

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

Audit & Compliance Committee Minutes
Trustee Reed, Chair
Wednesday, March 4, 2020, 9:30 AM

Members Present: Trustee Craig Reed, Chair (*Conference-in*)
Trustee Belvin Perry, Jr., Vice Chair (*Conference-in*)
Trustee Rochard Moricette
Trustee Ann Marie Cavazos
Trustee Robert Woody

Chair Reed, called the meeting to order. Ms. Debra Barrington called the roll. A quorum was established.

Chair Reed acknowledged one action item for discussion and consideration of The Division of Audit Wednesday, December 4, 2019, Minutes approval. Chair Reed requested a motion for the approval of the minutes. A motion was made, seconded, and approved.

Chair Reed requested Chief Compliance and Ethics Officer, Rica Calhoun to present updates related to Mandatory Training (Cybersecurity, Compliance and Ethics, Clery, Title IX), and additional updates for the Office of Compliance and Ethics. Ms. Calhoun presented. Questions were asked and answered accordingly.

Chair Reed, requested VP Maleszewski to present Division of Audit, Informational Items. VP Maleszewski presented the following: Fraud Policy; Risk Tolerance Statement; follow-Up for findings and recommendations included in investigations, internal audits, and external audits; internal control training plan; continuous monitoring/advisory update; College of Engineering audit; and Division office updates. Questions were asked and answered accordingly.

Lastly, Chair Reed asked if there were no further questions or discussions. The meeting was adjourned.



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

Report No. 19-20-0008
Risk Assessment
June 2019 – May 2020



ACCOUNTABILITY • INTEGRITY • EFFICIENCY

May 20, 2020



EXECUTIVE SUMMARY

The University is at a pivotal point in time and has, over the past year, faced extraordinary changes in leadership preceding the emergence of the current COVID-19 pandemic. The higher education sector is particularly vulnerable to the effects of this pandemic as students, faculty, and staff work and live in close proximity on and near campus. In addition, FAMU is comprised of faculty and staff serving students in a vulnerable socioeconomic circumstance. The Center for Disease Control and Prevention (CDC) data suggests the effects of COVID-19 on the health of racial and ethnic minority groups presents a disproportionate burden of illness and death due to factors including living conditions, work circumstances, underlying health conditions, and lower access to care. Collectively, these factors create a heightened responsibility for preventing and limiting the transmission of COVID-19 to our campus community.

The effects of these management changes coupled with the unprecedented pandemic exacerbate the University's risk portfolio and leave no aspect of University operations untouched. It is fair to say that there has been a seismic shift in the University's risk portfolio in terms of both the likelihood that key risks will be realized and the associate impacts should a risk be realized. Reliable financial and operational trends have been swiftly disrupted leaving the Board of Trustees, President, and Senior Leadership Team in the position of making highly impactful decisions quickly with limited information, as we face an uncertain operational and financial future. It is still unknown whether FAMU has seen the worst of the pandemic or if the worst is yet to come.

FAMU, like all organizations, has accepted the fact that at the moment staying safe is the top-most priority and challenge. Yet we must move swiftly, cautiously and deliberately forward to mitigate the crisis while safeguarding and advancing our vision to be recognized as a premier land-grant, doctoral-research university that produces globally competitive graduates.

In response to the pandemic, FAMU used an all-hands-on-deck approach to this crisis. FAMU swiftly moved faculty and staff to remote work and transitioned from conventional, in-person instruction to remote instruction within a week's time. FAMU leveraged faculty, staff, and technology to effect this revolutionary change that, in the normal course of time, would have evolved over the course years if at all.

The Board of Trustees and President have five major areas of concern to focus on during this crisis:

1. Safeguarding the health and safety of students, faculty, and staff;
2. Ensuring continuity of courses of study and other essential operations;
3. Determining the short- and long-term financial implications;
4. Providing timely communications with key constituencies; and
5. Addressing special considerations such as clinical and research program continuity, food and housing insecurity, and the needs of low-income and international students.



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BACKGROUND

The Value of a Risk Assessment:

There are many definitions and categories of risk. Entities perceive risk based on the nature of their operations, the organization's culture, and other factors unique to them. Risk Management is the culture, capabilities, and practices, integrated with strategy-setting and performance, that organizations rely on to manage risk in creating, preserving, and realizing value.¹

Every entity exists to realize value for its stakeholders. Value is created, preserved or eroded by management decisions in all aspects of an entity's activities, from strategy setting to daily operations. Entities failing to recognize the risks they face, from external or internal sources, and to manage them effectively, can destroy value. An effective starting point for understanding risk is to take a look at all aspects of an entity's activities.

The risk assessment served as the primary basis for developing the six-month audit work plan for July 2020 thru December 2020. The sole objective of the risk assessment is to align internal audit resources to those processes that pose the highest risk to the University's ability to achieve its objectives. As a result, the Division of Audit provides valuable information to FAMU senior management, the Board, and stakeholders for decision-making purposes through the assurance and advisory activities it performs.

Risk Assessment Standards:

Professional auditing standards² state that the chief audit executive (CAE) must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals. The internal audit activity's plans and resources and resource requirements, including significant interim changes, must be communicated to senior management and the board for review and approval. Additionally, the impact of resource limitations is required to be communicated.

¹ Source: COSO Enterprise Risk Management – Integrating with Strategy and Performance, 2017 COSO

² International Standards for the Professional Practice of Internal Auditing (Standards) – Performance Standards 2010 Planning



2019-2020 Significant Governance and Operational Events

Over the past year, the University has experienced unprecedented changes in leadership; withstood a high-level investigation into inappropriate funding used to support the athletic program, a legislative inquiry into foreign influence within research; and a global pandemic that fundamentally changed the way the educational institutions operate. Each of these events separately would result in changes to controls, operations, and/or governance and generate a myriad of risks or in some cases opportunities. Below is a timeline of key events that impacted the University over the past year and were impactful in shifting risk levels within the University.

FAMU Key Events June 2019 – May 2020

- | | |
|-----------------------|---|
| June 2019 | <ul style="list-style-type: none"> ⦿ Identification of Improper Auxiliary Transfers to Athletics ⦿ Resignation of VP for F&A/CFO ⦿ Separation of Controller & Budget Director ⦿ Interim VP for F&A/CFO Appointed ⦿ Athletics- Auxiliary Funds Investigation Initiated ⦿ FAMU Allocated \$13.7 M in PBF Funding |
| July 2019 | <ul style="list-style-type: none"> ⦿ PeopleSoft Workflow Approval Deficiency Identified ⦿ PeopleSoft Reporting Deficiency Identified ⦿ Resignation of AVP of Facilities, Planning, Construction & Safety |
| August 2019 | <ul style="list-style-type: none"> ⦿ Second (more permanent) Interim VP for F&A/CFO Appointed ⦿ BOT Directive for Improved Internal Controls ⦿ Athletic FY 19-20 Budget Gap Identified ⦿ Athletic Assessment Team Developed ⦿ Increased University Focus on Enterprise Risk Management (ERM) ⦿ Forensic Report: Athletics Use of Auxiliary Funds (Carr, Riggs, and Ingram) ⦿ Florida House of Representatives Public Integrity and Ethics Committee UCF Investigation Report and SUS Recommendations |
| September 2019 | <ul style="list-style-type: none"> ⦿ New F&A Chief Operations Officer Appointed ⦿ New Budget Director Appointed ⦿ New VP of Research Appointed ⦿ Increased focus on Financial Management Process Improvement ⦿ FAMU Launches updated Mobile App ⦿ Matthew Carter Resigns from BOT |



FAMU Key Events June 2019 – May 2020

- | | |
|--------------------------|--|
| October
2019 | <ul style="list-style-type: none"> ◊ New Government Relations Director Appointed ◊ FAMU Celebrates 132nd Founders Day |
| November
2019 | <ul style="list-style-type: none"> ◊ New University Controller Appointed ◊ Kristin Harper Appointed to FAMU BOT ◊ Nichole Washington Reappointed to 5-yr Term on FAMU BOT ◊ Associate VP for Administrative and Financial Services Resigns |
| December
2019 | <ul style="list-style-type: none"> ◊ Athletics Director Retires ◊ New Vice-President of Athletics/AD Appointed ◊ New University Policy: Internal Controls and Enterprise Risk Management ◊ New BOT Policy: Internal Controls and Enterprise Risk Management |
| January
2020 | <ul style="list-style-type: none"> ◊ New Vice-President of F&A/CFO Appointed ◊ New AVP of Facilities, Planning, Construction & Safety Appointed ◊ Associate AD for Revenue Generation Appointed ◊ Director of Communications Resignation ◊ First cases of COVID-19 confirmed in the U.S. and novel coronavirus outbreak declared a national health emergency |
| February
2020 | <ul style="list-style-type: none"> ◊ Florida House of Representatives Select Committee on the Integrity of Research Institutions Investigates SUS Institutions ◊ Interim Director of Communications Appointed |
| March
2020 | <ul style="list-style-type: none"> ◊ FAMU Suspends Spring Sports ◊ NCAA Penalty Upheld ◊ President Robinson Declares FAMU State of Emergency ◊ FAMU Transitions to Remote Work Environment ◊ FAMU Transitions to Distance Learning ◊ New University Policy: Telecommuting ◊ FAMU Modifies Grading Policy ◊ Director of Title III Programs Appointed ◊ CARES ACT and Families First Coronavirus Response Act Enacted ◊ FAMU Announcement Regarding Housing and Student Meal Plan Refunds ◊ New Dean FAMU School of Journalism and Graphic Communication ◊ College of Law Dean Appointed |



FAMU Key Events June 2019 – May 2020

April 2020

- FAMU BOT Meeting – COVID-19 Update
- FAMU Refunds a Portion of Student Housing and Meal Plans
- FAMU is Awarded \$13 Million in CARES Act: Higher Education Relief Funds
- FAMU/Bond Community Health Center Host COVID-19 Testing Site

May 2020

- FAMU is Awarded \$26.3 Million in CARES Act: HBCU Funding
- FAMU distributed \$5.75 Million in Student Emergency Financial Aid Grants
- FAMU Virtual Commencement



COVID-19: Overview of University Risks

The global coronavirus pandemic which swept the nation in the second half of fiscal year 2019-2020, manifested unique risk factors across the University environment. The risks below are designed to provide a high-level overview of COVID-19 related risks. Some of these risks have impacted and will continue to impact, the way the University operates for the foreseeable future. Management is working diligently to mitigate these risks.

Academic Affairs: Distance Learning



Students without the proper technology for course completion may increase course failure rates, withdrawals, and impact progression rates



Many courses that were structured for in-person instruction, posed challenges for quick conversion to a virtual setting



Scaling of Academic Integrity Technology and Processes for Volume of Distance Learning



Quality instruction will be hampered by 50% of the faculty being new to distance learning instruction and/or instructional technology



Grading Policy Changes May Impact Performance Based Funding Metric Outcomes



Change of procedures to ensure compliance with privacy laws in a remote environment



Increased need for academic support services in a virtual environment



Manual graduation processes that were automated or need to be automated

Health & Safety



Compliance with physical distancing guidelines for faculty, staff, and students and its impacts to operations, budget, and student success



Access to secure platforms to provide telehealth services and the training of staff to effectively provide services virtually



Ability to provide effective sanitization of facilities consistently to reduce transmission of COVID-19



Ability to provide ongoing COVID-19 testing, tracing, and vaccines as needed for faculty, students, and staff



Lack of police staffing to meet increased need for patrols and enforcement of physical distancing measures



Ability to timely modify or create effective guidelines, policies, and procedures to govern on campus activities that promote safety measures



Student Affairs: Enrollment



Ability to retain students facing financial hardships or difficulty adjusting to remote learning environment



Ability to recruit through virtual mechanisms, as many major in-person recruitment events are no longer an option due to physical distancing.



Ability to retain or recruit international students due to restrictions on distance learning, financial hardships, and changes to travel guidelines and VISA processes



Ability to convey value proposition of University education for out-of-state students who may be required to continue distance learning

Finance & Administration: External Funding



CARES Act – Student Emergency Financial Aid Grants: Compliance with reporting requirements and distribution expectations



CARES Act – Institutional Funds: Compliance with reporting requirements and funding restrictions



CARES Act – HBCU Funding: Compliance with reporting requirements and funding restrictions



FEMA- Ability to effectively track expenses across the University to maximize reimbursements



Lack of enough external funding to fully cover all the losses the University experienced and continues to experience to ensure health and safety



Ability to balance institutional need of awarded external funding with institutional mission and strategic goals when applying funds

Finance & Administration: Auxiliaries



Ability to be financially solvent with reduced housing service levels as a result of University physical distancing measures



Ability to meet contractual obligations for dining services while reducing service levels and service days to accommodate University physical distance measures



Reduction in potential parking permit and transportation fee revenues as a result of remote work and distance learning initiatives



Distance learning may impact Bookstore sales which supply needed textbook scholarships to students with financial need



The status and availability of auxiliary reserves to support ongoing operations



Finance & Administration: Construction



Availability and logistics of materials may be limited impacting project completion dates



Reduced occupancy in fall will impact debt payments upon construction completion



Health and safety guidelines for construction workers may impact labor ability and subsequently project completion deadlines



Supply chain disruptions may increase labor and material costs above contractual threshold's entitling contractors to an equitable adjustment of overall contract price



Idle or largely unoccupied construction sites increases risk of theft and vandalism



Project delays as a result of COVID-19 may allow for contractors to recover increased performance costs



The University's ability to fully expense state dollars on delayed projects within the allotted timeframes



The University may not be able to obtain funding to cover potential budget shortfalls as a result of COVID-19

Finance & Administration: Human Resources



Financial constraints creating the need for consideration of furloughs, hiring freezes or lay-offs



Ability to capture operational impact of employees who choose to voluntarily retire due to stress of new work environment



Ability to obtain quality hires at competitive salary for mission critical positions



Succession planning for critical positions from director level to vice president level is incomplete



Potential fraud risks increase for false worker compensation or unemployment claims



Implementation of Families First Coronavirus Act for aging population or vulnerable population who need time off due to COVID-19 health impacts



Quick implementation of a teleworking policy within a week of transitioning to a remote work environment



Redefining who essential employees are from an operational, health, and safety perspective



Finance & Administration: Controller's Office



Cash flow issues may arise due to increase in number of unplanned expenses, reductions in enrollment (tuition and fees), and reductions in revenue generated in auxiliary enterprises



Decentralized cash collection points are holding cash receipts longer due to limited on-site staffing within the Controller's Office to promote physical distancing measures



University ability to comply with or defer debt service in accordance with debt covenant agreements



Ability to meet-year end closing deadlines where significant expense generation must continue through the typical cutoff times



Staffing with the knowledge and expertise to accurately implementing accounting principles, financial rules, and laws as they change



Institutional ability to strategically plan for and sustain prolonged revenue shortfalls

Finance & Administration: Information Technology



Lack of employee knowledge on how to appropriately use and secure technology provided for teleworking and distance learning



Lack of sufficient levels of ongoing cybersecurity awareness communications to reinforce the need for remote workers/students to remain vigilant to socially engineered attacks



Capability to ensure that all remote access capabilities are tested and secure and endpoints used by workers are patched



Increased occurrence of phishing, malware, and ransomware attacks since the COVID-19 pandemic began



Ability of current staffing levels to meet the security monitoring and customer service within an expanded operating environment



Strain of teleworking and distance learning technology on University resources (people, costs of software/hardware/licenses)



Vulnerability management of remote access tools or infrastructure (i.e. VPN)



Insecure virtual communication platforms impacting University operations, privacy requirements, and reputation



Finance & Administration: Budget



Ability to balance the FY 2019-2020 budget due to significant unplanned expenses related to COVID-19, including refunds of housing and meal plans



Ability to accurately forecast budget scenarios due to limited expense information: operational expenses to prepare and sustain a new mode of operations



Ability to accurately forecast budget scenarios due to limited revenue information: state appropriations, enrollment, fall auxiliary, etc.

Emergency Preparedness



Lack of complete and up-to-date emergency management plans (CEMP, COOP, FAM-UReady)



Lack of a dedicated emergency management director to govern emergency management practices



Lack of knowledge, skills and abilities of those who would be charged with managing and responding to an emergency



Lack of a dedicated budget to handle preparation and response

Student Affairs: Student Wellness



Increased prevalence of mental health needs and alcohol and drug issues



Ability to virtualize recreation and fitness activities



Proliferation of electronic and manual student data requiring protection



Ability to monitor for and detect hazing within Greek life and student activities



Ability to provide additional resources to students to higher risk populations (FTIC, international students, significant financial need)



Coordinating and facilitating communication amongst departments and schools of complaints or issues when in a remote work environment



Implementation of appropriate safety measures to comply with physical distancing guidelines



Athletics



High unemployment rates, disruptions to businesses, and uncertainty of athletic seasons may negatively impact ability to raise funds through individual and corporate donors



Ability to make budget cuts to travel, marketing, sports, or staffing and maintain compliance with Title IX federal guidelines



Ability to forecast budgets when uncertain of University fall operations and NCAA and MEAC football season rules



Increased need for academic support services to ensure academic eligibility guidelines are maintained



Drastic reductions in revenue from games, fundraising, sponsorships, etc. may significantly impact Athletics ability to be self-supporting as required



Ability to implement health and safety guidelines within contact sports and protective equipment that comply with sport guidelines



NCAA reduction of member institution distributions to one-third of original budget



2019-20 shortened Spring athletics season may impact the Athletics program to balance current fiscal year budget



NCAA awarded of additional year of athlete eligibility impact on scholarships and recruiting



Health and safety impacts to travel plans and guidelines for protection guidelines

Compliance



Implementation of new communications and software (virtual learning, virtual support, and video conferencing) that may not be fully ADA Compliant



Ability to implement new Title IX federal guidelines in a virtual or hybrid work and learning environment



Lack of clarity of employee expectations with compliance of new and existing University policies



Lack of a dedicated Privacy Officer to manage increasing privacy laws, regulations, and concerns



Legal



Class action lawsuits regarding fees for untendered services



Class action lawsuits regarding tuition value for distance learning education



Ability to renegotiate goods and services contracts that have terms the University is unable to fulfill due to COVID-19 health and safety restrictions



Lawsuits from faculty, staff, or students who contract COVID-19 and allege negligence in applying or maintaining appropriate COVID-19 health and safety protections

Procurement Services



Decrease in compliance with purchasing card reconciliation guidelines



The University emergency certification form was used for all applicable COVID-19 purchases



Increase in unallowable or fraudulent purchasing card transactions

Advancement



COVID-19 pandemic has resulted in interest rate cuts impacting endowment earnings



Decline in major and minor gift giving to the University

Research



Ability to continue to close research security gaps in compliance with NIST 800-171 and the Cybersecurity Maturity Model Certification while implementing new virtual and automated processes within Research



Research lab closures impact the University's ability to meet research grant deliverables, recoup indirect costs, and meet University strategic research goals









Risk Assessment Heat Map

Based on the scope of work and methodologies outlined in Appendix A, we developed a Risk Assessment Heat Map (RAHM) and made our observations in the following risk theme areas:

- Asset and Risk Management;
- Auxiliary and Service Departments;
- Financial Management;
- Human Resources Development;
- Information Technology;
- Instruction and Academic Support;
- Leadership and Governance;
- Plant Operations and Maintenance;
- Purchasing and Warehousing;
- Research and Development;
- Student Services; and
- University Relations and Alumni Affairs.

The RAHM provides a central repository of risks that impact FAMU along with an assessment of whether each risk area presents a low, moderate, or high risk to the achievement of organizational objectives. The risk map provides a three-year view of risk levels from FY 2017-2018 to 2019-2020.

The Risk Assessment Heat Map Legend:

-  **Low Risk**– FAMU has an *unlikely* probability of risks occurring that would have at least a material impact on the University’s ability to achieve its strategic objectives.
-  **Low & Rising Risk** – FAMU management (or DoA) has noted new areas of concern that if not addressed in the upcoming fiscal year, will lead to this area being reclassified as a moderate risk.
-  **Moderate & Falling**– FAMU management (or DoA) has noted new controls, processes, or initiatives that were implemented that are expected to decrease the residual risk in this area and could lead to this area being reclassified as a low risk during the upcoming fiscal year.
-  **Moderate Risk** – FAMU has a *medium* probability of risks occurring that would have at least a material impact on the University’s ability to achieve its strategic objectives.
-  **Moderate & Rising Risk** – FAMU management (or DoA) has noted new areas of concern that if not addressed in the upcoming fiscal year, will lead to this area being reclassified as a high risk.
-  **High & Falling Risk** – FAMU management (or DoA) has noted new controls, processes, or initiatives that were implemented that are expected to decrease the residual risk in this area and could lead to this area being reclassified as a moderate risk in the upcoming fiscal year.



- High Risk** – FAMU has a *likely* probability of risks occurring that would have at least a material impact on the University’s ability to achieve its strategic objectives.
- High & Rising** – FAMU management (or DoA) has noted areas of concern that is causing risk to increase to an *expected* probability of risks occurring that would have at least a material impact on the University’s ability to achieve its strategic objectives.

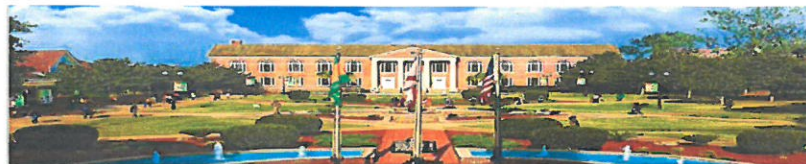
Risk Area	2017-2018 Risk Level	2018-2019 Risk Level	2019-2020 Risk Level
ASSET AND RISK MANAGEMENT			
Emergency Preparedness	Moderate	Moderate & Rising	Moderate & Rising
Endowment & Development	Moderate	Moderate	Moderate & Rising
Environmental Health & Safety	Moderate	High	High
AUXILIARY AND SERVICE DEPARTMENTS			
Athletics	High	High & Rising	High & Rising
Auxiliary Enterprise Administration	Low	Low	Low
Bookstore	Low	Low	Low & Rising
Housing	Moderate	Moderate	Moderate
Police	Moderate	Moderate	High
Recreation & Athletic Centers	Moderate	Moderate	Moderate
Service Centers Auxiliary	Moderate	Moderate	Low
Special Events Center	Moderate	Moderate	Moderate
FINANCIAL MANAGEMENT			
Accounting	Low	Low	Low & Rising
Accounts Payable	Moderate	Moderate	Moderate & Rising
Accounts Receivable	Low	Low	Moderate
Capital Asset Depreciation	Low	Low	Low
Cash Handling	Moderate	High	High
Cash Management	High	High	High
Closing Process	Low	Low	Low
Expenses	Moderate	Moderate	High
Financial Management Operations	Low	Low	Low
Financial Reporting	Low	Low	Moderate
Payroll	Moderate	Moderate	Moderate
Revenue	Moderate	Moderate	High
HUMAN RESOURCES DEVELOPMENT			
Human Resources	Moderate	Moderate	Moderate & Rising
INFORMATION TECHNOLOGY			
IT Compliance	High	High	Moderate
IT Daily Operations	High	High	High
IT Strategy Planning & Governance	High	High	Moderate
IT Customer Service	Moderate	Moderate	Moderate



Risk Area	2017-2018 Risk Level	2018-2019 Risk Level	2019-2020 Risk Level
IT Development & Research	High	High	Moderate
IT Admin Support	Moderate	Moderate	High
INSTRUCTION AND ACADEMIC SUPPORT			
Academic Administration	Moderate	Moderate & Rising	Moderate
Academic IT	Moderate	Moderate	Moderate & Falling
Academic Personnel Administration	Moderate	Moderate	Moderate & Rising
Academic Records Management	Moderate	Moderate & Rising	Moderate & Rising
Academic Reporting	Low	Low	Moderate
Academic Support	Moderate	Moderate	Moderate
Course & Curriculum Development	High	High	High
Instruction	Moderate	Moderate	High
International Affairs	Low	Moderate	High
LEADERSHIP AND GOVERNANCE			
Governance	Moderate	High	High & Falling
Institutional Compliance	High	High & Falling	Moderate
Internal Audit	Low	Low & Rising	Low & Rising
Legal	Low	Low & Rising	Moderate
Strategic Financial Management	Moderate	Moderate	High
PLANT OPERATIONS AND MAINTENANCE			
Building Maintenance	High	High	High
Custodial Services	Low	Low	Moderate
Landscape & Grounds	Low	Low	Low & Rising
Major Repair and Renovation	High	High	High
Motor Pool	Moderate	Moderate	Moderate
Physical Plant and Administration	Low	Low	Low & Rising
Utilities	Moderate	Moderate	Moderate
PURCHASING			
Purchasing	High	High & Falling	High & Falling
RESEARCH AND DEVELOPMENT			
Animal Research	Low	Low	Low
Research Compliance	High	Moderate	Moderate
Conflict of Interest	Moderate	Moderate	Low
Export Controls	Moderate	High	Moderate
Research Facilities & Equipment	Low	Low	Low
Financial Fraud (Research)	Low	Low	Low
Grants Accounting	Moderate	Moderate	Moderate
Human Subjects Research	Low	Low	Low
Intellectual Property/Technology Transfer	Low	Low	Low



Risk Area	2017-2018 Risk Level	2018-2019 Risk Level	2019-2020 Risk Level
Pre-Award & Award Acceptance	Low	Low	Low
Research Administration	Moderate	Moderate	Moderate
Research Financial	Moderate	Moderate	Moderate
Research Quality	Low	Low	Low
Research Safety	Moderate	Moderate	Moderate
Research Security	High	High	High
Trademark Licensing	Low	Low	Low
STUDENT SERVICES			
Admissions	Moderate	Moderate	Moderate
Counseling Services	Moderate	Moderate	Moderate
Dining	Low	Low	High
Enrollment Management	Moderate	Moderate	Moderate
Financial Aid	High	Moderate	Moderate
Health Services	Low	Low & Rising	Moderate
Registration	Moderate	Moderate	Moderate
Student Centers & Activities	Low	Low	Low
Student Judicial Affairs	Low	Low	Moderate
Student Services Administration	Moderate	Moderate	Moderate & Falling
UNIVERSITY RELATIONS AND ALUMNI AFFAIRS			
External Services	Low	Low	Low
Stakeholder Relations	Low	Moderate	Low



APPENDICES

APPENDIX A – RISK ASSESSMENT SCOPE AND METHODOLOGY

The **scope** of the engagement included assessing changes in risk levels from June 2019 to May 2020.

Methodology

While completing this year’s risk assessment we performed a variety of tasks to identify risk spheres in which the University’s risk changed from the prior year’s risk assessment:

- We interviewed senior management team members, board of trustees’ members, and conducted two focus groups to determine new or changed processes, policies, procedures, staffing changes, or initiatives implemented during 2019-20 to mitigate risks, and changes that could adversely impact risks, such as legislation or other factors.
- We participated in industry webinars and forums to gain insights on COVID-19 related risks, as well as conducted extensive research into risks impacting the educational industry.
- We reviewed the results of various Division of Audit (DoA) audits, investigations, and advisory activities that disclosed risks or mitigating controls affecting risk.
- We reviewed the results of external audits and assessments for further insights into the risks impacting the University and any mitigating controls that may have been implemented.

The development of the Risk Assessment Matrix is a three-step process:

1. Determine the risk universe for FAMU;
2. Determine the likelihood of occurrence having a material impact on the University; and
3. Risk definition (low, moderate and high).

Risk Universe

The risk universe was compiled using a standard risk universe³ for universities and adjusting for operations applicable to FAMU. The adjustments to the risk universe were made from our knowledge and experience with the University’s operations, prior internal audit reports, and from discussions with executive staff and department management.

Likelihood of Material Impact of Occurrence

Likelihood: The risk related to each category was scored based on the likelihood of having a material impact on the University. Likelihood was assessed based on the risk assessment risk assessment interviews which assessed the controls that are in place to mitigate risks related to that particular category. Improper, incomplete, or insufficient controls increased the likelihood that a risk event could occur in that area.

³ Association of College and University Auditors Risk Dictionary: <https://acua.org/>



Impact: The DoA determined the impact of the control not being in place by information gathered through the leadership interview process; DoA’s review of audits, investigation and advisory work related to the department performed during FY 2019-2020; and knowledge obtained through information sharing with DoA staff from management, staff, faculty, and others. The information gathering process allowed DoA to determine if the impact to the University would be low, moderate, or high. Additionally, DoA identified in certain cases where the risk impact was falling or increasing but not enough to change the actual risk rating.



APPENDIX B – RISK ASSESSMENT INTERVIEWS & FOCUS GROUPS

Senior Leadership Team			
	Name	Title	Interview Date
1	Linda Barge-Miles	Chief of Staff/Board Liaison	May 6, 2020
2	Beverly Barrington	VP, Strategic Planning, Analysis and Institutional Effectiveness	May 15, 2020
3	Rica Calhoun	Chief Compliance and Ethics Officer	May 18, 2020
4	Dr. Maurice Edington	Provost/VP, Academic Affairs	May 14, 2020
5	Dr. Shawnta Friday-Stroud	VP, University Advancement	May 7, 2020
6	Dr. William Hudson	VP, Student Affairs	May 13, 2020
7	Carmen Cummings Martin	AVP, Alumni Affairs/University Advancement	May 7, 2020
8	Danielle McBeth	Government Relations Officer	May 7, 2020
9	Dr. Alan Robertson	VP, Finance and Administration/CFO	May 6, 2020
10	Dr. Larry Robinson	President	May 8, 2020
11	Dr. Denise Wallace	VP, Legal Affairs/General Counsel	May 13, 2020
12	Dr. Charles Weatherford	VP, Research	May 6, 2020
13	Kortne Gosha	VP of Athletics/AD	May 11, 2020
Board of Trustees			
	Name	Title	Interview Date
1	Kelvin Lawson	BOT Chair	May 5, 2020
2	Rochard Moricette	Student Body President and BOT Student Representative	May 4, 2020
Middle Management			
	Name	Title	Interview Date
1	Rebecca Brown	AVP Administrative Affairs	May 7, 2020
2	Ronald Henry	AVP Information Technology Services/CIO	May 15, 2020
3	Chris Hessel	AVP Facilities, Planning, Construction, and Safety	May 4, 2020
4	Mattie Hood	Operational Effectiveness & Procurement Services Director	May 4, 2020
5	Joyce Ingram	Chief of Staff for Finance and Administration AVP, Administration	May 15, 2020
6	Tonya Jackson	AVP and University Controller	May 14, 2020
7	Nichole Murray	University Budgets Director	May 14, 2020
Focus Groups			
	Group		Interview Date
1	Student Affairs		May 11, 2020
2	Academic Affairs		May 5, 2020



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PROJECT TEAM

Engagement was conducted by:

Deidre Melton, CFE, CIA, CISA, CISM, CRISC, Audit Director

Engagement was supervised, approved, and distributed by:

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

STATEMENT OF ACCORDANCE

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

We conducted this risk assessment in accordance with the International Standards for the Professional Practice of Internal Auditing. Those standards require we plan and conduct a risk assessment to use as a basis for the development of the audit work plan aligned with university goals. We believe the evidence obtained provides a reasonable basis for our risk assessment and conclusions based on our objectives.

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

<https://www.famu.edu/index.cfm?AuditandCompliance>

Report No. 19-20-0009
6-Month Work Plan:
July 2020 – December 2020



ACCOUNTABILITY • INTEGRITY • EFFICIENCY



FY 2020-21 Audit Work Plan: July 2020 – December 2020

EXECUTIVE SUMMARY

Given the uncertainty surrounding the COVID-19 pandemic on university operations the Division of Audit (DoA) modified our risk assessment activities and shortened our planning horizon from 1 fiscal year (with a 3-year component) to the 6-month period from July 2020 to December 2020. In fall 2020, the Division will perform additional risk assessment work to plan the remainder of the fiscal year. In planning our work, we heavily weighted the operational and financial impacts of the pandemic and the university's associated responses. We also planned our efforts to closely align with the University's Strategic Plan priorities and goals (Appendix A), and the President's Goals (Appendix B).

For the Division of Audit, the COVID-19 pandemic creates an immediate need to focus advisory and assurance services on financial matters including the availability and use of federal funds made available through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and other federal fund sources such as Federal Emergency Management Agency (FEMA).

Our work plan is risk-based to provide the most effective coverage of University operations and utilization of DoA resources in areas where assurance or advisory services can assist management in achievement of the University's strategic priorities and business objectives. The plan allocates 300 of our available project hours for management requests and special projects. The plan will guide our activities over the next 6 months, but will be adjusted to meet management's and the Board's needs as other priorities are identified.

In addition to our planned projects we have included a section titled "Audit and Advisory Services on the Horizon." This section reflects projects identified based on our risk assessment for which there is a need for assurance, advisory, or continuous monitoring services within the University over the next one to three years. Identified within this section are areas that warranted DoA coverage within the next 6 months for which adequate staffing resources are unavailable. They include:

- High priority/time sensitive assurance and advisory projects; and
- Continuous monitoring services that will be placed on hold.



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BACKGROUND

Work Plan Standards:

Professional auditing standards¹ state that the chief audit executive (CAE) must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization's goals. Additionally, the CAE must review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. The CAE must then communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval.

The University has experienced significant changes within the institution's management, operations and programs over the past 12 months. These changes, along with an ongoing global pandemic, have led the CAE to move from the standard three-year audit work plan to a six-month audit work plan in an effort to focus the Division of Audit's resources in areas of high risk and university need.

The new six-month audit plan process will allow the Division of Audit to be more responsive to rapidly changing risks across the University during the Fiscal Year 2020-2021, while fulfilling its mission of promoting accountability, integrity, and efficiency throughout the University. Additionally, the CAE has identified projects on the three-year horizon for the Division of Audit.

¹ International Standards for the Professional Practice of Internal Auditing (Standards) – Performance Standards 2010 Planning



6-Month Work Plan: July 2020 – December 2020

Project Description	Hours	Strategic Support of University Priorities and Goals	
		Strategic Plan	President Goals
Assurance Services			
<u>CARES Act – Emergency Student Financial Aid Grants</u> <ul style="list-style-type: none"> Funds Used within Department of Education and CARES Act Guidelines Reporting Compliance 	240	<u>Strategic Priority 5:</u> Goal 3	
<u>CARES Act – Institutional Funds</u> <ul style="list-style-type: none"> Funds Used within Department of Education and CARES Act Guidelines Reporting Compliance 	240	<u>Strategic Priority 5:</u> Goal 3	
<u>CARES Act – HBCU Funds</u> <ul style="list-style-type: none"> Funds Used within Department of Education and CARES Act Guidelines Reporting Compliance Review of Strategic Process for Applying Funds 	240	<u>Strategic Priority 5:</u> Goal 3 Goal 4	
<u>Spring 2020 Reimbursements</u> <ul style="list-style-type: none"> Methodology for reimbursement of housing and meal plans Evaluation of whether any additional reimbursements were made 	240	<u>Strategic Priority 5:</u> Goal 3	
<u>Performance Based Funding Data Integrity Audit</u> <ul style="list-style-type: none"> Processes that ensure completeness, accuracy, and timeliness of data submissions Testing of data that supports performance funding metrics 	240		Goal 1 Goal 6
<u>Knight Foundation Expenditure Review: Quarter 4 April 2020 – June 2020</u> <ul style="list-style-type: none"> Approval of Expenditures Allowable Expenditures 	120	<u>Strategic Priority 2:</u> Goal 1 <u>Strategic Priority 5:</u> Goal 3	
<u>Knight Foundation Expenditure Review: Quarter 1 July 2020 – September 2020</u> <ul style="list-style-type: none"> Approval of Expenditures Allowable Expenditures 	120	<u>Strategic Priority 2:</u> Goal 1 <u>Strategic Priority 5:</u> Goal 3	
<u>Auxiliary Transfer Review</u> <ul style="list-style-type: none"> Review transfers from Auxiliary to Athletics for the period of January 11, 2020 – June 30, 2020 	120	<u>Strategic Priority 5:</u> Goal 3	



Project Description	Hours	Strategic Support of University Priorities and Goals	
		Strategic Plan	President Goals
Total Hours - Assurance Services	1,560		
Management Advisory Services			
<u>Strategic Financial Management</u> <ul style="list-style-type: none"> Strategic use of Performance Based Funding Dollars and Impact to Metrics and Student Outcomes Strategic use of CARES Act HBCU Funding and Impact to Strategic Plan Priorities, Performance Base Funding Metrics, and Student Outcomes 	240		
<u>Information Technology – Remote Working</u> <ul style="list-style-type: none"> Assess whether security controls are adequate for remote operations Assess the impact of any changes that may have been made to facilitate remote operations. 	240	<u>Strategic Priority 5:</u> Goal 5	
<u>Athletics Budget Process</u> <ul style="list-style-type: none"> Compliance with University Budgeting Processes Accuracy of Revenue Forecast Assumptions Process for Compiling Expenses Methodology for Monitoring and Communicating Budget to Actual Reporting Budgeting for Future Capital Outlay and Maintenance Costs Title IX 	360	<u>Strategic Priority 5:</u> Goal 2	
<u>Management Requests</u> <ul style="list-style-type: none"> Board of Trustees Requests Senior Leadership Team Requests External Party Requests (i.e. BOG) 	300		
Total Hours - Management Advisory	1,140		
Continuous Monitoring Services			
<u>Construction</u> <ul style="list-style-type: none"> Root Cause Analysis of Identified Project Delays and Budget Shortfalls Review Allowability of Funds Used to Mitigate Budget Shortfalls Review Plans for Relocating Departments Related to CASS Review of Reporting for Content Enhancements 	240	<u>Strategic Priority 1:</u> Goal 5	Goal 8
<u>Textbook Affordability</u> <ul style="list-style-type: none"> Compliance with Florida Statute 1004.085 for the Fall 2020 and Spring 2021 Semester 	180		



Project Description	Hours	Strategic Support of University Priorities and Goals	
		Strategic Plan	President Goals
<u>Purchase Cards</u> <ul style="list-style-type: none"> Analytics focused on unallowable expenses and identifying data trends Reconciliation Compliance 	180	<u>Strategic Priority 5:</u> Goal 3	
Total Hours - Continuous Monitoring Services	600		
Follow-ups, Risk Assessment, and Investigations			
External Audit and Programs	180		
Internal Audit, Investigation & Advisory	240		
Investigations – Whistleblower, Fraud, Waste, & Abuse	90		
Risk Assessment	160		
FY20-21 6-Month Work Plan: Jan 21 – June 21	40		
Total Follow-Up, Risk Assessment & Investigations	710		
University and State University System Taskforces and Committees			
Enterprise Compliance Committee	25		
State University Audit Council	25		
State University System - Information Technology Auditor Council - Chair	25		
Emergency Management Team	25		
Total Taskforce and Committees	100		
Internal Audit Administration			
Professional Development	350	<u>Strategic Priority 5:</u> Goal 1	
<u>Divisional Admin Projects</u> <ul style="list-style-type: none"> Operational Manual Updates Data Analytics Program Automation of Audit Processes through AuditBond software Divisional Assessment Annual Report 	400	<u>Strategic Priority 5:</u> Goal 4 Goal 5	
Internal Controls Training <ul style="list-style-type: none"> ➤ Provide internal controls training to the University staff, faculty, and board of trustee members. 	120	<u>Strategic Priority 5:</u> Goal 3	
General	386		
Leave	260		
Total Internal Audit Administration	1,516		
Total All Hours	5,626		





Audits and Advisory Services on the Horizon


Assurance Services			
	Decentralized Cash Collections	🎯	Property Management
	Knight Foundation Q 2 Financial Review		Knight Foundation Q 2 Financial Review
🎯	Academic Honesty Framework	🎯	Colleges/Schools – Academic and Business Operations
	Controller Officer – Financial Controls		Sponsored Programs
	Registrar Office – Structure, Processes, Automation		Athletics – BOT Policy 2005-16
	Boosters – BOT Policy 2005-15	🎯	Payroll – OPS, Cost Center
	Procurement Services		Culture & Ethics – Red Book 2110.A1
	Effectiveness of Student Success Efforts		Effectiveness of Customer Service Initiative
	FAMU Foundation: Payment Approval Process		Research – Sub-Recipient Monitoring
	Export Controls Review		IT – DAVID System
	FAMU Summer Camps	🎯	Online Education and Support
	Title III: Department Review		IT – Cloud Security (Operations)
	IT – ImageNow		IT – Canvas
	IT - Physical Security		IT – Change Management
	Construction: P3 Process Review		Intellectual Property
	Deferred Maintenance		Office of International Students Review
	Title IX Review		

Advisory Services			
	Succession Planning	🎯	Student Wellness Infrastructure
🎯	FEMA – COVID-19 Expense & Reimbursement	🎯	Housing – Business Operations & Student Safety (COVID-19)
	Clery Compliance		Hazing Compliance
🎯	Privacy – Governance, Processes, Training (FERPA, GLBA, State Privacy Laws)		Athletics Fundraising – Donor Compliance, Cultivation, and Management
	Contract Template and Process Review		Athletics – Ticketing Operations
	Licensure Programs Assessment		COOP Review
	HR Onboarding & Exit Process Review		Return of Title IV Funds Process
	IT Governance & Structure		IT – State of Cybersecurity

- 🎯 High Priority/Time Sensitive Projects the Division of Audit is Unable to Perform within the Optimal 6-Month Time Frame (July 2020 – December 2020) Due to Staffing Limitations



Continuous Monitoring Services			
	Textbook Affordability – New Process Spring 2020		COSO – Internal Controls Framework Implementation
	P-Card – Identification of Unallowable or Fraudulent Purchases and Trends		COSO - Enterprise Risk Management Integrating with Strategy and Performance Implementation
	IT- NIST 800-171/ Cybersecurity Maturity Model Certification		

 Continuous Monitoring Services Placed on Hold for a 6-Month Time Frame (July 2020 – December 2020) Due to Staffing Limitations



APPENDIX A: FAMU RISING STRATEGIC PLAN 2017-2020²

STRATEGIC PRIORITY 1: EXCEPTIONAL STUDENT EXPERIENCE

- Goal 1: Enhance pathways to degree attainment
- Goal 2: Achieve national distinction for success in retention and graduation rates
- Goal 3: Increase the proportion of students completing high-impact co-curricular experiences to 60%
- Goal 4: Increase the number of students graduating from programs in areas of high employer demand
- Goal 5: Strategically enhance campus residence, athletics, recreational, instructional and research facilities

STRATEGIC PRIORITY 2: EXCELLENT AND RENOWNED FACULTY

- Goal 1: Promote faculty excellence by recruiting, supporting and retaining a diverse faculty with a commitment to teaching, research, and community engagement, consistent with a doctoral-research university
- Goal 2: Maintain and develop sustainable state-of-the-art facilities that support the academic enterprise of the University

STRATEGIC PRIORITY 3: HIGH IMPACT RESEARCH, COMMERCIALIZATION, OUTREACH, AND EXTENSION SERVICES

- Goal 1: Expand and enhance cutting-edge research and creative scholarship for the benefit of the state of Florida, the nation, and the world
- Goal 2: Increase research productivity, commercialization and return on investment
- Goal 3: Increase the number of nationally recognized graduate programs
- Goal 4: Provide outstanding outreach and extension services in the tradition of a landgrant institution

STRATEGIC PRIORITY 4: TRANSFORMATIVE ALUMNI, COMMUNITY, AND BUSINESS ENGAGEMENT

- Goal 1: Enhance the University fundraising infrastructure and capacity to generate increased support for the University
- Goal 2: Enhance public-private partnerships to support teaching, research, and service
- Goal 3: Build and lead strong networks of supporters and partners

² Source: http://www.famu.edu/Strategic/FAMU%20Strategic%20Plan%202017-2022%20Final_reduced%20size.pdf



- Goal 4: Implement effective communication and marketing initiatives to increase visibility and promote the FAMU brand
- Goal 5: Leverage the distinctive capabilities and signature programs of the University to strengthen the FAMU brand and economic viability of the University

STRATEGIC PRIORITY 5: FIRST-CLASS BUSINESS INFRASTRUCTURE

- Goal 1: Recruit, develop, and retain diverse and excellent staff
- Goal 2: Adopt a new budgeting model to support institutional strategic priorities more effectively
- Goal 3: Improve transparency and strengthen internal controls to improve compliance and support strategic decisions
- Goal 4: Enhance business processes to improve efficiency and cost effectiveness in University operations
- Goal 5: Leverage technology and establish a data-driven culture

STRATEGIC PRIORITY 6: OUTSTANDING CUSTOMER EXPERIENCES

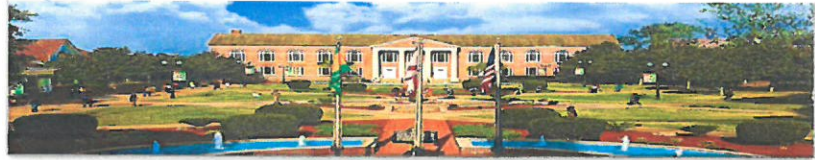
- Goal 1: Develop and maintain a University-wide culture of service excellence
- Goal 2: Sustain superior service levels with ongoing monitoring, accountability, and recognition programs to reward excellent customer service



APPENDIX B: PRESIDENT’S GOALS ³

President’s 2019-2020 Goals	
Goal	Description
1	Achieve an overall score on the metrics evaluated under the Performance Based Funding Model of at least 71 points
2	Increase the University’s four-year graduation rate from 22.5% to 30%
3	Achieve first-time licensure pass rates that meet or exceed state/national benchmarks in Law ($\geq 80\%$), Nursing ($\geq 85\%$), Pharmacy ($\geq 85\%$) and Physical Therapy ($\geq 78\%$)
4	Increase annual giving by 5% and continue plans to launch a capital campaign
5	Continue implementation of the University’s comprehensive plan to improve customer service in key campus administrative units
6	Increase enrollment of FCS AA transfer students from 886 to 975
7	Increase total R&D expenditures by 1%
8	Ensure Completion of CASS and residence hall on time and within budget
9	Strengthen the University’s financial health by achieving or exceeding debt coverage ratio ≥ 1.0

³ Source: <http://president.famu.edu/presidentgoals/pag.php>



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