to stem the spread of COVID-19. This transition could significantly impact the University’s ability to document that each student awarded a degree during the Spring 2020 academic semester met all graduation requirements and received all necessary approvals. Additionally, students who intended to graduate in Summer 2020 may need new guidance regarding how and when to communicate their intent to graduate.

The Division conducted the advisory project to assist the Division of Academic Affairs in proactively addressing these potential issues before they occur. The goal was to continue to ensure graduating students are awarded degrees in alignment with both accreditation and FLBOG requirements while lessening any disruption of related student services.

4

Status of Select Athletics Reporting Requirements, December 18, 2019 [Appendix K](#)

The Division serves as proactive business partners to Athletics. Through assurance and consulting services, the Division, evaluates Athletics to provide information to improve the effectiveness and efficiency of operations, risk management, control, and governance processes. The memorandum provided relevant University officials and departments updates on the status of FAMU Athletics’ compliance with reporting requirements to their governing bodies.



INVESTIGATIVE ACTIVITIES

Investigations result from information reported to our Division through the University’s hotline; correspondence provided direct to our Division in the form of letters, memoranda, emails, and telephone calls; from the FLBOG, the Governor’s CIG, and other sources.

Effective July 1, 2019, the former Division of Audit and Compliance was divided into the Division of Audit and Office of Compliance and Ethics (OCE). The Division provides independent, objective assurance and consulting services designed to add value and improve the University’s operations; while the OCE provides oversight and guidance to the University in meeting all compliance and ethics requirements mandated by law, rules, regulations, policies and procedures.

The restructuring transferred portions of the investigative function to the OCE. Meanwhile, the Division continues to coordinate investigative efforts with the OCE or conducts investigations independently as needed. During FY 2019-20, the Division conducted three investigations described below:

1

FAMU Men’s Tennis Investigation (#19-09-0002)

The Division supported this investigative work with FAMU OCE. The OCE received a complaint regarding issues involving the head coach of the FAMU Men’s tennis team, who was also the former Associate Provost. The investigation was to determine whether the allegations related to the following areas were substantiated. The investigative works showed that allegations related to numbers 2 and 4 below were *substantiated*.

1. Complainant’s Recruitment
2. Complainant’s Enrollment and Admissions
3. Complainant’s Housing
4. Complainant’s Financial Aid
5. Compliance with Countable Athletically Related Activities (CARA)

2

College of Agricultural and Food Sciences (CAFS) Improper P-card Use (#19-08-0002)

An anonymous complaint related to purchasing card (P-card) usage within the CAFS was referred to the Division in August 2019. The complaint included the following three allegations:

- The Director for the Center for Viticulture and Small Fruit Research Center (CVSR) and the Dean of the CAFS used their P-cards to purchase goods or services that should be obtained through the University’s requisition process;
- There have been instances of improper P-card usage within the CAFS; and
- Monthly P-card reconciliations were not approved by appropriate authorities.

Based on interviews conducted and records reviewed, the allegations were *unsubstantiated*. However, we noted certain CAFS travel authorization and expense approval issues for transactions totaling approximately \$8,300 which, while legitimate, did not comply with University internal control processes. We provided recommendations to management to improve the control deficiencies.



3

FAMU Center for Medical Marijuana Financial Reporting (#19-09-0003)

In August 2019, the Executive Office of the Governors, CIG referred a complaint to the Division in which the complainant alleged that FAMU’s Provost falsified financial records included in the Center for Medical Marijuana⁴ (CMM) Expenditure Report submitted to the Florida Department of Health (FDOH) in late July 2019. The complaint further alleged the former CMM Director was terminated for refusing to falsify CMM financial records to the FDOH.

Based on interviews conducted and records reviewed, the allegations were *unsubstantiated*.

⁴ CMM is also known as Medical Marijuana Education and Research Initiative (MMERI)



CONTINUOUS MONITORING

Continuous monitoring provides management timely identification of new issues; transaction errors; abuse, fraud, and non-compliance; and ongoing assurance over risk management and internal controls, as well as the ability to assess and prioritize resources. During FY 2019-20, the Division performed four (4) continuous monitoring projects including:

1

Construction

We attended monthly Owner Architect Contractor meetings and BOT update meetings for all University construction projects. Our staff met with the Director of Facilities Planning & Construction (FPAC) regularly to discuss concerns for major projects including the Center for Access and Student Success (CASS) Building, the Student Amphitheater, the 700 Bedroom Residence Hall, and the FAMU Student Service Center Dining Hub.

2

Cybersecurity

The Division of Audit routinely met with Information Technology Services staff to monitor the University's progress on improving their cybersecurity posture. Updates and results of those meetings were provided to the Board of Trustees during closed-door sessions during Board of Trustee meetings on September 19, 2019 and March 5, 2020.

3

The Knight Foundation

The Resolution Plan submitted by FAMU and accepted by the Knight Foundation in response to the Observation of 'Lack of Expenditure Controls' in the Grant Expenditure Monitoring Report (May 2017) included an Oversight Plan. One provision of the plan includes quarterly audits by the Division to ensure the new processes and controls are being followed and working effectively. For this fiscal year, the Division audited supporting documentation submitted by the FAMU Foundation for expenses for Knight Foundation Grant #90-325 and for Knight Foundation Grant #9800217 to ensure compliance with grant terms.

4

Textbook Affordability

The Division continuously monitors the University's requirement to comply with Florida Statute 1004.085(6) regarding textbook affordability. Specifically, we obtain and monitor the timely posting of textbook information throughout the academic year to ensure that students understand course textbook requirements and have sufficient time to consider textbook purchase options and limit their textbook costs. The goal is to be proactive and assist management with identifying and proactively remediate textbook adoption issues and enhance the University's efforts to comply with the State's Textbook and Instructional Materials Affordability law.



OTHER DIVISION ACTIVITIES

In addition to the Division’s main responsibilities in audits (assurance), follow-ups, advisory services, investigations, and continuous monitoring activities, we also conducted projects described below.

1

FY 2019-20 FAMU Division of Audit Internal Assessment Plan and Report

Each University business unit is required to complete an annual assessment plan and report required by the Office of University Assessment. During FY2019-20, the Division prepared the required report to assist the University with promoting a culture of continuous improvement by implementing manageable and sustainable assessment process that leads to quality divisional program and service improvement.

2

Division of Audit Strategic Plan Strategies for FY 2016-17 to FY 2019-20

At the request of the Division of Strategic Planning, Analysis and Intuitional Effectives, and to contribute to building FAMU’s strategic priorities, we prepared a Division strategic plan as part of the University-wide strategic plan to achieve institutional effectiveness. In the plan, we summarized our strategies related to 5.3.3 and 5.3.4 listed below. The strategies addressed projects, practices, and plans that add value to FAMU and its stakeholders by promoting accountability, integrity, and efficiency through excellence in auditing, investigations, management reviews, and technical assistance.

- Strategy 5.3.3 – Improve effectiveness of internal audits in maintaining internal controls by using continuous improvement practices.
- Strategy 5.3.4 – Train personnel to implement and maintain appropriate internal controls in high-risk areas.

3

Management Letter: Transfer of Non-Athletics Auxiliary Funds to Athletics Review (Review Period: 8/9/2019 – 1/10/2020)

At the direction of President Robinson, the Division performs periodic reviews of general ledger journal transfers to evaluate compliance with [FLBOG Regulation 9.013](#), Auxiliary Operations. The review was limited to determining adherence with FLBOG Regulation 9.013, Auxiliary Operations. For the 231 general ledger journal entries within Fund Code 115 (Athletics) and Fund Code 116 (Auxiliary Services) for the period, we found no journal entries were made contrary to FLBOG Regulation 9.013, Auxiliary Operations.

4

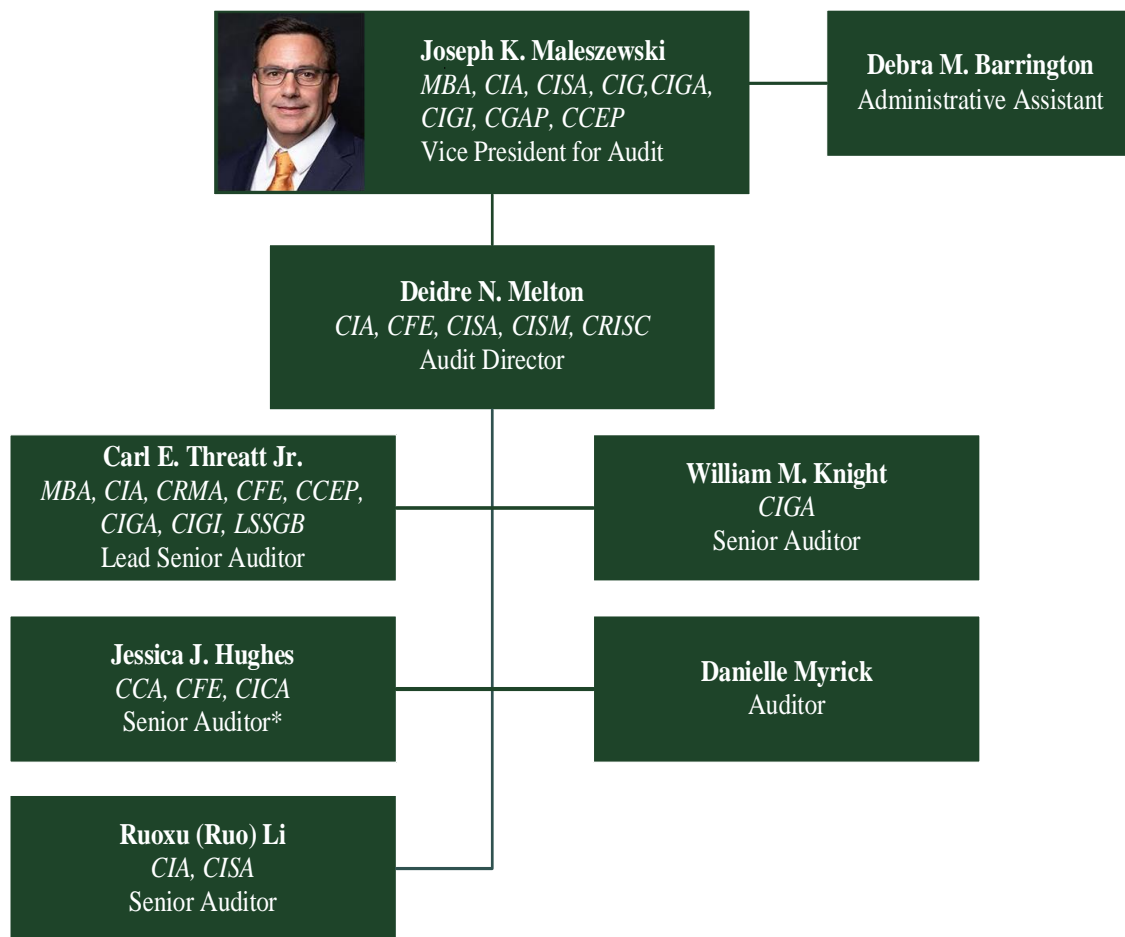
Management Letter: Transfer of Non-Athletics Auxiliary Funds to Athletics Review (Review Period: 6/21/2019 – 8/7/2019)

At the direction of President Robinson, the Division performs periodic reviews of general ledger journal transfers to evaluate compliance with FLBOG Regulation 9.013, Auxiliary Operations. We performed a review of 62 general ledger journal entries within Fund Code 115 (Athletics) and Fund Code 116 (Auxiliary Services) for the period. Our review of supporting documentation provided reasonable assurance that journal entries during the period were not made contrary to FLBOG Regulation 9.013, Auxiliary Operations.



STAFF

Our audit staff currently possess specializations in accounting, fraud auditing, risk, information technology, construction, and financial management. The specializations and training provide our office with the unique ability to provide a dynamic range of services and expertise to the University community.



*Employee is no longer with the University at the date of the report.



Joseph K. (Joe) Maleszewski, MBA, CIG, CIGI, CIGA, CIA, CGAP, CISA, CCEP
Vice President, Division of Audit

Mr. Maleszewski joined Division of Audit in March 2019. He received an MBA degree from the Florida State University School of Business and holds the following professional certifications:

- Certified Inspector General (CIG),
- Certified Inspector General Investigator (CIGI),
- Certified Inspector General Auditor (CIGA),
- Certified Internal Auditor (CIA),
- Certified Government Auditing Professional (CGAP),
- Certified Information Systems Auditor (CISA), and
- Certified Compliance and Ethics Professional (CCEP).

Mr. Maleszewski has over 28 years of service in state government, serving primarily in Offices of Inspector General at four State agencies.⁵ He also served as statewide Computer Security Administrator for the Florida Department of Transportation. He previously served as City Auditor for the City of Tallahassee and Inspector General and Director of Compliance of the State University System of FLBOG after serving as inspector general for the Department of Economic Opportunity and the Department of Transportation’s director of audit for over seven years.

Mr. Maleszewski is actively involved in a number of professional organizations and presents on topics related to audit, investigations, risk management, governance, and internal controls. He currently serves in the following leadership roles:

- Past President and non-voting board member of the Tallahassee Chapter of the Institute of Internal Auditors;
- Treasurer and Board member for the Florida Chapter of the Association of Inspectors General;
- Institute Faculty for the National Association of Inspectors General; and
- Member of the State University Audit Counsel.

⁵ Department of Agriculture and Consumer Services, Department of Transportation, Department of State, and Department of Economic Opportunity



Deidre N. Melton, MBA, CFE, CIA, CISA, CISM, CRISC
Audit Director

Ms. Melton joined the Division of Audit staff in January 2014. She was promoted as FAMU’s first Audit Director in December 2019. She received an MBA degree from FAMU School of Business & Industry and holds the following professional certifications:

- Certified Fraud Examiner (CFE),
- Certified Internal Auditor (CIA),
- Certified Information Systems Auditor (CISA),
- Certified Information Security Manager (CISM), and
- Certified in Risk and Systems Controls (CRISC).

Ms. Melton has over 15 years of service in the public sector at the Florida Auditor General’s Office and FAMU performing audits, investigations, advisory, and risk services within Florida’s K-12 and higher education systems. She has specialized in information technology security, risk, and fraud throughout her career.

Ms. Melton is actively involved in sharing her professional knowledge by currently serving in the following leadership roles:

- Chair, State University System of Florida IT Audit Group;
- President, ISACA Tallahassee Chapter;
- Audit Committee, Leon County Clerk of the Circuit Court and Comptroller;
- Advisory Council, Association of Certified Fraud Examiners;
- Leadership Development Chair, SheLeadsTech Tallahassee; and
- Association of College and University Auditors’ Diversity and Inclusive Leadership Committee.



Debra Barrington, *Notary Public*
Administrative Assistance

Ms. Debra Barrington has over 30 years of administrative service in state government, serving primarily in Offices of Gadsden and Leon Counties, City of Tallahassee, and many different state agencies. She also served as a customer service representative in each state office worked. She previously served as Administrative Assistant in FAMU Construction and Facilities Management prior to accepting the current position serving as Administrative Assistant to the Vice President of Division of Audit. Ms. Barrington serves in her role(s) for both Division of Audit and OCE, providing various services including time and labor, travelers' representative, purchasing card reconciliations, procurement requisitions, and payments. She is also a Florida Notary Public.



Jessica Hughes, *CCA, CFE, CICA, CCEP*
Senior Auditor

Mrs. Jessica Hughes has been a part of Division of Audit for 7 years. She received an MBA degree from the Troy State University School of Business and holds the following professional certifications:

- Certified Construction Auditor (CCA),
- Certified Fraud Examiner (CFE),
- Certified Internal Controls Auditor (CICA), and
- Certified Compliance and Ethics Professional (CCEP).

Mrs. Hughes has over 13 years of service in Higher Education working at both Florida State and Florida A & M University. Her experience includes grant compliance, budget management, construction internal control review, auditing, investigations, and various consulting projects. She currently serves as a board member for the Institute of Internal Auditors, Tallahassee chapter and the former Audit Committee Chair. She is also a member of the Association of Government Accountants and Society of Corporate Compliance and Ethics.



William Knight, *CIGA*
Senior Auditor

Mr. Knight has over 20 years of auditing experience in state government. Prior to joining FAMU's Division of Audit in July of 2018, Mr. Knight worked five years as an auditor in the Department of Revenue's Office of Inspector General, and before that worked in the Department of Financial Services and Office of Insurance Regulation in various auditing positions. Mr. Knight earned his bachelor's degree in Finance from Florida State University.



Ruoxu (Ruo) Li, CIA, CISA
Senior IT and Data Analytics Auditor

Ruoxu Li joined the Division of Audit in May 2013. She received a Master's degree in Professional Accountancy from University of Wisconsin-Whitewater. She holds the following professional certifications:

- Certified Internal Auditor (CIA), and
- Certified Information Systems Auditor (CISA).

Ms. Li has 15 years of auditing experiences. Prior to joining Division of Audit, she worked as an external auditor at Deloitte and Touche, and internal auditor at America College Testing (ACT), and Washington State University. She is an Association of College and University Auditors' Audit and Accounting Principles Committee member.



Danielle Myrick
Auditor

Ms. Danielle Myrick is newly employed with the Division of Audit in June 2020. She has received a Bachelor of Science in Finance from the University of Florida's Warrington College of Business. Ms. Myrick has over 10 years of public service with the state of Florida. Her experience includes external and internal auditing, electronic data interchange and data analytics. She currently serves as a board member for the Institute of Internal Auditors, Tallahassee Chapter, and a former Treasurer and Finance Committee Chair. She is also a member of the Florida Chapter Association of Inspectors General and Information Systems Auditing and Control Association.



Carl E. Threatt Jr., MBA, CIA, CRMA, CFE, CCEP, CIGA, CIGI, LSSGB
Lead Senior Auditor

Mr. Threatt joined the FAMU Division of Audit in August 2013. He received a Master of Business Administration (MBA) degree from the Albany State University School of Business and his Bachelor of Business Administration (BBA) degree with a concentration in accounting from Georgia Southwestern State University. In addition to becoming Customer Service Certified while employed with Albany State University, Threatt holds the following professional certifications:

- Certified Internal Auditor (CIA),
- Certification in Risk Management Assurance (CRMA),
- Certified Fraud Examiner (CFE),
- Certified Compliance and Ethics Professional (CCEP),
- Certified Inspector General Auditor (CIGA),
- Certified Inspector General Investigator (CIGI), and
- Lean Six Sigma Green Belt Process Improvement Certification (LSSGB).

Mr. Threatt has over 28 years of collective experience conducting and coordinating financial, operational and compliance audits of Universities, colleges, technical colleges, libraries and local boards of educations. Fourteen of the years he served as Audit Director/CAE at Albany State University where he established the internal audit function in 1997 and he also served two additional years as Assistant to the Vice President for Fiscal Affairs. He previously served five years as Principal Auditor conducting financial statements and compliance audits for the Georgia Department of Audits and Accounts (State Auditors) of various State of Georgia entities. He has been employed within the FAMU Division of Audit for the past seven years and presently serves in the role of Lead Senior Auditor. Throughout his career, Carl has conducted audits at four HBCUs in Florida (FAMU), Georgia (Albany State University), Tennessee (Tennessee State University) and Alabama (Concordia College).



PROFESSIONAL DEVELOPMENT AND ASSOCIATION

The Division’s staff develop and maintain their professional knowledge, skills, and abilities through a number of methods. The following section summarizes our staff’s professional certifications, professional affiliations, and training.

Professional Certifications

Expertise within the Division covers a variety of disciplines. Employees are technically qualified in auditing, financial matters, investigations, fraud, compliance, construction, and information technology. The accomplishments of staff members obtaining certifications represent significant time and effort. Collectively, the Division staff maintain 14 professional designations/certifications.

Professional Affiliations and Training

The Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing*, Section 1230, states that “Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.”

Our staff members maintain active memberships and attend continuing educational seminars, conferences, webinars, and luncheons in various professional associations. These associations allow Division staff members to maintain currency, establish and advance professional networks, and participate in professional community activities. Staff also serve in leadership roles and or committees in the ISACA, ACUA, AIG, and IIA professional organizations.

The Division staff attended continuing education activities provided by the following professional affiliations and are members of the associations:

- Association of Certified Fraud Examiners (ACFE) – Tallahassee Chapter;
- Association of College and University Auditors (ACUA);
- Association of Government Accountants (AGA)- National and Tallahassee Chapters;
- Association of Inspectors General (AIG) -National and State Chapters;
- Florida Audit Forum;
- Florida Government Finance Officers Association (GFOA);
- Institute of Internal Auditors (IIA)- National and Tallahassee Chapters;
- ISACA –National and Tallahassee Chapters;
- National Association of Construction Auditors (NACA); and
- Society for Corporate Compliance and Ethics (SCCE).





APPENDIX A: 6-Month Work Plan: July 2020 - December 2020 (#19-20-0009)

Executive Summary

Given the uncertainty surrounding the COVID-19 pandemic on University operations the Division modified our risk assessment activities and shortened our planning horizon from one fiscal year (with a three-year component) to the six-month period from July 2020 to December 2020. In fall 2020, the Division will perform additional risk assessment work to plan the remainder of the fiscal year. In planning our work, we heavily weighted the operational and financial impacts of the pandemic and the university's associated responses. We also planned our efforts to closely align with the University's Strategic Plan priorities and goals, and the President's Goals.

For the Division of Audit, the COVID-19 pandemic creates an immediate need to focus advisory and assurance services on financial matters including the availability and use of federal funds made available through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and other federal fund sources such as Federal Emergency Management Agency (FEMA).

Our work plan is risk-based to provide the most effective coverage of University operations and utilization of the Division's resources in areas where assurance or advisory services can assist management in achievement of the University's strategic priorities and business objectives. The plan allocates 300 of our available project hours for management requests and special projects. The plan will guide our activities over the next 6 months, but will be adjusted to meet management's and the Board's needs as other priorities are identified.

In addition to our planned projects we have included a section titled "Audit and Advisory Services on the Horizon." This section reflects projects identified based on our risk assessment for which there is a need for assurance, advisory, or continuous monitoring services within the University over the next one to three years. Identified within this section are areas that warranted the Division's coverage within the next six months for which adequate staffing resources are unavailable. They include:

- High priority/time sensitive assurance and advisory projects; and
- Continuous monitoring services that will be placed on hold.

Please click here for the full report: [http://www.famu.edu/AuditandCompliance/FY%2020-21%206-Month%20Work%20Plan%20\(July%20-%20Dec\)%20FINAL.pdf](http://www.famu.edu/AuditandCompliance/FY%2020-21%206-Month%20Work%20Plan%20(July%20-%20Dec)%20FINAL.pdf)



APPENDIX B: Risk Assessment June 2019 – May 2020 (#19-20-0008)

Executive Summary

The University is at a pivotal point in time and has, over the past year, faced extraordinary changes in leadership preceding the emergence of the current COVID-19 pandemic. The higher education sector is particularly vulnerable to the effects of this pandemic as students, faculty, and staff work and live in close proximity on and near campus. In addition, FAMU is comprised of faculty and staff serving students in a vulnerable socioeconomic circumstance. The Center for Disease Control and Prevention (CDC) data suggests the effects of COVID-19 on the health of racial and ethnic minority groups presents a disproportionate burden of illness and death due to factors including living conditions, work circumstances, underlying health conditions, and lower access to care. Collectively, these factors create a heightened responsibility for preventing and limiting the transmission of COVID-19 to our campus community.

The effects of these management changes coupled with the unprecedented pandemic exacerbate the University's risk portfolio and leave no aspect of University operations untouched. It is fair to say that there has been a seismic shift in the University's risk portfolio in terms of both the likelihood that key risks will be realized and the associate impacts should a risk be realized. Reliable financial and operational trends have been swiftly disrupted leaving the Board of Trustees, President, and Senior Leadership Team in the position of making highly impactful decisions quickly with limited information, as we face an uncertain operational and financial future. It is still unknown whether FAMU has seen the worst of the pandemic or if the worst is yet to come.

FAMU, like all organizations, has accepted the fact that at the moment staying safe is the top-most priority and challenge. Yet we must move swiftly, cautiously and deliberatively forward to mitigate the crisis while safeguarding and advancing our vision to be recognized as a premier land-grant, doctoral-research university that produces globally competitive graduates.

In response to the pandemic, FAMU used an all-hands-on-deck approach to this crisis. FAMU swiftly moved faculty and staff to remote work and transitioned from conventional, in-person instruction to remote instruction within a week's time. FAMU leveraged faculty, staff, and technology to effect this revolutionary change that, in the normal course of time, would have evolved over the course of years if at all.

The Board of Trustees and President have five major areas of concern to focus on during this crisis: 1. Safeguarding the health and safety of students, faculty, and staff; 2. Ensuring continuity of courses of study and other essential operations; 3. Determining the short- and long-term financial implications; 4. Providing timely communications with key constituencies; and 5. Addressing special considerations such as clinical and research program continuity, food and housing insecurity, and the needs of low-income and international students.

Please click here for the full report:

<http://www.famu.edu/AuditandCompliance/Risk%20Assessment%20June%202019%20-%20May%202020%20FINAL.pdf>



APPENDIX C: FY 2019-20 PBF Data Integrity Audit (#19-20-0006)

Executive Summary

What We Did

We performed an audit to verify the data submitted for the Fall 2018, Spring 2019, and Summer 2019 academic semesters that supports the University's 10 performance funding metrics; evaluated the university's processes for completeness, accuracy, and timeliness of performance funding data submissions; and reviewed other University actions that impact the University's Data Integrity Certification required by the Florida Board of Governors (FLBOG).

What We Found

We believe that our audit can be relied upon by the university president and the Florida Agricultural & Mechanical University's (FAMU) Board of Trustees as a basis for certifying, without modification, the representations made to the FLBOG related to the integrity of data required for the FLBOG performance-based funding model.

Based on our audit, we have concluded that FAMU controls and processes are adequate to ensure the completeness of data submitted to the FLBOG in support of performance-based funding. Our audit did not reveal any material errors within the data files submitted by FAMU that would impact FAMU's overall ranking among State University System institutions. However, our audit did disclose an error within the logic used by the FLBOG to calculate Metric 10: Number of Bachelor's Degrees Awarded to Transfers with AA Degrees from Florida College System (FCS) which could materially impact FAMU's overall ranking among State University System institutions.

Specifically, the logic for Metric 10 calculations did not include an exclusion for transfers from FCS institutions who received their AA from FAMU after matriculation. As a result, the number of bachelor's degrees awarded to transfers with AA degrees from FCS institutions was overstated. During the course of our audit, FAMU worked with the FLBOG to update the logic to now exclude these FAMU AA graduates from the Metric 10 calculation. FLBOG staff provided FAMU revised Metric 10 outcomes, but did not adjust the original benchmark. Without revising the associated Metric 10 benchmark, there could be unintended scoring impacts.

Opportunities For Improvement

FAMU's Provost, Vice President for Strategic Planning, Analysis and Institutional Effectiveness, and University Data Administrator should work with the FLBOG staff to establish a fair and equitable benchmark for Metric 10 based upon the revised metric logic to ensure that this change does not negatively impact FAMU's PBF evaluation and scoring.

Please click here for the full report: [http://www.famu.edu/AuditandCompliance/Report%20-%202019-2020%20Performance%20Based%20Funding%20Data%20Integrity%20Audit%20\(002\).pdf](http://www.famu.edu/AuditandCompliance/Report%20-%202019-2020%20Performance%20Based%20Funding%20Data%20Integrity%20Audit%20(002).pdf)



APPENDIX D: Purchasing Card Audit (# 19-20-0004)

Executive Summary

What We Did

We audited the University's Purchasing Card program policies and procedures. As part of our audit we tested high risk purchasing card (P-cards) components including split transactions; use of Merchant Category Codes (MCC); selected weekend transactions; and cardholder transaction, daily, and credit limits. We also performed follow-up on noted Auditor General Operational Audit findings related to timely submission of receipts and supporting documentation as well as card cancellation timeliness.

What We Found

In general, the University has adequate internal controls over the use of P-cards including controls regarding split transactions, MCC, weekend transactions, and supervisory review and approval. In response to prior noted audit issues the Athletics department has reduced the number of P-cards to enhance control.

Opportunities For Improvement

Areas that needed improvement included timely reconciliations; cardholder transaction, daily, and credit limits; and obtaining proper supporting documentation and approvals. To better align with the University's Purchasing Card Manual, we recommend the Athletics Department and the Office Operational Effectiveness & Procurement Services consider the following items:

Athletics Department

- Submit reconciliations within the required 15 calendar days after the statement close date, and
- Submit proper supporting documentation.

Office Operational Effectiveness & Procurement Services

- Implement automated (system) controls to prevent card holders from exceeding established limits;
- Require and retain all supporting documentation as outlined in the Purchasing Card Manual;
- Update the Purchasing Card Manual to:
 - Better align with the university's expenditure guidelines by stating allowable and disallowable items by funding source;
 - Remove items that do not align with current practices; and
 - Address the procedures of employees separating from the university.

Please click here for the full report: [http://www.famu.edu/AuditandCompliance/Pcard%20Report%20Final%2012-13-2019%20\(002\).pdf](http://www.famu.edu/AuditandCompliance/Pcard%20Report%20Final%2012-13-2019%20(002).pdf)



APPENDIX E: Decentralized Cash Collections Audit: Athletics Department (#19-20-0003)

Executive Summary

What We Did

We audited the decentralized cash collection procedures and on-site football game day cash collections for the Athletics department. We tested the first two home games on September 1, 2018, and September 15, 2018, and observed the third home game on September 22, 2018. The audit included processes associated with the Box Office, Game Day Operations, and Parking.

What We Found

Cash collection processes were satisfactory in the areas of: internal controls, proper segregation of duties, cash deposits, and game day operations including parking and concessions.

Opportunities For Improvement

Areas that needed improvement included, proper safeguarding of cash, Box Office manual, post-game reconciliation, and ticket validity/void processes. To better align with the University's Cash Collection and Controls Manual, we recommend the Athletics Department and the Controller's Office consider the following items:

Athletics Department

- Securing the cash room with sufficient locks;
- Timely completing post-game reconciliations;

Controller's Office

- Enhancements in the ticket void/reissue process;
- Upgrading the Ticket Scanner System;
- Preparing a comprehensive manual to include guidance on preprinted tickets, vault access, and segregation of duties processes; and
- Timely deposit of proceeds by the Cashier's Office.

Please click here for the full report:

<http://www.famu.edu/AuditandCompliance/Athletics%20Decentralized%20Cash%20Collections%20Audit%20Report.pdf>



APPENDIX F: FY 2017-18 Athletics Expense Review (#19-20-0002)

Executive Summary

What We Did

We audited the FY 2017-18 Athletics Department fiscal and operational activities under the prior Athletic Department management structure. Our audit focused on expenditures to determine whether the Department:

1. Complied with the provisions of the 2013 FAMU Purchasing Manual when procuring goods and services;
2. Complied with the February 2016 Purchasing Card Manual and BOT Policy Number 2006-04 - Purchasing Cards;
3. Personnel conducted adequate pre-audit of invoices;
4. In coordination with the Department of Finance and Administration had proper controls around the preparation and monitoring of the Athletics budget; and
5. Personnel received mandatory fiscal and compliance training.

What We Found

We found that the transactions collectively contributed to the Department overspending the FY 2017-18 Athletics budget by over \$1.7 million. Specifically, our audit testing noted exceptions included:

- Twenty-six contractual services purchase order authorizations (totaling approximately \$400,000) executed after the invoice dates (typically after goods and services were rendered);
- Three expenditures (totaling approximately \$500,000) were not included in the budget and were not timely encumbered;
- Twenty FY 2017-18 Athletics Department p-card transactions totaling over \$80,000 were not in compliance with the University's February 2016 Purchasing Card Manual related to supporting documentation and reconciliation requirements;
- Two invoices totaling \$7,300 where pre-audit did not detect invoice deficiencies related to the identification of work effort, materials, and services rendered; and
- Two fiscal and compliance training sessions were offered to Athletics Department employees during FY 2017-18 and one session in the following fiscal year. However, with high employee turnover during this period, not all Athletics Department employees received the mandatory fiscal and compliance training.

Opportunities For Improvement

We recommend the Athletics Department:

- Implement internal controls to ensure that all expenditures are incurred in accordance with the 2019 Office of Procurement Services Manual;
- Ensure P-card transactions are accurately recorded by team sport and timely reconciliations are submitted to the Office of Operational Effectiveness and Procurement Services;
- Corroborate athletic-related services and invoice amounts to the contracted rates prior to payment;
- Establish a process to ensure that all expenditures necessary to conduct the athletic program are included in the adopted budget; and
- Provide fiscal and compliance training to all Athletic Department employees and appropriate offices.

Please click here for the full report:

<http://www.famu.edu/AuditandCompliance/2018%20Athletics%20Expense%20Review%20Report.pdf>



APPENDIX G: FY 2018-19 Decentralized Cash Collection Audit: Essential Theatre (#19-20-0001)

Executive Summary

What We Did

In accordance with the 2018-19 Audit Work Plan, we conducted an audit of the Essential Theatre Decentralized Cash Collection location to ascertain if the Visual Arts, Humanities and Theatre Department (Essential Theatre):

1. Completed necessary documents to be authorized as a decentralized cash collection location;
2. Complied with the University's *March 2016 Cash Collection and Controls Manual*; and
3. Complied with the provisions of the *February 2016 FAMU Purchasing Card Manual* when procuring goods and services.

What We Found

The cash collection process, in general, was satisfactory and internal controls ensured cash collected was fully accounted for, adequately safeguarded, reconciled, properly approved, and timely deposited. Contrary to the University's *March 2016 Cash Collection and Control Manual*, one employee and seven student workers from the Essential Theatre Department did not have documentation on-hand to corroborate that a criminal background check had been performed. Additionally, two Essential Theatre employees and seven student volunteers did not attend cash collections and controls training. Finally, we found the internal controls were operational and effective regarding the p-card purchases and transactions complied with the *February 2016 FAMU Purchasing Card Manual* for the period under review.

Opportunities For Improvement

We recommend Essential Theatre Department and cash handlers work collaboratively with the FAMU Human Resources and Student Financial Services Office to:

- Ensure that department documentation is retained to corroborate that all employees and students that are Essential Theater cash handlers complied with the University's Criminal Background Check process and procedures prior to assuming cash handling responsibilities; and
- Ensure that all cash handlers receive training regarding the University's *March 2016 Cash Collection and Controls Manual*.

Please click here for the full report:

<http://www.famu.edu/AuditandCompliance/2018-19%20Essential%20Theatre%20Cash%20Collection%20Report.pdf>



APPENDIX H: Advisory - Overview of Audits & Reviews by External Parties (#19-20-0007)

Executive Summary

What We Did

We performed a review of external audit and review activities at Florida Agricultural & Mechanical University (FAMU). Specifically, the review included:

- Florida Auditor General financial, operational audits, and in-progress audits.
- Financial statements and audit reports for direct support organizations and the FAMU Athletics Department for FY 2018 and FY 2019.
- Florida Board of Governors funded management controls and business process assessment performed by Crowe LLP.
- Operational audit and review activities for FAMU Sponsored Programs and Academic Affairs from FY 2017 – FY 2019.

WHAT WE FOUND

Our review of financial statement audits revealed the following:

- The financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.
- The audit did not identify any deficiencies in internal control over financial reporting that were considered to be material weaknesses.
- The results of audit testing disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Our review of operational audits and assessments of management controls and business processes revealed the following:

- There were no deficiencies noted during the Minority Science and Engineering Improvement Program Grant audit managed by Sponsored Programs.
- The operational audit reports and assessments identified areas where internal controls and compliance could be strengthened. FAMU management has been effective in timely addressing areas identified through the external audit and assessment process.

Our review of academic program and accreditation reviews revealed the following:

- There were no deficiencies noted during the Biological Systems Engineering Program accreditation review. However, deficiencies and recommendations were identified during accreditation reviews and site visits for the Veterinary Program, School of Nursing, School of Architecture and Engineering Technology, and College of Law.

OPPORTUNITIES FOR IMPROVEMENT

The Division of Audit will continue to develop and refine processes for gathering and reporting both administrative and academic performance information from audits, reviews, and assessments to allow for meaningful decision making by the Senior Leadership Team and informed oversight by the Board of Trustees.

Please click here for the full report:

<http://www.famu.edu/AuditandCompliance/Overview%20of%20Audits%20and%20Reviews%20by%20External%20Parties.pdf>



APPENDIX I: Advisory - Process for Adopting and Changing Policies (#19-20-0005)

Executive Summary

What We Did

We performed a review of the processes for adopting and changing policies. As part of the review, we submitted a Board of Trustee policy and University policy through the current policy adoption process. Additionally, we reviewed four adopted policies to determine if they had been updated to align with current regulations, laws, and best practices. The four policies reviewed addressed the adoption and review process, athletics, and direct support organizations.

What We Found

We found that the processes for adopting and changing policies were not operating effectively to establish a sound system of internal controls. Specifically:

- The University did not possess a central repository for University policies. Instead, policies are posted on individual department websites. Therefore, staff, students, and management are unable to determine, in totality, the policies in place with which they are expected to comply.
- The University does not use technology to manage the policy review and adoption process. The manual process the University currently uses is cumbersome, time consuming, and inefficient.
- All four policies reviewed required updating due to out dated legal or regulatory references, inconsistencies with current University practice, or were not in alignment with either Florida Statutes or best practices.

Opportunities For Improvement

The University could improve the current process for adopting and changing policies by implementing:

- A central repository for all University policies, procedures, and regulations.
- Additional dedicated personnel resources either through staffing or contract.
- Policy management software to automate and manage the process for adopting and changing policies.
- A policy review checklist to help guide reviewers.
- An annual policy review requirement.
- Training for all regulation and policy representatives.

Please click here for the full report:

<http://www.famu.edu/AuditandCompliance/Review%20Process%20for%20Adopting%20and%20Changing%20Policies.pdf>



APPENDIX J: Advisory - Graduation Process Impacts Declaration of FAMU State of Emergency, March 20, 2020

Beginning effective 5:00 p.m. Wednesday, March 18, 2020, President Robinson directed the University to temporarily transition to remote work as a precaution to stem the spread of COVID-19. Among other logistical and operational impacts this transition could significantly impact the University's ability to document that each student awarded a degree during the Spring 2020 academic semester met all graduation requirements and received all necessary approvals. Additionally, students who intended to graduate in Summer 2020 may need new guidance regarding how and when to communicate their intent to graduate.

The Division conducted the advisory project to assist the Division of Academic Affairs in proactively addressing these potential issues before they occur. The goal was to continue to ensure graduating students are awarded degrees in alignment with both accreditation and FLBOG requirements while lessening any disruption of related student services.

Annually the Division evaluates the graduation approval process to ensure that students who were awarded a degree met the degree requirements and were properly approved. Through past audit work, the Division was aware that some schools and colleges continue to use manual processes, which pose higher risks of human errors, throughout the degree certification and approval process for:

- Course Exceptions Process;
- Intent to Graduate Process; and
- Student intent to graduate notification processes.

The Division provided recommendations to each of the above processes to ensure that all students who were eligible for graduation were properly processed and documented so that there were no negative impacts to the University's Performance Base Funding metrics and related funding decisions.

Please click here for the full report:

<https://www.famu.edu/AuditandCompliance/Graduation%20Process%20Impacts%20-%20Declaration%20of%20FAMU%20State%20of%20Emergency.pdf>



APPENDIX K: Advisory - Status of Select Athletics Reporting Requirements, December 18, 2019

The Division and the OCE both serve as proactive business partners to Athletics. Through assurance and consulting services, the Division, evaluates Athletics to provide information to improve the effectiveness and efficiency of operations, risk management, control, and governance processes.

The memorandum provided relevant University officials and departments information to update on the status of FAMU Athletics compliance with the following select reporting requirements:

- NCAA Financial Data Reporting;
- NCAA Agreed-Upon Procedures (AUP);
- Equity in Athletics Disclosure Act (EADA) Reporting; and
- Annual Financial Statement Audit: BOT Policy Number 2005-16 Audits of University Athletics.

We also provided the officials and departments the status of these four select reporting requirements as shown in the table below:

Fiscal Year End	Equity in Athletics Report USDOE Due: Annually October 31	NCAA Financial Reporting NCAA Bylaws 3.2.4.15 Due: Annually January 15	AUP Report NCAA Bylaws 3.2.4.15.1 Due: Annually January 15	Elective Financial Audit BOT 2005-16 Best Practice Due Date: Annually March 31
June 30, 2016	Data was submitted during October 2016	Data was reported to the NCAA by the Former FAMU Budget Director	Report Issued: August 16, 2017 James Moore	Report Issued: June 21, 2017 James Moore
June 30, 2017	Data was submitted during October 2017	Data was reported to the NCAA by the Former FAMU Budget Director	Engagement Letter (Signed 2/2/18) Report Not Issued Due Date: January 2018	Engagement Letter (Signed 2/2/18) Report Issued: February 13, 2019 James Moore
June 30, 2018	Data was submitted during October 2018 by the Former FAMU Budget Director	Data was reported to the NCAA by the Former FAMU Budget Director.	No Engagement Letter Report Past Due Due Date: January 2019	Engagement Letter (Dated 3/29/19) Report Not Issued Due Date: March 2019
June 30, 2019	Data was submitted on October 30, 2019 by the FAMU Athletics Budget Director	FAMU Athletics Budget Director has agreed to submit this report	No Engagement Letter Due Date: January 2020	No Engagement Letter Best Practice Due Date: March 2020
June 30, 2020	Due Date: October 2020	Due Date: January 2021	Due Date: January 2021	Best Practice Due Date: March 2021

Legend: ■ = Report issue date after deadline
 ■ = Report not issued or past due



RESOURCES

FAMU Division of Audit Web Page, which includes links to the *Division Charter* and mission statement.
<http://www.famu.edu/index.cfm?AuditandCompliance&AboutAuditandCompliance>

Association of Certified Fraud Examiner
<https://www.acfe.com/>

Association of Colleges and Universities Auditors
www.acua.org

Association of Government Accountants
<https://www.agacgfm.org/home.aspx>

Association of Inspectors General
<http://inspectorsgeneral.org/>

FLBOG Regulations
<http://www.flbog.edu/about/regulations/>

Florida Inspectors General
<http://www.floridaoig.com/>

Institute of Internal Auditors
<http://www.theiia.org/>

ISACA
https://www.isaca.org/Pages/default.aspx?cid=1000270&Appeal=SEM&gclid=CjwKCAjw4NrpBRBsEiwAUcLcDI5F5hwh7a5PsHR0yDLicN_7DMesCn9PcW4w7iQppS6NwsmSvZQADBoC5ZEQAvD_BwE&gclsrc=aw.ds

National Association of Construction Auditors
<https://thenaca.org/>

Society of Corporate Compliance and Ethics
<https://www.corporatecompliance.org/>



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

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