

THE AUDIT REPORT

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.

VISION

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

Like reading the Division of Audit's The Audit Report newsletter?

You can find the previous issues on the Division of Audit's website. **Click this box for more info.**



Joseph K. Maleszewski,

MBA, CIA, CISA, CIG, CIGA, CIGI, CGAP, CCEP, CCA

VP for Audit



IN THIS ISSUE

- Message from the VP for Audit **P.1**
- Employee Spotlight **P.2**
- Auditor Values and Principles **P.3**
- Cybersecurity Tips for the Holidays **P.4**
- Investigative Authority **P.5**
- Fraud Awareness Week **P.6**
- Fun Games and Puzzles **P.7**
- What's Happening **P.8**

MESSAGE FROM THE VP

Happy Holidays from the Division of Audit. We wish you and yours a safe, peaceful and joy-filled holiday season!



We have been busy gearing up for operationalizing the University's Enterprise Risk Management (ERM) function. We hired one of our auditors, William "Bill" Knight, to serve as our first ERM Coordinator working under Deidre Melton who serves as our Chief Risk Officer.

We are also interviewing to fill a vacant auditor position previously held by Danielle Myrick and the vacancy created when Mr. Knight who accepted the ERM Coordinator position.

We are finalizing preparations for our External Quality Assessment which will be performed by Kaye Kendrick Enterprises, LLC, Certified Public Accountants & Consultants. This assessment will determine how well our audit process conforms to our professional standards and is required by both Board of Governor Regulation and the *International Professional Practices Framework* which contains our auditing standards and principles as published by the Institute of Internal Auditors (IIA).

In this issue of **The Audit Report** we highlight some staff accomplishments and certifications; summarize information about IIA auditing principles so that you know what principles inform the work performed by our audit staff; provide cybersecurity tips for the holidays; summarize the Division's investigative authority; present and overview of Fraud Awareness Week; share a few fun puzzles; and provide some office updates.

Please be on the lookout for required Division of Audit training on both internal controls and ERM in the near future.

Joseph Maleszewski,
VP for Audit

EMPLOYEE SPOTLIGHT



Ruoxu Li, Senior IT and Data Analytics Auditor, Issues Professional Publication on Data Analytics

The Association of College and University Auditors (ACUA) offers kick starters to its members which help auditors plan and perform audits in specific higher education topic areas. A kick starter is developed by an ACUA member who is a **Subject Matter Expert** and provides a summary of key risks and controls, audit tests, and common audit findings. Each kick starter goes through a rigorous peer review and, once finalized, is posted to the ACUA website and disseminated to ACUA members.

Ms. Li recently released the publication *“IT Audit of Active Directory”* which was posted on ACUA’s website. Ms. Li’s kick starter laid out a template of the key risks and controls associated with the Windows Active Directory and appropriate tests to perform in order to complete the audit.

Thank you, Ruo, for giving back to the audit community on behalf of the FAMU Division of Audit!



Deidre Melton, A.V.P. for Audit and Chief Risk Officer, Gives Back

Another FAMU Division of Audit employee making professional contributions to the audit profession is Ms. Melton with a host of recent **speaking engagements** at various audit conferences and training events. Ms. Melton participated in the following events this quarter:

September 20, 2021: Association of College and University Auditors (ACUA), AuditCon, *Chief Audit Executive Breakout Session*;

October 6, 2021: North Carolina University System Audit Association Conference. *What Auditors Need to Know About Diversity & Inclusion in the University of North Carolina System*;

October 12, 2021: SheLeadsTech Charlotte, NC. Moderator for the *“Advocacy for Women in Technology” SheLeadsTech Roundtable Discussion*.

October 27, 2021: Institute of Internal Auditors. *CAE Round Table - Cybersecurity First – The Internal Audit Perspective*

November 02, 2021: TalTech Conference. *Cybersecurity Deep Dive panelist*.

Ms. Melton was also recently honored with ACUA’s **Outstanding Professional Contributions Award 2021**. This Award recognizes a member who has made outstanding and noteworthy contributions to the profession of internal auditing in higher education. One of the ACUA members responsible for determining the award winner described Deidre as having the *“ability to keep a pulse on the finer details of delegated achievements while keeping an eye on the big picture of how it will all fit together in moving ACUA forward.”* Well done Deidre!

New Certifications – Congratulations!



Joe Maleszewski earned the Certified Construction Auditor (CCA) designation.



Carl Threatt earned the Certified Construction Auditor (CCA) designation.



Deidre Melton earned the Certification in Risk Management Assurance (CRMA) designation.

HIGHLIGHTS

IIA Core Principles for Auditors

“To enhance and protect organizational value by providing, risk-based and objective assurance, advice and insight.”

This is it! This is where it all starts! This mission statement - put forth by the Institute of Internal Auditors' (IIA) *International Professional Practices Framework (IPPF, or the Standards)* - is integral to guiding auditors through the changes and ever-growing challenges presented by their duties.

The IPPF provides standards and mandatory guidance which includes the **definition of internal auditing**, the **Code of Ethics**, and the **Core Principles** for the professional practice of internal auditing. It is assumed that if an internal audit activity is in “general conformance” with the Code of Ethics and the *Standards*, then it is also achieving the Core Principles. Specifically, the Core Principles for the professional practice of internal auditing are as follows:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (Independent);
- Aligns with strategic objectives and risks of the organization;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future focused; and
- Promotes organizational improvement.

We'd like to give you a little more information regarding three of these principles.

“The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.”

As internal auditors are implementing and executing the core principles and responsibilities, there will undoubtedly be tense situations and disagreements. Telling the truth and presenting the facts requires auditors to act with courage and **integrity**. Some auditors may struggle with telling their stakeholders, whether at the board level or in top management, what is putting the organization at greatest risk. For example, it can be difficult to inform management that control failures stem from insufficient staffing, inadequate pay, or imperfect leadership, however the IIA guidance positions auditors within organizations to provide honest and necessary feedback to the University's leadership and stakeholders. Internal auditors at every level

are subject to pressure that may inhibit them from speaking out. Nevertheless, the IIA Core Principles for effective internal auditing expect auditors to have integrity. If internal auditors are to be effective, then we must be determined to clearly explain facts and advise on recommended actions.

“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.”

Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Crucial to an internal auditor's ability to complete an audit successfully is the auditor's ability to demonstrate **objectivity** in both the approach to and the performance of the audit engagement. Threats to objectivity must be managed at the individual auditor, engagement, functional, and organizational levels. Auditors are expected to view audit evidence and processes with a neutral but questioning mind. Professional skepticism is a key element of objectivity. At all times and for all engagements, internal auditors are expected to be prepared to defend their level of objectivity in planning, performing, and reporting the results for various audit engagements. After all, a competent auditor, is a skeptical auditor!

According to the IIA's guidance, **independence** is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, auditors must have direct and unrestricted access to any personnel, documentation and information needed to perform a review. In order to perform quality work, auditors must be free from interference which could result if the internal audit profession is not adequately structured or aligned within the University. This is why the FAMU Division of Audit reports functionally to the President of the University and directly to the Board of Directors.

The IIA Core Principles advise auditors to work collaboratively with management and governing entities toward the shared goals of ensuring mitigated or appropriate risk-levels, adequately controlled processes, and a successful organization. This is best accomplished by the FAMU Division of Audit complying with the IIA Standards, and for University stakeholders to have an understanding and appreciation of what's expected of our office as we all march toward the top 100!

AUDITING

Cybersecurity Tips for the Holidays

With the holidays fast approaching

we would like to bring your attention to a few tips that may help you avoid any hidden threats lurking within the online shopping environment.

1. Beware of shopping-related phishing schemes

Phishing involves sending emails designed to look like they're from someone reputable. Phishing emails will encourage you to click on a malicious link by enticing you with a deal or exclusive price. If you click on the link, you are redirected to a spoofed (fake) landing page of the brand or company being impersonated. Typically, cybercriminals will try to collect your login credentials or important payment information like your credit card number.

What to do: Check the "from" email address for the sender of the email to ensure it is legitimate, and hover your mouse over the URL of any link before you click to confirm that it leads to a legitimate site.

2. Avoid suspicious or unfamiliar retailers

Be careful when submitting your login or payment information on any site that feels like a scam. Do not click on deals that seem too good to be true. Scammers set up sites designed to attract bargain hunters for crazy deals.

What to do: If you are not familiar with the website or company you are buying from, do not take the risk! A seemingly good deal could cost you thousands of dollars spent on restoring your stolen identity.

3. Do not shop online using free Wi-Fi unless you are using a VPN

If you want to connect to free Wi-Fi like in airports, planes, trains, cafes, or hotels, the first thing you should do when you get online is connect to a Virtual Private Network (VPN). A VPN encrypts all the traffic coming in and out of your device, so no one can snoop on your internet activity and steal the information you input online, including your logins and payment information. You do not need

to use a VPN if you are using at-home Wi-Fi, or cellular data.

What to do: Use a VPN when you connect to public or unsecured Wi-Fi.

4. Secure accounts with strong passwords

Repeating the same password across your accounts is a lot like using the same key for your house, your car, your office, your mailbox, and even the locker at your gym. If someone gets a hold of any one of those keys, they now have access to everything you want to keep safe.

What to do: Use a password manager or always use strong passwords. Update your passwords regularly and never use the same password for multiple accounts.

5. Don't save sensitive info on sites or in your browser

It is common to save personal and payment information on shopping websites so you don't need to fill it in the next time you buy something. However, these sites are not designed to provide the security you need to protect your data—they're designed for shopping.

What to do: Use a password manager, or simply exercise patience and manually input your passwords whenever you login.

6. Keep an eye on your credit

You may not even be aware your personal information is compromised until it is too late, and this time of year fraud is even more prevalent. If your information or identity is stolen, one of the first signs of improper use is unusual changes to your credit.

What to do: Regularly check your credit report, credit card statements and bank statements for unusual transactions. Request your financial institutions place fraud alerts on your accounts and send you instant purchase notifications. Consider also placing a fraud alert on your credit report.

Credit [Dashline](#) for Source Material

Contributing Auditor: Ruoxu Li
Senior IT & Data Analytics Auditor

Investigative Authority

What authorizes the Division of Audit to perform internal investigations?

Our authority flows from several regulations and charters, starting with the [State Constitution](#) which establishes the **Boards of Trustees (BOT)** under Article IX Section 7. This section also creates the State University System of Florida's **Board of Governors (BOG)** to operate, regulate, control, and be fully responsible for the management of the whole university system. The Board of Governors, through their regulatory authority, has created a number of regulations located at [Active Regulations - State University System of Florida \(flbog.edu\)](#). Of great note is [BOG 3.003 on Fraud Prevention and Detection](#) and Chapter 4 which contains the four regulations related to matters of audit, investigations, and compliance as outlined below.

- **BOG 4.001** – [University System Processes for Complaints of Waste, Fraud, or Financial Mismanagement](#)
- **BOG 4.002** – [State University System Chief Audit Executives](#)
- **BOG 4.003** – [State University System Compliance and Ethics Programs](#)
- **BOG 4.004** – [Board of Governors Oversight Enforcement Authority](#)

While all of these have useful information, BOG 4.002 is most relevant to our authority. Section 3 of that regulation requires the BOT adopt a charter which defines the duties and responsibilities of the office of **Chief Audit Executive (CAE)**. The minimum requirements of this regulation include that the CAE shall provide direction for, supervise, and coordinate audits and investigations which promote economy, efficiency, and effectiveness in the administration of university programs and operations including, but not limited to, auxiliary facilities and services, direct support organizations, and other component units. Section 5 requires the CAE conduct and report on audits, investigations, and other inquiries free of actual or perceived impairment to independence and have timely access to any records, data, and other information in possession or control of the university. There are provisions for escalation of restrictions or barriers to our unfettered access to information for resolution up to and including the BOG.

For our investigations, we abide by the [Standards for Complaint Handling and Investigations for the State University System of Florida](#) adopted by the State University Audit Council in November 2016. In addition we abide by the Association of Inspectors General's [Quality Standards for Investigations](#).

The **Division of Audit (DoA)** operates under two charter documents created in accordance with the BOG regulations for both the **BOT Audit and Compliance Committee (AACC)** and the DoA. The [AACC Audit Charter](#) outlines the BOT AACC's authority and responsibilities, as well as the DoA's and CAE's authority and responsibilities as approved by the FAMU BOT in September 2019.

The [DoA's Audit Charter](#), which has been signed and approved by the University President and the Board's Audit and Compliance Committee Chair, authorizes the Division to:

- Have timely, unlimited, and unrestricted access to all data, books, records, files, property, information systems, and personnel of Florida A&M University as necessary to carry out the Division's duties and responsibilities;
- Allocate resources, establish schedules, select subjects, determine scopes of work, and apply the techniques required to accomplish objectives;
- Obtain the essential assistance and cooperation of personnel in areas of the University where audits and investigations are performed, as well as other specialized services from within or outside the University; and
- Have free and unrestricted access to the BOT.

One of our key responsibilities highlighted in the DoA Audit Charter is carrying out the provisions of the **Florida Whistle-blower's Act** (Sections [112.3187-112.31895](#), Florida Statutes). This statute provides for confidentiality of the investigation and the identity of the Whistle-blower. Non-whistle-blower investigations also have confidentiality as provided for in [Section 119.071\(2\)\(k\), Florida Statutes](#).

The University also has authoritative regulations and policies which inform DoA investigative processes:

- **Regulation 1.019** – [University Code of Conduct](#)
- **Regulation 1.023** – [Fraud Prevention and Detection](#)
- **BOT Policy 2020-01** – [Fraud Policy](#)

We'll be discussing sections of these regulations and policies in greater detail in future **The Audit Report** articles. Visit the [Division of Audit's webpage](#) to read our full Audit Charter and contact us if you would like to know more about our investigative authority.

Also, be sure to check [our website](#) regularly for updates and the forthcoming Investigations section which will include a variety of helpful information.

Contributing Authors: Joseph Maleszewski, VP for Audit; and Arriet Foster, Lead Senior Auditor and Investigator

Fraud Awareness Week

Florida A&M University Supports International Fraud Awareness Week

In support of the Association of Certified Fraud Examiner's (ACFE) International Fraud Awareness Week, the Florida Agricultural and Mechanical University Division of Audit hosted Fraud Week 2021 from **November 14 - 20, 2021**. The Division of Audit promoted anti-fraud awareness, education, and training by sending out informational flyers on how everyone can help FAMU Fight, Resist, Analyze, Understand and Detect fraud. The flyers included graphics, videos, puzzles and more; and have been posted on the Division of Audit's website for convenient access and are linked before for your reference.

Congratulations to Aleksandra 'Sasha' Benedict for winning our 2021 Fraud Awareness Week [Puzzle Contest](#).

Special thanks to our Lead Senior Auditor and Investigator Arriet Foster for putting together our Fraud Awareness Week webpage and flyers!



Tone at the top is key to building an anti-fraud culture. FAMU's leadership has a zero tolerance when it comes to committing fraud within our organization. As part of the week's activities, FAMU's executive leadership called for University staff and supporters to fight fraud.



(Pictured from left to right, top to bottom) President Larry Robinson, Maurice Edington, Joseph Maleszewski, Linda Barge-Miles, Charles Weatherford, Shawnta Friday-Stroud, William Hudson, Jr., Robert Seniors, Cynthia Edwards Henry, Carmen Cummings, Kyle Eidahl, Danielle McBeth, Rebecca Brown, Denise Wallace, Erick Akins, and Rica Calhoun. - Photos courtesy of Christian Whitaker.

WHAT'S HAPPENING



Pictured: VP for Audit Maleszewski (left) and AVP for Audit/CRO Melton (right) with the bikes donated by the Division of Audit for the President's 2021 Toy Drive

President Robinson's Holiday Toy Drive

On December 03, 2021, President Robinson invited alumni, students, faculty, staff, and community members to drop off new, unwrapped gifts for children of all ages at the President's house for his annual Holiday Toy Drive. Division of Audit staff purchased two new bikes to contribute to the President's 2021 Toy Drive.

Mandatory ERM and Internal Controls Training

This quarter, the Division put together two trainings for the University regarding Enterprise Risk Management (ERM) and Internal Controls. We are thrilled to introduce the University to the COSO ERM framework as well as the Division's role in helping management across the University understand and implement ERM into their respective area.

Campus Audit Calendar Quarterly Update

All three (3) FAMU Direct Support Organizations (DSOs – The Foundation, National Alumni Association and Rattler Boosters, Inc.) have received an unmodified opinion for their respective FY 2021 Financial Statement audits which were issued during October 2021. No internal control or compliance deficiencies were disclosed within each DSO's respective report.

NEW Division of Audit Website

The Division of Audit would like to announce its new website. You can learn more about the Who, What, Where, When, Why and How of the Division of Audit by looking through our website designed by our Lead Senior Auditor and Investigator, Arriet Foster. All of our prior The Audit Report newsletters will be posted under Publications and Reports. Follow the link to view our site: [HERE](#)

ACCOUNTABILITY ● INTEGRITY ● EFFICIENCY



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

FAIRNESS ● OBJECTIVITY ● PROFESSIONALISM