

Report #18-19-0002

Assurance Service Report

FY 2017-18 Athletics Expense Review



September 20, 2019

Department of Audit

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



Assurance Service #18-19-0001

EXECUTIVE SUMMARY

WHAT WE DID

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

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

WHAT WE FOUND

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

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

OPPORTUNITIES FOR IMPROVEMENT

We recommend the Athletics Department:

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



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BACKGROUND

In November 2014, the FAMU President moved the management of the Athletics Department expenditures to the FAMU Budget Office. In December 2017, FAMU Board Chair notified the Board of Governor (BOG) Inspector General and Director of Compliance that FAMU had identified unbudgeted expenses for the Athletics program that could impact the University's ongoing efforts to balance the Athletics budget and repay University Auxiliary funds (e.g., parking and bookstore) as planned¹. According to the plan, FAMU strategies for avoiding future unbudgeted expenses included:

1. Implement a 3-year budget and cash balance review process to include monthly reports to oversight boards.
2. Require CFO and President approval of auxiliary transfers to athletics to ensure only allowed sources are used.
3. Restrict release of approved annual Athletics budget to 75% based on prior year's history of collected amounts until adequate revenues are realized.
4. Monthly reconciliation of p-card purchases, open purchase orders, and vendor invoices.
5. Reduce team travel expenses.
6. Implement aggressive fundraising campaign from Athletics and DSO groups.
7. Request Board of Governors to conduct a study of SUS institutions on use of auxiliary funds and other funds to support Athletics.
8. Review and update operating guidelines for auxiliary enterprises to establish reporting and accountability requirements.
9. Track expense for spirit groups in separate auxiliary enterprises to establish reporting and accountability requirements.

On January 19, 2018, the Florida Joint Legislative Audit Committee provided a letter to the FAMU Board Chair regarding repeat audit findings² associated with the FAMU Intercollegiate Athletics Cash Deficit. This letter requested and the University provided additional corrective actions. The planned actions emphasized increasing revenues through:

- Increases in student enrollment (associated increases in revenues from student athletic fees);
- Growth in the Investing in Champions program;
- Increased advertising sales;
- Increased in-kind donations; and
- Additional fundraisers.

To further strengthen controls over expenses, the University also undertook the following additional actions to enhance the processes and procedures for athletic expenses:

¹ On September 21, 2016, Chair Lawson and then VP of Finance and Administration/CFO Angela Poole provided the plan to repay \$ 7 million in University Auxiliary funds at zero percent interest over a 12-year period. The funds had been used contrary to BOG Regulation as cited in the Auditor General 2013 Operational Audit (Report Number 2013-103).

² Auditor General 2013 Operational Audit (Report Number 2013-103); Audit General 2014 Operational Audit (Report Number 2014-108); Audit General 2017 Operational Audit (Report Number 2017-197); and Auditor General 2018 Operational Audit (Report Number 2019-063).



- De-activate purchase cards (P-cards) for those individuals who did not comply with the University's P-card policies;
- Train athletics staff in fiscal matters;
- Establish an Athletics Oversight Taskforce;
- Develop a strategic plan to include finance, personnel, event planning, compliance, fundraising, and internal controls;
- Provide top-down accountability;
- Enhance the budget process to include the use of forms and checklists to ensure that all expenses are included in the budget;
- Perform periodic reasonableness tests that compare actual game expenses with budgeted expenses and investigate significant differences;
- Improve the pre-audit process to ensure adequate documentation is obtained to support expenses by obtaining itemized expenses for charges;
- Establish appropriate disciplinary measures for violations of the University's procurement policies;
- Hired a Chief Compliance and Ethics Officer to assist in monitoring compliance activities; and
- Continue collaboration with BOG staff to gain input and provide assurance that BOG concerns are adequately addressed.

The FAMU Athletics Task Force was established on February 2, 2018 to:

- Provide the key control to monitor the day-to-day operations;
- Ensure that needed modifications were timely detected; and
- Ensure new strategies were timely implemented.

The Division of Audit noted the following improvements during the 2018 calendar year to the University's control environment to enhance institutional compliance monitoring efforts as well as increase the likelihood that errors will be prevented or detected in a timely manner:

1. The University hired a Chief Ethics and Compliance Officer (2/28/2018)
2. The University hired an Internal Auditor/Investigator (6/11/2018); and
3. The FAMU Athletics Department hired an Athletics Budget Director (7/27/2018).

Additionally, it is significant to note that the management responses disclosed within this report from the current Athletics Deputy Director and Budget Director predate them assuming their present roles and responsibilities within the Athletics Department.

Our audit purpose, scope and methodology are included in Appendix A.



OBSERVATIONS

Element	Observation 1: Procurement
Criteria	The 2013 FAMU Purchasing Manual policies and procedures requires issuance and approvals of requisitions and purchase orders. When purchases are authorized, a requisition is issued and recorded in the accounting system and a purchase order is approved, issued for the purchase, and recorded in the accounting system. When a requisition is issued, a budget check is performed to ensure that funds are available to make the purchase. Recording the purchase order in the accounting system encumbers available funds in the budget to help prevent over-expenditure of the budget.
Condition	<p>We collected 1,409 Athletic Department 2017-18 procurement transactions totaling \$3,073,394, and judgmentally sampled 50 transactions totaling \$588,336 to assess compliance with the provisions of the 2013 FAMU Purchasing Manual.</p> <p>Our audit testing disclosed twenty-six (26) instances totaling \$402,701 in which contractual services purchase orders were dated after the invoice dates (typically after goods and services were rendered). In some instances, contracts were executed but the contract was not encumbered (through issuance of a purchase order) until after the work was performed. We also noted that invoices for 16 purchases were not timely processed.</p>
Cause	Failure to record encumbrances occurred through management over-ride of procedures (expenses were incurred prior to obtaining a requisition and a requisition was not obtained until services were rendered and invoice received). Employees who initiated and incurred the purchases did not communicate the authorization to the fiscal representative to initiate a requisition, resulting in both the requisition and purchase order neither being timely issued nor timely recorded.
Effect	Failure to issue requisitions and purchase orders prior to the purchase of goods/services circumvents the procurement process, resulting in possible unauthorized purchases and failure to encumber funds until after the goods/services were rendered. Failure to encumber funds and timely record expenses reduces the effectiveness of budget status monitoring. When encumbrances are not timely recorded, the remaining balances available for expenditure are overstated, which allows for continued incurrence of expenses and over-expenditure of the budget.
Recommendation	We recommend that FAMU Athletics Department set expectations, train employees, and hold staff accountable for noncompliance with the 2019 Office of Procurement Services Manual. FAMU Athletics Department should take disciplinary action for Athletics Department employees that are found to be in non-compliance with the University's Purchasing Manual.



Observation 2: Purchasing Cards (P-cards)	
Element	
Criteria	<p>The <i>February 2016 Purchasing Card Policy</i> and procedures requires the P-card holder to:</p> <ul style="list-style-type: none"> Obtain P-card Training; Sign an Application and Agreement; Be committed and responsible to comply with the terms and conditions stated in the P-card University Policy, Manual, Agreement, and basic training; Have an assigned Reconciler and Verifier before a card can be issued to that Cardholder. (The Reconciler and Reviewer cannot be the same person. A Cardholder cannot reconcile their charges as Reconciler); Never “split” the cost of one Single item (goods or services) into multiple charges in order to circumvent the per Single transaction limit; Immediately after the purchase, and no later than 7 days after the purchase and to provide Reconcilers time to appropriately review charges prior to the deadline payment date, submit documents including receipts to support the business purpose of each purchase to the Reconciler directly after the purchase; Provide additional documentation to support when an item/service lends itself to personal use or when the business purpose would not be clear to an auditor; Be responsible regarding handling disputes, reporting fraud or a lost or stolen P-card; and Submit P-card reconciliation packages to the FAMU P-Card Office within 15 calendar days of the P-card statement date. <p>The purchase of personal or unallowable goods or services is prohibited. Misuse of P-cards may result in disciplinary action up to and including termination of employment and prosecution to the extent permitted by law.</p>
Condition	<p>We collected 946 P-card transactions totaling \$350,406. We judgmentally sampled 12 P-card transactions totaling \$62,598 to determine the propriety of P-card transactions and whether the transactions P-card reconciliation packets were timely prepared and properly approved. While our review efforts did not detect any illegal acts and P-card expenses appeared to be for University business purposes, the following P-card transaction issues were noted:</p> <ul style="list-style-type: none"> One (1) transaction totaling \$30,004 for Aramark Catering (meals) P-card reconciliation was neither completed nor provided to the FAMU Office of Operational Effectiveness and Procurement Services as required; One (1) transaction totaling \$50,004 for Aramark Catering (meals) was split between two FAMU Athletics P-cards, violating FAMU P-Card policies and procedures; and One (1) transaction totaling \$719 was for Women's Softball lodging but a guest roster was not provided with the supporting documentation to corroborate which University employee and/or student athletes resided on this business travel. <p>Additionally, we found the following additional issues:</p> <ul style="list-style-type: none"> Late reconciliations: The <i>February 2016 Purchasing Card Manual</i> requires that the monthly statement be reconciled to the supporting documentation within 15 days of the P-card statement date. Our review disclosed that seventeen (17) out of twenty-one (21)



Observation 4: Budget Preparation and Monitoring

Element	Observation 4: Budget Preparation and Monitoring									
Criteria	The FAMU Budget Office Policies and Procedures Manual directs the Athletics Department preparation of the budget to fund athletic-related activities and facilitate monitoring and accountability. Accordingly, the Athletics Director is responsible for reviewing the PeopleSoft budget-to-actual reports on a monthly basis to efficiently monitor and manage the department.									
Condition	<p>Our review disclosed that budgets were prepared for each Athletics office and the Athletic Director met periodically with both the Athletics Budget Office as well as the University’s Budget Director to review the Athletics Department budget. Nonetheless, expenses were incurred by the Athletics Department that were not included in the FY 2017-18 budget and, as noted in observation 1, expenditures were not being timely encumbered, resulting in an over-expenditure of the athletics budget. Our audit revealed that the following three (3) transactions totaling \$496,795 although paid in FY 2017-18 were not part of the original budget:</p> <table style="margin-left: 40px; border-collapse: collapse;"> <tr> <td style="padding-right: 20px;">1) Texas Southern</td> <td style="padding-right: 20px; text-align: right;">\$70,000</td> <td style="text-align: right;">(Paid on 01/30/2018)</td> </tr> <tr> <td>2) Tampa Sports Authority</td> <td style="text-align: right;">\$226,795</td> <td style="text-align: right;">(Paid on 04/23/2018)</td> </tr> <tr> <td>3) Tennessee State</td> <td style="text-align: right;">\$200,000</td> <td style="text-align: right;">(Paid on 04/24/2018)</td> </tr> </table> <p>Finally, our review revealed that the FY 2017-18 Athletics Budget was \$9,800,600 and recorded athletic-related encumbrances and expenses were \$11,585,474⁴, (including Athletics staff leave payout payments totaling \$338,282 – See Appendix B), resulting in the Athletics FY 2017-18 budget being overspent by \$1,784,874 (See Appendix C).</p>	1) Texas Southern	\$70,000	(Paid on 01/30/2018)	2) Tampa Sports Authority	\$226,795	(Paid on 04/23/2018)	3) Tennessee State	\$200,000	(Paid on 04/24/2018)
1) Texas Southern	\$70,000	(Paid on 01/30/2018)								
2) Tampa Sports Authority	\$226,795	(Paid on 04/23/2018)								
3) Tennessee State	\$200,000	(Paid on 04/24/2018)								
Cause	<p>The following factors contributed to the ineffective budget monitoring and associated over-expenditure:</p> <ul style="list-style-type: none"> • Funds were not being timely encumbered, which overstated the funds available for expenditure and allowed for continued program expenditures; • Expenses for one sport were charged to the budget for another sport through the use of P-cards; • Expenses, such as insurance and game guarantees, were not included in the budget; and • FY 2017-18 Athletics Department leave payouts due to significant turnover (See Appendix B). 									
Effect	Effectiveness of budget monitoring was reduced since expenses were not accurately recorded and reported. Consequently, the athletics budget was overspent.									

⁴ On September 12, 2018, FAMU BOT Chair presented a *FAMU Athletic Financial Summary* to the Board of Governors disclosing actual expenditures being \$11,579,595. Expenditures per FAMU Department of Audit review as of July 2018 in Appendix C was \$11,585,474 which results in a \$5,879 immaterial timing difference variance.



Element	Observation 5: Fiscal Training
Criteria	Based upon the University's September 21, 2016, plan to repay \$7 million in Auxiliary funds at zero percent interest over a 12-year period, a corrective action was established that all FAMU Athletic employees be required to receive fiscal and compliance training ⁵ .
Condition	<p>According to the Athletics Department's February 2018 and May 2019 Cost Center reports, eighty-five (85) and sixty (60) FAMU employees were respectively charged to the FAMU Athletics Department. Review of the March 22, and March 29, 2018, and May 13, 2019, fiscal and compliance training sign in sheets revealed that:</p> <ul style="list-style-type: none"> • Forty-nine (49) Athletic Department employees received fiscal and compliance training during one of the three training sessions offered; • The Athletics Department experienced significant turnover during the same time period with thirty-one (31) employees separated; and • Seven (7) Athletics Department employees required fiscal and compliance training as of May 14, 2019.
Cause	The FAMU Athletics Department, Finance and Administration and Office of Compliance and Ethics did not collaborate to administer the fiscal and compliance training.
Effect	Forty-nine Athletic Department employees have received fiscal and compliance training as required and with turnover seven employees now need training. All Athletic Department receiving fiscal and compliance training will reduce the risk that errors or noncompliance with University fiscal policies, procedures, regulations and laws could occur and not be prevented or timely detected and corrected.
Recommendation	We recommend FAMU Athletic employees identified as not attending the fiscal and compliance training session register and attend the next Athletics fiscal and compliance training session. Additionally, FAMU Athletics administrators must administer the fiscal and compliance training sessions as a continuous process to ensure that all employees are identified and timely trained as part of the Athletics Department on-boarding process. Finally, the Athletics Department should update the Athletics Department Policies and Procedures to require all Athletics Employees receive fiscal and compliance training.
Management Response	<p>The Athletics Department was aware that some Athletics staff members (i.e., baseball and football team coaches) were not in attendance at the May 13, 2019 training because they were on travel as baseball was still competing and football staff were on recruitment trips.</p> <p>To improve the education and training process, the Athletics Department has made training a part of the onboarding process for all new Athletics Department employees and will be scheduling another fiscal and compliance training session to occur during August 2019.</p>

⁵ The training is coordinated by the Athletics Department and includes training presentations prepared and presented by the Finance and Administration Division personnel as well as the University's Chief Ethics and Compliance Officer.



APPENDICES

APPENDIX A – PURPOSE, SCOPE, AND METHODOLOGY

The **purpose** of this audit engagement was to review the effectiveness of the University’s fiscal year 2017-18 Athletics Department processes, controls, and procedures encompassing procurement and P-card transactions. Our engagement objectives were to determine whether:

1. Adequate accountability is provided over Athletics Department expenses in compliance with the *2013 FAMU Purchasing Manual*;
2. The Athletics Department complied with the *February 2016 Purchasing Card Manual* and *BOT Policy Number 2006-04 - Purchasing Cards*;
3. Athletics Department personnel received fiscal training; and
4. Athletics Department personnel conducted adequate pre-audit of invoices.

The **scope** of the Athletics Expense Review engagement was to review and assess the propriety of the University’s 2017-18 Athletics Department procurement and P-card internal controls and expenses for FY 2017-18. We judgmentally sampled 50 athletics department procurement transactions and 12 athletics department P-card transactions to assess the existence and operational effectiveness of internal controls.

The **methodology** included obtaining an understanding of the internal controls by interviewing University Athletics Department and Finance and Administration personnel and, as appropriate, applying procedures to determine that internal controls were working as designed, and to determine the University’s compliance related to our objectives.



APPENDIX B – FY 2017-18 ATHLETICS DEPARTMENT EMPLOYEE LEAVE PAYOUT

Last Name	First Name	Date Leave Payout Occurred	Annual Leave	Sick Leave	Total Leave Payout Amount
Charles	Elliott	8/3/2017	13,079.32		13,079.32
Chatman	Terrance	1/4/2018	4,689.08		4,689.08
Dottery-Wiggins	Veronica	7/12/2017	12,980.84		12,980.84
Ellenwood	Joycelyn	7/12/2017	8,628.88		8,628.88
Glasgow	Travis	6/8/2018	12,767.04		12,767.04
Green	Marvin	3/30/2018	16,684.80	22,752.00	39,436.80
Hankton	Gregory	10/12/2017	4,511.45		4,511.45
Jerry	Steven	5/11/2018	5,959.36		5,959.36
Kee	Alphonza	8/3/2017	4,134.10		4,134.10
Lemon	Theophilus	5/10/2018	15,322.56		15,322.56
Middleton	Williams	5/10/2018	8,346.60		8,346.60
Overton	Milton	5/30/2018	42,950.40		42,950.40
Pierre Pata	Edwin	5/10/2018	9,532.16		9,532.16
Plummer	Roderick	5/10/2018	5,108.10		5,108.10
Samuels	Byron	8/17/2017	28,094.25		28,094.25
Soloman	Richard	5/10/2018	9,940.48		9,940.48
Spieler	Martin	5/10/2018	15,322.56		15,322.56
Suggs	Angela	9/20/2017	14,472.80		14,472.80
Tice	John	5/10/2018	3,370.20		3,370.20
Tidwell	Porscha	3/30/2018	5,027.52		5,027.52
Trifonov	Tanio	6/7/2018	10,387.52	14,164.08	24,551.60
Vite	Michael	5/10/2018	7,663.04		7,663.04
Wallace	Robin	3/30/2018	4,101.60	4,239.17	8,340.77
Wood	Alexander	2/21/2018	34,052.48		34,052.48
Athletics Leave					
Payout Balance					
As of 6/22/2018			297,127.14	41,155.25	338,282.39

Source: The 2017-18 Athletic Department Employee Leave Payout Schedule was provided by FAMU Payroll Office.



APPENDIX C – 6/30/18 ATHLETICS DEPARTMENT BUDGET STATUS REPORT

DEPT #	DEPARTMENT	2017-18 BUDGET	2017-18 ENCUMBRANCES/EXPENSES	REMAINING
370100	Athletics Administration	\$1,128,716.00	\$1,612,100.01	\$-483,384.01
370110	Athletics Compliance	95,161.00	93,683.23	1,477.77
370115	Athletics SAF/SAOF	278,625.00	403,073.33	-124,448.33
370120	Athletics Business Office	65,306.00	65,028.95	277.05
370125	Athletics Ticket Office	201,759.00	201,843.02	-84.02
370130	Athletics Sports Information	149,057.00	151,997.88	-2,940.88
370140	Athletics Coach Shaw	73,400.00	72,897.55	502.45
370145	Athletics Marketing	117,948.00	116,202.39	1,745.61
370150	Athletics Cheerleading	14,100.00	12,838.19	1,261.81
370155	Athletics Band	120,000.00	118,350.36	1,649.64
370160	Athletics Facilities	46,162.00	44,881.74	1,280.26
370165	Athletics Bragg Stadium	130,099.00	165,220.12	-35,121.12
370170	Athletics Event Management	462,236.00	541,672.53	-79,436.53
370175	Athletics Equipment	63,194.00	70,247.50	-7053.50
370180	Athletics Strength & Conditioning	164,362.00	174,487.89	-10,125.89
370185	Athletics Sports Medicine	228,390.00	214,183.47	14,206.53
370190	Athletics Transportation	26,000.00	28,162.66	-2,162.66
380150	Director of Athletics	2,450,000.00	2,643,780.03	-193,780.03
380200	Men's Football	1,752,420.00	2,464,658.71	-712,238.71
380300	Men's Basketball	588,451.00	646,791.95	-58,340.95
380400	Men's Baseball	409,784.00	402,077.56	7,706.44
380500	Men's Track	107,045.00	111,766.08	-4,721.08
380600	Men's Tennis	31,000.00	31,475.73	-475.73
380710	Tampa Classic	121,569.00	121,115.31	453.69
380900	Men's Golf	56,962.00	62,899.13	-5,937.13
390200	Women's Softball	396,941.00	398,734.17	-1,793.17
390300	Women's Track	168,090.00	207,412.99	-39,322.99
390400	Women's Volleyball	81,200.00	97,084.89	-15,884.89
390500	Women's Tennis	53,800.00	52,849.19	950.81
390700	Women's Bowling	56,500.00	55,652.89	847.11
390900	Women's Basketball	162,323.00	202,304.64	-39,981.64
	Report generated on 7/23/18	\$9,800,600.00	\$11,585,474.09	\$-1,784,874.09

Source: The 6/30/18 Athletics Department Budget Status Report was provided by the FAMU Budget Office



APPENDIX D – ATHLETICS DEPARTMENT CORRECTIVE ACTION RESPONSE

August 27, 2019

TO: Joseph Maleszewski, Vice President for Audit and Compliance

FROM: Dr. John Eason, Athletic Director

RE: FY 2017-2018 Audit Response/Actions

Observation 1: Procurement

We concur with the recommendation.

During the Athletics Department July 17, 2019 retreat, the Business Office staff:

- Discussed the Department of Audit *procurement process improvement observation* with the staff and the importance of following University procedures;
- Performed a review of the *2013 FAMU Purchasing Manual* procedure requiring purchase orders for contractual services;
- Explained the required backup documentation needed to request a Purchase Order and encouraged Athletics staff to request a quote or proposal, not an invoice, to request a purchase order for service;
- Reminded staff that there are few instances where the department will receive an invoice and a purchase order will be followed (i.e., MEAC and NCAA); and
- Introduced a new Sr. Accountant employee that joined the Athletics Business Office staff which previously consisted of an Accounting Coordinator and Budget Director. The additional Business Office staff will afford for the required attention to be given to the requisitions received from 16 sports and 13 administrative departments.

Responsible Personnel: John Eason, Athletics Director
 Genyne Boston, Deputy Athletics Director
 Erica Wilcox, Athletics Budget Director

Anticipated Implementation Date: October 31, 2019



Observation 2: Purchasing Cards (P-cards)

We concur with the recommendation

The Athletics Department has removed all but one P-card. The Budget Director is the only employee with a card. Staff are required to submit a P-card request form to the Business Office for approval. P-card expenditures can be charged only by the Business Office after approval.

Responsible Personnel: John Eason, Athletics Director
 Genyne Boston, Deputy Athletics Director
 Erica Wilcox, Athletics Budget Director

Anticipated Implementation Date: October 31, 2019

Observation 3: Pre-audit of Invoices

We concur with the recommendation

On July 12, 2019, the Athletics Department added a Sr. Accountant employee within the Athletics Business Office staff which previously consisted of an Accounting Coordinator and Budget Director. The additional Business Office staff will afford the Athletics Business Office more time to properly pre-audit invoices for the 16 sports and 13 administrative departments.

Responsible Personnel: John Eason, Athletics Director
 Genyne Boston, Deputy Athletics Director
 Erica Wilcox, Athletics Budget Director

Anticipated Implementation Date: October 31, 2019



Observation 4: Budget Preparation and Monitoring

We concur with the recommendation.

The Athletics Department budget preparation is driven by projected revenues from student fees, gate receipts, season tickets, guarantees, NCAA, Florida Classic, and the MEAC Conference.

Department expenditures are driven by staffing, conference travel, equipment apparel, pre/post game meals, recruiting, guarantees, conference dues, officials, tournaments, insurance, scholarships, Game Day, facilities, media, transportation, medical, and administrative travel.

To assist in the prevention of over spending of budget, the department will monitor closely the approval of expenditure request. Additionally, the department will pursue additional revenue streams, booster, alumni and corporate sponsorship. Finally, the department will do an in-depth review of actual revenue/expenditures to determine a more realistic budget for the department.

Responsible Personnel: John Eason, Athletics Director
 Genyne Boston, Deputy Athletics Director
 Erica Wilcox, Athletics Budget Director

Anticipated Implementation Date: October 31, 2019

Observation 5: Fiscal Training

We concur with the recommendation.

The Athletics Department was aware that some Athletics staff members (i.e., baseball and football team coaches) were not in attendance at the May 13, 2019 training because they were on travel as baseball was still competing and football staff were on recruitment trips.

To improve the education and training process, the Athletics Department has made training a part of the onboarding process for all new Athletics Department employees and will be scheduling another fiscal and compliance training session to occur during August 2019.

The Athletics Department will continue to work with Finance and Administration officials and will schedule fiscal and compliance training sessions that will cover the following topics: Procurement process; Human Resources; recruitment process; travel and accounts payable procedures; budget process; cash collections; and university property.

Responsible Personnel: John Eason, Athletics Director
 Genyne Boston, Deputy Athletics Director
 Erica Wilcox, Athletics Budget Director

Anticipated Implementation Date: October 31, 2019



DISTRIBUTION

Responsible Manager:

John Eason, Athletics Director

Internal Distribution:

- Board of Trustees
- Craig Reed, Audit Committee Chair
- Larry Robinson, President
- Rica Calhoun, Chief Compliance and Ethics Officer
- Genyne Boston, Deputy Athletics Director
- Richard W. Schweigert, Interim Vice President for Finance and Administration
- Joyce Ingram, Chief Operations Officer for Finance and Administration, Associate Vice President, Chief Human Resources and Diversity Officer
- Rebecca Brown, Assistant Vice President of Finance and Administration
- Archie Bouie, Associate Vice President of Administrative and Financial Services
- Nichole Murry, Budget Director
- Mattie Hood, Director of Procurement Services
- Erica Wilcox, Athletics Budget Director

External Distribution:

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



PROJECT TEAM

Engagement was conducted by:

Carl E. Threatt Jr., MBA, CIA, CRMA, CFE, CCEP, CIGA, CIGI, LSSGB
Audit Services/Investigations Administrator

Engagement was supervised by:

Richard E. Givens, CPA, CGFM
Former Vice President for Audit and Compliance
(Retired from FAMU January 2019)

Engagement was approved and distributed by:

Joseph K. Maleszewski, MBA, CIA, CGAP, CISA, CIG, CIGA, CIGI, CCEP
Vice President for Audit and Compliance

STATEMENT OF ACCORDANCE

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

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

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

<http://www.famu.edu/index.cfm?AuditandCompliance&AboutAuditandCompliance>