

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



Division of Audit and Compliance
Audit Committee Meeting
July 21, 2015

Contents

- 2014/2015 Internal Audit Dashboard1
- Findings Follow-up – Grade Change Process2
- Summary of Late Findings2
- Risk Rating Definitions2
- Audit Projects Completed as of June 20152
- Follow - up of Grade Change Process2
- Report Results.....3
- Review of Band Member Eligibility and Travel3
- Status of Investigation Update4
- Upcoming Projects4
- Proposed Board of Governor Regulations4
- NCAA Investigations5
- External Audits5

2014/2015 Internal Audit Dashboard

Project	Plan Year	Status	Number of Findings	Number of Red Findings	Findings Implemented by Report Date	Red Findings Implemented by Report Date
Follow up of prior findings for audit of grade change process	2014/2015	Report issued July 2015.	1	0	0	0
Audit of Information Technology Functions	2014/2015	Suspended and included on 2015-16 audit plan. Field work resumed July 2015. Projected completion date of October 2015.	N/A	N/A	N/A	N/A
P Card and Travel follow up of prior findings.	2014/2015	Observations/recommendations provided to management. Waiting on management's action plan. Anticipated release in July 2015.	N/A	N/A	N/A	N/A
Financial aid process review	2014/2015	Field work 50% complete. Suspended and included in 2015-16 audit plan. Field work resumed in July 2015. Projected completion date of October 2015.	N/A	N/A	N/A	N/A
Pharmacy Phase II investigation	2014/2015	Contracted out at BOG request. Field work completed and report is in draft stage. Work has been slowed as a result of turnover in University staff. Projected completion date of August 2015.	N/A	N/A	N/A	N/A
Band eligibility compliance review	2014/2015	Report issued June 2015.	0	0	N/A	N/A
Accounts payable process review	2014/2015	Field work started July 2015 with expected completion date of October 2015.	N/A	N/A	N/A	N/A
TOTALS			1	0	0	0

Findings Follow-up – Grade Change Process

Corrective actions for the findings reported in the grade change process were reviewed and are reported below. Follow up of findings for the P Card and Travel Audit, issued November 2014, were to be implemented by January 2015. The follow up to validate implementation of the action plan was performed during April and May 2015. The report is expected to be issued in July 2015, and the results are not included below:

Finding rating	Late	Revised	Open	Closed	Total
Red	None				None
Yellow	1		1		1
Green	None				None
Totals	1		1		1
	100%	0%	0%	0%	100%

Summary of Late Findings – Grade Change Process

Finding rating	Finding Description	Management's Action Plan	Reason
Red	None	N/A	N/A
Yellow	1	Change in action plan to require additional PIN prior to accessing page where changes can be made	The original action plan was too costly to implement and a different course of action was taken.
Green	None	N/A	N/A

Risk Rating Definitions

The following risk rating definitions are used in assessing the relative risk of internal audit observations and do not represent an opinion on the adequacy or effectiveness of internal controls. University management is responsible for assessing whether the controls the University has implemented are adequate to meet its operational, compliance and financial reporting objectives.

- **High:** The potential impact on the operation (either in terms of dollars, error rate, or qualitative factors) could significantly affect the operation's ability to achieve its strategic objectives
- **Medium:** The potential impact on the operation (either in terms of dollars, error rate, or qualitative factors) could moderately affect the operation's ability to achieve its strategic objectives
- **Low:** The potential impact on the operation (either in terms of dollars, error rate, or qualitative factors) would not significantly affect the operation's ability to achieve its strategic objectives

Audit Projects Completed as of June 2015

Follow up Review of Grade Change Process

Process Owner – REGISTRAR

Scope and objectives – To follow up findings reported in audit report No. 2014-1 relating to the grade change process.

Report Results

Fieldwork	Report status	Findings
Completed June 2015	Report issued July 2015	 0 Comments  1 Comment  0 Comments

1. Follow up Review of Grade Change Process

Finding	Risks
<p>► An additional layer of security to prevent unauthorized grade changes was lost with a change to a new computer system.</p>	<p>► Risk – Possibility that unauthorized grade changes could be made is increased.</p>
Recommendations and management action plans	Action owner/timetable
<p>Recommendation: We recommend that an additional layer of security be implemented.</p> <p>Management response:</p> <p>► Response: Because of prohibitive cost, it was decided to implement a different approach, consisting of requiring users to enter an additional PIN prior to allowing access to the page for making a grade change. Current procedures in place are sufficient to safeguard against security breaches.</p>	<p>Responsibility: Agatha Onwunli, Registrar and David Cantrell, Associate Vice President EIT</p> <p>Implementation date: Testing of the new system began in July 2015</p>

Review of Band Member Eligibility and Travel

Process Owner – College of Social Sciences/Arts and Humanities

Scope and objectives – To evaluate compliance with policies and procedures in the band eligibility and traveling processes for the football games played in the fall 2014.

Report Results

Fieldwork	Report status	Findings
April-May 2015	Report issued June 2015	 0 Comments  0 Comments  0 Comments

Status of Investigations

During the period from July 2014 through June 2015, the Division received 63 allegations/complaints. Of these, 19 reports were issued, 8 were closed with no investigation, 17 are in process, 11 were referred to another department/agency for review, and 8 are pending investigation. It should be noted that several investigations included multiple allegations. We estimate the actual number of complaints for the reports issued and investigations in process is in the range of 80. Investigations are classified into the following categories:

Categories	July 2014-June 2015 Number of Allegations	July 2014-June 2015 Percent of Total	Year End June 30, 2014 Percent of Total
Diversity, equal opportunity, and workplace respect	22	34	38
Environment, health, and safety	1	2	7
Financial and business integrity	27	44	31
Misuse or misappropriation of assets or information	13	20	24
TOTALS	63	100	100

Upcoming Projects

Project	Expected timing of fieldwork	Comments
Performance based funding audit	September – December 2015	▶ Required by Board of Governors

Proposed Board of Governor Regulation

The Board of Governors (BOG) has issued a proposed regulation, State University System Compliance and Ethics Program.

State University System Compliance and Ethics Program

- Each Board of Trustees (BOT) shall implement a comprehensive university compliance and ethics program (program) to promote ethical conduct and maximize compliance with applicable laws, regulations, policies, and procedures.
- The program shall be developed and implemented to address the following areas:
 - Infrastructure, policies, and procedures;
 - Effective oversight;
 - Avoid delegation of authority to unethical individuals;
 - Communication and education;
 - Monitoring and auditing;
 - Consistent enforcement and discipline; and
 - Response to incidents and preventive measures.

Impact on the University's Current Compliance Activities

Florida Agricultural and Mechanical University's approach is similar to most other SUS universities:

- Staff have responsibilities to oversee a specific operational area (such as ethics, research, NCAA, ADA, EEO, Title IX, export technology, etc.)
- The University's internal audit function provides audits for the compliance areas, but there is no routine monitoring or implementation of controls and processes
- There is no comprehensive monitoring or reporting on the compliance program

Major changes to the University's operations that will be required include:

- Compliance officer will be needed to manage and oversee effectiveness of the program and provide on-going monitoring and oversight
- Inclusion of a formal ethics program
- Reporting on the program
- An assessment of the program's design and effectiveness

A project was included in the work plan to address the implementation of the new provisions. The contemplated scope of the project is to develop a plan to implement a compliance function to meet the guidelines:

- Review and evaluate potential organizational structures, including SUS universities which have implemented a formal compliance function
- Identify major operational areas
- Determine if compliance partners have been designated for major compliance areas
- Determine if existing University resources can be effectively and efficiently used to implement the program

NCAA Investigation Update

The NCAA completed its investigation and found the following level II (significant breach of conduct) violations:

- Drug consent testing forms not on file
- Physical forms not on file
- Failure to send scholarship reduction/cancellation letters to student athletes
- Failure to monitor the above areas

The University has agreed to process the violations through a summary disposition process. Penalties will be imposed, but there is no hearing. The University received the report on July 15, 2015. The time frame to bring the investigation to closure is approximately the end of August.

External Audits

The Auditor General has scheduled the annual financial statement, federal awards, and Bright Futures audits of the University. Field work is expected to start in July 2015.