

Audit And Compliance Committee (AACCC)

AGENDA

FLORIDA **A&M** UNIVERSITY
Board of Trustees

Audit and Compliance Committee Meeting
Wednesday, February 16, 2022
11:00 a.m.

Committee Members: Craig Reed, Chair
Ann Marie Cavazos, Michael Dubose, Belvin Perry, and Carrington M. Whigham

AGENDA

- | | | |
|-----|---------------|----------------------|
| I. | Call to Order | Trustee Craig Reed |
| II. | Roll Call | Ms. Debra Barrington |

ACTION ITEMS

- | | | |
|------|----------------------------------------------------------|-----------------|
| III. | Minutes: Consideration of Approval – December 1, 2021 | Trustee Reed |
| IV. | Update BOT Policy 2020-01 Fraud Prevention and Detection | Joe Maleszewski |
| V. | PBF Certification Document | Joe Maleszewski |

INFORMATIONAL ITEMS

- | | |
|-----------------------------------------------------------------------|-----------------|
| Office of Compliance and Ethics: | Rica Calhoun |
| VI. Office of Compliance and Ethics Update | |
| Division of Audit: | Joe Maleszewski |
| VII. PBF Audit | |
| VIII. Quality Assurance and Improvement Program – Internal Assessment | |
| IX. Risk Assessment Follow-up | |
| X. Audit and Investigative Follow-up | |
| XI. External Audit Updates | |
| XII. Division of Audit Update | |
| XIII. Adjournment | |

Audit And Compliance Committee (AACCC)

Minutes

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



**Audit & Compliance Committee Meeting
Trustee Craig Reed, Chair
Grand Ball Room
Wednesday, December 01, 2021 – 11:00 AM**

Committee Minutes

Members Present: Trustee Craig Reed, Chair, Trustee Ann Marie Cavazos
Trustee Michael Dubose, Trustee Belvin Perry, Jr., and
Trustee Carrington M. Whigham

Trustee Chair Craig Reed called the meeting to order. Ms. Barrington called the roll. A quorum was established.

The first action item – Chair Reed requested the approval of Audit and Compliance Committee, September 15, 2021, meeting minutes. Trustee Perry motioned to accept the minutes and Trustee Cavazos, seconded the motion. Chair Reed called for a vote and the minutes were approved.

The second action item – Chair Reed acknowledged VP Maleszewski to present the Audit and Compliance Committee Charter for consideration of approval. VP Maleszewski conveyed that the Audit and Compliance Committee Charter was updated to add the committee's responsibility for oversight of the Enterprise Risk Management (ERM). VP Maleszewski indicated that the changes were in keeping with the Board's action to adopt the Committee on Sponsoring Organizations of the Treadway Commission's (COSO's) Internal Controls and ERM frameworks. The language additions speak to the Committee's oversight of the ERM the program to ensure it is designed so that risks are appropriately identified, assessed, managed, and considered in institutional decision making. VP Maleszewski offered to respond to any questions.

Chair Reed recognized Trustee Cavazos who discussed her perspective on the topic of where the ERM function should report – expressing that having a separate ERM function from the audit function would provide for clearer delineation of roles and responsibilities. Trustee Cavazos expressed that this separation would provide for basic checks and balances between the two functions and ensure the continued independence and objectivity of the internal audit regardless of who held that position. Trustee Cavazos referenced her review of peer institutions and related literature supporting the benefits of having a separate organizational structure for the two functions.

Chair Reed then asked VP Maleszewski to speak to the organizational structure currently used for the ERM function. VP Maleszewski first clarified that the action time under consideration relates to the Audit and Compliance Committee Charter which is associated with the Committee's responsibilities and that Trustee Cavazos' remarks relate to the organizational structure which is more closely aligned with the second charter document – the Division of Audit Charter.

VP Maleszewski reflected on his prior role at the Board of Governors and interest in State University System of Florida (SUS) university's methods for effective risk management. VP Maleszewski indicated that across the higher education landscape there are a number of different models used to implement ERM. He further discussed the concept of combined assurance where some organizations including higher education institutions have the audit, compliance, and risk management functions reporting under the leadership of a single senior-level executive. VP Maleszewski further indicated that a number of higher education entities deploy their ERM program from the audit function and that this practice is permissible under Institute of Internal Auditor's guidance with certain safeguards. Associate Vice President for Audit and Chief Risk Officer Melton continued the discussion by reviewing the variety of practice across the SUS and more broadly across higher education.

VP Maleszewski indicated that the combined assurance model would be prohibited in the SUS based upon Board of Governor regulation that requires separate reporting functions for both the audit function and the compliance and ethics function. VP Maleszewski shared that his recommendation for this structure to President Robinson was partly predicated on the skill sets housed in the Division of Audit related to ERM. He continued by discussing the ERM position paper from the Institute of Internal Auditors (IIA) on this topic and the definition of internal auditing from the IIA which is that Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. He emphasized the role to both evaluate and improved the effectiveness of risk management. VP Maleszewski discussed that the IIA position paper on ERM covers the topics that audit ought not perform like making management decisions about how to manage risks, establishing strategies, and evaluating performance. VP Maleszewski indicated that the Division of Audit would champion the ERM model, establishing an ERM committee, helping identify risk owners, and monitoring the implementation of risk mitigation plans to assist management and the Board. He discussed that avoiding certain activities will allow the Division of Audit to maintain their organizational independence and objectivity.

Chair Reed discussed taking each charter document independently for consideration of approval. Chair Reed called for a motion to approve the Audit and Compliance Committee Charter. Trustee Perry moved approval. Chair Reed clarified that it is just the Audit and Compliance Committee Charter. Trustee Cavazos seconded the motion. The motion was approved.

Chair Reed moved forward with consideration for approval of the Division of Audit Charter. Chair Reed recognized President Robinson who indicated he was comfortable with the current arrangement, expressed appreciation for Trustee Cavazos' comments, and confirmed his perspective that the Division of Audit could manage this properly with the current structure.

Chair Reed emphasized that this starts our path toward a robust ERM program in support of the organization. Chair Reed called for a motion. Trustee Perry motioned approval of the Division of Audit Charter. Trustee Whigham seconded approval of the charter. The motion was approved.

Chair Reed asked Chief Compliance and Ethics Officer Calhoun to provide the Office of Compliance and Ethics Update. Ms. Calhoun presented an update highlighting:

- Compliance and Ethics Week 2021;
- Investigation activities;
- Mandatory training;
- Telecommuting Program;

- Foreign influence screening; and
- Conflicts of interest.

Chair Reed thanked Ms. Calhoun for her report.

Chair Reed then recognized VP Maleszewski and AVP/CRO Melton to present the following Division of Audit informational items:

- Risk Assessment Follow-up;
- Audit and Investigative Follow-up;
- External Audit Updates;
- Enterprise Risk Management;
- Risk Appetite and Tolerance Statement; and
- Division of Audit Updates.

VP Maleszewski congratulated Ms. Melton on receiving recognition from the Association of College of University Auditors (ACUA) - the 2021 Outstanding Professional Contributions Award for her outstanding and noteworthy contributions to the profession of internal auditing in higher education. Ms. Melton was acknowledged by those present.

Chair Reed thanked VP Maleszewski and AVP/CRO Melton for their report.

Chair Reed indicated that with no further business to come before the committee, the Audit and Compliance Committee Meeting is adjourned.



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

Update:

**BOT Policy 2020-01 Fraud
Prevention and Detection**



FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
Board of Trustees Policy

Board of Trustees Policy Number:
2020-01

Date of Adoption: 12/3/2020
Date of Revision:

Subject	Fraud Prevention and Detection
Authority	Florida Board of Governors Regulation 4.001 <i>University System Processes for Complaints of Waste Fraud, or Financial Mismanagement</i> ; Florida Board of Governors Regulation 4.002 <i>State University System Chief Audit Executives</i> ; University Regulation 1.019 <i>University Code of Conduct</i> ; University Policy 2019-01 <i>Internal Controls and Enterprise Risk Management</i> ; Florida Statutes 1010.01 <i>Uniform Records and Accounts</i> ; Florida Statutes 11.45(1) <i>Definitions, Duties, Authorities, Reports, Rules</i> ; Florida Statutes Chapter 112, Part 3 <i>The Code of Ethics for Public Officers and Employees</i> .
Applicability	This policy is applicable to all members of the university community, including all board of trustees' members, university employees, students, volunteers, and all contractors and guests attending, doing business with or affiliating with the university or any of its employees, organizations, components, campuses, facilities, or events.

I. Policy Statement and Purpose

- A. Florida Agricultural & Mechanical University (FAMU), under the governance of its Board of Trustees, is committed to accountability and integrity as well as the highest standards of moral, professional and ethical behavior. The FAMU fraud prevention and detection policy is established to facilitate the development of controls that will aid in the detection and prevention of fraud against FAMU. Acts involving fraudulent behavior negatively impact the University's reputation by eroding public trust and confidence in the University. Additionally, these acts may result in financial losses to the University that impairs the University's ability to operate efficiently and achieve its goals and objectives.
- B. FAMU has a "zero tolerance" for fraudulent, unethical and other dishonest activities. FAMU will promote consistent organizational behavior and institute preventive measures and controls designed to deter, prevent and/or detect these fraudulent activities by:
1. Proactively exercising due diligence in the prevention and detection of fraud;
 2. Independently investigating any misuse of university resources and any suspected acts of fraud, theft, corruption, waste, or abuse;
 3. Providing for reporting of such activities, including protecting persons who report such violations, to the extent permitted by law;
 4. Taking appropriate disciplinary or legal action, including the pursuit of criminal prosecution, as a result of fraudulent actions committed; and
 5. Requiring each employee to attend annual fraud awareness training.

II. Definitions

- A. **Fraud** means obtaining something of value through willful misrepresentation, including, but not limited to, intentional misstatements or intentional omissions of amounts or disclosures in financial statements to deceive users of financial statements, theft of an entity's assets, bribery, or the use of one's position for personal enrichment through the deliberate misuse or misapplication of an organization's resources. Fraud generally means an act of deception, bribery, forgery, extortion, theft, misappropriation, false representation, conspiracy, corruption, collusion, embezzlement, or intentional concealment or the omission of material facts.
- B. **Waste** means the act of using or expending resources unreasonably, carelessly, extravagantly, or for no useful purpose. An example of waste is not taking advantage of available purchasing discounts or approving payment for items that are not needed.
- C. **Abuse** means behavior that is deficient or improper when compared with behavior that a prudent person would consider a reasonable and necessary operational practice given the facts and circumstances. The term includes the misuse of authority or position for personal gain. An example of abuse is using FAMU's equipment or supplies to conduct personal business.

- D. **Theft** is defined as the physical removal of an object that is capable of being stolen without the consent of the owner and with the intention of depriving the owner of it permanently. An example of theft is taking home a printer belonging to FAMU and keeping it for personal use.
- E. **Falsification** is defined as the action of falsifying information.
- F. **Fiscal irregularity** is defined as an occurrence in which there is a shortage or overage of funds, illegal disbursement(s) resulting from fraud, forgery, alteration of vouchers, improper certification, or other improper practices, or improper accounting for receipts.
- G. **Misappropriation** is defined as the intentional, illegal use of the property or funds of the university or another person for one's own use or other unauthorized purpose.
- H. **Employee** is defined as a person who performs services for, and under the control and direction of, FAMU.
- I. **Management** is defined as vice presidents, directors, managers, and supervisors.

III. Fraud Overview

- A. **Acts Constituting Fraud:** The terms fraud, impropriety, misappropriation, and fiscal wrongdoings refer to, but are not limited to:
1. Any dishonest or fraudulent act in the course of performing University functions;
 2. Forgery or alteration of any document or account belonging to FAMU;
 3. Destruction, alteration, mutilation, concealment, covering up, falsification or making of a false entry in any record, document or tangible object with the intent to impede, obstruct or influence any investigation by the University or by any state, federal or administrative agency.
 4. The destruction, alteration or concealment of any records used in the conduct of an audit;
 5. Forgery or alteration of a check, bank draft, or any other University or University-related financial document;
 6. Misappropriation of funds, securities, supplies, equipment, or other assets of FAMU;
 7. Theft of a check or other diversion of payment;
 8. Profiteering as a result of insider knowledge of organizational activities;
 9. Impropriety in the handling or reporting of University or University-related money or financial transactions;
 10. Deliberately and inappropriately disclosing University or University-related confidential or proprietary information to outside parties;
 11. Accepting or seeking gifts or any other items of value from contractors, vendors, or persons providing goods or services to FAMU where it is understood that such gifts or items are intended to influence the judgment or official action of the University employee.
 12. Unauthorized destruction, removal or inappropriate use of records, furniture, fixtures, equipment and other University property;
 13. Improperly influencing or attempting to improperly influence the conduct of any audit of University finances, operations or accounts;

14. Taking information, using it or providing information that would lead to identity theft; and
15. Any similar or related inappropriate conduct or irregularity.

IV. Procedures, Approvals/Responsibilities

A. Fraud Prevention

1. Responsibilities

- a. **Vice Presidents:** Vice presidents are responsible for ensuring that a system of internal controls is established and maintained that provides reasonable assurance that fraud and other improprieties are prevented or will be detected. Additionally, vice presidents are responsible for promoting an anti-fraud environment that seeks to prevent inappropriate behavior by displaying the proper attitude toward compliance with rules, regulations and laws and by maintaining proper internal controls that will provide for the accountability and security of resources.
- b. **Management:** All levels of management are responsible for establishing and following controls as applicable for their division or unit. Management is responsible for ensuring their controls are functioning effectively and designed to prevent and/or detect fraud, misappropriation, or other irregularities. Any instance of fraud, misappropriation, or irregularity that is detected or suspected must be reported immediately to the Vice President of Audit.
- c. **Employees:** All employees of FAMU should be familiar with the types of improprieties that might occur within his/her area of responsibility, and be alert for any indications of irregularity. Any university employee who has knowledge of such activity shall immediately notify his/her supervisor and/or the Division of Audit. Annually, each employee is required to attend fraud awareness training and read the fraud policy.
- d. **Division of Audit:** The Vice President of Audit, or his/her designee, shall conduct, supervise, or coordinate activities for the purpose of preventing and detecting fraud, waste, and abuse within university programs and operations including, but not limited to, auxiliary facilities and services, direct support organizations, and other component units. Additionally, the Vice President of Audit, or his/her designee, shall address significant and credible allegations relating to waste, fraud, or financial mismanagement as provided in Board of Governors Regulation 4.001. The Division of Audit will be available to assist management in recognizing and establishing internal controls to prevent and mitigate fraudulent activities and providing fraud awareness training. The Division of Audit, with the assistance and active participation of other divisions, will periodically perform a fraud risk assessment and advise management of the actions needed to reduce the risk of fraud.

B. Reporting

1. Responsibilities

- a. **Requirement to Report.** University employees, consultants, vendors, or persons doing business with FAMU who have knowledge of a fraud, misappropriation, or other impropriety shall immediately notify his/her supervisor and/or the Division of Audit. Complaints may be made anonymously.
- b. **Requirement to Act in Good Faith.** Anyone reporting an irregularity that is detected or suspected must be acting in good faith and have reasonable grounds for believing the information provided. Allegations made maliciously or with knowledge of their falsity will not be tolerated. People making such allegations may be subject to appropriate institutional disciplinary action.

2. Procedures

- a. **Complainant Notification.** Reports of fraud should be made to any of the following:
 - i. **Supervisor.** You may notify your supervisor of your concern. Your supervisor is responsible for notifying the Division of Audit to discuss your concern.
 - ii. **Compliance and Ethics Hotline.** University's Compliance and Ethics Hotline, which also allows anonymous reporting: <https://secure.ethicspoint.com/domain/media/en/gui/74408/index.html>
 - iii. **Division of Audit.** email (auditandcompliance@famuedu) or phone (850-412-5479)
- b. **Reporting Individual Notification:** Once a report is made, the reporting individual must comply with the following:
 - i. Do not contact the suspected individual in an effort to determine facts or demand restitution.
 - ii. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the Division of Audit or the Office of General Counsel.
 - iii. Allow Division of Audit staff to conduct the investigation. Do not further investigate the allegations.

3. Rights of the Reporting Individual

- a. **Confidentiality.** The University will treat all information received confidentially to the extent permitted under applicable law. To the extent permitted under law, investigation results will not be disclosed or discussed with anyone other than those individuals who have a legitimate need to know.
- b. **Whistleblower Protection.** The Vice President of Audit shall assess each reported complaint to determine if the allegations fall under the Whistle-blower Act (Section 112.3187 through 112.31895 Florida Statutes). If the reported allegations fall under the Whistle-blower Act, that employee who reported the wrongful acts, or suspected acts in good faith, is protected against retaliation for making such report. Whistleblowers who believe that they have been retaliated against may file a written complaint with the Division of Audit and/or

Office of Compliance and Ethics. Any complaint of retaliation will be promptly investigated and appropriate remedial measures will be taken if the allegations of retaliation are proven. This protection from retaliation is not intended to prohibit managers or supervisors from taking action, including disciplinary action in the usual scope of their duties and based on valid performance-related factors.

4. Retaliation

- a. **Retaliation will not be tolerated.** Regardless of whether or not the provisions of the Whistle-blower Act are satisfied, FAMU does not tolerate any form of retaliation against individuals providing information concerning fraud or suspected fraud. An employee or other person who lawfully, appropriately, and in good faith reports suspected fraud or other improper activity shall not be discharged, demoted, suspended, threatened, harassed, or suffer adverse personnel action of any kind because of such individual's lawful actions in providing information or assistance to an investigation into fraudulent or other activity.

C. Investigations

1. Responsibilities

- a. **Division of Audit.** The Division of Audit has the primary responsibility for the investigation of all suspected fraudulent acts as defined by this policy.
 - i. **Assessment.** Upon receipt of a report of suspected fraud, the Vice President of Audit shall document the contact and conduct a preliminary investigation to determine the credibility of the report. If found credible the Vice President of Audit will assess the allegations to determine if the reporter qualifies for protection under the Whistle-blower Act and coordinate the evaluation of internal control breakdowns for remediation. Additionally, the Vice President of Audit will notify the Board of Governors, Board of Trustees, President, and senior management of credible allegations of fraud, as appropriate. If the report is determined not credible, the Vice President of Audit, will document this determination and include any support for the determination.
 - ii. **Standards.** Investigations will be conducted under the guidelines outlined in the [Standards for Complaint Handling and Investigations for the State University System of Florida](#). If applicable, investigations will also be conducted in compliance with the Whistle-blower Act (Section 112.3187-112.31895 Florida Statutes).
 - iii. **Referrals**
 - i. **Internal.** Allegations or matters of conduct deemed outside the scope of this policy, such as personnel-related issues, policy and procedure violations, code of conduct violations, ethics violations, Title IX reports, or potential scientific research misconduct, may be referred by the Division of Audit to the respective area of management for review and appropriate action. If a faculty, student, or other employee related matter is reported that has not been initiated and concluded under

University processes established to govern that specific type of complaint, the matter will be referred to the appropriate management before any investigative actions will be taken by the Division of Audit.

- ii. **External.** It is the policy of FAMU to comply with all special reporting and investigation requirements of external agencies (i.e. awarding agency of state, federal, or private funds) where suspected fraud or other wrongdoing has been identified.

b. Reporting

- i. **General.** To avoid damaging the reputations of innocent persons and to protect the university from potential civil liability, the results of investigations will not be disclosed or discussed with anyone, unless required by law, regulation, or university policy.
- ii. **Substantiated Fraudulent Activities.** If the investigation substantiates that fraudulent activities have occurred, the Division of Audit will issue reports to appropriate designated personnel and, if appropriate, the Board of Trustees through the Audit and Compliance Committee. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management for all criminal or suspected criminal activity.

2. Authorization

- a. Members of the Division of Audit will have:
 - i. Free and unrestricted access to all University records and premises, whether owned or rented by the University.
 - ii. The authority to examine, copy, and/or remove all or any portion of the contents of files, desks, cabinets, and other storage facilities on the premises without prior knowledge or consent of any individual who might use or have custody of any such items or facilities when it is within the scope of their investigation.
- b. University employees, including management, must cooperate with the Division of Audit, University Police, and other law enforcement agencies in the detection, investigation, and reporting of fraudulent or criminal acts. Failure to cooperate with the Division of Audit or providing false and/or misleading information in an investigation could result in disciplinary action up to and including termination.

D. Actions

1. **General:** Employees determined to have participated in fraudulent, unethical or dishonest acts will be subject to disciplinary action (i.e. demotion, suspension, termination, etc.) in accordance with University policies and regulations and any applicable collective bargaining agreements. The decision for disciplinary action is made by the employee's manager. All disciplinary actions will be reviewed by the designated representatives from the Office of the General Counsel, the Provost's Office, or the Department of Human Resources, as appropriate. Should the Division of Audit

believe the management decision inappropriate for the facts presented, the facts will be presented to executive level management for decision.

2. **Criminal, Civil, or Administrative:** Criminal, civil and/or other administrative actions may also be taken against any person or entity who is found to have participated in unlawful acts or who knowingly withheld information that would have revealed fraudulent or other improper activities. Such decisions will be made in consultation with the Office of the General Counsel and the University Police Department.
3. **Non-employee:** Failure to comply by a consultant, vendor, contractor, outside agency, or person doing business with FAMU or in any other relationship with FAMU could result in cancellation of the business or other relationship between the entity and FAMU.

E. Significant and Credible Allegations of Waste, Fraud, Mismanagement, Misconduct, and other Abuses made against the Chief Audit Executive or the Chief Compliance Officer shall be handled as follows:

1. The Chair of the Audit and Compliance Committee of the FAMU Board of Trustees (BOT) and the University President shall review the matter and may ask the Provost and General Counsel to conduct a preliminary inquiry to determine whether the allegations warrant further investigation or other appropriate action. If it is determined that an investigation is warranted, it shall take one (1) of the following forms: 1) The Provost and General Counsel, at the request of the Audit and Compliance Committee and the President, will hire an independent outside firm to conduct the investigation with his or her guidance and monitoring, or 2) The Office of the General Counsel will conduct the investigation.
2. At the conclusion of the investigation, a report shall be submitted to the subject(s) of the investigation, who shall have twenty (20) days and Compliance Committee and the President. The investigator may also submit a rebuttal to the response not later than five (5) days of receipt of the response. The subject's response and the investigator's rebuttal to the response, if any, shall be included in the final report presented to the Chair of the Audit and Compliance Committee of the FAMU BOT and the President. The report will be submitted to the FAMU BOT, and/or Board of Governors (BOG), as appropriate.
3. The President shall determine the appropriate disciplinary action, if any, in consultation with the Associate Vice President of Human Resources, or designee, and in accordance with FAMU regulations.
4. The President, in consultation with the Provost and General Counsel, shall confer with the appropriate law enforcement entity in all instances where there are reasonable grounds to believe a criminal violation has occurred.

F. Significant and Credible Allegations of Waste, Fraud, Mismanagement, Misconduct, and other Abuses Made Against the President or a Board Member shall be handled as follows:

1. The Vice President of Audit shall provide timely notification to the BOG, through the Office of Inspector General and Director of Compliance (OIGC), of any significant and credible allegation(s) of fraud, waste, mismanagement, misconduct, and other abuses made against the University President or a Member of the BOT.

2. Initial Review and Preliminary Inquiry. The Chair of the Board (or the Chair of the Audit and Compliance Committee if the allegations involve the Board Chair), in consultation with the Chair of the Board of Governors, shall review the matter and may ask the OIGC to conduct a preliminary inquiry, in accordance with section 10.2.a of the OIGC charter.
3. If, as a result of the review and/or preliminary inquiry, it is determined that an investigation is warranted, it shall take one of the following forms:
 - a. The Board of Trustees will hire an independent outside firm to conduct the investigation with OIGC guidance and monitoring; or
 - b. The OIGC will perform the investigation.
4. At the conclusion of such investigation, the investigator’s report shall be submitted to the subject, who shall have twenty (20) days from the date of the report to submit a written response. The subject’s response and the investigator’s rebuttal to the response, if any, shall be included in the final report presented to the chair of the Board of Trustees Chair (or the Chair of the Audit and Compliance Committee if the allegations involve the Board of Trustees Chair) and the Board of Governor’s Audit and Compliance Committee.

G. Administration

1. The Vice President of Audit, or his/her designee, is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.

Attachment(s)

Hyperlink Addresses



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

PBF Certification Document

2022



Data Integrity Certification

March 2022

University Name: _____

INSTRUCTIONS: Please respond “Yes” or “No” for each representation below. Explain any “No” responses to ensure clarity of the representation you are making to the Board of Governors. Modify representations to reflect any noted **material or significant** audit findings.

Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
1. I am responsible for establishing and maintaining, and have established and maintained, effective internal controls and monitoring over my university’s collection and reporting of data submitted to the Board of Governors Office which will be used by the Board of Governors in Performance-based Funding decision-making and Preeminence or Emerging-preeminence Status.	<input type="checkbox"/>	<input type="checkbox"/>	
2. These internal controls and monitoring activities include, but are not limited to, reliable processes, controls, and procedures designed to ensure that data required in reports filed with my Board of Trustees and the Board of Governors are recorded, processed, summarized, and reported in a manner which ensures its accuracy and completeness.	<input type="checkbox"/>	<input type="checkbox"/>	
3. In accordance with Board of Governors Regulation 1.001(3)(f), my Board of Trustees has required that I maintain an effective information system to provide accurate, timely, and cost-effective information about the university, and shall require that all data and reporting requirements of the Board of Governors are met.	<input type="checkbox"/>	<input type="checkbox"/>	
4. In accordance with Board of Governors Regulation 3.007, my university provided accurate data to the Board of Governors Office.	<input type="checkbox"/>	<input type="checkbox"/>	
5. In accordance with Board of Governors Regulation 3.007, I have appointed a Data Administrator to certify and manage the submission of data to the Board of Governors Office.	<input type="checkbox"/>	<input type="checkbox"/>	

Data Integrity Certification

Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
6. In accordance with Board of Governors Regulation 3.007, I have tasked my Data Administrator to ensure the data file (prior to submission) is consistent with the criteria established by the Board of Governors Data Committee. The due diligence includes performing tests on the file using applications, processes, and data definitions provided by the Board Office.	<input type="checkbox"/>	<input type="checkbox"/>	
7. When critical errors have been identified, through the processes identified in item #6, a written explanation of the critical errors was included with the file submission.	<input type="checkbox"/>	<input type="checkbox"/>	
8. In accordance with Board of Governors Regulation 3.007, my Data Administrator has submitted data files to the Board of Governors Office in accordance with the specified schedule.	<input type="checkbox"/>	<input type="checkbox"/>	
9. In accordance with Board of Governors Regulation 3.007, my Data Administrator electronically certifies data submissions in the State University Data System by acknowledging the following statement, "Ready to submit: Pressing Submit for Approval represents electronic certification of this data per Board of Governors Regulation 3.007."	<input type="checkbox"/>	<input type="checkbox"/>	
10. I am responsible for taking timely and appropriate preventive/ corrective actions for deficiencies noted through reviews, audits, and investigations.	<input type="checkbox"/>	<input type="checkbox"/>	
11. I recognize that Board of Governors' and statutory requirements for the use of data related to the Performance-based Funding initiative and Preeminence or Emerging-preeminence status consideration will drive university policy on a wide range of university operations – from admissions through graduation. I certify that university policy changes and decisions impacting data used for these purposes have been made to bring the university's operations and practices in line with State University System Strategic Plan goals and have not been made for the purposes of artificially inflating the related metrics.	<input type="checkbox"/>	<input type="checkbox"/>	

Data Integrity Certification

Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
12. I certify that I agreed to the scope of work for the Performance-based Funding Data Integrity Audit and the Preeminence or Emerging-preeminence Data Integrity Audit (if applicable) conducted by my chief audit executive.	<input type="checkbox"/>	<input type="checkbox"/>	
13. In accordance with section 1001.706, Florida Statutes, I certify that the audit conducted verified that the data submitted pursuant to sections 1001.7065 and 1001.92, Florida Statutes [regarding Preeminence and Performance-based Funding, respectively], complies with the data definitions established by the Board of Governors.	<input type="checkbox"/>	<input type="checkbox"/>	

Data Integrity Certification Representations, Signatures	
<p>I certify that all information provided as part of the Board of Governors Data Integrity Certification for Performance-based Funding and Preeminence or Emerging-preeminence status (if applicable) is true and correct to the best of my knowledge; and I understand that any unsubstantiated, false, misleading, or withheld information relating to these statements render this certification void. My signature below acknowledges that I have read and understand these statements. I certify that this information will be reported to the board of trustees and the Board of Governors.</p>	
Certification: _____ <div style="text-align: center; margin-top: 5px;">President</div>	Date _____
<p>I certify that this Board of Governors Data Integrity Certification for Performance-based Funding and Preeminence or Emerging-preeminence status (if applicable) has been approved by the university board of trustees and is true and correct to the best of my knowledge.</p>	
Certification: _____ <div style="text-align: center; margin-top: 5px;">Board of Trustees Chair</div>	Date _____



FLORIDA A&M UNIVERSITY
OFFICE OF COMPLIANCE
AND ETHICS

Board of Trustees Report

February 2022



Rica Calhoun, Esquire, CCEP
Chief Compliance and Ethics
Officer



La'Tonya Baker, MPA, CFE,
CIGI, CCEP
Associate Compliance Officer

Edna Gasque, FCCM
Compliance Coordinator for Research

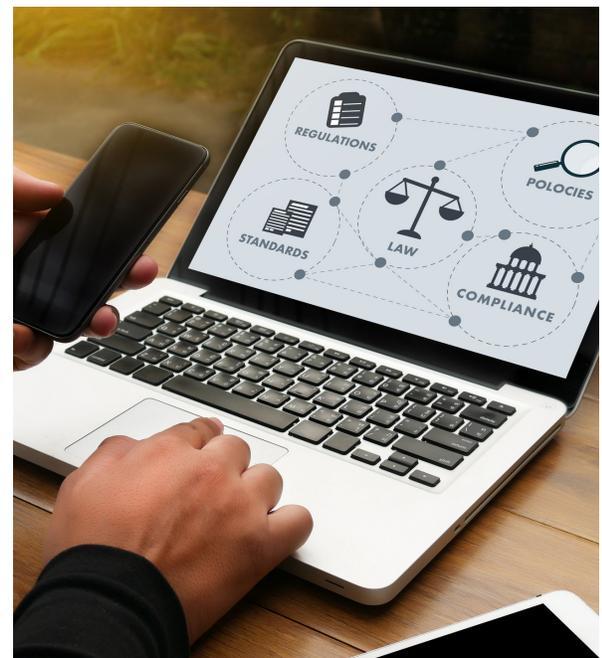
OFFICE ACTIVITIES



The Office of Compliance and Ethics (OCE) continues to work with compliance partners across the University on initiatives to assist in identifying and mitigating compliance risks across the institution. Since the December meeting, we have continued our work, teaming up with University divisions and units to provide compliance and ethics education, investigate and report misconduct, conduct compliance risk assessment, and gather feedback regarding our efforts.

HIGHLIGHTS

- FAMU Fundamentals 2022
- Investigations
- Foreign Influence
- Conflict of Interest



FAMU Fundamentals 2022

Why Mandatory University Compliance Training?

Board of Governors' Regulation 4.003 requires all universities to establish and implement an effective compliance and ethics program. Compliance training is a key requirement of such a program. Per the regulation:

“University employees and board of trustees’ members shall receive training regarding their responsibility and accountability for ethical conduct and compliance with applicable laws, regulations, rules, policies, and procedures.”

OCE appreciates the full support of the University Board of Trustees and the President’s Senior Leadership Team in the implementation of mandatory training for all University employees.

The Modules for 2022 include:

- Clery
- Compliance, Law, and Policy
- Cybersecurity
- Discrimination and Harassment
- Emergency Management



Remaining timeline highlights:

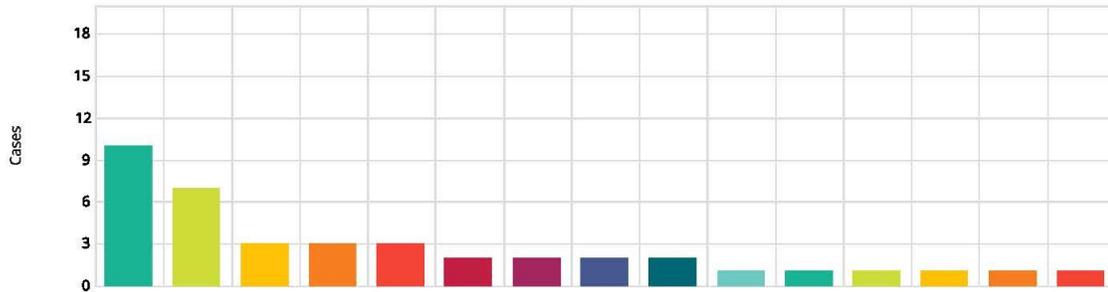
January-February 2022: Implementation on learning platform

March 1-31, 2022: Mandatory training window for all employees

OCE will report completion to University managers and senior leadership throughout the training period, with a final report in April 2022.

Investigations

Date Range 07/01/2021 - 02/01/2022



Issue	Count (%)
Other	10 (25%)
Employee Misconduct	7 (17.5%)
Fraud	3 (7.5%)
Waste, Abuse or Misuse of Institution Resources	3 (7.5%)
Workplace Retaliation or Retribution	3 (7.5%)
Conflict of Interest	2 (5%)
Discrimination	2 (5%)
General Concern	2 (5%)
Workplace Harassment	2 (5%)
Academic Misconduct	1 (2.5%)
Discrimination or Harassment	1 (2.5%)
Environmental and Safety Matters	1 (2.5%)
Sexual Harassment	1 (2.5%)
Theft	1 (2.5%)
Violence or Threat	1 (2.5%)
Total	40

OCE manages the University's Compliance and Ethics Hotline. We intake concerns of misconduct for referral to other University enforcement offices or for investigation by OCE. Since July 1, the hotline has logged 40 complaints. Open investigations in OCE include allegations of misconduct due to conflicts of interest, retaliation, and employee misconduct. Across enforcement offices*, 16 complaints have been closed, 19 are in process, and 5 are slated for intake and review. OCE is currently monitoring two closed investigations in the Division of Academic Affairs for management response.



*Includes the Offices of Compliance and Ethics, HR, EOP, and the Division of Audit

Key Initiatives

Conflict of Interest Disclosure Automation

Conflicts of interest may exist, but we cannot allow them to be hidden conflicts of interest. University employees and leaders must disclose any situation that may be, or that gives the appearance of, a conflict of interest. As a University, we are required to disclose any potential conflict of interest to appropriate offices and external agencies – a requirement we cannot meet if employees and leaders do not disclose their potential COIs.

FAMU is moving from a manual process to one that is automated through iRattler. University ITS has created a module in iRattler for conflict of interest disclosure, combining the financial conflict of interest disclosure for researchers and the general disclosure required of all employees. The process is being tested in the last focus group, a sample of members of the President's Senior Leadership Team. We have incorporated feedback and sent it back to the focus group. The module completion timeline has moved from January 2022 to March 2022.



Key Initiatives (Continued)

Foreign Influence

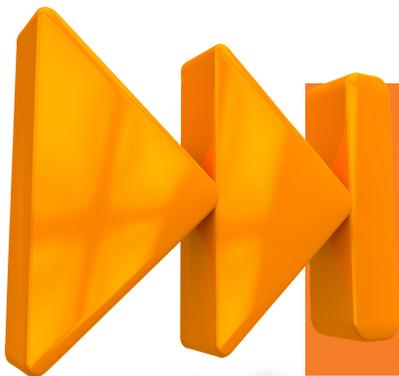
The Research working group in the Enterprise Compliance Committee has developed processes that align with the requirements of screening and reporting requirements outlined in HB 7017 with implementing guidance from the Board of Governors. Foreign influence screening continues and University units have been identified with reporting responsibilities. Compliance updates for this period:

- Overall, 65 researchers have been screened through the Foreign Influence Initial Survey.
 - In the latest round, 27 additional screenings have been completed with 4 screenings triggering additional due diligence.
- OCE coordinated with appropriate offices, including the Office of the Controller and Institutional Research and Analytics, to prepare for and submit required BOG reporting of foreign gifts on January 28.

Policy Updates

OCE is assisting University offices in creating or updating several policies and regulations, including:

- BOT 2005-09 (PI Responsibilities)
- BOT 2020-01 (Fraud Policy)
- University Regulation 10.122 (Outside Employment/Activities)
- Research Security Enclave Cloud Requirement (Proposed)
- Flexibility in the Workplace (Proposed)



Implementation of External Review Recommendations

Focus areas include:

- Increased resources to achieve additional efficiencies in program goals.
- Enhanced monitoring of compliance risk

Implementation of FAMU Fundamentals 2022

Rollout of communications and training modules for University community.



Conflict of Interest Disclosure Automation

Continue work with the Divisions of Research and Academic Affairs, as well as the Office of Human Resources to provide continued education and rollout of the streamlined conflict of interest process.



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

PBF Audit



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

Report No. 21-22-0003
Assurance Services Report
Performance-Based Funding Data Integrity Audit



ACCOUNTABILITY • INTEGRITY • EFFICIENCY

January 27, 2022



FY 21-22 Performance-Based Funding Data Integrity Audit

EXECUTIVE SUMMARY

We verified the data submitted for Fall 2020, Spring 2021, and Summer 2021 academic semesters that supports the University’s performance-based funding metrics 4, 6, 8, 9a and 9b; evaluated the University’s processes for completeness, accuracy, and timeliness of performance-based funding data submissions; and reviewed other University actions that impact the University’s Data Integrity Certification required by the Florida Board of Governors (FLBOG).

Based on our audit, we have concluded that FAMU’s controls and processes are adequate to ensure the completeness, accuracy, and timeliness of data submitted to the FLBOG to support performance-based funding decisions. There were no material errors found within the data files submitted by FAMU that would impact FAMU’s overall ranking among State University System (SUS) institutions. Our audit outcomes are summarized in the table below:



Data Administrator Processes and Procedures



The Data Administrator, in collaboration with data custodians, had established processes, controls, and procedures to provide assurance that the data submitted to FLBOG was accurate and complete. There were no changes in FAMU’s Data Administrator roles, responsibilities, and processes since the last audit.



State University Data Systems (SUDS) Data File Submission & Validation



- The University submitted all SUDS data files in accordance with the FLBOG requirements.
- The University identified a critical error related to a Full-time First Time in College (FTIC) coding issue for readmitted FTIC students due to logic gap in the Fall 2021 Student Instruction – Preliminary file (SIFP). The critical error was resolved, the corrective action was implemented, and the resubmission of the file was made in accordance with FLBOG’s requirements and procedures.



Testing of Metric Data and Review of Internal Controls



- The University provided accurate data to the FLBOG, as evidenced by our testing of file data used to support metrics 4, 6, 8, 9a, and 9b.
- The University established a Degree Certification Committee to provide guidance and develop procedures to strengthen controls in the degree certification and course substitutions processes which impact Metrics 6&8 (degrees awarded).

Legend:	Controls are in place & operating effectively	Controls are in place but not operating effectively	Controls are not in place
---------	-----------------------------------------------	-----------------------------------------------------	---------------------------



Based on the findings summarized above, we believe that our work provides a reasonable basis for the University President and FAMU Board of Trustees Chair to sign the FLBOG Data Integrity Certification as prepared without modification.



TABLE OF CONTENTS

EXECUTIVE SUMMARY..... 2

BACKGROUND..... 5

Florida Board of Governors: Performance-Based Funding Overview 5

Florida Board of Governors Audit and Certification Directives for FY 2021-2022 6

FAMU STATE FILE PROCESS OVERVIEW 7

PERFORMANCE –BASED FUNDING DATA INTEGRITY REVIEW OUTCOMES 8

APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY 11

APPENDIX B: FLBOG JUNE 14, 2021 LETTER TO FAMU 12

APPENDIX C: DATA INTEGRITY CERTIFICATION 15

DISTRIBUTION 18

PROJECT TEAM..... 19

STATEMENT OF ACCORDANCE 19



BACKGROUND

Florida Board of Governors: Performance-Based Funding Overview

Florida Statutes 1001.92¹ – State University System Performance-Based Incentive governs the funding model under which state universities obtain state funding. The Performance-Based Funding Model includes 10 metrics² that evaluate Florida universities on a range of issues. The model has four guiding principles³: 1) use metrics that align with SUS Strategic Plan goals, 2) reward Excellence or Improvement, 3) have a few clear, simple metrics, and 4) acknowledge the unique mission of the different institutions. The 10 metrics upon which FAMU is evaluated are as follows:

2021 Florida Agricultural & Mechanical University Performance-Based Funding Metrics

1	Percent of Bachelor's Graduates Employed and/or Continuing their Education Further One Year after Graduation
2	Median Wages of Bachelor's Graduates Employed Full-time
3	Average Cost to the Student (Net Tuition & Fees for Resident Undergraduates per 120 Credit Hours)
4	Four Year Graduation Rate (FTIC)
5	Academic Progress Rate (2nd Year Retention with Grade Point Average Above 2.0)
6	Bachelor's Degrees Awarded in Programs of Strategic Emphasis (PSE)
7	University Access Rate (Percent of Undergraduates with a Pell-grant)
8	Graduate Degrees Awarded in Programs of Strategic Emphasis (PSE)
9a	Two-Year Graduation Rate for Florida College System (FCS) Associate in Arts (AA) Transfer Student
9b	Six-Year Graduation Rate for Students who are Awarded a Pell Grant in their First Year
10a	FAMU Board of Trustees Choice - Number of Bachelor's Degrees Awarded to Transfers with AA Degrees from FCS

¹ http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=1000-1099/1001/Sections/1001.92.html

² https://www.flbog.edu/wp-content/uploads/2021/11/2021_PBF_METRIC_DEFINITIONS_1.pdf

³ <https://www.flbog.edu/finance/performance-based-funding/>



Florida Board of Governors Audit and Certification Directives for FY 2021-2022

Florida Statutes 1001.706⁴ – Powers and duties of the Board of Governors requires Florida A&M University to conduct an annual audit of data submitted to the FLBOG. On June 14, 2021, Florida Board of Governors Chair, Sydney Kitson, sent a letter (Appendix B) highlighting each university’s responsibilities for performing a performance-based funding data integrity audit along with instructions to submit the audit and revised Data Integrity Certification (Appendix C) to the FLBOG Office of Inspector General and Director of Compliance no later than March 1, 2022. The letter required each University to:

- Direct the university chief audit executive to perform an audit of the university’s processes that ensure the completeness, accuracy, and timeliness of data submissions. Additionally, the audits must include testing of data that supports performance funding metrics, as well as preeminence or emerging preeminence metrics if applicable, as testing is essential in determining that processes are in place and working as intended;
- Establish the scope and objectives of the audit jointly between the chair of the university board of trustees and the university chief audit executive.
- Perform the audit in accordance with the current *International Standards for the Professional Practice of Internal Auditing* as published by the Institute of Internal Auditors, Inc.

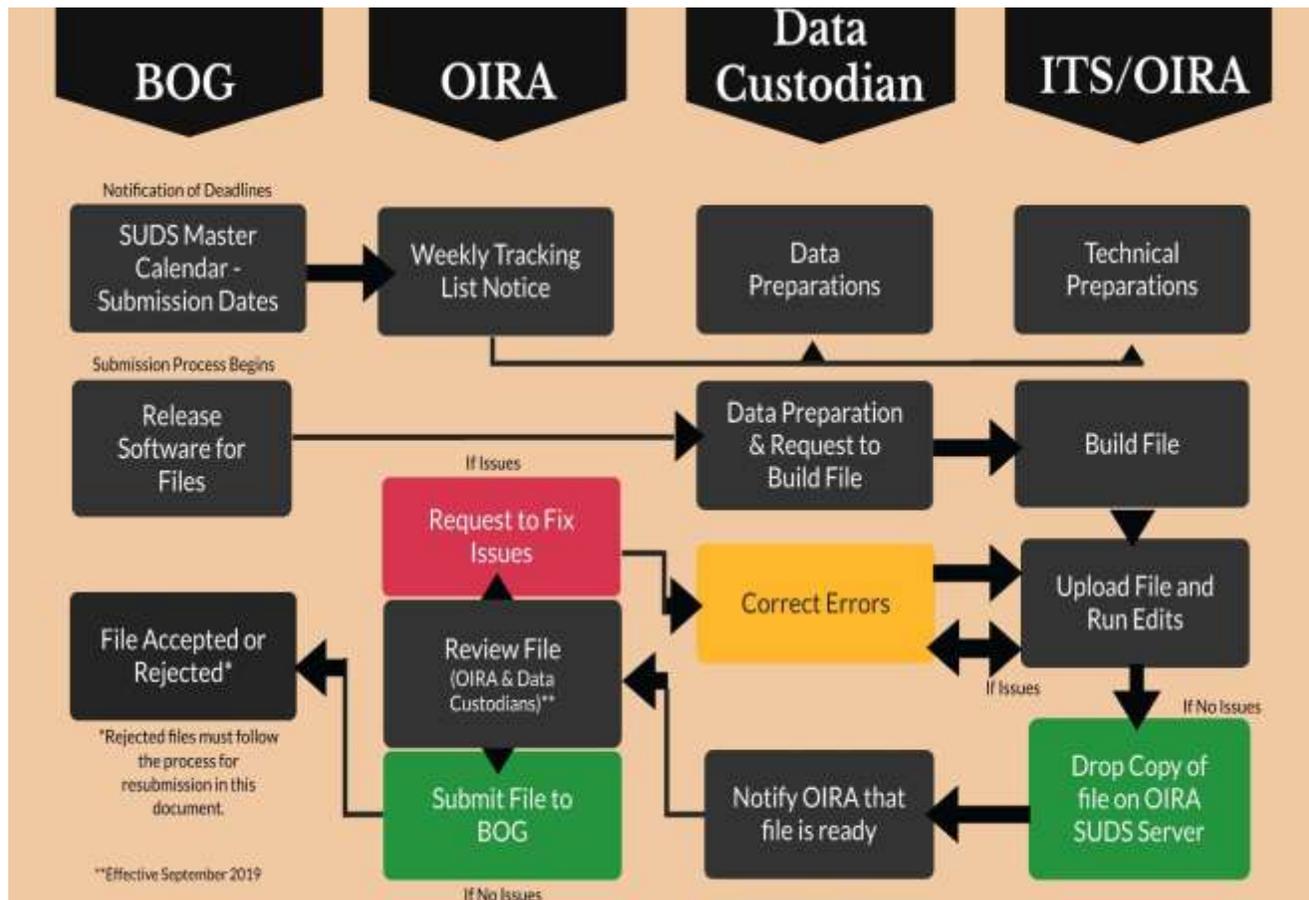
Using the results of the audit, each University President was instructed to complete the Data Integrity Certification, evaluating the 13 prepared representations, and explain any modifications needed to reflect significant or material audit findings. The audit results, corrective action plans (as needed), and Data Integrity Certifications were required to be submitted to the FLBOG Office of Inspector General and Director of Compliance no later than March 1, 2022.

⁴ http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=1000-1099/1001/Sections/1001.706.html



FAMU STATE FILE PROCESS OVERVIEW

The Office of Institutional Research & Analytics (OIRA), led by the University Data Administrator, is charged with ensuring the completeness, timeliness, and accuracy of SUDS files submission. The chart below illustrates the general workflow between FAMU OIRA and FAMU functional units including data custodians and Information Technology Services (ITS) for data file submission⁵.



5 Source: FAMU OIRA. There have been no changes to the processes since September 2019.



PERFORMANCE –BASED FUNDING DATA INTEGRITY REVIEW OUTCOMES

This report provides an objective basis of support for the Board of Trustees Chair and the University President to sign the representations made in the FLBOG’s Data Integrity Certification, which FLBOG required be filed with them by March 1, 2022. Our annual audit confirmed that FAMU has processes and controls in place for maintaining and reporting performance metrics data and that the system functions in a reliable manner.



Data Administrator Processes and Procedures

The Division of Audit verified with University Data Administrator, Dr. Khoi To that there have been no changes since the last audit in governance procedures, internal controls, processes, and procedures that directed the Data Administrator in the performance of his obligation to ensure the veracity of the data submitted to the FLBOG was accurate, timely, and complete. Our review determined that the University Data Administrator had effectively carried out his responsibilities related to the oversight and management of the data file submission process to the FLBOG.



SUDS Data File Submission and Validation

The Division of Audit conducted an evaluation and validation of twenty-one University data file submissions to ensure that the files were submitted to the FLBOG Office in accordance with the specified schedule. Additionally, our review of data file resubmissions identified one resubmission that was required due to a critical error. We verified that written explanations of the critical error were included within file resubmission as required. The Data Administrator had worked with FLBOG staff to resolve the critical error related to FTIC coding issue for readmitted FTIC students. The resubmission was made in accordance with FLBOG’s requirements and procedures. The University developed corrective action plans to prevent similar future resubmissions.



Testing of Metric Data Files and Review of Internal Controls

The Division of Audit assessed the effectiveness of the University’s internal controls over the collection and reporting of data submitted to the FLBOG Office. Additionally, we validated the reliability of processes, and those procedures were adequately designed to ensure that data required in reports filed with the FAMU Board of Trustees and the FLBOG were recorded, processed, summarized, and reported in a manner that ensures its accuracy and completeness. The following table summarizes our observations for each metric where data was tested.



Review Area	Observations
<p>Metric 4 Four-Year Graduation Rate for FTIC</p>	<p><u>Data Accuracy and Completeness</u></p> <ul style="list-style-type: none"> • Our review of the data contained within the Retention file that supports Metric 4 calculations, as outlined in the FLBOG methodology guidance, did not reveal any material differences from the data contained within iRattler Campus Solutions, FAMU’s student ERP system. • Our review of cohort adjustments made by university staff, determined that students were properly excluded from the cohort in accordance with the FLBOG cohort adjustment requirements and supported with adequate documentation. <p><u>Process Review</u></p> <ul style="list-style-type: none"> • Our review of a sample of students from the 2016-2017 Full-time, First-time-in-College (FT-FTIC) cohort confirmed that degrees were properly awarded to students admitted as FT-FTIC.
<p>Metric 6 Undergraduate Degrees Awarded in (PSE)</p>	<p><u>Data Accuracy and Completeness</u></p> <ul style="list-style-type: none"> • Our review of the data contained within the Student Instruction File - Degrees Awarded (SIFD) files that supports Metric 6 calculations, as outlined in the FLBOG methodology guidance, did not reveal any material differences from the data contained within iRattler Campus Solutions, FAMU’s student ERP system. <p><u>Process Review</u></p> <ul style="list-style-type: none"> • Our review of a sample of undergraduate students in PSE confirmed that all students satisfied the necessary curriculum requirements to be awarded their respective degree. Students with more than 5 course exceptions were reviewed and determined to be appropriately authorized. • Since the prior audit, the University established the Degree Certification Committee. The Committee updated the written Course Exception Procedures to strengthen controls by colleges and schools in authorizing course substitutions.
<p>Metric 8 Graduate Degrees Awarded in (PSE)</p>	<p><u>Data Accuracy and Completeness</u></p> <ul style="list-style-type: none"> • Our review of the data contained within the SIFD files that supports Metric 8 calculations, as outlined in the FLBOG methodology guidance, did not reveal any material differences from the data contained within iRattler Campus Solutions, FAMU’s student ERP system. <p><u>Process Review</u></p> <ul style="list-style-type: none"> • Our review of a sample of graduate students in PSE confirmed that all students satisfied the necessary curriculum requirements to be awarded their respective degree.



Review Area	Observations
	<ul style="list-style-type: none"> Since the prior audit, the Degree Certification Committee has been implementing the Academic Advisement Report (AAR) in iRattler as part of the degree-awarding process for graduate-level students since spring 2021. Schools are required to use the AAR for graduate-level students. We determined that this new process is being utilized by colleges and schools. Once fully implemented, the Division of Audit will assess the accuracy and effectiveness of the new reporting process.
<p>Metric 9a Two-Year Graduation Rate for Florida FCS AA Transfers</p>	<p><u>Data Accuracy and Completeness</u></p> <ul style="list-style-type: none"> Our review of the data contained within the Retention file that supports Metric 9a calculations, as outlined in the FLBOG methodology guidance, did not reveal any material differences from the data contained within iRattler Campus Solutions, FAMU’s student ERP system. <p><u>Process Review</u></p> <ul style="list-style-type: none"> Our review of a sample of FCS AA transfer students from the 2018-2019 cohort confirmed that degrees were properly awarded to students admitted as AA Transfers from FCS and graduated within two years of enrollment.
<p>Metric 9b Six-Year Graduation Rate for FTIC Students with a Pell Grant⁶</p>	<p><u>Data Accuracy and Completeness</u></p> <ul style="list-style-type: none"> Our review of the data contained within the Retention file that supports Metric 9b calculations, as outlined in the FLBOG methodology guidance, did not reveal any material differences from the data contained within iRattler Campus Solutions, FAMU’s student ERP system. Our review of cohort adjustments made by university staff, determined that students were properly excluded from the cohort in accordance with the FLBOG cohort adjustment requirements and supported with adequate documentation. <p><u>Process Review</u></p> <ul style="list-style-type: none"> Our review of a sample of students from the 2014-2015 FTIC that received a Pell Grant in their first-year cohort confirmed that students were properly identified as graduating within six years of enrollment and had received a Pell Grant in their first year of enrollment.

⁶ Federal Pell Grants usually are awarded only to undergraduate students who display exceptional financial need and have not earned a bachelor's, graduate, or professional degree. Source: <https://studentaid.gov/understand-aid/types/grants/pell>



APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

Purpose and Scope

The purpose of this audit was to:

- Verify the data submitted for the Fall 2020, Spring 2021, and Summer 2021 academic semesters that supports the University’s performance funding metrics 4, 6, 8, 9a, and 9b;
- Evaluate the university’s processes for completeness, accuracy, and timeliness of performance-based funding data submissions; and
- Review other University actions that impact the University’s Data Integrity Certification required by the FLBOG.

Methodology

Data submitted to the FLBOG to support the University’s Performance-Based Funding metrics, methods and controls applied by management to ensure data integrity, and processes designed to ensure completeness, accuracy, and timeliness of data were subject to the following audit procedures:

- Detailed testing of performance funding metrics 4, 6, 8, 9a and 9b to ensure the data within the file matched the University system data. Additional testing was then conducted to test and evaluate veracity of the university system data, including reviews and testing of University processes, policies, and procedures;
- Walk-throughs of processes for data file submission, compiling data files, inputting data into the system, and University processes upon which the data is generated; and
- Interviews of key staff regarding processes, data integrity and responsibilities for data.



APPENDIX B: FLBOG JUNE 14, 2021 LETTER TO FAMU



Florida Board of Governors
State University System of
Florida
325 West Gaines Street, Suite 1614
Tallahassee, FL 32399
Phone 850.245.0466
Fax: 850.245.9685

MEMORANDUM

TO: Chairs, University Boards of Trustees
University Presidents

FROM: Sydney Kitson, Chair 

DATE: June 14, 2021

RE: Data Integrity Audits and Certifications for Performance-based Funding
and Preeminence Metrics

The Performance-based Funding Model has incentivized universities and their boards of trustees since 2014 to achieve excellence and performance improvements in key areas aligned to the State University System of Florida Strategic Plan goals. The Performance-based Funding state investment demonstrates continued support for the System and is a testament to the value of the state university system to the educational and economic growth of our state. These investments have allowed the System to keep tuition stable for our students.

The State University System recently announced a 10 percent five-year increase in graduation rates as well as a 31 percent year-over-year drop in the cost-to-the-student for a bachelor's degree. Due to support from elected leaders and initiatives that drive down costs, the average State University System student pays \$5,990 for a bachelor's degree once financial aid is included. The U.S. News & World Report has ranked Florida as the best state for higher education for five consecutive years, based on graduation rates, class size, student-faculty ratio, and the number of students on Pell Grants.

Given the success of Performance-based Funding and return on investment for the additional state funds to the state's university system, we are grateful for the Legislature's continued investment into Performance-based Funding. Through Performance-based Funding, universities have demonstrated the ability to achieve excellence and improvements in the 10 key metrics, including graduation and retention rates. Florida improved on three of the five metrics in the recent rankings, including four-year graduation rate, average debt, and tuition and fees.



Key to the model's success is the ability of the Board of Governors to rely on the information you provide for performance-based funding decision-making. As required by Florida Statutes,¹ university boards of trustees shall direct the university chief audit executive to perform, or cause to have performed by an independent audit firm, an audit of the university's processes that ensure the completeness, accuracy, and timeliness of data submissions. Additionally, I ask that these audits include testing of data that supports performance funding metrics, as well as preeminence or emerging preeminence metrics for those universities so designated. Testing is essential in determining that processes are in place and working as intended. This audit may be included with or separate from the Performance-based Funding Data Integrity Audit.

The scope and objectives of the audit(s) should be set jointly between the chair of the university board of trustees and the university chief audit executive. The audit(s) shall be performed in accordance with the current *International Standards for the Professional Practice of Internal Auditing* as published by the Institute of Internal Auditors, Inc.

Using the results from the data integrity audit(s), each university president should complete the attached Data Integrity Certification. When completing this certification, evaluate each of the 13 prepared representations. If you are able to affirm a representation as prepared, do so. If you are unable to affirm a representation as prepared, explain the modification in the space provided. It is important that representations be modified to reflect significant or material audit findings. The certification document shall be signed by the university president and board of trustees' chair after being approved by the board of trustees.

The audit results and corrective action plans as needed shall be provided to the Board of Governors after being accepted by the university's board of trustees. The audit results shall support the certification and include any noted audit findings. The completed Data Integrity Certification and audit report(s) shall be submitted to the Office of Inspector General and Director of Compliance no later than **March 1, 2022**. Ensure they are accessible to all readers by complying with Section 508 of the Rehabilitation Act.

I ask that you consider the March 1st deadline when establishing dates for your 2022 board of trustees' meetings as we will need these audits and certifications in sufficient time to be included in our March Board of Governors' meeting materials.

¹ Florida Statutes, sections 1001.7065, *Preeminent State Research Universities Program*, and 1001.92, *State University System Performance-based Incentive*



I commend you, your data administrators, and the many university staff responsible for ensuring reliable, accurate, and complete information is timely submitted to the Board of Governors. I would also like to thank your chief audit executives for focusing a portion of their office's resources to auditing your university's data-related controls, processes, and submissions. Collectively, these efforts allow you to confidently certify the accuracy of data submissions to the Board of Governors and enhance public trust and confidence in this process. We appreciate your cooperation and assistance in ensuring the integrity of the performance funding and preeminence processes.

If you have questions regarding these requirements, please do not hesitate to contact the Board of Governors Inspector General at BOGInspectorGeneral@fbog.edu or 850-245-0466.

SK/jml

Attachment: Data Integrity Certification Form

C: Marshall Criser III, Chancellor
Tim Jones, Vice Chancellor, Finance/Administration and CFO
Vikki Shirley, General Counsel and Corporate Secretary
Jason Jones, Chief Data Officer
Julie Leftheris, Inspector General and Director of Compliance



APPENDIX C: DATA INTEGRITY CERTIFICATION



Data Integrity Certification March 2022

University Name: _____

INSTRUCTIONS: Please respond “Yes” or “No” for each representation below. Explain any “No” responses to ensure clarity of the representation you are making to the Board of Governors. Modify representations to reflect any noted **material or significant** audit findings.

Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
1. I am responsible for establishing and maintaining, and have established and maintained, effective internal controls and monitoring over my university’s collection and reporting of data submitted to the Board of Governors Office which will be used by the Board of Governors in Performance-based Funding decision-making and Preeminence or Emerging-preeminence Status.	<input type="checkbox"/>	<input type="checkbox"/>	
2. These internal controls and monitoring activities include, but are not limited to, reliable processes, controls, and procedures designed to ensure that data required in reports filed with my Board of Trustees and the Board of Governors are recorded, processed, summarized, and reported in a manner which ensures its accuracy and completeness.	<input type="checkbox"/>	<input type="checkbox"/>	
3. In accordance with Board of Governors Regulation 1.001(3)(f), my Board of Trustees has required that I maintain an effective information system to provide accurate, timely, and cost-effective information about the university, and shall require that all data and reporting requirements of the Board of Governors are met.	<input type="checkbox"/>	<input type="checkbox"/>	
4. In accordance with Board of Governors Regulation 3.007, my university provided accurate data to the Board of Governors Office.	<input type="checkbox"/>	<input type="checkbox"/>	
5. In accordance with Board of Governors Regulation 3.007, I have appointed a Data Administrator to certify and manage the submission of data to the Board of Governors Office.	<input type="checkbox"/>	<input type="checkbox"/>	



Data Integrity Certification

Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
6. In accordance with Board of Governors Regulation 3.007, I have tasked my Data Administrator to ensure the data file (prior to submission) is consistent with the criteria established by the Board of Governors Data Committee. The due diligence includes performing tests on the file using applications, processes, and data definitions provided by the Board Office.	<input type="checkbox"/>	<input type="checkbox"/>	
7. When critical errors have been identified, through the processes identified in item #6, a written explanation of the critical errors was included with the file submission.	<input type="checkbox"/>	<input type="checkbox"/>	
8. In accordance with Board of Governors Regulation 3.007, my Data Administrator has submitted data files to the Board of Governors Office in accordance with the specified schedule.	<input type="checkbox"/>	<input type="checkbox"/>	
9. In accordance with Board of Governors Regulation 3.007, my Data Administrator electronically certifies data submissions in the State University Data System by acknowledging the following statement, "Ready to submit: Pressing Submit for Approval represents electronic certification of this data per Board of Governors Regulation 3.007."	<input type="checkbox"/>	<input type="checkbox"/>	
10. I am responsible for taking timely and appropriate preventive/ corrective actions for deficiencies noted through reviews, audits, and investigations.	<input type="checkbox"/>	<input type="checkbox"/>	
11. I recognize that Board of Governors' and statutory requirements for the use of data related to the Performance-based Funding initiative and Preeminence or Emerging-preeminence status consideration will drive university policy on a wide range of university operations – from admissions through graduation. I certify that university policy changes and decisions impacting data used for these purposes have been made to bring the university's operations and practices in line with State University System Strategic Plan goals and have not been made for the purposes of artificially inflating the related metrics.	<input type="checkbox"/>	<input type="checkbox"/>	



Data Integrity Certification

Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
12. I certify that I agreed to the scope of work for the Performance-based Funding Data Integrity Audit and the Preeminence or Emerging-preeminence Data Integrity Audit (if applicable) conducted by my chief audit executive.	<input type="checkbox"/>	<input type="checkbox"/>	
13. In accordance with section 1001.706, Florida Statutes, I certify that the audit conducted verified that the data submitted pursuant to sections 1001.7065 and 1001.92, Florida Statutes [regarding Preeminence and Performance-based Funding, respectively], complies with the data definitions established by the Board of Governors.	<input type="checkbox"/>	<input type="checkbox"/>	

Data Integrity Certification Representations, Signatures	
<p>I certify that all information provided as part of the Board of Governors Data Integrity Certification for Performance-based Funding and Preeminence or Emerging-preeminence status (if applicable) is true and correct to the best of my knowledge; and I understand that any unsubstantiated, false, misleading, or withheld information relating to these statements render this certification void. My signature below acknowledges that I have read and understand these statements. I certify that this information will be reported to the board of trustees and the Board of Governors.</p>	
<p>Certification: _____ President</p>	<p>Date _____</p>
<p>I certify that this Board of Governors Data Integrity Certification for Performance-based Funding and Preeminence or Emerging-preeminence status (if applicable) has been approved by the university board of trustees and is true and correct to the best of my knowledge.</p>	
<p>Certification: _____ Board of Trustees Chair</p>	<p>Date _____</p>



DISTRIBUTION

Responsible Manager

Larry Robinson, Ph.D., President

Internal Distribution

FAMU Board of Trustees

- Kelvin Lawson, Chair
- Kimberly Moore, Vice Chair
- Craig Reed, Audit and Compliance Committee Chair
- Ann Marie Cavazos, Faculty Senate President
- Carrington Whigham, Student Government Association President
- Otis Cliatt II
- Thomas W. Dortch, Jr.
- Michael Dubose
- Kristin Harper
- David Lawrence, Jr.
- Xavier McClinton
- Belvin Perry, Jr.
- Kenward Stone
- Nicole Washington

FAMU Senior Leadership Team

- Linda F. Barge-Miles, Chief of Staff
- Denise Wallace, Vice President, Legal Affairs and General Counsel
- Maurice Edington, Provost and Vice President, Academic Affairs
- W. Rebecca Brown, Interim Vice President for Finance & Administration/CFO
- William E. Hudson, Vice President, Student Affairs
- Carmen Cummings Martin, Assistant Vice President, Alumni Affairs/University Advancement
- Shawnta Friday-Stroud, Vice President, University Advancement
- Charles Weatherford, Vice President, Research
- Kelly McMurray, Associate Vice President, Strategic Planning, Analysis and Institutional Effectiveness
- Rica Calhoun, Chief Compliance & Ethics Officer
- Kortne Gosha, Vice President/Director of Athletics
- Eric Atkins, Executive Director of Title III Programs
- Keith Miles, Director, Communications, Marketing, and Media Relations
- Danielle McBeth, Director, Government Relations

External Distribution

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



PROJECT TEAM



Project Lead
Ruoxu Li, CIA, CISA Senior
IT & Data Analytics Auditor



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



Project Staff
Carl Threatt, MBA, CIA,
CRMA, CIGA, CIGI, CFE,
CCEP, Senior Auditor



**Engagement was approved and
distributed by:**
Joseph K. Maleszewski, MBA,
CIA, CISA, CGAP, CISA, CIG,
CIGA, CIGI, CCEP, CCA
Vice President for Audit




Project Reviewer
Arriet Foster, Lead
Senior Auditor &
Investigator

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 services 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 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>



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

Quality Assurance and Improvement Program – Internal Audit



Internal Quality Assessment Review:

Division of Audit

February 1, 2022



Table of Contents

Executive Summary.....	2
Objectives, Scope, and Methodology.....	3
Summary of Results	4
Definition of Assessment Ratings.....	7
Strengths.....	8
Opportunities.....	9
February 2017 External Quality Assessment Review Follow – Up.....	10
Attachment A – Standards Conformance Summary.....	13
Internal Quality Assessment Review Team.....	18

Executive Summary

“The Division of Audit’s mission is to add value to FAMU and its stakeholders by promoting accountability, integrity, and efficiency through excellence in auditing, investigations, advisory services, risk management, management reviews, and technical assistance.”

Background

The Vice President for Audit/Chief Audit Executive directed the Associate Vice President for Audit/Chief Risk Officer and a Senior Auditor to initiate an internal quality assessment review of the internal audit activity in June 2021.

The principal objective of the Division of Audit (DoA) internal quality assessment review was to assess the internal audit activity’s conformance with our professional standards and the code of ethics. We also assessed if corrective actions were implemented to address the *February 2017 External Quality Assessment Review* process improvement recommendations.

Overall Summary / Highlights

In accordance with Standard 1300 *Quality Assessment and Improvement Program* (of the Institute of Internal Auditor’s Standards for the Professional Practice of Internal Auditing) the DoA performed an internal quality assessment review. The IIA provides three categories to rate the overall quality of an internal audit department: Generally Conforms, Partially Conforms, or Does Not Conform (See page 7 for full definitions). **We have assessed the FAMU DoA as Generally Conforming with all professional standards assessed.** This means policies, procedures and practices are in place to implement the standards and requirements necessary for ensuring independence, objectivity and proficiency of the internal audit function. The DoA is respected throughout the University, utilizes a well-managed, systemic approach to improve the University’s operations and employs qualified personnel. For a detail list of conformance to individual professional standards, please see Attachment A. The internal quality assessment review identified two opportunities for further improvement, details of which are provided in this report.

Objectives, Scope and Methodology

The principal objective of the DoA internal quality assessment review was to assess the internal audit activity's conformance with the International Standards for the Professional Practice of Internal Auditing (Standards) and the Code of Ethics. We also assessed if corrective actions were implemented to address the *February 2017 External Quality Assessment Review* process improvement recommendations. Specifically,

- Quality assessment surveys were submitted to and completed by Division of Audit staff, FAMU Board members, FAMU President, Senior Leadership Team, Operating Management, Academic Deans, as well as Internal and External Assurance Providers to assess alignment of the internal audit activities and performance with the perception of various internal and external stakeholders;
- Assessed DoA activities for the 2021 calendar year;
- Reviewed DoA policies and procedures, as well as other administrative and monitoring documents;
- Reviewed risk assessment and audit planning processes;
- Reviewed audit tools and methodologies, as well as engagement and staff management processes; and
- Reviewed 2021 DoA electronic working papers and reports.

The internal quality assessment began during June 2021. The DoA internal quality assessment was conducted consistent with the methodology established in the *Quality Assessment Manual for the Internal Audit Activity (2017 IPPF Aligned)* published by the Institute of Internal Auditors (IIA). This information included completed and detailed planning guides, together with an assessment of whether the DoA activities and operations are in conformance with the professional standards.

Summary of Results

The IIA has defined two broad categories of standards against which internal audit departments are assessed: Attribute Standards and Performance Standards. The IIA's Attribute Standards focus on an internal audit department's positioning within the organization, its conduct and the continuous improvement efforts practiced by the internal audit department. The following areas were included within the scope of our review:

<i>Attribute Standards</i>	Results of Assessment		
	GC	PC	DNC
1000 – Purpose, Authority and Responsibility: The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing). The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.	✓		
1100 – Independence and Objectivity: The internal audit activity must be independent, and internal auditors must be objective in performing their work.	✓		
1200 – Proficiency and Due Professional Care: Engagements must be performed with proficiency and due professional care.	✓		
1300 – Quality Assurance and Improvement Program: The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.	✓		
	GC = Generally Conforms PC = Partially Conforms DNC = Does Not Conform		

Internal Quality Assessment Review

Summary of Results

The IIA's Performance Standards focus on an internal audit department's planning, execution and reporting processes in place to effectively address the organization's audit objectives. The following areas were included within the scope of our review:

<i>Performance Standards</i>	Results of Assessment		
	GC	PC	DNC
2000 – Managing the Internal Audit Activity: The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organization.	✓		
2100 – Nature of Work: The internal audit activity must evaluate and contribute to the improvement of the organization's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.	✓		
2200 – Engagement Planning: Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations. The plan must consider the organization's strategies, objectives, and risks relevant to the engagement.	✓		
2300 – Performing the Engagement: Internal auditors must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.	✓		
2400 – Communicating Results: Internal auditors must communicate the results of engagements.	✓		
2500 – Monitoring Progress: The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.	✓		
2600 – Communicating the Acceptance of Risks: When the chief audit executive concludes that management has accepted a level of risk that may be unacceptable to the organization, the chief audit executive must discuss the matter with senior management. If the chief audit executive determines that the matter has not been resolved, the chief audit executive must communicate the matter to the board.	✓		
	GC =	Generally Conforms	
	PC =	Partially Conforms	
	DNC =	Does Not Conform	

Summary of Results

The IIA has established a code of ethics for internal auditors. The purpose of the Institute's Code of Ethics is to promote an ethical culture in the profession of internal auditing. A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about governance, risk management, and control.

The principles of the code of ethics were included within the scope of our review.

<i>Code of Ethics</i>	Results of Assessment		
	GC	PC	DNC
Code of Ethics: The Code of Ethics states the principles and expectations governing the behavior of individuals and organizations in the conduct of internal auditing. It describes the minimum requirements for conduct, and behavioral expectations rather than specific activities.	✓		
<p>GC = Generally Conforms PC = Partially Conforms DNC = Does Not Conform</p>			

DEFINITION OF ASSESSMENT RATINGS

Using the IIA's evaluation methodology, we have assigned a rating of GC (Generally Conforms), PC (Partially Conforms) or DNC (Does Not Conform) to each area assessed. The following definitions for these ratings, as taken from the IIA's methodology guidance, describe each of these ratings categories.

Categories of Ratings

GC — “Generally Conforms” means the evaluator has concluded that the internal audit department's relevant structures, policies, and procedures, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformity to a majority of the individual Standards or elements of the Code of Ethics, and partial conformity to the others, within the section/category. There may be significant opportunities for improvement, but these should not represent situations where the internal audit department has not implemented the Standards or the Code of Ethics, is not applying them effectively, or is not achieving their stated objectives.

PC — “Partially Conforms” means the evaluator has concluded that the internal audit department is making good-faith efforts to comply with the requirements of the individual Standard or element of the Code of Ethics, section, or major category, but has fallen short of achieving some of their major objectives. These will usually represent some significant opportunities for improvement in effectively applying the Standards or Code of Ethics and/or achieving their objectives. Some of the deficiencies may be beyond the internal audit department's control and may result in recommendations to senior management or the board of the organization.

DNC — “Does Not Conform” means the evaluator has concluded that the internal audit department is not aware of, is not making good-faith efforts to comply with or is failing to achieve many/all of the objectives of the individual Standard or element of the Code of Ethics, section, or major category. These deficiencies would usually have a significant negative impact on the internal audit department's effectiveness and its potential to add value to the organization. They may also represent significant opportunities for improvement, including actions by senior management or the board.

Strengths

Strengths

1. **Risk Assessment** – DoA continues to have a dynamic risk process that centers around risk information gained from six pillars: 1) assessment using the Association of College and University Auditor’s (ACUA) risk dictionary; 2) Feedback from management through weekly Senior Leadership Team meetings and one-on-one sessions; 3) Review and assessment of Board of Trustees and Florida Board of Governors meeting priorities and outcomes; 4) Focus groups; 5) Identified risk from assurance, advisory, and investigative service projects; and 6) Trending risk reports within higher education. DoA uses this information to continually assess and adjust work plan activities to ensure resources are dedicated to areas of highest risk and priority for management and the Board.

2. **Advisory Services**

DoA significantly increased its advisory services offering over the past five years which add significant value to management and the Board. Examples of value-added services include advisories related to the development of an enterprise risk management function, enhancements to policy management processes, cybersecurity, COVID federal funding expenditure compliance risks and opportunities, and athletics; facilitation of policy development related to internal controls, enterprise risk management, and fraud; and facilitation of the President’s annual internal controls assessment process.

DoA also provides advisory services through participation on various university committees and taskforces including the IT Governance Committee, Emergency Management Committee, Athletics Oversight Committee, COVID-19 Committee, Strategic Planning Committee, and Diversity and Inclusion Committee.

3. **Awareness and Training**

Awareness: DoA implemented various awareness methodologies to educate the University community on internal audit activities and areas related to fraud, internal controls, governance, etc. through the implementation of Internal Audit Awareness Month activities, Fraud Awareness Week campaign, and quarterly newsletters.

Training: DoA provided various training sessions to the University community. Primary training sessions included: 1) Board of Trustees Governance Primer; 2) Internal Controls; 3) Internal Controls Assessment; 4) FAMU Management Seminar - Enterprise Risk Management; 5) FAMU Management Seminar - Preparing for Audit; 6) Whistleblower Training; and 7) FAMU Fundamentals - Fraud Awareness.

Opportunities

Opportunities

1. **Policies and Procedures** – The form and content of policies and procedures must be consistent with and appropriate for the size and structure of the internal audit activity and the complexity of its work (Standard 2040). The internal quality assessment review recommended to the DoA to review and update the policies and procedures manual, which was completed prior to the conclusion of this review. Expanding the frequency of internal administrative review of policies and procedures to annual would ensure that the policies and procedures remain in alignment with current internal audit activities and practices.
2. **Quality Assurance and Improvement Program** – DoA regularly assesses internal audit activities for conformance with professional standards, industry best practices, and opportunities for improvement. For example, as part of the annual budgeting process we evaluate staffing, funding, technology, and workloads. Additionally, we have assessed audit trends and best practices to increase innovation, efficiency, and value to stakeholders. Examples of improvements include reorganization of structure, implementation of agile auditing, more dynamic risk assessment processes, data analytics strategic plan, enterprise risk management function, enhanced management monitoring and feedback processes, training plans for competency enhancements, and increased advisory services (projects, training, policy reviews, and management consultations of high-risk areas).

Currently DoA completes one formal/documented internal QAIPs every five years and one external quality assessment review every five years. Expanding the frequency of formal/documented internal QAIP reviews to annually would provide increased insights for continuous improvements.

Internal Quality Assessment Review

February 2017 External Quality Assessment Review Follow – Up

RECOMMENDATIONS FOR FAMU MANAGEMENT		
Prior Recommendation	Division of Audit Corrective Action	Outcome
Implement an enterprise-wide risk management function	<ul style="list-style-type: none"> In December 2019, an internal controls and enterprise risk management board policy was established directing the University to establish an enterprise risk management function. In January 2020, the President directed the VP for Strategic Planning, Analysis, and Institutional Effectiveness (SPAIE) to establish and fill a Chief Risk Officer position to oversee the development of the Enterprise Risk Management Function. In July 2021, due to changes in management within SPAIE and delays on implementation caused by the pandemic, the President directed the ERM function be moved to the Division of Audit. In August 2021, a Chief Risk Officer was appointed and began the planning and initial development for building an enterprise risk management function. 	✓
Keep internal audit activity as the “second line of defense” in ensuring University controls are in place to achieve its goals and mission	<ul style="list-style-type: none"> DoA facilitated the development of an internal controls and enterprise risk management board and university policy in December 2019. DoA provided mandatory training to faculty and staff in 2020. DoA facilitated an enterprise-wide internal control assessment based on COSO - Integrated Internal Controls Framework to inform the President’s Internal Controls Assurance Statement to the Board of Trustees. 	✓
Ensure the prompt resolution of findings	<ul style="list-style-type: none"> DoA provides the Board of Trustees and update on resolution of audit findings at each meeting. The Board of Trustees, as well as the President, has regularly emphasized the importance of promptly resolving audit findings. The resolution of audit findings is built into the Division of Audit’s annual assessment process. The resolution of audit findings was integrated into the President’s goals established by the Board of Trustees. 	✓
Position specification career ladder for DoA	<ul style="list-style-type: none"> In December 2019, FAMU management approved adding a Director of Audit position as a first step in moving from a flat structure. In March 2020, DoA reclassified positions to have a Lead Senior Auditor and Senior Information Technology and Data Analytics Auditor. In June 2020, The Vice President of Audit established a Succession Plan. 	✓

RECOMMENDATIONS FOR FAMU MANAGEMENT

Prior Recommendation	Division of Audit Corrective Action	Outcome
	<ul style="list-style-type: none"> In November 2020, DoA required all staff to complete the IIA Competency Framework Assessment to inform decisions on training and opportunities needed to help advance staff careers. In August 2021, the Audit Director position, was merged with the Chief Risk Officer position to create the Associate Vice President for Audit and Chief Risk Officer position. In November 2021, an Enterprise Risk Management Coordinator position was established. 	
Recognition program for accomplishments of DoA staff	<ul style="list-style-type: none"> DoA staff accomplishments are recognized in DoA's annual report, newsletter, Senior Leadership Team briefings, Board of Trustees briefings, staff meetings, and DoA Microsoft Teams using the praise feature. Pay adjustments and/or bonuses were provided to staff in March 2020 in recognition of performance. 	✓

RECOMMENDATIONS FOR INTERNAL AUDIT ACTIVITY

Prior Recommendation	Division of Audit Corrective Action	Outcome
Establish goals for more technology use	<ul style="list-style-type: none"> In November 2017 the Division of Audit implemented Diligent HighBond (formerly known as HighBond ACL) for automating audit, advisory, and investigation workflows. Diligent HighBond is an enterprise governance software platform that creates stronger security, risk management, compliance, and assurance. Teams can organize their activities in a centralized workflow, and aggregate data for real-time decision-making and reporting. DoA began providing training to staff on the IDEA data analytics software. In 2021 a three-year data analytics strategic plan was established to set goals for integrating data analytics use within DoA activities. 	✓

PROCESS IMPROVEMENT OPPORTUNITIES

Prior Recommendation	Division of Audit Corrective Action	Outcome
Implement a time management system	<ul style="list-style-type: none"> In November 2017 the Division of Audit implemented Diligent HighBond (formerly known as HighBond ACL). This solution includes a time management system that staff uses to track time. 	✓

Internal Quality Assessment Review

PROCESS IMPROVEMENT OPPORTUNITIES		
Prior Recommendation	Division of Audit Corrective Action	Outcome
Implement strategies for monitoring and achieving desired audit duration times	<ul style="list-style-type: none"> DoA implemented agile auditing in October 2021, which requires audit work to be completed by establishing a storyboard for ease of monitoring and tracking progress and communicating results to stakeholders in sprints. Prior to implementing agile auditing, the Associate Vice President (AVP) for Audit met regularly with staff to assess the status of audit projects and staff was required to present the status of audit projects at periodic staff meetings to assess progress, accomplishments and issues, if any. In January 2022, the AVP for Audit implemented a milestone tracking process for increased monitoring and more prompt feedback. 	✓
Incorporate risk assessment and work plan changes throughout the year	<ul style="list-style-type: none"> DoA provides updates to the Board of Trustees on changes to the work plan as project priorities changes to be responsive to the changing risk landscape at the University. During FY 20-21, as a result of the pandemic and the quickly changing risk landscape, the DoA moved to 6-month audit work plans. For FY 21-22 DoA moved to an annual work plan but continued to inform the Board of Trustees, President, and Senior Leadership of changes to audit priorities and to be responsive to their requests to address high risk areas in a timely fashion. 	✓
Enhance operational policy and procedure manual	<ul style="list-style-type: none"> DoA policies and procedures were recently updated to align existing policies and procedures with current internal audit activities, practices and requirements. 	✓

Attachment A – Standards Conformance Summary

	GC	PC	DNC
Overall Evaluation	✓		

Attribute Standards (1000 through 1300)		GC	PC	DNC
1000	Purpose, Authority, and Responsibility	✓		
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	✓		
1100	Independence and Objectivity	✓		
1110	Organizational Independence	✓		
1111	Direct Interaction with the Board	✓		
1112	Chief Audit Executive Roles Beyond Internal Auditing	✓		
1120	Individual Objectivity	✓		
1130	Impairment to Independence or Objectivity	✓		
1200	Proficiency and Due Professional Care	✓		
1210	Proficiency	✓		

Internal Quality Assessment Review

Attribute Standards (1000 through 1300)		GC	PC	DNC
1220	Due Professional Care	✓		
1230	Continuing Professional Development	✓		
1300	Quality Assurance and Improvement Program	✓		
1310	Requirements of the Quality Assurance and Improvement Program	✓		
1311	Internal Assessments	✓		
1312	External Assessments	✓		
1320	Reporting on the Quality Assurance and Improvement Program	✓		
1321	Use of “Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> ”	✓		
1322	Disclosure of Nonconformance	✓		

Performance Standards (2000 through 2600)		GC	PC	DNC
2000	Managing the Internal Audit Activity	✓		
2010	Planning	✓		
2020	Communication and Approval	✓		

Internal Quality Assessment Review

Performance Standards (2000 through 2600)		GC	PC	DNC
2030	Resource Management	✓		
2040	Policies and Procedures	✓		
2050	Coordination and Reliance	✓		
2060	Reporting to Senior Management and the Board	✓		
2070	External Service Provider and Organizational Responsibility for Internal Auditing	✓		
2100	Nature of Work	✓		
2110	Governance	✓		
2120	Risk Management	✓		
2130	Control	✓		
2200	Engagement Planning	✓		
2201	Planning Considerations	✓		
2210	Engagement Objectives	✓		
2220	Engagement Scope	✓		

Internal Quality Assessment Review

Performance Standards (2000 through 2600)		GC	PC	DNC
2230	Engagement Resource Allocation	✓		
2240	Engagement Work Program	✓		
2300	Performing the Engagement	✓		
2310	Identifying Information	✓		
2320	Analysis and Evaluation	✓		
2330	Documenting Information	✓		
2340	Engagement Supervision	✓		
2400	Communicating Results	✓		
2410	Criteria for Communicating	✓		
2420	Quality of Communications	✓		
2421	Errors and Omissions	✓		
2430	Use of “Conducted in Conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> ”	✓		
2431	Engagement Disclosure of Nonconformance	✓		

Internal Quality Assessment Review

Performance Standards (2000 through 2600)		GC	PC	DNC
2440	Disseminating Results	✓		
2450	Overall Opinions	✓		
2500	Monitoring Progress	✓		
2600	Communicating the Acceptance of Risks	✓		

Code of Ethics		GC	PC	DNC
	Code of Ethics	✓		
Principle 1	Integrity- The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.	✓		
Principle 2	Objectivity- Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.	✓		
Principle 3	Confidentiality - Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.	✓		
Principle 4	Competency - Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit. services.	✓		

Internal Quality Assessment Review Team

Lead Internal QAIP Assessor



Carl E. Threatt Jr., MBA, CIA, CRMA, CFE, CCEP, CCA, CIGA, CIGI
Lean Six Sigma Green Belt Process Improvement Certification
Senior Auditor

Internal QAIP Supervisor:



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

Internal QAIP Approver:



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



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

Audit and Investigative Follow-up



Memorandum

To: Craig Reed, Chair, Board of Trustees, Audit and Compliance Committee

From: Joseph K. Maleszewski, Vice President for Audit/CAE
Deidre Melton, Associate Vice President for Audit/CRO

CC: Larry Robinson, Ph.D., University President
Board of Trustees Members
Senior Leadership Team Members

Date: January 28, 2022

Re: Status of Open Audit Findings

The Division of Audit worked with management to obtain an understanding of the actions taken by management since our December 2, 2021, report to the Audit and Compliance Committee. After validating each action taken by management, the Division of Audit prepared the following summary table followed by detailed information from management regarding the status of corrective actions and the level of residual risk for each audit finding.

	Finding	Status	Original Risk Level	Current Risk Level
1	2018 Operational Audit Findings: Intercollegiate Athletics Programs – Deficit Cash Balances	CLOSED	HIGH	MEDIUM
2	2018-19 Risk Assessment: Bragg Stadium Safety and Maintenance	OPEN	HIGH	MEDIUM
3	2018-19 Risk Assessment – Emergency Preparedness	OPEN	HIGH	HIGH
4	2021 Federal Contracts and Grants Disclosure Audit - Federal Contract Not Reported to USDOE	OPEN	HIGH	HIGH
5	2021 Federal Contracts and Grants Disclosure Audit - Update University Compliance and Research Disclosure Policies	OPEN	HIGH	HIGH



Athletics

1. 2018 Operational Audit Findings: Intercollegiate Athletics Programs – Deficit Cash Balances

- a. **Status:** The University’s Florida Auditor General Office FAMU Operational Audit Report No 2022-093 report was issued on January 11, 2022 and the 2018 Intercollegiate Athletics Programs – Deficit Cash Balances prior year funding was deemed resolved. As a result, this audit finding is deemed **CLOSED**.
- b. **Risk:** The original risk level of this item was assessed as **HIGH**. After taking into consideration the actions by the Athletics Department to-date coupled with the Florida Auditor General Office resolution of the Intercollegiate Athletics Programs – Deficit Cash Balances, the risk level will remain **MEDIUM** as the Athletics Departments continues to balance budgets and remain a self-sustaining entity.

2. 2018-19 Risk Assessment: Bragg Stadium Safety and Maintenance

- a. **Status:** Athletics, working in conjunction with Finance and Administration, developed a schedule and timeline to address ADA, safety, and maintenance issues at Bragg Stadium. The plan is broken into the following two phases:
 - i. **Phase 1:** November 3, 2020 – September 30, 2021
 1. Phase 1 is deemed 100% complete. This phased included metal pan and seat replacement and steel frame water blasting and repainting essential safety items of Bragg Stadium. The design also included an assessment of Restrooms for Handicap/ ADA accessibility. Unaddressed ADA issues at the conclusion of phase 1 were moved to phase 2.
 - ii. **Phase 2:** January 11, 2021 – August 2022
 1. This phase includes the removal and replacement of the press box. The initial portion of phase would include an analysis of the needs of the University for the size and use of this facility. The Concession stands and restroom renovation Will be upgraded to modernize the existing concession stands and restrooms. In addition, this phase includes upgrading the stadium lighting and sound system. Due to a material cost increase, this scope was reduced to the westside grandstands and skybox repairs and renovation.
 2. **Actions Taken to Complete Phase 2A:** The aluminum benches have been removed and delivered to Leon Iron & Metal for recycling. Crane has been removing the steel pan material and demolition will continue over the next several months. The project has not experienced any delays pertaining to labor and appears to be progressing as expected with an anticipated occupancy date of September 9, 2022. Phase 2a work began on November 10, 2021.
 3. **ADA Compliance Phase 2:** DoA will continue to monitor resolution of all ADA safety and compliance issues (i.e., handrails, access to the east and west stands, stadium seating, etc.) throughout the Bragg Memorial Stadium Safety and Maintenance construction life cycle.



- iii. **Future Scope Items:** Funds must be secured by July 2022 in order for future scope construction and renovation related-items to be completed prior to the start of the 2023 football season. Future scope items include the following:
 1. New restrooms and plumbing infrastructure – east and west side;
 2. Fire sprinkler – east and west side;
 3. Fire alarm system – east and west side;
 4. Renovate existing restrooms – east and west side;
 5. Ticket Booth Maintenance;
 6. Electrical service and gear replacement allowance; and
 7. Design and general condition cost fees.

This item remains **OPEN** until construction is completed to resolve the safety and ADA issues.

- b. **Risk:** The original risk level of this item was assessed as **HIGH**. After taking into consideration the actions by the University as of November 2021, the risk level was adjusted to **MEDIUM**.

Student Affairs

3. 2018-19 Risk Assessment – Emergency Preparedness

- a. **Status:** The original emergency preparedness findings centered around issues related to the University adequately preparing for hurricanes, or other weather-related events. This included identifying a dedicated funding source, establishing an evacuation plan, and hardening a building on FAMU campus that meet state requirements as a hurricane shelter. The University has taken the following steps related to Emergency Preparedness to address these issues:
 - i. **Identifying a Dedicated Funding Source.** The University created a cross-functional team to develop a three-year financial plan to address emergency preparedness needs. FAMU budgets across divisions (i.e., Police Department, Environmental Health and Safety, Health Services, Plant Operations and Maintenance, etc.) continues to be evaluated to assess if some of the emergency preparedness needs can be addressed by existing 2021-2022 budgets. In the interim, the University remains committed to using contingency funding to cover any gaps in funding should an emergency arise.
 - ii. **Establishing an Evacuation Plan.** Emergency management plans are currently being revised and a final draft will be ready prior to the next hurricane season.
 - iii. **Hardening a Building on FAMU Campus.** On November 15, 2021, the Florida Division of Emergency Management’s (FDEM) Infrastructure staff met with FAMU team members to explore possible shelters on campus. Currently, FAMU’s Facilities Team is working with FDEM to provide documentation for potential shelters on campus.

The Division of Audit will continue to monitor the progress of the issues related to identifying a dedicated funding source, establishing an evacuation plan, and hardening a building on FAMU campus with the new Emergency Management Director to ensure the actions fully meet industry standards and best practices. The finding remains **OPEN** until these emergency management activities are resolved.



- b. **Risk:** The original risk level of this item was assessed as **HIGH**. The risk remains **HIGH** for this finding while the University works to develop comprehensive plans to address issues identified within the current budgetary constraints placed on the University.

Research

4. Federal Contracts and Disclosure Audit–Federal Contract Not Reported to USDOE

- a. Status: University officials must report the Saudi Arabia Cultural Mission (SACM) 3rd party tuition payments made to the University for the 2018 (\$406,403.20) and 2019 (\$730,498.14) calendar years.
 - i. During November 2021, the University’s Research Security Committee is reviewing SACM 3rd party payments for the 2020 and 2021 calendar years to discover if these respective SACM payments also exceeded the \$250,000 reporting threshold to be included within the University’s 2021 report.
 - ii. The University anticipates submitting a report disclosing all 3rd party foreign payments that exceeded the \$250,000 reporting threshold to USDOE prior to the March 2022 FAMU Board of Trustees meeting.
- b. **Risk:** The original risk level of this item was assessed as **HIGH**. While the University has taken considerable actions to address the issues related to this finding, the risk remains **HIGH** as a result of the existing and relatively new legislation regarding Foreign Influence monitoring and disclosure requirements.

5. Federal Contracts and Disclosure Audit–Update University Compliance and Research Disclosure Policies

- a. **Status:** University management must update and revise conflict of interest, export control, and outside employment activities and other University policies and procedures to include best practices foreign influence activities language therein to enhance the awareness and comprehension of the evolving significant issues and threats regarding foreign influence disclosure reporting requirements to mitigate the resulting potential foreign threats to U.S. National Security.
 - i. BOT Policy No. 2005-14 – Financial and Other Conflicts of Interests and Commitments Governing Research was revised and approved at the June 2021 Board Meeting to include best practices foreign influence activities language, therein to enhance the awareness and comprehension of University employees regarding foreign influence disclosure requirements.
 - ii. A working group led by Compliance and Ethics is currently working to streamline and automate the conflict of interest disclosure process. The requisite disclosures have been consolidated into one form accessible through iRattler and has been tested with multiple groups of testers. The working group is presently working on the FAMU BOT Policy Number 2005-09 - Principle Investigator Policy.



- b. **Risk:** The original risk level of this item was assessed as **HIGH**. While the University has developed an action plan to review and revise narrowly written policies and procedures to address the issues related to this finding, the risk remains **HIGH** as the University continues to strengthen institutional controls in this area.



Memorandum

To: Craig Reed, Chair, Board of Trustees, Audit and Compliance Committee

From: Joseph K. Maleszewski, Vice President for Audit/CAE
Deidre Melton, Associate Vice President for Audit/CRO

CC: Larry Robinson, Ph.D., University President
Board of Trustees Members
Senior Leadership Team Members

Date: February 1, 2022

Re: Status of Open Investigation Recommendations

The Division of Audit (DoA) worked with management to obtain an understanding of the actions taken by management since our December 2, 2021, report to the Audit and Compliance Committee. Accordingly, the DoA prepared the following summary table followed by detailed information from management regarding the status of implementation of recommendations issued as a result of DoA investigative reports and/or activities, and the level of risk for issues identified.

#	Report #	Issue Identified	DoA Recommendation	Status	Risk Level
1	2020-11-05	Direct charging of an administrative position to federal grants	The College of Agriculture and Food Sciences (CAFS) should work with the federal funder to determine if monies used for the position should be repaid.	OPEN	LOW
2	2020-11-05	Allocation of administrative salaries to funding sources	Ensure all other administrative positions in CAFS are funded by appropriate sources.	OPEN	LOW
3	2020-02-19	Outside employment and undisclosed conflict of interest	The University should consider automating the conflict of interest disclosure process.	OPEN	LOW
4	2020-02-19	Outside employment and undisclosed conflict of interest	Consider a Human Resources liaison function in the Office of the Provost	OPEN	LOW
5	2020-11-11	Unauthorized teaching assistance and remote work; Undisclosed conflict of interest regarding dual employment	CAFS should notify the involved parties of the violations.	OPEN	LOW
6	2020-11-11	Undisclosed conflict of interest regarding dual employment	CAFS should determine if a portion of the employee's salary needs to be repaid to the University for time worked on unapproved tasks.	OPEN	LOW



7	2020-01-27	Concern regarding documents maintained in the employee's official personnel file	Human Resources should coordinate with the Complainant to determine next course of action.	OPEN	LOW
8	2020-01-27	Decentralized process for maintaining employee personnel records	Human Resources should consider the feasibility of centralizing maintenance of all personnel records including those currently retained by departments internally.	OPEN	LOW
9	2020-01-27	Department of Campus Safety & Security staffing and pay parity concerns	The University should assess FAMU PD's salary structure and staffing levels to determine if parity with other law enforcement agencies may be achieved, and if staffing levels are adequate to meet University need.	OPEN	MODERATE
10	01.17.2022 Memorandum on Athletics Inventory Management	Inadequate internal controls over equipment and apparel	The Department of Athletics should develop and maintain an inventory control system that addresses the concerns outlined in the memorandum.	OPEN	MODERATE
11	01.17.2022 Memorandum on Athletics Inventory Management	Inadequate tracking of apparel given to employees, which is necessary for individual tax reporting purposes	The Department of Athletics should develop and implement a method for tracking apparel that is given to University employees to aid individuals with proper reporting of apparel as additional income in accordance with IRS guidelines.	OPEN	MODERATE

Detailed information regarding these recommendations is provided on the following pages.



Item #	Report # and Issue Date	College/ Area	Issue	COSO Risk Component	Risk Level	Control Weakness	Recommendation/ Policy Determination	Owner	Update on Implementation	Anticipated Completion Date
1	2020-11-05 Issued: 4/2/2021	College of Agriculture and Food Sciences	Direct charging of an administrative position to federal grants	Control Environment	Low	The salary for the Associate in Land Grants position was directly charged to two federal grants despite not meeting the criteria for direct charging of an administrative position's salary to federal grants.	Recommendation 1: Determine the percentage of time the Associate in Land Grants worked directly for Evans-Allen research projects and directly for 1890 Cooperative Extension projects based on a reasonable, replicable method supported by documentation for the period of March 2018 through September 2020; and calculate the corresponding total salary and benefits paid for that time. Follow-up with the U.S. Department of Agriculture (USDA) National Institute of Food and Agriculture (NIFA) to determine if any portion of the 1890 Cooperative Extension and Evans-Allen awards used to fund the Associate in Land Grants position salary should be returned to the USDA based on the amount of time not worked directly for research and extension.	Dr. Robert Taylor, Dean, CAFS	Status: Open On 11/03/2021, Dr. Taylor stated he had contacted Dr. Manoharan Muthusamy, Program Administrator of the USDA NIFA Evans-Allen and 1890 Extension Programs. Dr. Taylor reported to the Division of Audit (DoA) on 01/12/2022 that he had not yet received a response from the USDA. DoA will continue to follow up with Dr. Taylor regarding the USDA's forthcoming response.	5/31/2022
2	2020-11-05 Issued: 4/2/2021	College of Agriculture and Food Sciences	Allocation of administrative salaries to funding sources	Monitoring	Low	CAFS may be charging the salaries for several administrative positions to restricted funding sources, or sources which do not allow for the direct charging of administrative or indirect costs.	Recommendation 2: Evaluate the sources currently used to fund all CAFS administrative positions and ensure the appropriate amounts are allocated to indirect costs when allowed, or to unrestricted sources of funding when indirect or Facilities and Administration costs are not allowed. Determine a method to demonstrate that administrative staff are properly charged to the correct funding sources in compliance with applicable rules.	Dr. Robert Taylor, Dean, CAFS	Status: Open DoA has reviewed the information submitted by Dr. Taylor on 11/03/2021 and will follow-up with CAFS as appropriate.	5/31/2022



3	2021-02-19 Issued: 4/6/2021	College of Social Sciences, Arts and Humanities	Outside employment and undisclosed conflict of interest	Control Activities	Low	A faculty member worked for FAMU and another university simultaneously without properly disclosing the outside employment and conflict of interest.	<p>Recommendation 1: HR should work with the Office of Compliance and Ethics to evaluate the feasibility of automating the conflict of interest disclosure process, ensuring appropriate levels of review, approval, and monitoring. Conflict of Interest disclosures and monitoring have the potential to exploit gaps in coordination between HR and the Office of the Provost, which assumes personnel functions. It may be helpful to consider an HR liaison function in the Office of the Provost that works closely with both offices to maintain continuity and consistency in personnel actions and record management.</p>	<p>Rica Calhoun, Chief Compliance and Ethics Officer</p>	<p>Status: Open</p> <p>The Office of Compliance and Ethics (OCE) has been working with the Office of Information Technology Services to consolidate the requisite disclosures (University and Research) into one form accessible through iRattler. OCE incorporated feedback from the November 2021 group testing session with leadership and adjusted the process. OCE plans to resubmit the disclosure form/ process to the leadership group by January 28, 2022.</p>	5/31/2022
4	2021-02-19 Issued: 4/6/2021	College of Social Sciences, Arts and Humanities	Outside employment and undisclosed conflict of interest	Control Activities	Low	A faculty member worked for FAMU and another university simultaneously without properly disclosing the outside employment and conflict of interest.	<p>Recommendation 2: HR should work with the Office of Compliance and Ethics to evaluate the feasibility of automating the conflict of interest disclosure process, ensuring appropriate levels of review, approval, and monitoring. Conflict of Interest disclosures and monitoring have the potential to exploit gaps in coordination between HR and the Office of the Provost, which assumes personnel functions. It may be helpful to consider an HR liaison function in the Office of the Provost that works closely with both offices to maintain continuity and consistency in personnel actions and record management.</p>	<p>Sandi Anderson-Smith, Interim Associate Vice President for Human Resources</p>	<p>Status: Open</p> <p>HR has drafted an implementation timeline for the Human Resources/Academic Affairs satellite office and is in the process of determining target completion dates for the implementation steps outlined.</p>	5/31/2022



5	2020-11-11 Issued: 10/18/2021	College of Agriculture and Food Sciences	Unauthorized teaching assistance and remote work; Undisclosed conflict of interest regarding dual employment	Monitoring	Low	An employee, who was known to teach on behalf of a CAFS professor, had not been hired teach; and had not gone through the proper credential review process to facilitate classes in the professor's absence.	<p>Recommendation 1: We recommend the College of Agriculture and Food Sciences issue notice to Dr. Cassel Gardner regarding his use of unauthorized personnel to facilitate and/or assist him with his courses and require appropriate corrective action. CAFS should consider, in its determination of corrective action, that Dr. Andrine Stanhope was not authorized to work remotely during the period of 2008 to 2012 as the telecommuting policy was not in place at that time; therefore, Gardner did not have the authority to permit Stanhope to perform work remotely for the University.</p> <p>We also recommend the College issue notification to Stanhope regarding 1) her performance of unauthorized duties while employed in another position and 2) her failure to disclose the conflict of interest pertaining to working multiple positions with competing priorities.</p>	Dr. Robert Taylor, Dean, CAFS	<p>Status: Open</p> <p>Dr. Taylor notified Dr. Cassel Gardner and Dr. Andrine Stanhope of his concerns on 01/14/2022. DoA will follow-up with CAFS as appropriate.</p>	5/31/2022
6	2020-11-11 Issued: 10/18/2021	College of Agriculture and Food Sciences	Unauthorized teaching assistance and remote work; Undisclosed conflict of interest regarding dual employment	Monitoring	Low	An employee worked remotely for the University for several years while also working a full-time position in another country. According to the employee, multiple CAFS employees knew of this arrangement.	<p>Recommendation 2: Determine if funds must be repaid for 1) time Stanhope spent assisting Gardner rather than performing duties for the Associate in Land Grants position and 2) if Gardner must repay a portion of his salary for the time Stanhope performed any of his responsibilities.</p>	Dr. Robert Taylor, Dean, CAFS	<p>Status: Open</p> <p>Dr. Taylor notified Dr. Cassel Gardner and Dr. Andrine Stanhope of his concerns on 01/14/2022. DoA will follow-up with CAFS as appropriate.</p>	5/31/2022



7	2020-01-27 Issued: 1/10/2022	Human Resources	Concern regarding documents maintained in official personnel file	Communication and Information	Low	A former employee reported that their official personnel file included documents that should not have been included in the file. HR has a process for the Complainant to request the document be sealed. The Complainant and HR should work to reach resolution.	Recommendation 1: Human Resources should coordinate with the Complainant to determine if written discipline documented in Complainant's personnel file should be marked invalid and/or sealed per the FAMU/Police Benevolent Association agreement.	Sandi Anderson-Smith, Interim Associate Vice President for Human Resources	Status: Open Implementation status is To Be Determined (TBD). DoA will follow-up with Human Resources for an update.	TBD
8	2020-01-27 Issued: 1/10/2022	Human Resources	Decentralized process for maintaining employee personnel records	Control Activities	Low	Departments are permitted to maintain personnel records for employees that are not maintained by Human Resources. HR is the custodian of the official personnel file.	Recommendation 2: Human Resources should consider the feasibility of centralizing maintenance of all personnel records including those currently retained by departments internally; or consider implementing a process for including soft discipline documents, such as written counseling, in the official personnel file to support subsequent formal disciplinary action.	Sandi Anderson-Smith, Interim Associate Vice President for Human Resources	Status: Open Implementation status is To Be Determined (TBD). DoA will follow-up with Human Resources for an update.	TBD
9	2020-01-27 Issued: 1/10/2022	Department of Campus Safety & Security	Staffing and pay parity concerns	Risk Assessment	Moderate	Parties interviewed expressed concern regarding turnover with FAMU PD and compensation shortfalls compared to other local law enforcement agencies. This may create limitations with officer availability.	Recommendation 3: The Division of Student Affairs, within which the Department of Campus Safety & Security is positioned, should assess FAMU PD's salary structure and staffing levels to determine 1) if parity with other local law enforcement agencies may be achieved; and 2) if staffing availability, in consideration with active Mutual Aid Agreements, is adequate to meet the enforcement needs of the University.	Dr. William E. Hudson, Jr., Vice President for Student Affairs	Status: Open Implementation status is To Be Determined (TBD). DoA will follow-up with VP Hudson for an update.	TBD



10	<p>Memorandum SUBJECT: Department of Athletics Inventory Management</p> <p>Issued: 1/17/2022</p>	Department of Athletics	Inadequate internal controls over equipment and apparel.	Control Environment	Moderate	<p>Past practice of giving out apparel without accounting for items, combined with the lack of proper processes for ordering, receiving, tracking, documenting, and dispositioning equipment and apparel results in missing or otherwise unaccounted for items.</p>	<p>Recommendation 1: The Department of Athletics should develop and maintain an inventory control system which:</p> <ul style="list-style-type: none"> a. Ensures all equipment and apparel purchases are authorized; b. Acknowledges receipt of inventory (in the correct quantities and of the appropriate quality); c. Timely, accurately, and completely records transactions in the University records; d. Maintains control over and secures equipment and apparel; e. Ensures proper authorization, acknowledgment, and documentation of equipment and apparel distributions and returns; f. Properly accounts for the disposition of obsolete equipment and apparel; and g. Separates the equipment and apparel processes associated with equipping student athletes, providing benefits to employees, and incentivizing (and recognizing) stakeholder support and giving. 	Kortne Gosha, VP/Athletics Director	Implementation status is To Be Determined (TBD). DoA will follow-up with Athletics for an update.	TBD
11	<p>Memorandum SUBJECT: Department of Athletics Inventory Management</p> <p>Issued: 1/17/2022</p>	Department of Athletics	Inadequate tracking of apparel given to employees, which is necessary for individual tax reporting purposes.	Control Environment	Moderate	<p>Poor tracking of apparel given to employees results in the employees' inability to report taxable income, in the form of apparel, to the IRS.</p>	<p>Recommendation 2: The Department of Athletics should develop and implement a method for tracking apparel that is given to University employees, and work with the Division of Finance and Administration to ensure proper reporting of apparel as additional income in accordance with IRS guidelines.</p>	Kortne Gosha, VP/Athletics Director	Implementation status is To Be Determined (TBD). DoA will follow-up with Athletics for an update.	TBD



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

External Audit Updates



Memorandum

To: Craig Reed, Chair, Board of Trustees, Audit and Compliance Committee

From: Joseph K. Maleszewski, Vice President for Audit/CAE
Deidre Melton, Associate Vice President for Audit/CRO

CC: Larry Robinson, Ph.D., University President
Board of Trustees Members
Senior Leadership Team Members

Date: January 28, 2022

Re: Status of External Audits

The Division of Audit functions as the University’s official liaison for external auditors to assist management with meeting the requests and understanding various audit requirements. The following is a status of external audits in-progress or concluded since our November 9, 2021, report to the Audit and Compliance Committee.

CONCLUDED FLORIDA AUDITOR GENERAL AUDITS:

Auditor General Released Audit			
Audit	Audit Period	Release Date	Observations
Report No. 2022-093: FAMU Operational Audit	FYE June 30, 2020	January 13, 2022	Finding 1: For the 2019-20 fiscal year, the University could not demonstrate the basis for recording Special Investments with State Treasury Account (SPIA) balances totaling \$48.5 million among only 9 of the University’s 30 funds and all SPIA income totaling \$1.3 million in only 1 unrestricted fund.

The Florida Auditor General Recommendation: The University should establish procedures to ensure that Cash in Bank, SPIA, and SPIA income are promptly and accurately recorded by fund consistent with the Interinstitutional Committee on Finance and Accounting (ICOFA) Financial Statement Guide. In addition, the University should enhance procedures to ensure that reconciliations of SPIA account balances by fund to the general ledger account balances are performed at least monthly, with reconciling items promptly identified, thoroughly investigated, adequately documented, and resolved.

University Response: To address the issue the University will re-align its internal procedures to be more consistent with the ICOFA Financial Statement Guide to ensure the investment interest income earned from the Special Investments with the State Treasury Account (SPIA) be recorded in the University’s general ledger system by individual account and fund as opposed to being recorded in one designated fund and allocated by ending cash balances at end of the fiscal year.



IN-PROGRESS FLORIDA AUDITOR GENERAL AUDITS:

Auditor General In-Progress Audits			
Audit	Audit Period	Start Date	Anticipated Report Release Date
Financial Statement	FYE June 30, 2021	June 2021	March 2022

. IN-PROGRESS DIRECT SUPPORT ORGANIZATION (DSO) INTERNAL CONTROLS REVIEW:

The State University System of Florida has contracted with Crowe to perform Direct Support Organizations (DSO) internal controls reviews at each of the twelve State universities. As of January 16, 2022, CROWE has completed internal control testing at FAMU’s three DSOs (National Alumni Association, FAMU Foundation, and Rattler Boosters). The three DSOs are working with Crowe to review testing results and provide additional information to inform the Crowe review.

IN-PROGRESS INTERCOLLEGIATE ATHLETICS FINANCIAL STATEMENTS AND AGREED UPON PROCEDURES REPORT STATUS:

James Moore, CPAs			
Audit	Audit Period	Start Date	Anticipated Report Release Date
Financial Statement Audit	FYE June 30, 2021	November 2021	February 2022
Agreed Upon Procedures	FYE June 30, 2021	November 2021	February 2022

Division of Audit Updates

- ERM
- Hiring
- Professional Development
 - AGA
 - IIA
 - CFE
- External QAR
- Risk Assessment/Internal Controls Assessment Process