

Audit and Compliance Committee

February 16, 2022



Action Items

01

Minutes: Consideration of Approval – December 1, 2021
-Trustee Craig Reed

02

University Regulation 10.122: Conflicts of Interest and Commitment
- Rica Calhoun

03

2022 – 2023 Division of Audit Work Plan
-Joseph Maleszewski

04

Internal Controls & ERM Policy Update
-Joseph Maleszewski

05

Risk Appetite Statement
-Deidre Melton

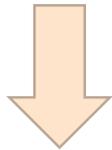


AACC Meeting Minutes

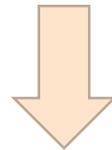
February 16, 2022



Review



Discussion



Approval

Florida Agricultural and Mechanical University Board of Trustees



Audit & Compliance Committee Meeting
Trustee Craig Reed, Chair
Grand Ball Room
Wednesday, February 16, 2022 – 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. Chair Reed acknowledged three (3) Action Items:

1. Minutes: Consideration of Approval – December 1, 2021 at 11:00 AM;
2. Update BOT Policy 2020-01 Fraud Prevention and Detection; and
3. PBF Certification Document.

The first action item – Chair Reed acknowledged consideration for approval of the Wednesday, December 1, 2021, minutes. A motion was made by Trustee Belvin Perry, Jr., and seconded by Trustee Dubose. The motion carried and the December 1, 2021, minutes were approved.

The second action item – Chair Reed recognized VP Maleszewski to present the *Updated BOT Policy 2020-01 Fraud Prevention and Detection*. Chair Reed thanked VP Maleszewski for the presentation and requested a motion. Trustee Cavazos motioned approval of the policy and Trustee Dubose seconded the motion. The motion carried and the *Updated BOT Policy 2020-01 Fraud Prevention and Detection* was approved.

The third action item – Chair Reed requested VP Joseph Maleszewski present two related items. The first is the *PBF Certification Document* which requires both Board Chair and President signature after the Board of Trustees approves the certification. The second item is the *Performance-Based Funding Data Integrity Audit* which supports the certification but is an information item for the committee. Both items were successfully presented. Chair Reed thanked VP Maleszewski for the presentation and requested a motion. Trustee Dubose motioned and Trustee Cavazos seconded approval. The motion carried and the *PBF Certification Document* was approved.

Informational Items - Chair Reed recognized Chief Compliance & Ethics Officer, Rica Calhoun, to provide the Compliance and Ethics Office update. Ms. Calhoun provided

Update Regulation 10.122: Conflicts of Interest and Commitment



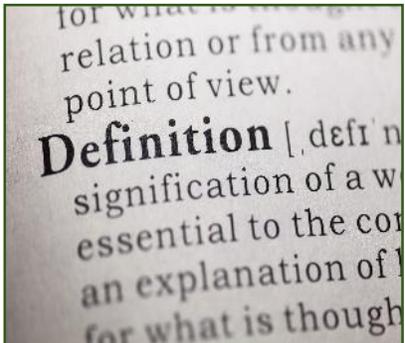
Policy Statement and Purpose

- University Obligation to Monitor and Address Conflicts of Interest
- Requirement to Annually Report Outside Employment/Activities



Compliance with Laws and University Rules and Policies

- Code of Ethics
- Primary Professional Allegiance
- Fiduciary Responsibility
- Actual or Apparent COI



Definitions

- Outside Activities, Conflict of Interest, Conflict of Commitment, University Personnel, Immediate Family



Prohibited Activities

- Bribery, Procurement Conflicts, Misuse of Public Position, Continuing or Frequently Recurring Conflicts, Use of University Resources

Update Regulation 10.122: Conflicts of Interest and Commitment



Reporting

- Annually by July 1
- Within 14 Days of New or Anticipated Activity, Interest, or Commitment



Mitigation

- Mitigation Actions for Identified Conflict of Interest or prohibited Activity: Reimbursement, Donation, Precautions



Disclosure Review

- Review by Supervisor, HR, and Research
- Notification of Unallowed Activity Made to Employee
- Additional Disclosure - Research



Enforcement

- Disciplinary Actions by University Identified, Taking Into Consideration Collective Bargaining Agreements
- Legal Actions

Division of Audit Work Plan 2022 - 2023

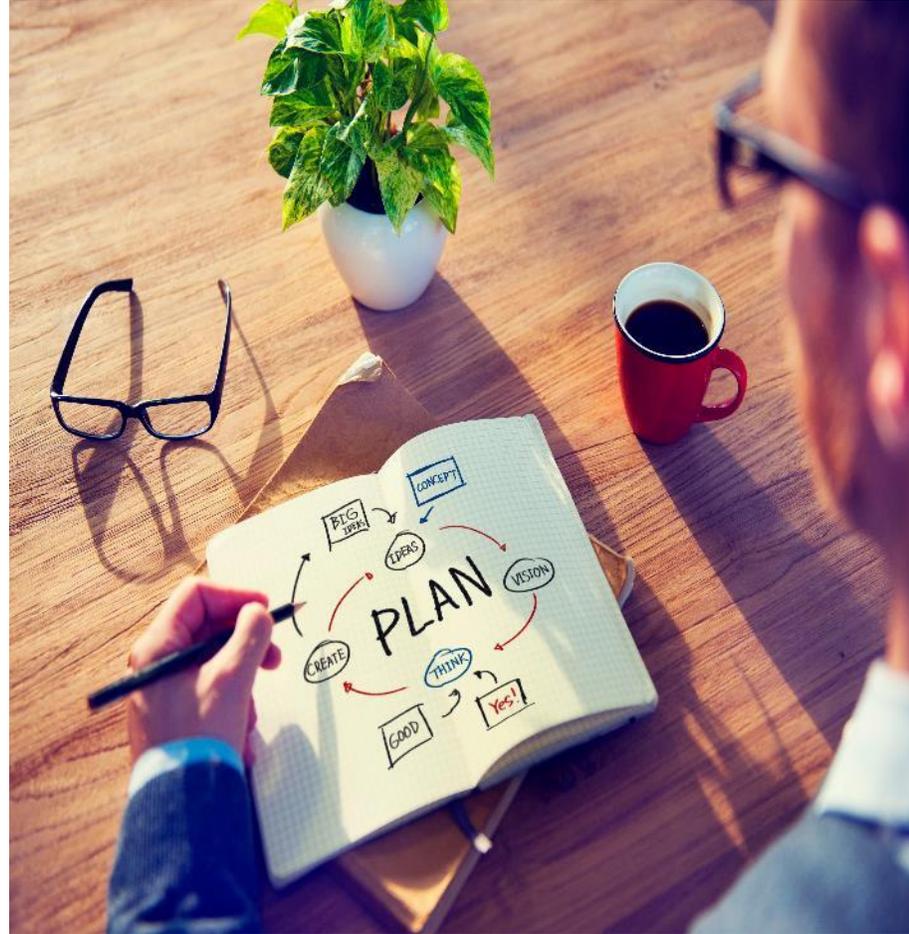
Total Plan Hours: 15,360

Financial Related

- Performance Based Funding (Audit)
- HEERF Funding (Audit)
- Athletics (Advisory Services)

Operational

- Ticket Office (Advisory Services)
- Controller's Office (Advisory Services)



Academics

- College of Agriculture and Food Sciences (Advisory Services)
- College of Pharmacy & Pharmaceutical Sciences, Institute of Public Health (Advisory Services)

Governance

- Culture Assessment (Audit)

Division of Audit Work Plan 2022 - 2023

Total Plan Hours: 15,360

IT/Cybersecurity

- Security Plan Audit
- ERP Implementation (Advisory Services)
- NIST 800-171/NIST 800-53 (Advisory Services)
- DAVID Audit

ERM

- ERM Education Program
- University Risk Profile
- Maturity Assessment
- Risk Response & Follow-Up Process
- ERMAC



DoA Services

- External Audits and Programs
- Audit, Investigation, & Advisory Follow-up
- Investigations
- Training
- Management Requests
- Computer Forensics Lab

DoA Administration

- Professional Development
- Annual Reports
- Data Analytics
- Risk Assessment/Work Plan

Update BOT Policy 2019-01: Internal Controls and Enterprise Risk Management



Definition

- Defined Risk



Management Responsibilities

- Added a section highlighting management responsibilities for internal controls and enterprise risk management



Risk Appetite Statement

- Reviewed Annually by the Board of Trustees



Division of Audit Responsibilities

- Added a section highlighting Division of Audit's responsibilities related to internal controls and enterprise risk management

Risk Appetite Components



Defined Risk Levels

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Core Position

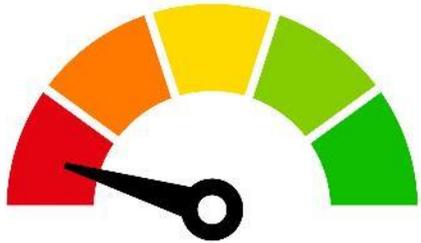
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**Strategic Themes
& Enablers**

Risk Levels

Risk Averse



Accepts as little risk as possible. Not willing to accept any negative impact beyond core position.

Risk Concerned



Cautious approach to risk taking. Willing to accept small negative impact to pursue objectives.

Risk Neutral



Potential negative impacts and accomplishments of objectives given equal consideration

Risk Tolerant



Greater than normal risks are tolerated. Willing to accept some negative impact to pursue objectives.

Opportunity Seeking



Willing for risks to be taken to gain highly valued reward.

Informational Items

01

FAMU Fundamentals 2022

02

Investigations

03

Monitoring

04

Conflict of Interest

05

Foreign Influence

06

What's Next



Presented By:

Rica Calhoun

Chief Compliance & Ethics Officer

FAMU Fundamentals 2022

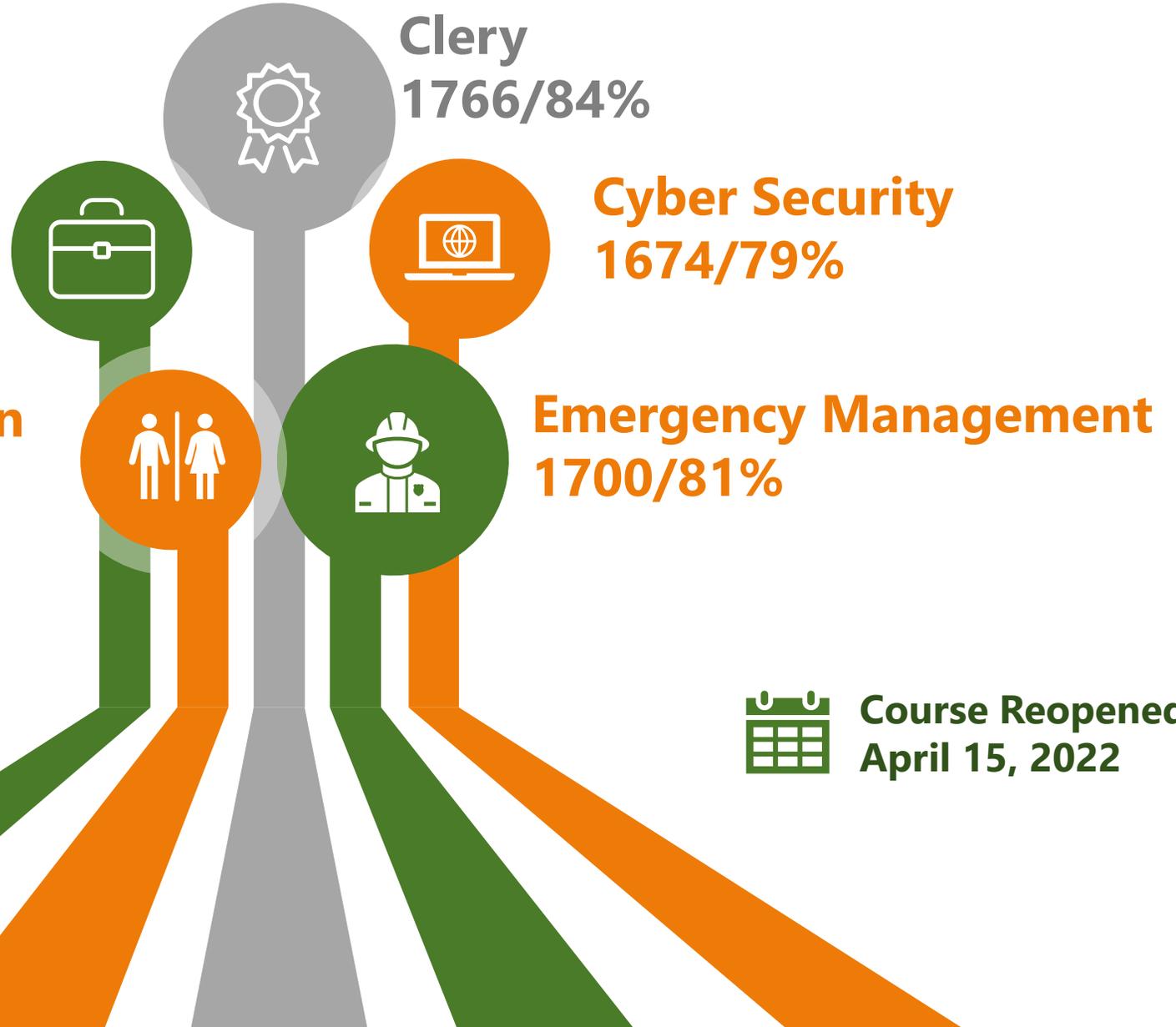
"Knowing is not enough, we must apply. Willing is not enough, we must do." - Goethe

Compliance, Law, and Policy
1642/78%

Sexual Harassment Prevention
1700/81%

 **Training Window:**
March 1 – 31, 2022

 **Course Reopened:**
April 15, 2022



Investigations



57 Complaints Logged Since July 1, 2021

7 Employee Misconduct

8 Fraud

3 Waste, Abuse or Misuse of Institution Resources

3 Workplace Relation or Retribution

3 Conflict of Interest

2 Discrimination

1 Legacy Case Follow-Up

3 General Concern

2 Workplace Harassment

2 Academic Misconduct

2 Discrimination or Harassment

1 Environmental and Safety Matters

2 Sexual Harassment

1 Workplace Health or Safety Violation

1 Theft

2 Violence or Threat

14 Other

Monitoring



Area	Issue	Risk Level	Status
Academic Affairs	Faculty Misconduct/Retaliation	Medium	Ongoing
Academic Affairs	Retaliation	Medium	Closed
Student Affairs	Health and Safety	High	Ongoing
Academic Affairs	Public Records	High	Ongoing
Research	Foreign Influence	Medium-High	Ongoing
Finance and Administration	Conflict of Interest	High	Ongoing

Conflict of Interest Disclosure

“Conflicts of interest may exist, but we cannot allow them to be hidden conflicts of interest.”



Employee Disclosure

Must disclose any situation that may be, or that gives the appearance of, a conflict of interest

University Disclosure

Required to disclose any potential conflict of interest to appropriate offices and external agencies

Process Automation

Moving the conflict of interest process from manual to automated. Anticipated completion: July 1, 2022

Foreign Influence



HB 7017

Research Working Group developed processes that align with the screening and reporting requirements



BOG Reporting

Preparing for the foreign gifts BOG reporting Due July 31, 2022



Foreign Influence Survey

- 91 Individuals Screened
- 17 Due Diligence Screenings



Policy Updates

OCE is assisting University Offices in creating or updating related policies and regulations

What's Next

Implementation of External Review

Recommendations

- Increased Resources
- Enhanced Monitoring



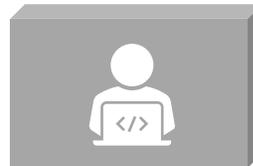
After Actions of FAMU Fundamentals 2022

- Increase Training Completion
- Post-Training Survey
- Implement Enhancements



Conflict of Interest Disclosure Automation

- Provide Continued Education
- Rollout Streamlined Process



01

2022 Risk Assessment - Audit Function

02

QAIP: External Quality Assessment Review

03

Internal Controls Assurance Statement

04

Audit and Investigative Follow-Up

05

External Audit Updates

06

Division of Audit Updates



Presented By:

Joseph Maleszewski
Vice President for Audit/CAE

Deidre Melton
Associate Vice President for Audit/CRO

Risk Assessment

8 Ways FAMU Can Enhance Operations and Risk Management Practices in 2022 - 2023



Identify a person responsible for assessing and leading privacy efforts across the university



Enhancing the policy and procedure governance framework to ensure up-to-date and aligned guidance



Continuing efforts to align resource allocation with strategic priorities



Enhancing all areas of the employee life cycle to increase the University's ability to recruit and retain high performing individuals

Risk Assessment

8 Ways FAMU Can Enhance Operations and Risk Management Practices in 2022 - 2023



Enhancing the policy and procedure governance framework to ensure up-to-date and aligned guidance



Continue efforts to enhance and expand emergency preparedness and response activities



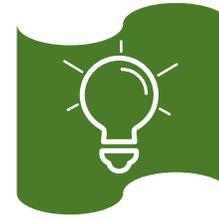
Continue efforts to build a comprehensive enterprise risk management function



Continuing to cultivate a culture of transparency and accountability

QAIP: External Quality Assessment Review

- Generally Conforms



Attribute Standards

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Performance Standards

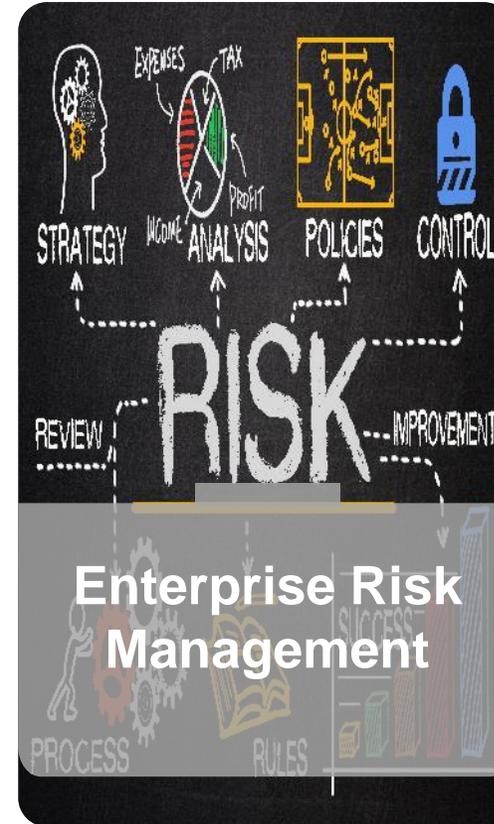
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Code of Ethics

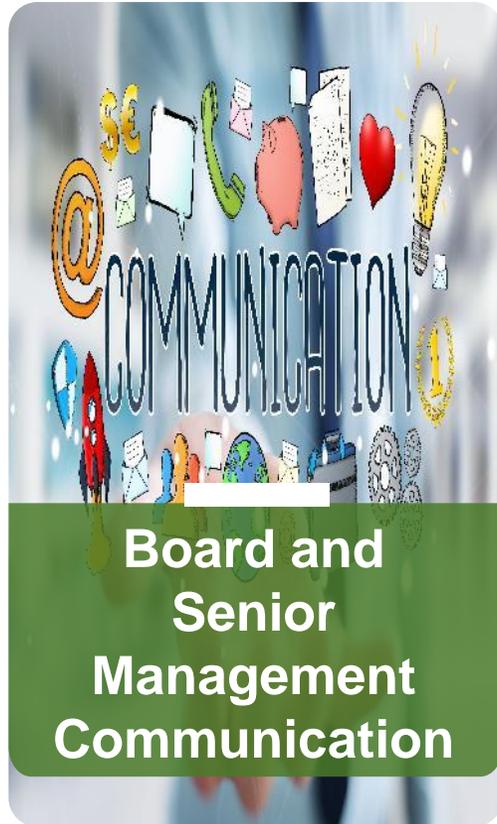
QAIP: Division of Audit Strengths

- 8 Key Strength Areas



QAIP: Division of Audit Strengths

- 8 Key Strength Areas



QAIP: Division of Audit Improvement Opportunity

- 2 Areas of Focus for Enhancement



Polices & Procedures

- Clarify written procedures related to sampling methodology, resource management, and written findings



Work Environment

- Expand Frequency of Documented/Formal Internal Assessment
- CAP: Annual Assessment using HighBond IPPF Compliance Map



2022 Internal Controls Assurance Statement: Areas of Strength



Launched an
ERM Function



Development of the
2022-27 Strategic Plan



Policy & Regulation
Assessment Process



Revision to
Key Policies



Allocating Budget to
Strategic Priorities



Training and Awareness
Activities

2022 Internal Controls Assurance Statement: Opportunities for Improvement



Succession Planning and
Career Development



Accountability Measures
to Strengthen Compliance



Risk Management Plans
and Trainings



Entity-wide Assessment of
Business Processes



Strengthen DSO Internal
Control Systems



Communication of BOT
Meeting Outcomes

Audit Follow-Up

- 4 Closed Finding / 4 Open Findings



Audit Follow-Up

- 4 Closed Finding / 4 Open Findings

06

CLOSED – Low Risk

A hold has been placed on all Knight Chair fund expenditures until a new Chair is in place.



FY 2020 – 2021: Knight Foundation Expenditure Review: Expenditure Request Approval SJGC

6

07

CLOSED – Low Risk

A hold has been placed on all Knight Chair fund expenditures until a new Chair is in place.



FY 2020 – 2021: Knight Foundation Expenditure Review: Expenditure Request Approval Academic Affairs

7

08

CLOSED – Low Risk

A hold has been placed on all Knight Chair fund expenditures until a new Chair is in place.



FY 2020 – 2021: Knight Foundation Expenditure Review: Expenditure Request Approval FAMU Foundation

8

Investigative Internal Controls Recommendations Follow-Up

- 12 Open Internal Control Recommendations/2 Closed

01

Determine if Grants Position Payments Require Repayment to Grantor

Owner: Dr. Robert Taylor, Dean CAFS
Anticipated Completion Date: 8/31/2022

02

Ensure Appropriate Funding Sources for CAFS Administrative Positions

Owner: Dr. Robert Taylor, CAFS
Anticipated Completion Date: 8/31/2022

03

Automate the Conflict of Interest Disclosure Process

Owner: Rica Calhoun, OCE
Anticipated Completion Date: 8/31/2022

04

Consider HR Liaison Function in the Office of the Provost

Owner: Sandi Smith-Anderson, HR
Anticipated Completion Date: 8/31/2022

05

CAFS should notify the involved parties of the violations.

Owner: Dr. Robert Taylor, CAFS
Anticipated Completion Date: 8/31/2022



Investigative Internal Controls Recommendations Follow-Up

- 12 Open Internal Control Recommendations/2 Closed

06

Determine if Portion of the Employee's Salary Require Repayment to the University For Time Worked on Unapproved Tasks

Owner: Dr. Robert Taylor, Dean CAFS

Anticipated Completion Date: 8/31/2022

07

HR should coordinate with Complainant to Determine Course of Action for Personnel File Documents

Owner: Sandi Smith-Anderson, HR

Anticipated Completion Date: 7/31/2022

08

HR Should Consider the Feasibility of Centralizing Maintenance of All Personnel Records

Owner: Sandi Smith-Anderson, HR

CLOSED

09

University Should Assess FAMU PD's Salary Structure and Staffing Levels

Owner: Dr. William Hudson, Jr., Student Affairs

CLOSED



Investigative Internal Controls Recommendations Follow-Up

- 12 Open Internal Control Recommendations/2 Closed

10

Athletics Should Develop and Maintain an Inventory Control System that Addresses Concerns in Memorandum

Owner: Michael Smith, Athletics
Anticipated Completion Date: TBD

11

Athletics should develop and implement a method for tracking apparel and implement appropriate controls related to apparel tax reporting

Owner: Michael Smith, Athletics
Anticipated Completion Date: TBD

12

President Robinson should work with Athletics, FAMU Foundation, and F&A to properly equip students

Owner: President Robinson and Michael Smith, Athletics
Anticipated Completion Date: TBD

13

Athletics should communicate and enforce University practices and expectations for safeguarding equipment

Owner: Michael Smith, Athletics
Anticipated Completion Date: TBD



Investigative Internal Controls Recommendations Follow-Up

- 12 Open Internal Control Recommendations/2 Closed

14

Athletics Administration should work with the applicable F&A units to develop a process to issue per diem directly to students

Owner: Michael Smith, Athletics
Anticipated Completion Date: TBD



External Audit Updates: Concluded

Florida Auditor General Concluded Audits				
Audit	Audit Period	Start Date	Report Release Date	Issues Noted
Financial Audit	<u>FYE</u> June 30, 2021	February 2022	March 30, 2022	No Issues Noted
State of Florida – Compliance and Internal Controls Over Financial Reporting and Federal Awards	<u>FYE</u> June 30, 2021	February 2022	March 30, 2022	No Issues Noted
Operational Audit	<u>FYE</u> June 30, 2020	May 2021	January 3, 2022	<u>1 Issue Noted</u> Related to SPIA recording methodology and reconciliation procedures Low Risk

External Audit Updates: In-Progress



State Financial Aid Audit – Bright Futures (FYE 2019 & 2020)

Florida Auditor General: July 2022 Tentative Completion

Athletics Financial Statement Audit (FYE 2021)

James Moore, CPA: June 2022 Tentative Completion

Athletics Agreed Upon Procedures (FYE 2021)

James Moore, CPA: June 2022 Tentative Completion

DSO Internal Control Reviews

Crowe: September 2022 Tentative Completion

Division of Audit Updates



- 1  Sr. IT Auditor Vacancy
- 2  New Staff Auditor (6/10/22)
- 3  Internal Audit Awareness
- 4  New Staff Leadership Positions in Professional Organizations
- 5  Professional Speaking Engagements

Division of Audit Updates: Staffing

Division of Audit Staffing Updates



Ruoxu Li served as the Division of Audit's Senior IT and Data Analytics Auditor. Her last day with the University was May 9, 2022. Mrs. Li left to take a position at Florida State University as a senior auditor for their Office of Inspector General Services.

The Division of Audit is currently working to fill this critical vacancy. We are hoping to have a new IT auditor on board by August 2022.

Stephanie Omah, will be joining the Division of Audit's team as our incoming Staff Auditor. Ms. Omah comes to us from the Agency for Health Care Administration, where she currently serves as a Medical Health Care Program Analyst. Ms. Omah has over 11 years of state government experience and recently received her Bachelor of Arts in Business Administration from Flagler College.

Ms. Omah's anticipated start date is June 10, 2022.



DoA Open House 2022

WAS A SUCCESS!



Inside
you make an impact

May is Internal Audit
Awareness Month.
theiia.org/Awareness



DOES YOUR DEPARTMENT

NEED A

CHECKUP?

Contact your
internal audit team
at FAMU's Division
of Audit to improve
your Department's
organizational
health.



FAMU

FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

1700 Lee Hall Drive
G7 Foote-Hilyer Administration Center
Tallahassee, Florida 32307

Phone: (850) 412-5479
Email:
DivisionofAudit@famu.edu

Inside
you make an impact

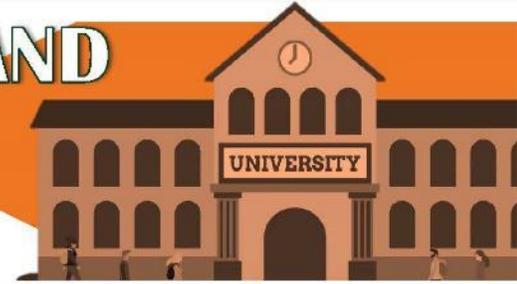
May is Internal Audit Awareness Month.
Visit theiia.org/Awareness.



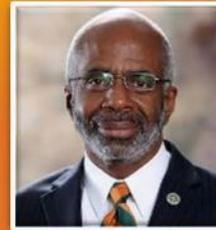
FRAUD, RISK, AND CONTROLS

DATE: May 26, 2022

TIME: 4pm – 5pm



HBCU Virtual Town Hall Meeting



Opening Remarks:

Larry Robinson,
Ph.D.

President, FAMU



Moderator:

Deidre Melton,
AVP for Audit/CRO,
FAMU

Panel of Chief Audit Executives



Joe Maleszewski



Charla Parker-
Thompson



Mindy Sanders



Chris Thomas



Rob Clark



FAMU

FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

REGISTER NOW



Division of Audit Updates

New Staff Leadership Positions in Professional Organizations



Two staff members were appointed to the Institute of Internal Auditors - Tallahassee Chapter Board:

- Trystal Wright was elected to serve as the Certification Officer
- William Knight was elected to serve on the Nominations Committee

Two staff members were appointed to the ISACA Tallahassee Chapter Board:

- Deidre Melton was appointed Vice President
- Arriet Foster was appointed to Communications Director



William Knight has been appointed to Treasurer-Elect on the board of the Association of Government Accountants - Tallahassee Chapter.

Joseph Maleszewski was elected as 1st Vice President and Treasurer of the Florida Chapter of the Association of Inspectors General.



**ASSOCIATION OF
INSPECTORS GENERAL**

Advancing Professionalism, Accountability & Integrity



Deidre Melton was elected to the Supervisory Committee of the FSU Credit Union.

Division of Audit Updates

Professional Speaking Engagements

Over the past few months Joseph Maleszewski and Deidre Melton were invited to speak at a variety of conferences and trainings. The speaking engagements have helped elevate the FAMU Division of Audit as a progressive and innovate shop of excellence with its audit enterprise risk management practices.



**ASSOCIATION OF
INSPECTORS GENERAL**
Advancing Professionalism, Accountability & Integrity

Audit and Inspector General Institute
Session 1: Internal Controls
Session 2: Audit Follow-Up and Use of Specialists,
Speaker: Joseph Maleszewski



The Institute of
Internal Auditors
Elevating Impact

IIA Tallahassee Chapter Spring 2022 Conference:
Session 1: New Internal Auditor Training
Session 2: Audit Manager Training
Speakers: Joseph Maleszewski and Deidre Melton



The Institute of
Internal Auditors
Elevating Impact

IIA International: Cybersecurity Disaster Preparedness for the Public Sector
Virtual Symposium
Session: Applying Cybersecurity Risk Management Principles in the Public
Sector
Speaker: Deidre Melton

FAMU

**FLORIDA
AGRICULTURAL AND
MECHANICAL
UNIVERSITY**

FAMU Management Seminar: A Culture of Compliance
Session: Managerial Responsibilities and Best Practices
Speakers: Joseph Maleszewski and Deidre Melton

TSU

TEXAS SOUTHERN UNIVERSITY

HBCU Risk Management Conference
Session 1: Best Practices for Cybersecurity Risk Management in Higher Ed
Session 2: Audit, Compliance and Risk Management; A Collaborative
Approach to Managing Enterprise-wide Risks
Speaker: Deidre Melton



**“At FAMU, Great Things
Are Happening Every Day.”**

