

THE AUDIT REPORT

FAMU FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

Vision

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

Mission

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



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

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Message from the VP for Audit

I am excited to publish the inaugural edition of **The Audit Report** – the Division of Audit's quarterly newsletter!

It is May and we are celebrating **International Internal Audit Awareness Month**. This month our focus is on sharing information about the profession of internal auditing as well as DoA services in the areas of audit, investigations, management reviews, and technical assistance. **(Page 2)**

It is our goal to become your trusted advisors and add value to the university's academic and administrative operations.

We share your Vision to be recognized as a premier land-grant, doctoral-research university that produces globally competitive graduates. We have worked closely with President Robinson as he implements the COSO Internal Controls – Integrated Framework across the University. **(Page 3)**

At the Board's urging and with the support of President Robinson, the DoA is implementing a data analytics program

which we hope will make our audit and investigative services more efficient, effective and provide greater assurance to management and the board on university operations. **(Page 4)**

We have also worked with our board and President Robinson to champion the development of a comprehensive fraud policy and a fraud regulation which will be considered by the board at their June meeting. **(Page 5)**

All of these topics are highlighted in this edition of **The Audit Report**. We have also included What's Happening to highlight Division-related news items you need to know! **(Page 6)**

We look forward to hearing from you and working with you in the coming fiscal year.

Joseph K. Maleszewski
Chief Audit Executive and
Vice President for the Division of Audit

May Is International Internal Audit Awareness Month



May is **International Internal Audit Awareness Month** and the Division of Audit is celebrating! Many professions enjoy an inherently universal understanding of their value. Most people understand the role of a doctor; therefore, a campaign designed to build awareness about what doctors do is generally not necessary. Unfortunately, this is not true for the profession of internal auditing.

As depicted in the graphic below, internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the University's operations.

Internal auditing involves identifying the risks that could keep the University from achieving its goals, making sure our leaders know about these risks, and proactively recommending improvements to help reduce the risks. In simple terms, internal auditors are independent fact finders to support informed decision making.

In order to raise awareness of the role and value of internal auditing the DoA hosted a [Fraud, Risk, and Control Town Hall](#) meeting on May 6th. Thank you to those that attended the Town Hall, and a special thank you to our esteemed panelists:

- President Larry Robinson, Ph.D.;
- Rica Calhoun, Chief Office of Compliance and Ethics;
- Mattie Hood, Director Office of Operational Effectiveness & Procurement;
- Dr. Shawnta Friday-Stroud, Ph.D., VP University Advancement;

- Joe Maleszewski, VP Division of Audit; and
- Jahan Momen, Assistant Controller Asset Management Accounting.

During May we also hosted a virtual scavenger hunt which encouraged participants to find key information on our website and compete for prizes.



We will host other activities which we hope will allow you to get to know us better and inform you about our staff, capabilities, and services.

For internal auditing to be effective, our leaders must be open to discussing tough issues and seizing opportunities to make necessary changes for improvement.

I am proud to say we have those type of leaders here at FAMU!

Reach out to our team to kick off discussions at auditandcompliance@famuedu or call at (850) 412-5479.

Contributing Auditor:
William (Bill) Knight
Senior Auditor

THE AUDIT TEAM

Deidre Melton,
MBA, CIA, CFE, CISA,
CISM, CRISC, CDPSE
Director of Audit



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



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



INTERNAL AUDITING = ASSURANCE, INSIGHT, AND OBJECTIVITY

Governing bodies and senior management rely on internal auditing for insight and objective assurance that existing internal controls are adequate to mitigate the organization's risks, governance and risk management processes are effective and efficient, and organizational goals and strategic objectives are met.

THE AUDIT TEAM

William (Bill) Knight,
CIGA
Senior Auditor



Arriet Foster,
MBA, CFE, CIGA
Senior Auditor &
Investigation Specialist



Danielle Myrick,
Auditor



How is the University Implementing Internal Controls?

In December 2019, the FAMU Board of Trustees adopted Policy 2019-01 *Internal Controls and Enterprise Risk Management*. The policy mandated that the University adopt the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Controls – Integrated Framework (Framework). The Framework stipulates that a system of internal controls must be designed and implemented to support the 5 components and 17 principles of control summarized in the graphic below. In accordance with BOT Policy 2019-01, the President and the President's administration are responsible for establishing, maintaining, and consistently applying internal controls designed to:

- Prevent and detect fraud, waste, and abuse as defined in Section 11.45(1), Florida Statutes
- Promote and encourage compliance with applicable laws, rules, regulations, contracts, grant agreements, and best practices
- Support economical and efficient operations
- Ensure reliability of financial records and reports
- Safeguard University assets

Additionally, the BOT charged the President with the responsibility for assessing the effectiveness of the University's system of internal controls and reporting annually to the Board of Trustees regarding the University's internal controls, any identified weaknesses, and associated corrective actions.

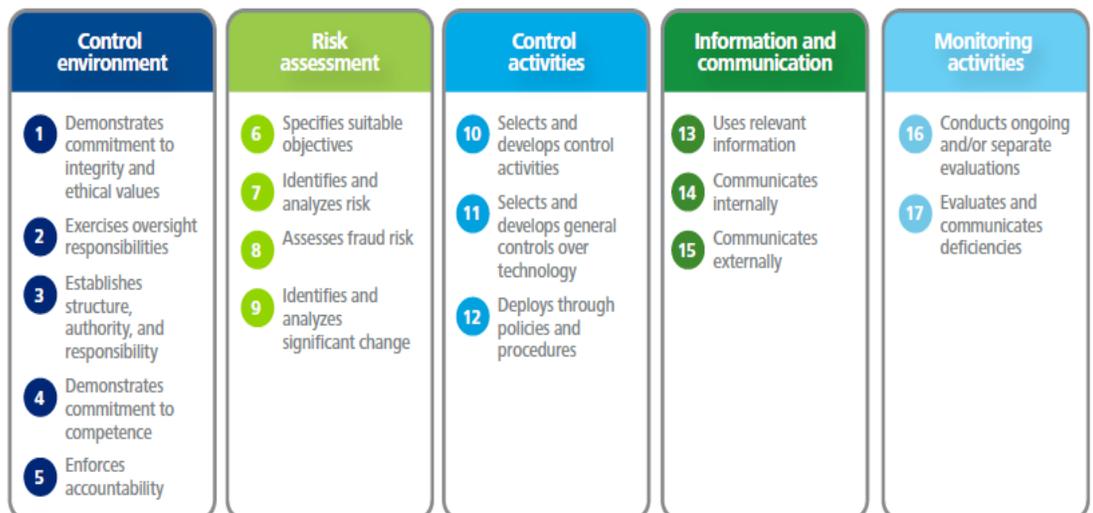
to implement internal controls that were appropriate, reliable, cost-effective, comprehensive, and reasonable in supporting the mission as well as the strategic, business, and performance objectives of the University. To facilitate these efforts, he worked with the Division of Audit to:

- Provide internal controls training to all management, faculty, and staff;
- Develop an internal control self-assessment tool for use by divisions, colleges, and schools; and
- Evaluate the University's overall internal control system utilizing information gathered through the internal control self-assessment tool, interviews and focus groups conducted with internal and external parties, audits, investigations, and observations made over the past year in response to the COVID-19 pandemic.

At the June 2021 BOT meeting President Robinson will deliver his inaugural *Internal Controls Assurance Statement* which will include his assessment of internal controls; highlight some notable internal control strengths; and review opportunities for improvement which require our collective attention and resources. The DoA looks forward to working with President Robinson, our Board of Trustees, members of my senior leadership team, faculty and staff to enhance our internal controls as a strategy to improving efficiency and effectiveness in achieving our shared priorities and goals.

Contributing Auditor:
Danielle Myrick

COSO's 17 Principles of Internal Control - Summarized



Source: Audit Committee Brief, March 2014. Deloitte Development Corporation. All rights reserved.

DoA's Data Analytics Program

In accordance with [FAMU's Strategic Plan 2017-2022, Priority #5. Goal Five "Leverage technology and establish a data-driven culture"](#), the DoA has established a Data Analytics Program led by Senior IT & Data Analytics Auditor Ruoxu Li. Data Analytics is the science of analyzing raw data in order to make conclusions about information. The purpose of this program is to build an effective data analytics function which supports DoA projects that will add value to the University community. We hope to gain increased efficiency, increased effectiveness, and improved assurance in our products and services.

To date, the DoA has developed a three-year data analytics strategic plan; acquired the audit data analytics software "IDEA;" and received PeopleSoft query training from FAMU's ITS. We have also identified frequently used PeopleSoft queries to be used for future projects with the help of the Office of the Institutional Research and the Controller's Office.

While data analytics take far less time than the old manual methods and reduces the risk of human errors in testing it requires rigorous methods. The DoA performs the following steps in order to prepare the data for analysis:

1. Clean the data;

2. Consolidate relevant data;
3. Check the quality of the data; and
4. Arrange the data in a format where analysis can be performed.

We can apply data analytics with a historical perspective for fraud detection and performance evaluations; a continuous perspective for control monitoring and auditing; and a future perspective to develop key risk indicators with predictive and prescriptive analytics.

As we continue to grow our data analytics program, we welcome your feedback via auditandcompliance@famuc.edu to enhance our program.

Meanwhile, we are eager to partner with the University community to undertake projects to help achieve university goals, "Leverage technology and establish a data-driven culture."

Contributing Auditor:
Ruoxu Li
CIA, CISA
Senior IT & Data Analytics Auditor



The Division of Audit (DoA) provides 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.



Need to file a complaint or make a report to the Division of Audit?

You can reach DoA by email: auditandcompliance@famuedu or phone: 850-412-5479.

Complaints can also be submitted via the University's Compliance and Ethics Hotline which allows anonymous reporting.

[Click on this link to go to the Hotline.](#)

We look forward to hearing from you.



Fraud Education and Resources

Want to know more about how to prevent, detect, and address fraud within the University or in your day-to-day life? Check out some of the resources listed below.

[Association of Certified Fraud Examiners](#)

[Association of Government Accountants Fraud Resources](#)

[FAMU Division of Audit](#)

[FRAUD Magazine](#)

[Institute of Internal Auditors Fraud Resources](#)



Proposed University Fraud Regulation

Did you know Certified Fraud Examiners estimate that organizations lose 5% of revenue to fraud each year? That totals approximately \$7 million of FAMU's \$139.4 million in 2019-2020 operating revenues. If you can imagine the services the University would lose as a result of fraud – from student aid, to facility improvements, to pay increases – then you can understand the need to protect the University against fraud.

Florida Board of Governors Regulation 3.003 requires each University Board of Trustees to adopt a regulation establishing criteria related to appropriate institutional controls and risk management framework. Accordingly, during the June 2021 BOT meeting, Trustees will consider approval of a new fraud regulation that complements the University's existing Fraud Policy, BOT 2020-01.

The FAMU Fraud Regulation communicates the University's zero tolerance for fraudulent, unethical, and dishonest activities. It also provides for the implementation of anti-fraud strategies to manage and mitigate fraud risk. Some of those strategies, as outlined in the regulation, include preventing and detecting fraud; conducting investigations; reporting fraudulent activities; providing protections prescribed in law for persons who report violations; taking appropriate disciplinary or legal action; and requiring each employee to attend annual fraud awareness training.

The DoA is the central locus of coordination for activities

that provide accountability, integrity and efficiency in the operation of the University.

Per the proposed Fraud Regulation, the DoA, 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. The DoA has primary responsibility for investigating complaints of fraud, waste, and abuse within the University.

However, you also have a responsibility to help protect the FAMU against improper activity. In addition to following University policies and procedures, and upholding process controls, anyone doing business for or with FAMU who has knowledge of a fraud, misappropriation, or other impropriety must immediately notify his/her supervisor and/or the DoA. All FAMU employees 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.

If approved, the new FAMU Fraud Regulation will be available for your review on the FAMU BOT website, along with other University regulations with which you should become familiar.

You can find more information about University regulations by visiting the [Office of General Counsel](#) and [FAMU University Regulations webpage](#).

Contributing Auditor:
Arriet Foster, MBA, CFE, CIGA
Senior Auditor and Investigation
Specialist

What's Happening



Risk Assessment and Work Plan - Over the past several months the DoA has been conducting a risk assessment to identify areas for audit attention in the coming fiscal year. Our risk assessment will be presented to the BOT Audit and Compliance Committee on June 3, 2021. Once approved, the Risk Assessment and 2021-2022 DoA Work Plan will be available on our [web page](#). Please contact the DoA if you know of areas that could benefit from audit, investigation, management review, or technical assistance services which could add value to the University.



New Legislation - Due to increased theft of intellectual property from academic institutions by foreign governments and entities, national and state legislation has been passed that requires universities, including FAMU, to take actions to prevent and detect the threat of 'Foreign Influence.' Reporting requirements for foreign gifts, conflicts of interest, foreign contracts and foreign travel will need to be monitored closely by the University. Multiple government agencies are likely to review and evaluate FAMU's compliance with these regulations in the future.



New Offices – The DoA will soon be saying good-bye to the fourth floor of the Foote-Hilyer Administration Center (FHAC) and moving into the old Cashier's Office on the basement level of FHAC. The move is expected to be completed in August 2021 and will allow DoA to collocate all internal audit staff, provide work space for external auditors, and provide needed collaboration work space.



Audit & Compliance Committee – We welcome Trustee Carrington M. Whigham, FAMU's new Student Body President and BOT Student Member to the Audit and Compliance Committee. We look forward to working with Trustee Whigham and her fellow committee members as they assist the BOT in discharging its oversight responsibilities for the financial reporting process, the system of internal controls, the audit process, and the University's process for monitoring compliance with laws and regulations. Trustee Whigham joined the FAMU BOTs during April 2021. Welcome!



Giving Back – In April, the DoA participated in FAMU's Relay for Life fundraiser. Our team surpassed our goal and raised over \$1,000 to help the American Cancer Society sustain critical research and patient services in this difficult time.

The Audit Report Issue 01 May 2021

ACCOUNTABILITY ● INTEGRITY ● EFFICIENCY



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

FAIRNESS ● OBJECTIVITY ● PROFESSIONALISM

Foote-Hilyer Administration Center

Tallahassee FL, 32307