

Audit And Compliance Committee (AACCC)

AGENDA

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

Audit and Compliance Committee Meeting
Wednesday, June 1, 2022
10:45 a.m.

Committee Members: Craig Reed, Chair
Ann Marie Cavazos, Michael Dubose, Belvin Perry, and Carrington M. Whigham

AGENDA

- | | | |
|-----|---------------|----------------------|
| I. | Call to Order | Trustee Craig Reed |
| II. | Roll Call | Ms. Debra Barrington |

ACTION ITEMS

- | | | |
|------|--|-----------------|
| III. | Minutes: Consideration of Approval – February 16, 2022 | Trustee Reed |
| IV. | University Regulation 10.122: Conflicts of Interest and Commitment | Rica Calhoun |
| V. | Division of Audit Annual Work Plan | Joe Maleszewski |
| VI. | I/C ERM Policy Update | Joe Maleszewski |
| VII. | ERM Risk Appetite Statement | Deidre Melton |

INFORMATIONAL ITEMS

- | | |
|--|-----------------|
| Office of Compliance and Ethics: | Rica Calhoun |
| VIII. Office of Compliance and Ethics Update | |
| Division of Audit: | Joe Maleszewski |
| IX. Risk Assessment | |
| X. Quality Assurance and Improvement Program – External Assessment | |
| XI. I/C Assessment – President Robinson’s I/C Assurance Statement | |
| XII. Audit and Investigative Follow-up | |
| XIII. External Audit Updates | |
| XIV. Division of Audit Update | |
| XV. Adjournment | |

Audit And Compliance Committee (AACCC)

Minutes

**Florida Agricultural and Mechanical University
Board of Trustees**



Audit & Compliance Committee Meeting

Trustee Craig Reed, Chair

Grand Ball Room

Wednesday, February 16, 2022 – 11:00 AM

Committee Minutes

Members Present: Trustee Craig Reed, Chair, Trustee Ann Marie Cavazos, Trustee Michael Dubose, Trustee Belvin Perry, Jr., and Trustee Carrington M. Whigham

Trustee Chair Craig Reed called the meeting to order. Ms. Barrington called the roll. A quorum was established. Chair Reed acknowledged three (3) Action Items:

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

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

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

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

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

updates on the FAMU Fundamentals 2022 mandatory training; complaints and investigations summary statistics; foreign influence; and conflicts of interest.

Regarding the upcoming mandatory training, Ms. Calhoun summarized that training was to be completed during the month of March and would include Clery¹; Compliance, Law, and Policy; Cybersecurity; Discrimination and Harassment; and Emergency Management.

Ms. Calhoun provided information about automating the conflict of interest disclosure process including the timeline for rolling out the automated process. She then provided information about the research working group's efforts related to foreign influence. Overall, 65 researchers have been screened with some screenings triggering additional due diligence. She also summarized policy updates.

There was discussion about cybersecurity and phishing scam as well as discussion regarding management response and resolution of investigative recommendations.

Trustee Dubose inquired about audits of COVID-related stimulus funding and encouraged additional audit coverage.

Chair Reed inquired about the trend in complaints. Ms. Calhoun responded that we have more complaints logged so far this year and indicated that this reflects that members of the University Community are more open to reporting.

Chair Reed asked VP Maleszewski and Associate Vice President and Chief Risk Officer (AVP/CRO) Melton to present the following Division of Audit Informational Items:

- PBF Audit;
- Quality Assurance and Improvement Program (QAIP);
- Risk Assessment Follow-up;
- Audit and Investigative Follow-up;
- External Audit Updates; and
- Division of Audit Update.

As the PBF audit was covered during the action items, VP Maleszewski began with the QAIP and information about the upcoming external quality assessment review. VP Maleszewski then discussed follow-up efforts related to last year's risk assessment and the President's assessment of internal controls. AVP/CRO Melton then presented updates on audits, investigations and external audits.

VP Maleszewski provided brief office updates regarding hiring, professional development, the external quality assessment, the upcoming risk assessment, and the upcoming internal controls assessment. Ms. Melton then reported on the Enterprise Risk Management program's mission and vision. Ms. Melton indicated that some audit project would be deferred to the following fiscal year as there were not adequate

¹ Jeanne Clery Disclosure of Campus Security Policy and Crime Statistics Act (Clery Act) is a federal law that requires universities to report crimes that occur "on campus."

resources to provide the audit coverage. Trustee Dubose inquired about outsourcing the deferred work plan projects. VP Maleszewski emphasized that there was no budget to hire outside firms and that the projects would not be deferred very long.

There being no further business before the Audit and Compliance Committee, Chair Reed adjourned the meeting.



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

University Regulation 10.122: Conflicts of Interest and Commitment

Regulations of Florida A&M University



10.12210.122— Conflicts of Interest and Commitment

1) Policy Statement and Purpose

Florida A&M University has an obligation to monitor and address conflicts of interest that have an actual or perceived adverse impact on University interests or operations. A conflict of interest occurs when an individual has a personal or outside interest that conflicts with the best interests of the University, or when an individual's personal interests conflict or interfere with a University interest. A personal interest could be a financial interest in a vendor or in a transaction, a personal relationship with someone or any interest or relationship that could inappropriately affect an individual's judgment or decision-making in one's role at the University. Per the University's obligation, individuals must annually report outside employment/activities which involve the knowledge, skills, and abilities that they provide to the University.

2) Scope

This Policy applies to University employees (Faculty, A&P, USPS, and OPS). Members of the Board of Trustees will comply with standards outlined in the Board of Trustees' Operating Procedure.

3) Definitions

- a) **Outside Activities:** Any employment or activities entered into in addition to an individual's employment at the University, that utilize the knowledge, skills, abilities or expertise the individual uses to carry out their University duties. Such employment or activities include private practice, private consulting, teaching, research, business (including managerial interests or positions), or other activities. This definition includes compensated or uncompensated activities which are not part of an individual's assigned duties and for which the University provides no compensation. Outside activities generally do not include participation in religious, social, fraternal, recreational or personal educational activities.
- b) **Conflict of Interest:** Occurs when an individual has a financial, political, time, or social interest that could in some way impair their fairness and impartiality to the University.
- c) **Conflict of Commitment:** Occurs when the devotion of one's time to outside activities adversely affects their capacity to meet their primary University responsibilities.
- d) **University Personnel:** Florida A&M University faculty, staff, students, and affiliates engaged in domestic and foreign research/academic activities, per Board of Trustees (BOT) Policy 2005-14.
- e) **Immediate Family:** Refers to an individual's spouse and children.

4) Compliance with Laws and University Rules and Policies

Individuals covered under this Policy must observe, in all official acts, the highest standards of ethics consistent with the Code of Ethics of the State of Florida, Chapter 112, Part III, Florida Statutes (F.S.), the advisory opinions rendered with respect thereto, and the rules of the University. Faculty and staff of the University owe their primary professional allegiance to the University and its mission to engage in education, scholarship and research. Members of the Board of Trustees must maintain their fiduciary relationship to the University. Outside employment, activities, or financial interests which interfere with one's obligation to the University are prohibited. Individuals should avoid actual or apparent conflicts of interest between their University obligations and their outside employment, activities, or financial interests. If an outside interest is substantial enough to impact one's professional judgment or in any way interferes with their duty to act in the best interest of the University, there is a conflict. If the potential conflict cannot be mitigated, engaging in the outside activity is prohibited.

5) Prohibited Activities

Examples of related activities prohibited per Section 112.313, F.S., as well as University Regulations 1.019 and 6.002 include:

a. Bribery

i. Individuals covered under this Policy shall not solicit or accept anything of value that is based on an understanding that their official action or judgment would be influenced thereby.

Covered individuals, their spouse, or their children shall not accept any compensation, payment or anything of value, when the individual, their spouse, or their child, know or with the exercise of reasonable care, should know that it is given to influence their vote or other official action.

b. Procurement Conflicts

i. When acting in an official capacity, covered individuals are prohibited from directly or indirectly purchasing, renting, or leasing any realty, goods, or services for the University from a business entity in which the individual, their spouse, or their children serve as an officer, partner, director, or proprietor, or own more than a material interest.

ii. When acting in one's private capacity, covered individuals are also prohibited from renting, leasing, or selling any realty, goods, or services to the University.

c. Misuse of Public Position

- i. Individuals covered under this Policy may not use or attempt to use their official position or any property or resource that is within their trust to obtain a special privilege, benefit, or exemption for themselves or others.

d. Continuing or Frequently Recurring Conflicts

- i. Individuals covered under this Policy shall not have an employment or contractual relationship or engage in a business or personal activity that will create a continuing or frequently recurring conflict between their private interest and the performance of their official duties.

e. Use of University Resources

- i. Covered individuals shall not use the facilities, equipment, or services of the University in conjunction with outside activities without appropriate prior approval.

6) Reporting

- a. Individuals covered under this Policy must annually disclose outside activities by completing the Annual Disclosure Form for Conflicts of Interest, Commitment, and Significant Financial Interest by July 1.
- b. Individuals must submit an amended disclosure within 14 days of any new or anticipated activity, interest, or commitment.

7) Disclosure Review

- a. An individual's immediate supervisor will perform the initial review to determine whether the proposed outside activity(ies) constitutes a conflict of interest, commitment, or other interference with the employee's duties. The Office of Human Resources provides a secondary review. The Division of Research will provide a secondary review of disclosures subject to BOT 2005-14. Mitigation plans are subject to additional University review and approvals, as appropriate.
- b. If it is determined that the proposed outside activity appears to constitute a conflict of interest, commitment, or interference, the individual will be notified that they may not engage in the proposed activity while being employed by the University.
- c. Financial and Other Conflicts of Interest and Commitment Governing Research
 - i. Pursuant to BOT 2005-14, University Personnel responsible for the design, conduct, or reporting of a sponsored project implemented by funds awarded to the University must also annually disclose significant financial interests for review through the Annual Disclosure Form for Conflicts of Interest, Commitment, and Significant Financial Interest.

8) Mitigation

If reviewers identify a potential conflict of interest or commitment, the University shall undertake such actions as it deems necessary to manage the conflict of interest or prohibit the activity, as appropriate. Examples of mitigation efforts include:

- a. Reimbursement: Individuals covered under this Policy complete the application to use University equipment, facilities and services in conjunction with outside activities. Approval of such a request will warrant that reimbursement be made for any additional costs to the University incurred.
- b. Donate Proceeds: An individual receiving royalties for authoring a textbook used by University students is asked to donate the proceeds to a University scholarship fund or another non-profit organization.
- c. Take Reasonable Precautions: Individuals engaging in an outside activity are required to take reasonable precautions to ensure that the outside employer or other recipient of services understands that the individual is engaging in such outside activity as a private citizen and not as an employee, agent, or spokesperson of the University.

9) Enforcement

Failure to report outside activities and relevant interests, engaging in the activities or holding the interests without the University's approval, and/or failing to follow any conditions imposed pursuant to the University's approval of such activities are grounds for disciplinary action, subject to any collective bargaining agreements, up to and including termination, disallowance or limiting outside activities, changes in assignment, limitations on research activities, and fines. Moreover, a violation of the Florida Code of Ethics or other applicable laws may be grounds for various penalties imposed under law. An employee engaged in the design, conduct, or reporting of research who has failed to disclose any outside activity or financial interest and receive a determination that the outside activity or financial interest does not affect the integrity of the University, shall be suspended without pay pending the outcome of an investigation which shall not exceed 60 days (or as otherwise required by law), and which may result in the termination of the employee (see BOT 2005-14).

Specific Authority: 1001.74(4) FS. and 1001.75, FS; 112.313 and 112-3185, FS., University Regulation 1.019 and 6.002, BOT Policy 2005-14. History–New 12-1-05 (formerly Rules 6C3-10.134 and 6C3-10.137), Amended 7-xx-22.

~~Outside Employment/Activities; Financial Interests and Other Conflicts.~~

Definitions:

~~“Outside employment/activity,” as used herein, means any employment entered into in addition to employment at the University. Such employment/activity includes private~~

~~practice, private consulting, teaching, research, business (including managerial interests or positions), or other activity, compensated or uncompensated, which is not part of the employee's assigned duties and for which the University provides no compensation.~~

~~"Conflict of interest" mean:~~

~~Any conflict between the private interests of the employee and the public interests of the University, including conflicts as specified in Florida laws; or~~

~~Any outside activity or financial interest which interferes with the full and faithful performance of the employee's professional and institutional responsibilities or obligations.~~

~~The responsibility of the University employee is the full and competent performance of all duties pertinent to his/her employment with the University. Outside employment/activities or financial interests which interferes with the employee's obligations to the University is prohibited. Employees of the University should avoid actual or apparent conflict of interest between their University obligations and their outside employment/activities or financial interests.~~

~~Any employee who proposes to engage in any outside employment must report in writing to the President or President's designee via the employee's supervisor as soon as practicable in advance of such employment, by completing the Florida A & M University report of Outside Employment form (FAM UPO-402 EFF. 7/91, as now or hereafter amended), which is incorporated herein by reference. The President or President's designee shall determine whether the proposed outside employment appears to constitute a conflict of interest or other interference with the employee's duties. If it is determined that the proposed outside employment appears to constitute such a conflict of interest or interference, the President or President's designee shall notify the employee that he/she may not engage in the~~

~~proposed activity while employed as an employee of the University.~~

~~No employee shall claim to be an official University representative in connection with any outside employment.~~

~~All University employees are bound to observe, in all official acts, the highest standards of ethics consistent with the code of ethics of the State of Florida, Chapter 112, Part III, Florida Statutes, the advisory opinions rendered with respect thereto, and the rules of the University.~~

~~No employee shall solicit or accept anything of value that is based on an understanding that the official action or judgment of the employee would be influenced thereby.~~

~~No employee shall have an employment or contractual relationship or engage in a business or personal activity that will create a continuing or frequently recurring conflict between that employee's private interest and the performance of the employee's official duties.~~

~~An employee engaging in an outside employment/activity must take reasonable precautions to ensure that the outside employer or other recipient of services understands that the employee is engaging in such outside activity as a private citizen and not as an employee, agent or spokesperson of the University,~~

~~Any employee who requests to use University facilities must complete the application to use University equipment, facilities and services in conjunction with outside activity/employment (FAM UPO-402, EFF. 7/91, as now or hereafter amended). Approval of such a request will warrant that reimbursement be made for any additional costs to the University occasioned thereby.~~

~~An employee, who engages in outside employment as described herein, shall be responsible for adhering to the requirements of Florida conflict of interest law, Section~~

~~112.313, F.S.~~

~~An employee serving on the board of directors of a for-profit corporation shall disclose in writing to the University President, or the President's designee, any compensation received from such for-profit corporation for the value of his or her board service.~~

~~Specific Authority: 1001.74(4) FS. and 1001.75, FS; 112.313 and 112.3185, FS. History New 12-1-05 (formerly Rules 6C3-10.134 and 6C3-10.137).~~

Regulations of Florida A&M University



10.122 Conflicts of Interest and Commitment

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FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

FY2022-2023 Audit Work Plan

Report No. 20-22-0005
FY 2022-2023 Annual Work Plan



ACCOUNTABILITY • INTEGRITY • EFFICIENCY

June 2, 2022



EXECUTIVE SUMMARY

The work plan projects included in this report are risk-based to provide the most effective coverage of University operations and utilization of Division of Audit (DoA) resources in areas where assurance or advisory services can assist management in achievement of the University's strategic priorities and business objectives. In planning our work, we heavily weighted the operational and financial impacts of the pandemic, statutory and regulation changes, and the university's associated responses while taking into consideration where our efforts could best support the University's Strategic Plan priorities and goals (Appendix A), and the President's Goals (Appendix B). While the plan allocates 1,500 management request hours of our available project hours for special projects, and will guide our activities over the next year, the plan may be adjusted to meet management's and the Board's needs as other priorities are identified.

In August 2021, the Division of Audit, was tasked by the President with developing an enterprise risk management function at the University. This work plan identifies activities for this new function in the upcoming year.

The work plan also includes projects within the Division of Audit to assess and improve the overall efficiency and effectiveness of divisional operations to ensure that the division can continue to provide our customers (University management, faculty, staff, students, and other stakeholders) with quality service and information through our assurance, advisory, and investigative services in the new and agile business environment in which the University operates.

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 six to twelve months for which adequate staffing resources are unavailable.



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DRAFT



BACKGROUND

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.

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.

In developing the 2022-2023 Audit Work Plan, we performed a university-wide internal audit risk assessment, a process that identified and analyzed existing and emerging risks facing Florida Agricultural and Mechanical University (FAMU). The risk assessment served as the primary basis for developing the annual work plan for the Division of Audit (DoA). 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 DoA, provides valuable information to FAMU senior management, the Board, and stakeholders for decision-making purposes through the assurance and advisory activities it performs.

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



ANNUAL WORK PLAN: JULY 2022 – JUNE 2023

Project Description	Hours	Strategic Support of University Priorities and Goals	
		Strategic Plan	President Goals
Financial Related			
<u>Performance Based Funding Data Integrity Audit</u> <ul style="list-style-type: none"> Review of processes that ensure completeness, accuracy, and timeliness of data submissions Testing of data that supports performance funding metrics 	320	Strategic Priorities 1, 4	Goal 1
<u>HEERF Funding (Audit)</u> <ul style="list-style-type: none"> Compliance with funding requirements to ensure funds were disbursed and utilized for designated purposes 	320	Strategic Priorities 1, 2, 4	Goal 6.2
<u>Athletics (Advisory Service)</u> <ul style="list-style-type: none"> BOT Policy 2005-16 Internal Audit Requirements: <ul style="list-style-type: none"> During the fall and spring semesters, evaluation of all purchases and receipt of goods by the Athletic Department to ensure centralization of procedures Sport-checks or audits of deposits during the fall and spring semesters to verify accounts receivables, (e.g., advertising revenues, season-ticket revenues, etc.,) receipts and their timely deposit 	480	Strategic Priority 5	Goal 6.2
Total Hours – Financial Related	1,120		
Operational			
<u>Ticket Office (Advisory Service)</u> <ul style="list-style-type: none"> Ticketing System: Access, Reconciliation Processes Complimentary Tickets Processes and Procedures Ticket Office Security Ticket Office General Procedures and Processes 	360	Strategic Priority 5	
<u>Controller’s Office (Advisory Service)</u> <ul style="list-style-type: none"> Review departmental operations, policies, and procedures for alignment with industry best practices and statutory and regulation compliance. Review manual processes for automation opportunities using existing University software 	480	Strategic Priority 5	
Total Hours - Operational	840		
Academics			
<u>College of Agriculture and Food Sciences (Advisory Service)</u> <ul style="list-style-type: none"> Develop Profiles: National Ranking Profile, Performance Based Funding Profile, Strategic Plan Profile and Mission Profiles 	320	Strategic Priorities 1 - 5	Goals 5.2 7



Project Description	Hours	Strategic Support of University Priorities and Goals	
		Strategic Plan	President Goals
<ul style="list-style-type: none"> • Student Experience: Gain students’ perspectives of where the program is doing well and where enhancements are needed • Faculty Experience: Gain faculty perspectives of where program is doing well and where enhancements are needed • Trend Analysis: Enrollment, Fundraising, #of Graduates and Employment • Best in Class: Identify best practices for identified areas and assess which activities CAFS has implemented • Evaluate efficiency and effectiveness of Business Operations 			
<p><u>College of Pharmacy & Pharmaceutical Sciences, Institute of Public Health (Advisory Service)</u></p> <ul style="list-style-type: none"> • Develop Profiles: National Ranking Profile, Performance Based Funding Profile, Strategic Plan Profile and Mission Profiles • Student Experience: Gain students’ perspectives of where the program is doing well and where enhancements are needed • Faculty Experience: Gain faculty perspectives of where program is doing well and where enhancements are needed • Trend Analysis: Enrollment, Fundraising, #of Graduates and Employment • Best in Class: Identify best practices for identified areas and assess which activities CAFS has implemented • Evaluate efficiency and effectiveness of Business Operations 	480	Strategic Priorities 1 - 5	Goals 2.3 5.2
Total Hours – Academics	800		
Governance			
<p>Culture Assessment (Audit)</p> <ul style="list-style-type: none"> • Understand the attitudes of administrators, faculty, and staff at FAMU • Identify barriers to individual success at FAMU • Provide recommendations to FAMU Administration for enabling faculty, staff, and students to reach their full potential • Establish benchmarks and baseline measures for future surveys 	360	Strategic Priorities 3, 5	Goals 5.3.1 5.3.2
Total Hours – Governance	360		



Project Description	Hours	Strategic Support of University Priorities and Goals	
		Strategic Plan	President Goals
IT/Cybersecurity			
<u>Security Plan Audit</u> <ul style="list-style-type: none"> ITS Security Program Plan: Conformance with BOG Regulation 3.0075 Security of Data and Related Information Technology Resources, NIST 800-53 	120	Strategic Priority 5	
<u>ERP Implementation (Advisory Service)</u> <ul style="list-style-type: none"> Discovery and Planning: Providing advice to the University team related to business requirements and issues that the ERP system may need to resolve. Design: providing advisory services related to the development and analysis of workflows, security, and data migration 	320	Strategic Priority 5	
<u>NIST 800-171/NIST800-53 (Advisory Service)</u> <ul style="list-style-type: none"> Assess and provide advice on plans and actions for full implementation of the NIST standards 	480	Strategic Priorities 2,5	
<u>DAVID Audit</u> <ul style="list-style-type: none"> Assurance related activities to support the requirements specified in the Memorandum of Understanding with Florida Department of Highway and Motor Vehicle Services 	240	Strategic Priority 5	
Total Hours – IT/Cybersecurity	1,160		
Enterprise Risk Management			
ERM Education Program <ul style="list-style-type: none"> Training Risk Toolkit Risk Champion Program Awareness Campaign 	620	Strategic Priority 5	
University Risk Profile	500	Strategic Priority 5	
Maturity Assessment	80	Strategic Priority 5	
Develop Risk Response & Follow-Up Process	480	Strategic Priority 5	
ERM Advisory Committee	240	Strategic Priority 5	
ERM Webpage Development	120	Strategic Priorities 3, 5	
Total Hours - ERM	2,040		
DoA Services			
External Audit and Programs	360		
Internal Audit, Investigation & Advisory Follow-Up	320		
Investigations – Whistleblower, Fraud, Waste, & Abuse	1,880		
Management Requests	1,500		
Training	320		



Project Description	Hours	Strategic Support of University Priorities and Goals	
		Strategic Plan	President Goals
Computer Forensics Lab	240		
University and State University System Taskforces and Committees	200		
Total DoA Services	4,820		
Internal Audit Administration			
<u>Professional Development</u> <ul style="list-style-type: none"> Enhance knowledge of FAMU business processes, strategic goals, and business objectives Enhance knowledge of data analytics, risk factors impacting higher ed, information technology, and fraud Development of leadership skills and soft skills Continuing education to maintain or obtain professional certifications 	700	Strategic Priority 5	
<u>Divisional Admin Projects and External Audit Coordination</u> <ul style="list-style-type: none"> Data Analytics Strategic Plan Implementation Annual Report External Audits Liaison 	1,100	Strategic Priority 5	
<u>Internal Quality Assurance Improvement Plan</u> <ul style="list-style-type: none"> Assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement 	120	Strategic Priority 5	
Division of Audit Risk Assessment	160		
2023-2024-Annual Work Plan	40		
General	1,575		
Leave	525		
Total Internal Audit Administration	4,220		
Total All Hours	15,360		



AUDITS AND ADVISORY SERVICES ON THE HORIZON

Assurance Services			
	Decentralized Cash Collections		Property Management
🎯	Academic Honesty Framework	🎯	Colleges/Schools – Academic and Business Operations
	Registrar Office – Structure, Processes, Automation		Sponsored Programs
	Boosters – BOT Policy 2005-15		Title III Operations Audit
	Environmental Health and Safety		Payroll – OPS, Cost Center
	FAMU Foundation:		NCAA Compliance Audit
	Export Controls Review		Effectiveness of Customer Service Initiative
	FAMU Summer Camps		Research – Sub-Recipient Monitoring
	IT – ImageNow		IT – DAVID System
	IT - Physical Security	🎯	Online Education and Support
	Construction: P3 Process Review		IT – Cloud Security (Operations)
	Deferred Maintenance		IT – Canvas
	Intellectual Property		IT – Change Management
	Office of International Students Review		
Advisory Services			
	Succession Planning		Student Wellness Infrastructure
	Strategic Financial Management – Performance Based Funding		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		School of Business and Industry
🎯	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 next fiscal year due to staffing limitations



APPENDIX A: FAMU PROPOSED STRATEGIC PLAN 2022-2027*

STRATEGIC PRIORITY 1: STUDENT SUCCESS

- Goal 1: Elevate Student Success Outcomes (Retention, Graduation Rates, Licensure Pass Rates, etc.) to the High Excellence Range among state and national scales.
- Goal 2: Establish FAMU as the 1st Choice Destination among scholars
- Goal 3: Reimagine and align academic offerings to address emerging workforce demands and increase degree production in programs of strategic emphasis.

STRATEGIC PRIORITY 2: ACADEMIC SUCCESS

- Goal 1: Pursue pathways that position FAMU on a trajectory to become a Carnegie R1 institution.
- Goal 2: Nurture the professional development of faculty and staff across the career span and across disciplines to create a culture of sustainable excellence.
- Goal 3: Position FAMU to emerge as a world-class leader in healthcare education, research and service to address disparities, emergent needs and advance holistic well-being.
- Goal 4: Amplify discovery and innovation to solve complex real-world problems

STRATEGIC PRIORITY 3: LEVERAGE THE BRAND

- Goal 1: Foster a university-wide customer-centric culture to support academic and operational excellence.
- Goal 2: Increase international recognition as a leading academic, research, and cultural institution.
- Goal 3: Cultivate and diversify the network of advocates and supporters to advance the university's mission and strategic priorities.

STRATEGIC PRIORITY 4: LONG-TERM FISCAL HEALTH AND SUSTAINABILITY

- Goal 1: Implement a planning and budgeting process that identifies, secures, and allocates existing and new E&G, C&G, and Auxiliary funding.
- Goal 2: Implement infrastructure enhancements in academics, research, administration, technology, and facilities to increase student success outcomes for FTIC, FCS AA transfer, and graduate students that lead to increased performance in state and national metrics.
- Goal 3: Support and sustain a robust university advancement enterprise that consistently generates transformative alumni, friend, and corporate giving

*Proposed Strategic Plan Goals to be Approved at June 2022 BOT Meeting



STRATEGIC PRIORITY 5: ORGANIZATIONAL EFFECTIVENESS AND TRANSFORMATION

- Goal 1: Enhance a culture that intentionally fosters building and engaging a high performing workforce and fortifies FAMU's status as an employer of choice.
- Goal 2: Optimize effectiveness of operations through enhancement of processes and innovation.
- Goal 3: Strengthen the University's culture of strategic decision making through promotion and enhancement of compliance, internal controls, and enterprise risk management practices with an emphasis on engagement, education, reporting, and accountability.

DRAFT



APPENDIX B: 2021-2022 PRESIDENT’S GOALS

<u>Goal</u>	<u>Description</u>	<u>Owner</u>
1. Four-year Graduation Rate/Student Retention	Increase the University’s four-year graduation rate (<i>PBF metric</i>) to 38%; increase second year retention rate to 90.0%.	Maurice Edington Bill Hudson
2. Improve Licensure Pass Rates		
2.1	Develop and execute action plans that deliver first-time licensure pass rates of Nursing to 80%.	Maurice Edington
2.2	Develop and execute action plans that deliver first-time licensure pass rates of Law to 80%.	Maurice Edington
2.3	Develop and execute action plans that deliver first-time licensure pass rates of Pharmacy to 88%.	Maurice Edington
2.4	Develop and execute action plans that deliver first-time licensure pass rates of Physical Therapy to 87%.	Maurice Edington
3. Annual Giving		
	Increase annual giving to \$12M	Shawnta Friday-Stroud
4. R&D Expenditures		
	Increase total R&D expenditures to \$43M	Charles Weatherford
5. Organizational Leadership		
5.1	Strategy Development – Develop a comprehensive and forward-looking strategic plan with input from various stakeholders for BOT and BOG consideration.	Maurice Edington Kelly McMurray
5.2	Talent Acquisition, Development, Retention, Succession and Organizational Effectiveness	Maurice Edington Rebecca Brown Bill Hudson
5.3.1	Create Culture of Accountability (performance matters)	Rica Calhoun Joe Maleszewski Bill Hudson
5.3.2	Produce Customer Service Improvement Initiative	Joe Maleszewski Rebecca Brown Bill Hudson



		Kelly McMurray Rica Calhoun Denise Wallace Kourtney Gosha
Goal	Description	Owner
6. University Budget/Fiscal Management		
6.1	Financial Health – Strengthen the University’s financial health by achieving or exceeding a minimum debt coverage ratio \geq 1.0.	Rebecca Brown
6.2	Strategic Resource Allocations – Develop and align resource allocations to adequately support the University’s annual strategic priorities in all areas including athletics.	Rebecca Brown Maurice Edington Kourtney Gosha
7. Internal/External Relations	Continue to expand relationship-building with key stakeholders, including students, faculty, staff, Boards, alumni, elected officials (local, state, national), corporations and the local community.	Danielle McBeth Carmen Cummings Keith Miles Shawnta Friday-Stroud



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



PROJECT TEAM

Engagement was conducted by



Deidre Melton, MBA, CFE, CIA, CISA, CISM, CDPSE, CRISC, CRMA
Associate Vice President for Audit and Chief Risk Officer

Engagement was supervised and approved, and distributed by:



Joseph K. Maleszewski, MBA, CIA, CGAP, CISA, CIG, CIGA, CIGI, CCEP,
CCA, CFE
Vice President for Audit and Chief Audit Executive

STATEMENT OF ACCORDANCE

The Division of Audit's mission is to enhance and protect the value of FAMU and its stakeholders by providing excellence in risk-based and objective assurance, advice, and insight through the promotion of accountability, integrity, and efficiency.

We developed the work plan 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/administration/audit/>



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

**BOT Policy 2019-01:
Internal Controls and ERM Policy
Update**



FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY
Board of Trustees Policy

Board of Trustees Policy Number: 2019-01	Date of Adoption: 12-5-2019 Date of Revision: 06-02-2022
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Subject	Internal Controls and Enterprise Risk Management
Authority	Section 7(c), Article IX, Florida Constitution; Section 1010.01(5), Florida Statutes
Applicability	This policy applies to all University units and employees.

I. Policy Statement and Purpose

- A. The Florida Agricultural and Mechanical University (FAMU) Board of Trustees (BOT) is committed to a sound system of internal controls focused on accountability and oversight of operations. The BOT has prioritized the development of appropriate risk management processes and systems to identify challenges early, to bring them to the attention of University leadership, and to develop solutions. To that end, the University seeks to modernize existing efforts by requiring implementation of both the Enterprise Risk Management (ERM) capability and the internal control framework championed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its publications *Internal Controls – Integrated Framework* and *Enterprise Risk Management - Integrating with Strategy and Performance*. This integrated governance structure will improve mission delivery, reduce costs, and focus corrective actions toward mitigating key risks.
- B. The University administration shall develop an internal control environment governed by policies and procedures necessary to provide reasonable assurances that business processes result in effective and efficient operations, reliable financial reporting, and compliance with applicable Federal, state, local laws, rules, and Florida Board of Governors regulations. The established system of internal control is meant to keep the University focused on its mission and to minimize the impact unforeseen circumstances.
- C. The University administration has the responsibility to establish and maintain an adequate system of internal controls and to furnish to the Florida Board of Governors, BOT, governmental agencies, University creditors, and other constituencies with reliable financial and operational information on a timely basis. An adequate system of internal controls is necessary for the administration to discharge these responsibilities.
- D. Controls help ensure that assets are not exposed to unauthorized access and use,

transactions are properly recorded in the financial records, and the resultant financial information is reliable. External organizations and supporters of the University rely on financial information to make decisions toward appropriations, loans and other debt, gifts and grants, and other contractual relationships. University resources are dependent upon a system of internal controls. The Auditor General is required annually to report upon the adequacy of the University's systems for control over financial reporting and compliance. The safeguarding of University assets and the reliability upon which the University and others can place upon the University's financial records are dependent upon the effectiveness of the internal control process.

II. Definitions

- A. Abuse: "Abuse" means behavior that is deficient or improper when compared with behavior that a prudent person would consider a reasonable and necessary operational practice given the facts and circumstances. The term includes the misuse of authority or position for personal gain.
- B. Enterprise Risk Management: Enterprise risk management is a process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise. Enterprise risk management is designed to identify potential events that may affect the entity, manage risk to be within the entity's risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.
- C. Fraud: "Fraud" means obtaining something of value through willful misrepresentation, including, but not limited to, intentional misstatements or intentional omissions of amounts or disclosures in financial statements to deceive users of financial statements, theft of an entity's assets, bribery, or the use of one's position for personal enrichment through the deliberate misuse or misapplication of an organization's resources.
- D. Internal Control: Internal control is a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.
- E. Risk: The possibility or uncertainty of an event occurring that will impact the achievement of objectives, positive or negative. The effect could be a detriment or an opportunity related to the objective. Risk is measured in terms of impact and likelihood.
- F. Waste: "Waste" means the act of using or expending resources unreasonably, carelessly, extravagantly, or for no useful purpose.

III. Components of Internal Control Program

- A. The system of internal controls must be designed and implemented to support the following components:
1. **Control Environment** – the set of standards, processes, and structures that provide the basis for carrying out internal controls across the University. The control environment comprises the commitment to integrity and ethical values that establish oversight responsibility and enforce accountability.
 2. **Risk Assessment** – the process to identify, analyze, and assess risks to the achievement of objectives.
 3. **Control Activities** – the actions established through policies and procedures to mitigate risks to the achievement of institutional objectives.
 4. **Information and Communication** – the use of relevant information to disseminate clear messages. Sound internal controls establish expectations and procedures to support the reliability and integrity of financial information and reporting.
 5. **Monitoring Activities** – the use of evaluations to ascertain whether internal controls are present and functioning.
 6. **Operations Objectives** – pertain to effectiveness and efficiency of the university's operations, including operational and financial performance goals. These objectives promote orderly, economical operations and assist in achieving outcomes consistent with the university's mission. Operations should safeguard resources against loss due to waste, mismanagement, errors, and fraud.
 7. **Reporting Objectives** – pertain to internal and external financial and nonfinancial reporting. These objectives encompass reliability, transparency, and other terms as set forth by regulators, recognized standard setters, and University rules, regulations, and policies.
 8. **Compliance Objectives** – pertain to adherence to laws and regulations to which the university is subject.
- B. University-implemented internal controls shall be appropriate, reliable, cost-effective, comprehensive, reasonable, and directly related to control objectives.
- C. The University's system of internal controls will include, at a minimum, the following best practices: segregation of duties to ensure one person does not

control all aspects of a transaction and to detect error and fraud; safeguarding of assets to prevent unauthorized access, loss or damage; safeguarding of confidential information to secure personal and private information and protect against unauthorized access and threats to security; review and approval of internal processes; timeliness to ensure deadlines are met, avoid fines, and prioritize work; and documentation to support accuracy and consistency.

IV. Roles and Responsibilities

A. Board of Trustees

1. Internal Controls

- a. Provide oversight for the system of internal controls.
- b. Define expectations about integrity and ethical values, transparency, and accountability for the performance of internal control responsibilities.

2. Enterprise Risk Management

- a. Provide oversight to ensure that management has implemented an effective system to identify, assess, manage, respond to, and monitor risks to the institution and its strategic objectives.
- b. Understand and assess the risks inherent in the University's strategy, and encourage management to pursue prudent risk to generate sustainable performance and value.
- c. Understand the key drivers of success for the institution, and be knowledgeable about business management, governance, and emerging risks that may affect the institution.
- d. Work with management to establish and annually review the institution's risk philosophy.
- e. Review risk information provided by management and the Audit and Compliance Committee, including ERM annual report, institutional risk portfolio, risk appetite statement, and reports on the status of risk response.
- f. Collaborate and actively engage with management in discussions of risks, especially regarding philosophy, interaction and aggregation of risks, and underlying assumptions.
- g. Define the role of the full BOT versus its standing or other committees with regard to risks oversight.

- h. Understand and assess risks associated with BOT's decisions and key strategies identified by the BOT.
- i. Provide for an appropriate culture of risk awareness across the University; monitor critical alignments of people, strategy, risks, controls, compliance, and incentives.
- j. Review and approve annual risk appetite statement.

B. Board of Trustees Audit and Compliance Committee

1. Internal Controls

- a. Provide oversight of the entire financial reporting process. To do so effectively, the BOT should be familiar with the processes and controls that management has established and determine whether they are designed and operating effectively.
- b. Review major issues regarding accounting principles and the presentation of the financial statements. These include significant changes in the University's selection or application of accounting principles, the adequacy of internal controls, and any special audit steps adopted in response.

2. Enterprise Risk Management

- a. Represent the BOT in providing oversight of the University's ERM practices.
- b. Work with management to understand and agree on the types, frequency, and format of risk information that the BOT will review.
- c. Review risk information prior to its presentation to the full BOT, including ERM annual report, institutional risk portfolio, and reports on the status of risk response.
- d. Receive regular reports on enterprise risks and the status of risk response.
- e. On behalf of the full BOT, periodically assess the BOT's risk oversight process.

C. The President and the President's Administration

1. Internal Controls

- a. The President, in consultation with the Vice President for Finance/CFO,

shall be responsible 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.

- b. The President and the President's administration shall be responsible for establishing, maintaining, and consistently applying internal controls designed to:
 - i. Prevent and detect fraud, waste, and abuse as defined in Section 11.45(1), Florida Statutes;
 - ii. Promote and encourage compliance with applicable laws, rules, regulations, contracts, grant agreements, and best practices;
 - iii. Support economical and efficient operations;
 - iv. Ensure reliability of financial and operational records and reports; and
 - v. Safeguard University assets.

2. Enterprise Risk Management

- a. Inspire and foster cultural change in support of ERM as a value and best practice for the institution.
- b. Lead management discussions with the BOT regarding institutional strategy performance and risk philosophy.
- c. Review and approve recommendations from the Enterprise Risk Management Advisory Committee (ERMAC) (taking into consideration accompanying independent assessments from non-voting ERMAC members) regarding the development and implementation of the ERM program; ERM policy; institutional risk philosophy; institutional risks or opportunities with sufficient impact on the University's strategic objectives to warrant development of risk response plans; and proposed response plans for these risks.
- d. Review and approve risk information and ERM progress reports prior to their submittal to the Audit and Compliance Committee or the full BOT.

D. Management

1. Internal Controls

- a. Establish, maintain, and consistently apply internal controls designed to:
 - i. Prevent and detect fraud, waste, and abuse as defined in Section 11.45(1), Florida Statutes;
 - ii. Promote and encourage compliance with applicable laws, rules, regulations, contracts, grant agreements, and best practices;
 - iii. Support economical and efficient operations;
 - iv. Ensure reliability of financial and operational records and reports; and
 - v. Safeguard University assets.

2. Enterprise Risk Management

- a. Demonstrate full commitment to ERM by advocating and implementing risk management best practices.
- b. Support the President, Chief Risk Officer, and ERMAC in creating the appropriate internal environment and institutional culture for ERM.
- c. As responsible officials, assess and manage institutional risks under the oversight of the President, Chief Risk Officer, ERMAC, and the Board of Trustees; may make presentations to the ERMAC or BOT committees upon request.
- d. Assess and manage unit-level risks within unit-level plans, budgets, and resources.
- e. Include a discussion of risks and opportunities relevant to the mission of the senior management's unit or the University, as well as the status of any response to such risks or opportunities, in their annual workplan and budget submission.
- f. Implement the ERM program within divisions and business units, identify risks and opportunities with impacts on the University's strategic objectives, and develop risk response plans; and proposed response plans for these risks.

E. The Division of Audit shall:

1. Internal Control

- a. Conduct an independent review and assessment of the adequacy and

effectiveness of internal controls at all levels of the university.

- b. Report findings related to the Division of Audit's evaluation of internal control systems to the President and BOT.
- c. Provide technical assistance to the President and the Senior Leadership Team regarding internal control systems.
- d. The Division of Audit, which must remain independent and objective, shall not have responsibility for establishing or maintaining the university's internal control systems.

2. Enterprise Risk Management

- a. Non-voting, ex officio member of the ERMAC, provide independent consultation and advice.
- b. Provide assurance to the BOT and the President on the effectiveness of the risk management process, including the evaluation, reporting, and management of key risks.
- c. Consult and advise on identifying and responding to risks and on the effectiveness of the risk assessment process.
- d. Submit all relevant risk reports, including the ERM Annual Report, University risk portfolio, and status of risk response, to the Senior Leadership Team and the BOT - Audit and Compliance Committee.
- e. Report regularly to the BOT - Audit and Compliance Committee on enterprise risks and the status of risk response.

F. The Chief Risk Officer shall:

- a. Design and implement an enterprise risk management function consistent with COSO's Enterprise Risk Management: Integrated with Strategy and Performance;
- b. Submit all relevant risk reports, including the ERM Annual Report, University risk portfolio, and status of risk response, to the Senior Leadership Team and the BOT - Audit and Compliance Committee;
- c. Report regularly to the BOT - Audit and Compliance Committee on enterprise risks and the status of risk response;
- d. Make high level recommendations to the President for keeping identified risks within tolerance levels; and
- e. Develop and facilitate Enterprise Risk Management training for all

faculty and staff.

V. Administrative Procedures

The President, or the President's designee, shall establish appropriate administrative procedures to implement this Policy.

Attachment(s)	n/a
Hyperlink Addresses	



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

**BOT Policy 2019-01:
Internal Controls and ERM Policy
Update**



FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY Board of Trustees Policy

Board of Trustees Policy Number: 2019-01

Date of Adoption: 12-5-2019

Date of Revision: 06-02-2022

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- C. The University administration has the responsibility to establish and maintain an adequate system of internal controls and to furnish to the Florida Board of Governors, BOT, governmental agencies, University creditors, and other constituencies with reliable financial and operational information on a timely basis. An adequate system of internal controls is necessary for the administration to discharge these responsibilities.

- D. Controls help ensure that assets are not exposed to unauthorized access and use, transactions are properly recorded in the financial records, and the resultant financial information is reliable. External organizations and supporters of the University rely on financial information to make decisions toward appropriations, loans and other debt, gifts and grants, and other contractual relationships. University resources are dependent upon a system of internal controls. The Auditor General is required annually to report upon the adequacy of the University's systems for control over financial reporting and compliance. The safeguarding of University assets and the reliability upon which the University and others can place upon the University's financial records are dependent upon the effectiveness of the internal control process.

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- C. Fraud: "Fraud" means obtaining something of value through willful misrepresentation, including, but not limited to, intentional misstatements or intentional omissions of amounts or disclosures in financial statements to deceive users of financial statements, theft of an entity's assets, bribery, or the use of one's position for personal enrichment through the deliberate misuse or misapplication of an organization's resources.
- D. Internal Control: Internal ~~Control~~control is a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.
- E. Risk: The possibility or uncertainty of an event occurring that will impact the achievement of objectives, positive or negative. The effect could be a detriment or an opportunity related to the objective. Risk is measured in terms of impact and likelihood.

E.F. Waste: "Waste" means the act of using or expending resources unreasonably, carelessly, extravagantly, or for no useful purpose.

III. Components of Internal Control Program

~~A.~~

A. The system of internal controls must be designed and implemented to support the following components:

1. **Control Environment** – the set of standards, processes, and structures that provide the basis for carrying out internal controls across the University. The control environment comprises the commitment to integrity and ethical values that establish oversight responsibility and enforce accountability.
2. **Risk Assessment** – the process to identify, analyze, and assess risks to the achievement of objectives.
3. **Control Activities** – the actions established through policies and procedures to mitigate risks to the achievement of institutional objectives.
4. **Information and Communication** – the use of relevant information to disseminate clear messages. Sound internal controls establish expectations and procedures to support the reliability and integrity of financial information and reporting.
5. **Monitoring Activities** – the use of evaluations to ascertain whether internal controls are present and functioning.
6. **Operations Objectives** – pertain to effectiveness and efficiency of the university's operations, including operational and financial performance goals. These objectives promote orderly, economical operations and assist in achieving outcomes consistent with the university's mission. Operations should safeguard resources against loss due to waste, mismanagement, errors, and fraud.
7. **Reporting Objectives** – pertain to internal and external financial and nonfinancial reporting. These objectives encompass reliability, transparency, and other terms as set forth by regulators, recognized standard setters, and University rules, regulations, and policies.
8. **Compliance Objectives** – pertain to adherence to laws and regulations to which the university is subject.

B. University-implemented internal controls shall be appropriate, reliable, cost-effective, comprehensive, reasonable, and directly related to control objectives.

C. The University's system of internal controls will include, without limitation at a minimum, the following best practices: segregation of duties to ensure one person does not control all aspects of a transaction and to detect error and fraud; safeguarding of assets to prevent unauthorized access, loss or damage; safeguarding of confidential information to secure personal and private information and protect against unauthorized access and threats to security; review and approval of internal processes; timeliness to ensure deadlines are met, avoid fines, and prioritize work; and documentation to support accuracy and consistency.

IV. Roles and Responsibilities

A. Board of Trustees

1. Internal Controls

- a. Provide oversight for the system of internal controls.
- b. Define expectations about integrity and ethical values, transparency, and accountability for the performance of internal control responsibilities.

2. Enterprise Risk Management

- a. Provide oversight to ensure that management has implemented an effective system to identify, assess, manage, respond to, and monitor risks to the institution and its strategic objectives.
- b. Understand and assess the risks inherent in the University's strategy, and encourage management to pursue prudent risk to generate sustainable performance and value.
- c. Understand the key drivers of success for the institution, and be knowledgeable about business management, governance, and emerging risks that may affect the institution.
- d. Work with management to establish and annually review the institution's risk philosophy.
- e. Review risk information provided by management and the Audit and Compliance Committee, including ERM annual report, institutional risk portfolio, risk appetite statement, and reports on the status of risk response.

- f. Collaborate and actively engage with management in discussions of risks, especially regarding philosophy, interaction and aggregation of risks, and underlying assumptions.
- g. Define the role of the full BOT versus its standing or other committees with regard to risks oversight.
- h. Understand and assess risks associated with BOT's decisions and key strategies identified by the BOT.
- i. Provide for an appropriate culture of risk awareness across the University; monitor critical alignments of people, strategy, risks, controls, compliance, and incentives.
- j. Review and approve annual risk appetite statement.

B. Board of Trustees Audit and Compliance Committee

1. Internal Controls

- a. Provide oversight of the entire financial reporting process. To do so effectively, the BOT should be familiar with the processes and controls that management has established and determine whether they are designed and operating effectively.
- b. Review major issues regarding accounting principles and the presentation of the financial statements. These include significant changes in the University's selection or application of accounting principles, the adequacy of internal controls, and any special audit steps adopted in response.

2. Enterprise Risk Management

- a. Represent the BOT in providing oversight of the University's ERM practices.
- b. Work with management to understand and agree on the types, frequency, and format of risk information that the BOT will review.
- c. Review risk information prior to its presentation to the full BOT, including ERM annual report, institutional risk portfolio, and reports on the status of risk response.
- d. Receive quarterlyregular reports on enterprise risks and the status of risk response.

- e. On behalf of the full BOT, periodically assess the BOT's risk oversight process.

C. The President and the President's Administration

1. Internal Controls

a. The President, in consultation with the Vice President for Finance/CFO, shall be responsible 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.

a.b. The President and the President's administration shall be responsible for establishing, maintaining, and consistently applying internal controls designed to:

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

2. The Enterprise Risk Management

a. Inspire and foster cultural change in support of ERM as a value and best practice for the institution.

b. Lead management discussions with the BOT regarding institutional strategy performance and risk philosophy.

c. Review and approve recommendations from the Enterprise Risk Management Advisory Committee (ERMAC) (taking into consideration accompanying independent assessments from non-voting ERMAC members) regarding the development and implementation of the ERM program; ERM policy; institutional risk philosophy; institutional risks or opportunities with sufficient impact on the University's strategic

objectives to warrant development of risk response plans; and proposed response plans for these risks.

d. Review and approve risk information and ERM progress reports prior to their submittal to the Audit and Compliance Committee or the full BOT.

D. Management

1. Internal Controls

a. Establish, maintain, and consistently apply internal controls designed to:

i. Prevent and detect fraud, waste, and abuse as defined in Section 11.45(1), Florida Statutes;

ii. Promote and encourage compliance with applicable laws, rules, regulations, contracts, grant agreements, and best practices;

iii. Support economical and efficient operations;

iv. Ensure reliability of financial and operational records and reports; and

v. Safeguard University assets.

2. Enterprise Risk Management

a. Demonstrate full commitment to ERM by advocating and implementing risk management best practices.

b. Support the President shall also be, Chief Risk Officer, and ERMAC in creating the appropriate internal environment and institutional culture for ERM.

c. As responsible for assessing the officials, assess and manage institutional risks under the oversight of the President, Chief Risk Officer, ERMAC, and the Board of Trustees; may make presentations to the ERMAC or BOT committees upon request.

d. Assess and manage unit-level risks within unit-level plans, budgets, and resources.

e. Include a discussion of risks and opportunities relevant to the mission of the senior management's unit or the University, as well as the status of any response to such risks or opportunities, in their annual workplan and budget submission.

f. Implement the ERM program within divisions and business units, identify risks and opportunities with impacts on the University's strategic objectives, and develop risk response plans; and proposed response plans for these risks.

E. The Division of Audit shall:

1. Internal Control

- a. Conduct an independent review and assessment of the adequacy and effectiveness of the University's system of internal controls at all levels of the university.
- b. Report findings related to the Division of Audit's evaluation of internal control systems to the President and BOT.
- c. Provide technical assistance to the President and the Senior Leadership Team regarding internal control systems.
- d. The Division of Audit, which must remain independent and objective, shall not have responsibility for establishing or maintaining the university's internal control systems.

2. Enterprise Risk Management

- a. Non-voting, ex officio member of the ERMAC, provide independent consultation and advice.
- b. Provide assurance to the BOT and the President on the effectiveness of the risk management process, including the evaluation, reporting annually to the Board of Trustees regarding the University's internal controls, any, and management of key risks.
- c. Consult and advise on identifying and responding to risks and on the effectiveness of the risk assessment process.
- d. Submit all relevant risk reports, including the ERM Annual Report, University risk portfolio, and status of risk response, to the Senior Leadership Team and the BOT - Audit and Compliance Committee.
- e. Report regularly to the BOT - Audit and Compliance Committee on enterprise risks and the status of risk response.

F. The Chief Risk Officer shall:

- a. Design and implement an enterprise risk management function consistent with COSO's Enterprise Risk Management: Integrated with Strategy and Performance;
- b. Submit all relevant risk reports, including the ERM Annual Report, University risk portfolio, and status of risk response, to the Senior Leadership Team and the BOT - Audit and Compliance Committee;
- c. Report regularly to the BOT - Audit and Compliance Committee on enterprise risks and the status of risk response;
- a.d. Make high level recommendations to the President for keeping identified weaknesses, and associated corrective actions risks within tolerance levels; and

~~C. Each employee is responsible for internal controls relevant to that individual's role within the University and that support the following objectives:~~

- ~~1. **Operations Objectives** pertain to effectiveness and efficiency of the university's operations, including operational and financial performance goals. These objectives promote orderly, economical operations and assist in achieving outcomes consistent with the university's mission. Operations should safeguard resources against loss due to waste, mismanagement, errors, and fraud.~~
- ~~2.1. **Reporting Objectives** pertain to internal and external financial and nonfinancial reporting. These objectives encompass reliability, transparency, and other terms as set forth by regulators, recognized standard setters, and University rules, regulations, and policies.~~
- ~~3.1. **Compliance Objectives** pertain to adherence to laws and regulations to which the university is subject.~~

e. ~~V.~~ Develop and facilitate Enterprise Risk Management training for all faculty and staff.

V. Administrative Procedures

The President, or the President's designee, shall establish appropriate administrative procedures to implement this Policy.

Attachment(s)	n/a
Hyperlink Addresses	



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

ERM Risk Appetite Statement



Risk Appetite Statement

June 3, 2022



Executive Summary

Florida A&M University (FAMU) is an 1890 land-grant institution dedicated to advancing knowledge, resolving complex issues, and empowering citizens and communities. FAMU is a public, historically Black university located in Tallahassee, Florida, enrolling nearly 10,000 students from across the United States and more than 70 countries worldwide.

The University is ranked #104 in the 2022 U.S. News & World Report Rankings and the highest-ranked public Historically Black College or University. The University offers 54 bachelor's degrees, 29 master's degrees, three professional degrees, and twelve doctoral degrees.

The University's distinction as a doctoral/research institution will continue to provide mechanisms to address emerging issues through local and global partnerships. Expanding upon the University's land-grant status, it will enhance constituents' lives through innovative research, engaging cooperative extension, and public service.

Based on the above statement, FAMU is presented with tremendous opportunities accompanied by obligations, which carry risks. The University has obligations towards its students, faculty, staff, the communities it serves, and regulators.

The Risk Appetite Statement sets out the most significant types of risks to Strategic and Performance goals that the University is exposed to and outlines the level of risk the University is willing to accept for each risk category.

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Introduction

What is Risk Appetite?

Risk appetite applies to the management of existing activities, as well as the University seeking out new opportunities. The Board of Trustees, management, faculty and staff members are responsible to continually review what the University does, to investigate new opportunities, and to take account of individual risks in decision-making.

The Risk Appetite Statement summarizes the University's tolerance for risk in each of a whole range of activities undertaken. For example, the University's tolerance for risk of significant breaches of the FAMU Code of Conduct is low. Therefore, a **RISK AVERSE** appetite has been identified regarding intentional and material breaches of FAMU Values and Code of Conduct. On the other hand, tolerance for risk in attracting additional revenue streams and resources for priority areas is classified as **OPPORTUNITY SEEKING**. All of the activities undertaken by the University can be classified in terms of risk appetite. The statement sets out the most significant types of risks to strategic and performance goals that the University is exposed to and outlines the level of risk the University is willing to accept for each risk category.

Objectives of Risk Appetite

The Risk Appetite Statement is a written articulation of the University's risk appetite to guide management and staff members in their daily roles. It serves to:

- Define the risk profile of the University;
- Establish a consistent view of the risk parameters the University operates in;
- Establish boundaries for risk categories to determine whether further risk responses are required or where the University is willing to take on risk in efforts to achieve certain goals and objectives; and
- Guide decision-making, particularly with respect to the extent to which resources are required to be allocated in response to the level of risk which is considered 'acceptable and justifiable'. In this regard the Risk Appetite Statement is intended to operate as a trigger for decision making, escalation and reporting.

When reading a Risk Appetite Statement, it is important to note:

- It is not a substitute for, but an adjunct to FAMU's risk management framework and is intended to be consistent with the organizations overarching approach to risk management;
- Is intentionally broad to apply across the University while remaining relevant in changing business conditions;
- Focuses on risk that needs to be taken to pursue strategies that enhance long-term success;
- Recognizes that risk is more than individual decisions;
- The Risk Appetite Statement is dynamic and will be reviewed on annually in conjunction with the University's strategic planning cycle.

Risk Appetite at Florida A&M University

Risk Appetite Roles and Responsibilities

Risk management is integral to all aspects of Florida A&M University's activities and is the responsibility of all University leadership, faculty, and staff members. The following table refers to the individual roles and responsibilities with regards to risk appetite and risk management:

BOARD OF TRUSTEES



- Collaborate and actively engage with management in discussions of risks, especially regarding philosophy, interaction and aggregation of risks, and underlying assumptions.
- Provide oversight to ensure that management has implemented an effective system to identify, assess, manage, respond to, and monitor risks to the university and its strategic objectives.
- Review risk information provided by management and the Audit and Compliance Committee, including the ERM annual report, University risk portfolio, and reports on the status of risk response.
- Understand and assess the risks inherent in the University's strategy, and encourage management to pursue prudent risk to generate sustainable performance and value.
- Understand the key drivers of success for the University, and be knowledgeable about business management, governance, and emerging risks that may affect the University.
- Define the role of the full BOT versus its standing or other committees with regard to risks oversight.

BOARD OF TRUSTEES - AUDIT AND COMPLIANCE COMMITTEE



- Represent the BOT in providing oversight of the University's ERM practices.
- Work with management to understand and agree on the types, frequency, and format of risk information that the BOT will review.
- Review risk information prior to its presentation to the full BOT, including the ERM annual report, University risk portfolio, and reports on the status of risk response.
- Receive regular reports on enterprise risks and the status of risk responses.
- On behalf of the full BOT, periodically assess the BOT's Risk oversight process.

SENIOR LEADERSHIP TEAM



- Lead the setting of strategic objectives for the University.
- Lead management discussions with the BOT regarding the University's strategy and risk philosophy.
- Review and approve recommendations from the Enterprise Risk Management Advisory Committee.
- Review and approve risk information and ERM progress reports before they are submitted to the BOT Audit and Compliance Committee or the full BOT.
- Foster a risk aware culture through promotion of risk management practices, risk-based decision making, and establishing accountability for adherence to the risk appetite process by all management, faculty, and staff.

DIVISION OF AUDIT – ENTERPRISE RISK MANAGEMENT



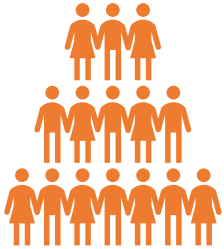
- Design and implementation of an enterprise risk management function consistent with COSO's Enterprise Risk Management: Integrated with Strategy and Performance.
- Accountable to the President for overseeing the development, implementation, and fostering of a collaborative, campus wide approach to ERM.
- Lead the University's processes for identifying, analyzing, evaluating, responding to and controlling, monitoring, and reporting on key risks.
- Oversee the Enterprise Risk Management Advisory Committee.
- Submit all relevant risk reports, including the ERM Annual Report, University risk portfolio, and status of risk response, to the Senior Leadership Team and the BOT - Audit and Compliance Committee.
- Report regularly to the BOT - Audit and Compliance Committee on enterprise risks and the status of risk response.
- Develop a comprehensive ERM education program for faculty and staff.

ENTERPRISE RISK MANAGEMENT ADVISORY COMMITTEE (ERMAC)



- Provide oversight, guidance, and coordination of University-wide efforts to implement the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM Framework.
- Assist FAMU Senior Leadership Team, who have a primary or shared responsibility in managing risks within their assigned areas, with establishing and monitoring risk mitigation strategies and ensuring sufficient organizational support.
- Provide the President, Senior Leadership Team, and the BOT Audit and Compliance Committee with meaningful, actionable, and timely strategic and performance risk intelligence.

RISK OWNERS



- Identify, assess, manage and monitor risks.
- Insure risks are clearly articulated in risk statements.
- Assign responsibility for each of the sub-risks identified within an enterprise risk to various internal stakeholders.
- Integrate risk management into operational activities.
- Remediate gaps in mitigation and monitoring activities.

GENERAL COUNSEL



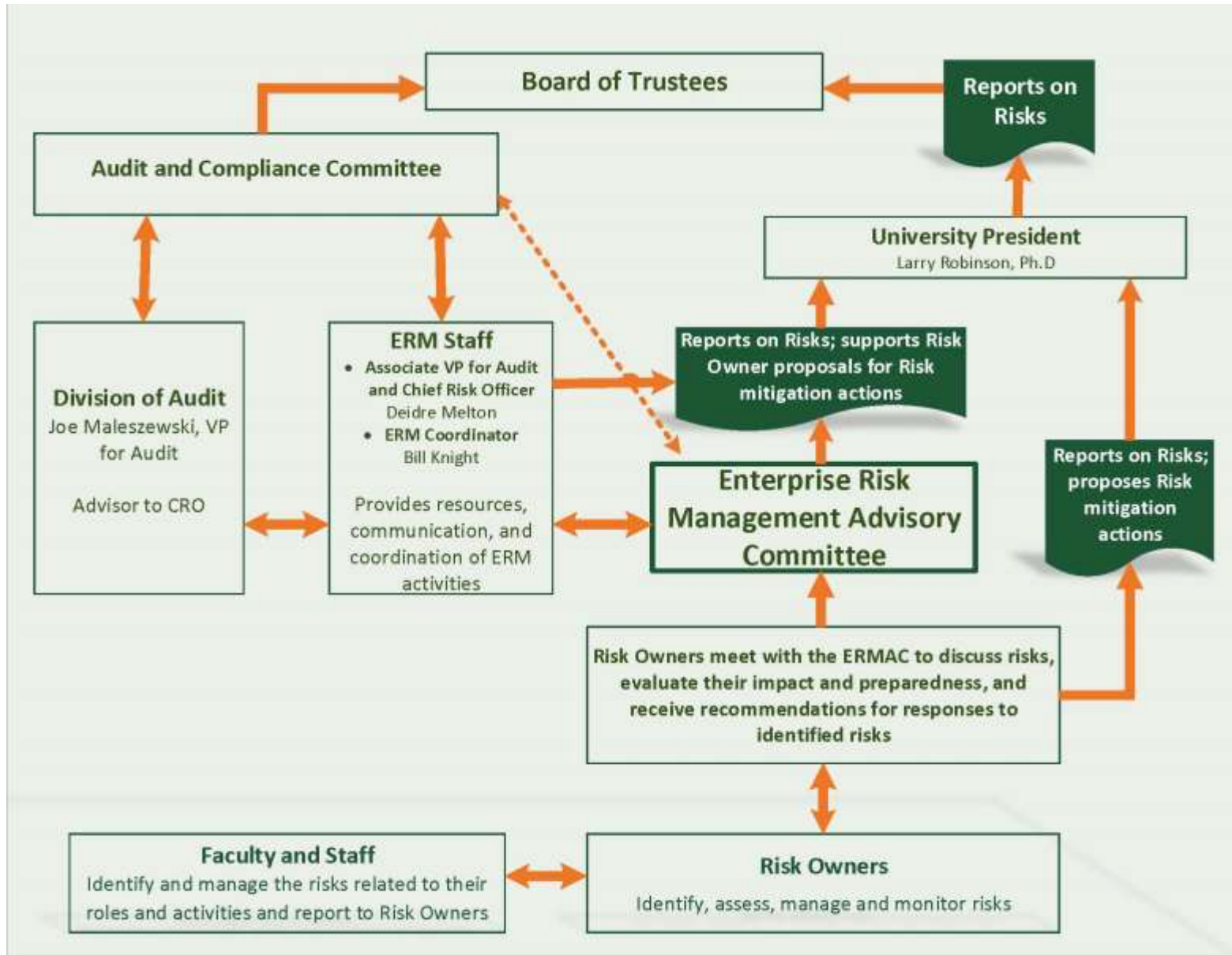
- Prepare for the President an independent assessment of ERMAC reports/recommendations from the legal perspective.

CHIEF COMPLIANCE AND ETHICS OFFICER

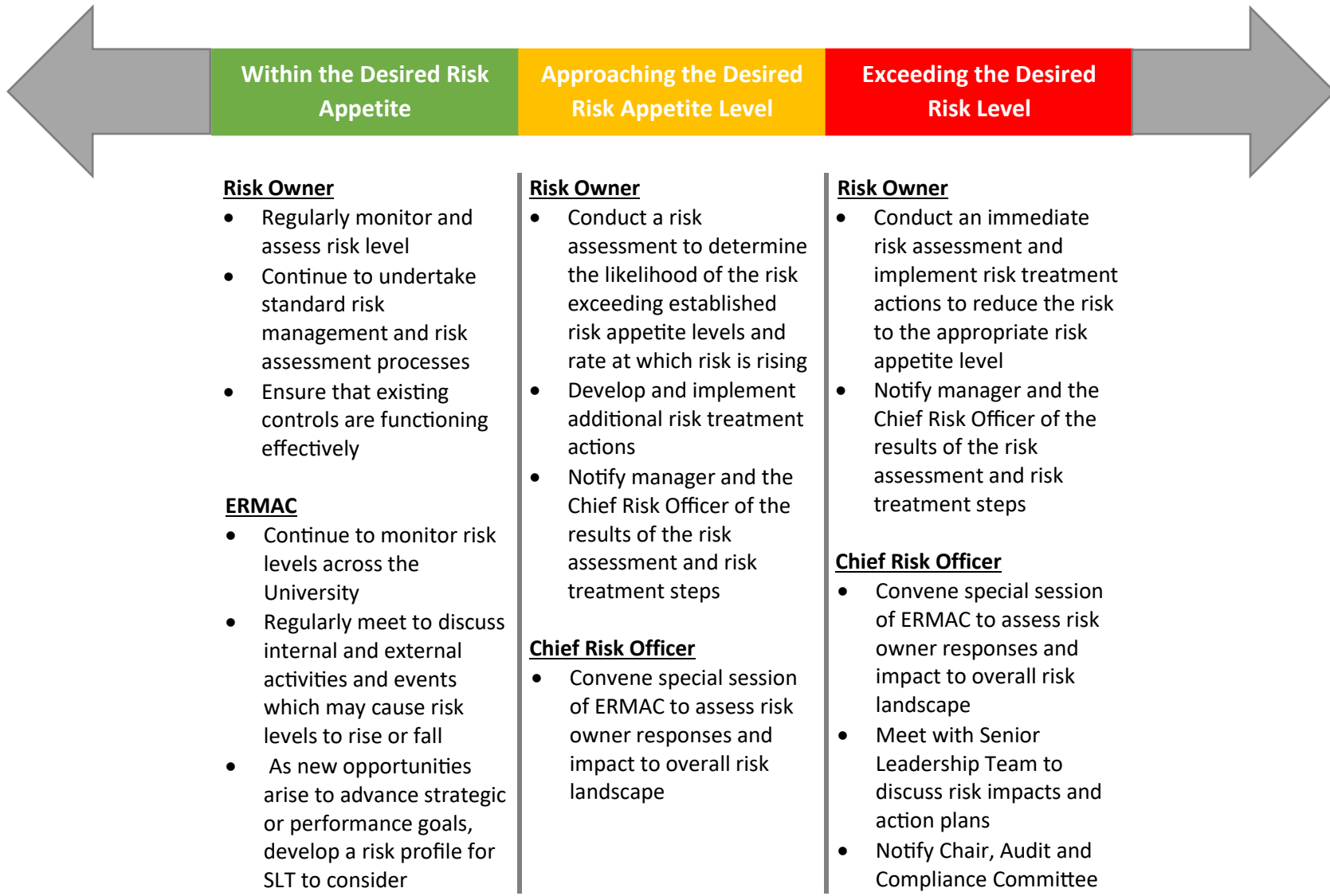


- Prepare for the President an independent assessment of ERMAC reports/recommendations from the compliance and privacy perspectives.

Risk Reporting Structure



Risk Appetite in Practice



Overall, in order to achieve its objectives, Florida Agricultural and Mechanical University recognizes that it is not possible, or necessarily desirable, to eliminate all of the risks which arise throughout the University’s inherent operations and the actions it implements to achieve its strategic goals and objectives. Acceptance of some risk is often necessary to foster growth, innovation, competitiveness and efficient business practices. Florida Agricultural and Mechanical University established Risk Levels, Risk Categories and associated Risk Appetites are listed below:

Risk Level Definitions

The definitions for interpreting Risk Appetite Statement in perspective of Leadership Core Positions, Strategic Plan Themes, and Strategic Enablers are detailed below.

<u>RISK LEVEL</u>	<u>Risk Definition</u>
RISK AVERSE	Accepts as little risk as possible. Not willing to accept any negative impact beyond Core Position to pursue objectives.
RISK CONCERNED	Cautious approach to risk taking. Willing to accept a small negative impact to pursue objectives.
RISK NEUTRAL	Potential negative impacts and accomplishment of objectives are given equal consideration.
RISK TOLERANT	Greater than normal risks are tolerated. Willing to accept some negative impact to pursue objectives.
OPPORTUNITY SEEKING	Willing for risks to be taken even if there is high uncertainty in order to gain highly valued reward. Focus is on achieving the reward but with due consideration of Core Positions. The expectation is still to make decisions that comply with all laws, rules, regulations, policies and procedures that govern the University.

Risk Appetite Statement

Leadership Core Positions

University leadership has taken a position on the amount of risk it is willing to accept in relation to identified principles. Management decisions causing out-of-tolerance conditions must be referred to the Senior Leadership Team for consideration and action.

Category	Principle Statement The University....	Application of Principle Statements Having regard to....
REPUTATION	<ul style="list-style-type: none"> Recognizes that reputation is critical to our brand and market positioning and is RISK AVERSE regarding any of its activities that puts our reputation and ‘social license to operate’ in jeopardy; or could lead to loss of confidence by key stakeholders. 	<ul style="list-style-type: none"> Improving our rankings is critical in attracting high-performing students, academic talent, and business professionals; funding; and industry partnerships. A reputation to be assessed in terms of our aspirations as a state and national leader in student success outcomes, research, and innovative teaching.
GOVERNANCE, LEGAL & COMPLIANCE	<ul style="list-style-type: none"> Is RISK AVERSE regarding intentional and material breaches of laws, regulation, statutes, policies, and professional standards. Is RISK AVERSE regarding criminal breaches, fraud and corruption, misuse of office, or similar related activities Is RISK AVERSE regarding risks relating to actions that may put accreditations and/or standards of operations in jeopardy. 	<ul style="list-style-type: none"> A RISK AVERSE tolerance for breach of our privacy obligations to students, staff and other stakeholders. An OPPORTUNITY Seeking appetite for pursuing opportunities to efficiently and effectively meet the requirements of internal policies, procedures, and regulations. A RISK AVERSE tolerance toward conditions which would inhibit transparency and accountability.
FAMU VALUES	<ul style="list-style-type: none"> Is RISK AVERSE regarding intentional and material breaches of FAMU Values and Code of Conduct. Is RISK AVERSE regarding unlawful discrimination based on protected classes. Is RISK AVERSE regarding violence, sexual misconduct, harassment, bullying, hazing, and any other inappropriate behavior and activities that puts our culture of “Excellence with Caring” in jeopardy. 	<ul style="list-style-type: none"> Cultivating a cohesive and positive culture and an operating environment that is performance-based, customer-focused, entails ethical decision-making, and helps direct organizational effort, energy, and resources towards the promotion, protection and overall success of FAMU. Is RISK CONCERNED regarding any action that discriminates against members of the FAMU community.

Category	Principle Statement The University....	Application of Principle Statements Having regard to....
HEALTH AND SAFETY	<ul style="list-style-type: none"> Is RISK AVERSE regarding safety management standards or practices that put the health and safety of our employees, students and visitors at risk. 	<ul style="list-style-type: none"> Management supporting and leading a strong safety culture. Expectation for employees and students to take personal responsibility for helping to protect their own wellbeing by following health and safety protocols. Innovative and prudent investment in strategies to protect the health and wellbeing of our employees, students and visitors with a focus on the elimination or minimization of high-risk safety hazards and activities.
FINANCIAL STABILITY	<ul style="list-style-type: none"> Is RISK AVERSE regarding pursuing any strategy that puts at risk the financial sustainability of the University over the medium to long term. Is RISK AVERSE regarding any strategy or activity that would negatively impact the University's Performance-Based Funding metrics. Is Risk Concerned regarding allocating existing resources to support activities that do not align with strategic priorities and goals. Is RISK CONCERNED regarding application of capital that is not planned and executed in a sustainable and prudent manner. 	<ul style="list-style-type: none"> An OPPORTUNITY SEEKING appetite for attracting additional revenue streams and resources for priority areas. An OPPORTUNITY SEEKING appetite for supporting and sustain a robust university advancement enterprise. An OPPORTUNITY SEEKING appetite for securing new research -related awards. Management fostering a strong internal controls environment to prevent actions that would result in financial harm to the university.
CRITICAL OPERATIONS	<ul style="list-style-type: none"> Is RISK AVERSE for significant operational disruptions to critical student support and administrative operational and functions. Is RISK AVERSE for irrecoverable delays in teaching & learning activities resulting in semester deliverables not being achieved and/or widespread student dissatisfaction due to unfavorable changes as a result of the disruption. Is RISK CONCERNED for significant loss to research including research resources, outcomes (actual or potential) and time. 	<ul style="list-style-type: none"> An OPPORTUNITY SEEKING appetite toward activities for a comprehensive, coordinated and focused approach to effectively respond to and efficiently recover from disruptive incidents.

Strategic Plan Themes & Strategic Enablers

University leadership has taken a position on the amount of risk it is willing to accept in relation to its strategic plan themes and strategic enablers that support the overall strategic plan. The following statements serve as guidance for making risk-based decisions.

Category	Principle Statement The University....
STUDENT SUCCESS	<ul style="list-style-type: none"> • Is OPPORTUNITY SEEKING toward activities and processes that elevate student success outcomes to the high excellence range among state and national scales. • Is RISK CONCERNED for activities that would negatively impact FAMU’s drive to become the 1st Choice Destination among scholars. • Is OPPORTUNITY SEEKING towards reimagining and aligning academic offerings to address emerging workforce demands and increased degree production in programs of strategic emphasis.
ACADEMIC SUCCESS	<ul style="list-style-type: none"> • Is OPPORTUNITY SEEKING with regards to pursuing pathways that position FAMU on a trajectory to become a Carnegie R1 institution. • Is RISK TOLERANT to implementing activities and processes which nurture the professional development of faculty and staff across the career span and across disciplines to create a culture of sustainable excellence. • Is OPPORTUNITY SEEKING towards positioning FAMU as a world-class leader in healthcare education, research, and service.
LEVERAGE THE BRAND	<ul style="list-style-type: none"> • Is Risk Concerned toward fostering a university-wide customer-centric culture to support academic and operational excellence. • Is Opportunity Seeking towards activities that would increase the University’s standing as an internationally recognized leader in academic, research, and cultural institution. • Is Opportunity Seeking towards activities that cultivate and diversify the network of advocates and supporters to advance the university’s mission and strategic priorities.
LONG-TERM FISCAL HEALTH AND SUSTAINABILITY	<ul style="list-style-type: none"> • Is Risk Averse toward implementing a planning and budgeting process that does not identify and secure new E&G, C&G, and Auxiliary funding to allocate toward strategic, business, and performance-based funding priorities. • Is Risk Neutral towards implementing infrastructure enhancements in academics, research, administration, technology, and facilities to increase student success outcomes. • Is Risk Averse toward activities that negatively impact alumni, friend, and corporate giving.

Category	Principle Statement The University....
ORGANIZATIONAL EFFECTIVENESS AND TRANSFORMATION	<ul style="list-style-type: none"> • Is OPPORTUNITY SEEKING toward activities which foster a culture that builds and engages a high-performing workforce. • Is OPPORTUNITY SEEKING toward activities to enhance and innovate processes to optimize the effectiveness of operations. • Is OPPORTUNITY SEEKING toward activities which foster a culture of strategic decision making through promotion and enhancement of compliance, internal controls, and enterprise risk management practices with an emphasis on engagement, education, reporting, and accountability.
ORGANIZATIONAL CULTURE	<ul style="list-style-type: none"> • Is OPPORTUNITY SEEKING towards establishing a collaborative, collegiate, performance-focused, agile and flexible culture that will enable organizational change to happen more readily and productively. • Is OPPORTUNITY SEEKING towards activities that build a highly diverse, equitable and inclusive culture of belonging for our students, faculty, and staff. • Is OPPORTUNITY SEEKING toward activities that foster and enhance data-driven decision making that furthers progress towards strategic, business and performance-based funding goals. • Is OPPORTUNITY SEEKING toward activities that enable the free flow of information up and down the University hierarchy. • Is OPPORTUNITY SEEKING toward activities that enable consistent delivery of customer service that meet or exceed expectations and optimizes the interactions between the University, our students, and other stakeholders.
SYSTEMS AND INFORMATION MANAGEMENT	<ul style="list-style-type: none"> • Recognizes the critical need to protect and has a RISK CONCERNED tolerance for activities, events, or behaviors that adversely impact the confidentiality, integrity, and availability of all critical business information. • Has a RISK CONCERNED appetite for the loss or breach of its business and customer data in pursuit of its goals. Information assets will be protected in alignment with the University’s data governance framework. • Has an OPPORTUNITY SEEKING appetite to invest in innovative solutions that increase efficiency in systems and processes across both academic and enabling activities.

Appendix 1. Document Administration

Authority

The Board of Trustees is the only authority that may approve this document and any recommended updates to this document and any other policies relating to Risk management. (Refer to the Board of Trustees: [Operating Procedures - #10.4: Regulation Development, Rulemaking, and Policy](#) and [Policy 2019-01 – Internal Controls and Enterprise Risk Management](#))

Review

This document is to be reviewed annually to ensure that all detail is accurate and reflective of Florida A&M University’s current risk profile.

Status and Details

Status	Version 1
Effective Date	June 2, 2022
Approval Authority	Board of Trustees
Approval Date	June 2, 2022

_____	_____
AVP for Audit & Chief Risk Officer	Date
_____	_____
President	Date
_____	_____
Chair, Board of Trustees	Date



Office of Compliance and Ethics UPDATE



FLORIDA A&M UNIVERSITY
OFFICE OF COMPLIANCE
AND ETHICS

Board of Trustees Report

June 2022



Rica Calhoun, Esquire, CCEP
Chief Compliance and Ethics
Officer



La'Tonya Baker, MPA, CFE,
CIGI, CCEP
Associate Compliance Officer

Edna Gasque, FCCM
Compliance Coordinator for Research

OFFICE ACTIVITIES



The Office of Compliance and Ethics (OCE) continues to work with compliance partners across the University on initiatives to assist in identifying and mitigating compliance risks across the institution. Since the February meeting, we have continued our work, teaming up with University divisions and units to provide compliance and ethics education, investigate and report misconduct, refine the compliance risk assessment, and gather feedback regarding our efforts.

HIGHLIGHTS

- **ACTION ITEM**
 - **Conflict of Interest (University Regulation 10.122)**
- **FAMU Fundamentals 2022**
- **Investigations**
- **Key Initiatives**



ACTION ITEM: Univ. Reg. 10.122

To support our efforts in updating the Conflict of Interest Program, an Enterprise Compliance Committee (ECC) workgroup, including members from the Office of General Counsel, Division of Research and the Office of Human Resources, has developed proposed revisions to University Regulation 10.122. The goal of this review and revisions is to clarify terms and processes that align with our Program updates.

Material changes are:

1. Changing the title to Conflicts of Interest and Commitment (formerly "Outside Employment/Activities; Financial Interests and Other Conflicts").
2. Including the term "conflict of commitment;"
3. Clarifying prohibited activity;
4. Adding mitigation examples; and,
5. Reducing the number of internal division approval points (currently up to four) to two focused reviews (internal to division and external from division): the first line from the supervisor, using resources and education to correctly assess the disclosure for conflict of interest/commitment and a second line review from the administrative owner, the Office of Human Resources (or the Division of Research for BOT 2005-14).
 - a. The Office of Compliance and Ethics would assist with monitoring through spot checks.

RECOMMENDATION: It is recommended that the Board of Trustees approves the revisions to University Regulation 10.122.

FAMU Fundamentals 2022

Board of Governors' Regulation 4.003 requires all universities to establish and implement an effective compliance and ethics program. Compliance training is a key requirement of such a program. The training period was from March 1-31, 2022. Reminders were sent to managers and employees throughout the training period. Managers received training completion lists throughout the period as well.

Based on our core audience of 2108 (faculty, staff, and graduate students), completion percentages for the initial period:

- Clery: 1766/84%
- Compliance, Law, and Policy: 1642/78%
- Cyber Security: 1674/79%
- Emergency Management: 1700/81%
- Sexual Harassment Prevention...: 1700/81%

The courses were reopened on April 15, 2022 for those who failed to complete the training, as the content is very important. Reminders were sent to managers reiterating that compliance is one of the core elements of the USPS and A&P performance evaluations and compliance should be taken into consideration for all University constituency groups.

Training compliance partners met for a debriefing session after the initial training period to discuss enhancement strategies for FAMU Fundamentals 2023, which include:

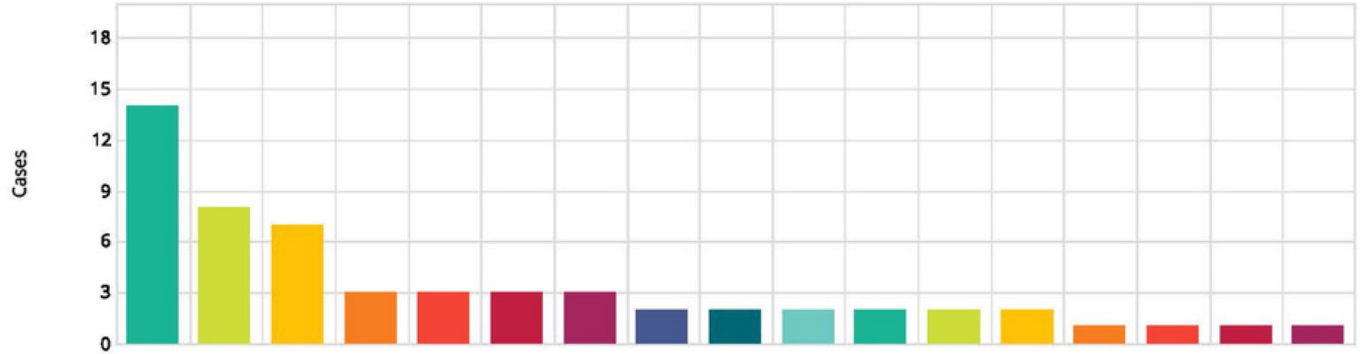
- Additional guidance for managers
- Professional Development Days
- Accountability Measures
 - System Access Restrictions
 - Transition training to PeopleSoft/Workday



Investigations

BOT June 2022 Meeting

Date Range 07/01/2021 - 05/16/2022



Issue	Count (%)
Other	14 (24.56%)
Fraud	8 (14.04%)
Employee Misconduct	7 (12.28%)
Conflict of Interest	3 (5.26%)
General Concern	3 (5.26%)
Waste, Abuse or Misuse of Institution Resources	3 (5.26%)
Workplace Retaliation or Retribution	3 (5.26%)
Academic Misconduct	2 (3.51%)
Discrimination	2 (3.51%)
Discrimination or Harassment	2 (3.51%)
Sexual Harassment	2 (3.51%)
Violence or Threat	2 (3.51%)
Workplace Harassment	2 (3.51%)
Environmental and Safety Matters	1 (1.75%)
Legacy Case Follow-Up	1 (1.75%)
Theft	1 (1.75%)
Workplace Health or Safety Violation	1 (1.75%)
Total	57

Investigations (Continued)

OCE manages the University's Compliance and Ethics Hotline. We intake concerns of misconduct for referral to other University enforcement offices* or for investigation by OCE. Since July 1, the hotline has logged 57 reports. Open investigations in OCE include allegations of impermissible conflicts of interest, retaliation, and employee misconduct. Across enforcement offices, 29 complaints have been closed, 22 are in process, and 6 are slated for intake and review.

*Includes the Offices of Compliance and Ethics, HR, Equal Opportunity Programs, and the Division of Audit

Key Initiatives

Monitoring

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

Conflict of Interest Program

FAMU compliance partners have worked toward the automation of conflict of interest disclosure, combining the financial conflict of interest disclosure for researchers and the general disclosure required of all employees. The process is being tested for rollout on July 1, 2022.

Key Initiatives (Continued)

Foreign Influence

The Research working group in the Enterprise Compliance Committee has developed processes that align with the requirements of screening and reporting requirements outlined in HB 7017 with implementing guidance from the Board of Governors. Foreign influence screening continues and University units have been identified with reporting responsibilities. Compliance updates for this period:

- Overall, 91 individuals have been screened through the Foreign Influence Initial Survey.
 - 17 screenings triggering additional due diligence.
- OCE will continue to coordinate with appropriate offices, including the Office of the Controller and Institutional Research and Analytics, to prepare for and submit the required BOG reporting of foreign gifts on July 31.

Policy Updates

OCE is assisting University offices in creating or updating several policies and regulations, including:

- BOT 2005-09 (PI Responsibilities)
- BOT 2005-08 (Sponsored Grants and Contracts)
- University Regulation 10.122 (Outside Employment/Activities)
- Research Security Enclave Cloud Requirement (Proposed)
- Flexibility in the Workplace (Draft 3)



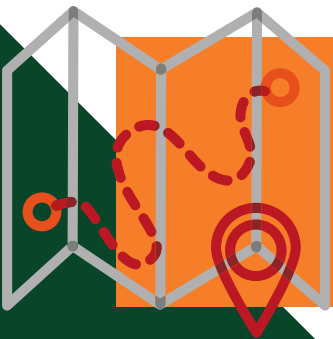
Implementation of External Review Recommendations

Focus areas include:

- Increased resources to achieve additional efficiencies in program goals.
- Enhanced monitoring of compliance risk

FAMU Fundamentals 2022 After-Action

Working with managers and compliance partners to increase training completion, post-training survey, and implement enhancement ideas.



Conflict of Interest Disclosure Automation

Continue work with the Divisions of Research and Academic Affairs, as well as the Office of Human Resources to provide continued education and rollout of the streamlined conflict of interest process, set for July 1, 2022.



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

Risk Assessment

Report No. 20-22-0006
Risk Assessment
July 2021 – June 2022



ACCOUNTABILITY • INTEGRITY • EFFICIENCY

May 18, 2022



EXECUTIVE SUMMARY

We conducted our annual risk assessment in this changing business environment to allow us to develop a meaningful audit work plan for FY2022-2023. Our risk assessment includes the development of a risk assessment heat map (Page 13) based upon categories of risk from the Association of College and University Auditors' risk dictionary that fall within the University's audit universe. This heat map illustrates the University's changing risks over a three-year period (FY 2019-2020 to FY 2021-2022) in 136 risk categories.

The risk information contained in this report should inform management decision-making around opportunities to improve operational efficiencies, enhance academic and operational effectiveness, enhance compliance, and allocate limited staffing, financial, and other resources to their highest and best use.

The University can enhance operations and risk management practices in the upcoming 2022-2023 fiscal year by:



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



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



Continuing efforts to align resource allocation with strategic priorities



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



Enhancing financial and operational controls within the Department of Athletics



Continuing efforts to enhance and expand emergency preparedness and response activities



Continuing efforts to build a comprehensive enterprise risk management function



Continuing to cultivate a culture of transparency and accountability



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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 Division of Audit’s risk assessment provides the basis for developing our FY 2022-2023 Audit Work Plan. The 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.

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, 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



Overview of University Risk Themes

The following risk themes provide University management insights into key risks by areas that can impact the University’s ability to achieve its strategic and business goals and objectives:

Asset and Risk Management



Lack of dedicated budget to handle emergency preparedness and response



Unfilled Environmental Health and Safety Director position who shared emergency management responsibilities (i.e. COOP/CEMP plans, SharePoint)



Outdated crisis communication plans for major disasters or significant interruptions

Auxiliary and Service Departments



Need to evaluate the sustainability of cost models for housing and meal plans to ensure continued viability of these services



Need to address significant deferred maintenance expense as a result of older housing facilities



Emerging Risk: Potential legislative changes to law that would allow residents to carry concealed guns without needing permits and potentially impact campus carry



Financial Management



Need to improve year-end financial closing processes to reduce the need for year-end adjustments, likelihood of financial misstatements, and external audit criticism related to controls over financial reporting



Sufficient staffing with the knowledge and expertise to accurately implement changing accounting principles, financial rules, and laws



Accounts payable controls enhancements needed to ensure the timely payment of University obligations to improve vendor relations and avoid late-payment penalties



Oracle Peoplesoft (iRattler) will be sunsetting 2032. There is a need for a strategic plan to transition to a new platform, achieve cost savings, and support the automation of University processes through the use of a new ERP system to achieve operational efficiencies



Unrealized value of current ERP system (iRattler) through lack of process automation, module implementation and governance

Plant Operations and Maintenance



While the University will potentially be awarded \$26.9 million to address University deferred maintenance needs, additional funding is needed in this area



Inability to recruit and retain maintenance and grounds staff



Lack of an automated project management system for construction and contract monitoring and oversight



Lack of a campus-wide motor pool concept encompassing shared use and maintenance of vehicles



Information Technology



Loss of Key Employee - Chief Information and Security Officer (vacant since October 2020)



Lack of a comprehensive, year-round, cybersecurity awareness program



Inconsistency in the application of IT policies, procedures, and best practices to protect the University and ensure operational efficiencies as a result of a decentralized structure



Insufficient levels of staffing with the expertise and training to meet University business needs and maintain a secure infrastructure

Athletics



NCAA awarded an additional year of athlete eligibility which could increase scholarship obligations and expenses, unless recruiting is limited



Increased efforts required to ensure equity for female staff, athletes, and sports to meet federal (Title IX) and state (Section 1006.71 FS), and BOG (Regulation 2.003) requirements



NCAA allowed student-athletes to be paid for the use of their name, image and likeness that increases the compliance responsibilities for the University with contracts and regulations



Continued need for enhanced revenue and expense forecasting and management for Athletics to remain a self-supporting entity in accordance with BOG Regulation 9.013



Continued focus to ensure compliance with NCAA requirements related to sports medicine and athletic trainers



Lack of a shared and common understanding around expense charging related to the use of E&G and Athletic facilities



NCAA Transformation Committee is going through a deregulation phase which could remove limits on coaches and scholarships, impairing FAMU's ability to compete for talent



Continued need to enhance learning resources for athletics talent to increase student success outcomes



Human Resources



Continue efforts to recruit a permanent Associate Vice President for Human Resources



Resource allocations and organizational structures are not fully aligned with University priorities and can result in inefficient operations and inability to sustain and/or grow viable business units and academic programs



Without a fully implemented succession planning program, the University remains vulnerable to loss of institutional knowledge, disruptions to operations, and criticism from accreditation bodies for use of interims in executive leadership roles



Inconsistency in the application of HR policies, best practices, and accountability measures are increased as a result of a decentralized HR structure



Loss of key employees and faculty as a result of pay differentials with market rates and internally between divisions, colleges, and schools



Expanded onboarding procedures need to acclimate employees to University, State University System of Florida, and State of Florida statutes, policies, and procedure to enhance compliance



Employee conflict of interest and commitment recognition and reporting can be enhanced with process automation and additional training regarding what activities constitute “outside employment”



The Organizational Development and Training (ODT) is not sufficiently resourced to facilitate University-wide training needs and accountability for fulfillment of mandatory training



Instruction and Academic Support



Maintaining low producing programs and inadequately resourcing top performing programs may impact the University’s ability to achieve Top 100 University status



Long-term academic success and ability for graduates to be competitive in the job market may decline without additional measures to prevent and detect academic dishonesty



Ability for graduates to be competitive in the job market may decline without routine reviews of core curriculums to ensure alignment with industry standards and practices



Low licensure pass rates at academic colleges or schools (i.e., Law, Nursing, Pharmacy, etc..) may impact the University’s ability to recruit and retain high performing students and negatively impact performance-based funding and other key metrics



Emerging Risk: the Florida legislature passed a bill requiring public institutions to change accreditors at the end of each accreditation cycle



Emerging Risk: the Florida legislature passed a bill related to individual freedom which may impact instruction and professional development

Leadership and Governance



Need to provide focused management attention on the strategies, resources, and tactics to achieve the President’s goal of becoming a Top 100 University



Cultivate a strong “Tone at the Top” regarding accountability for compliance and performance



Need for a strategic budgeting process that better aligns resources to the University’s strategic priorities and objectives



Need for continued focus on service excellence to both the external and internal customer base



Continued need to focus on faculty and staff recruitment, development and retention



Continued diligence on implementation of the University’s internal control framework



Research and Development



Loss of federal grant funding, or ability to compete for federal grants, due to NIST 800-171³ compliance issues



Need for enhanced management focus around expenditure of grant funds within the applicable time periods



Need for enhanced control to deter, prevent, and detect the loss or theft of intellectual property



Need for enhanced controls to ensure complete disclosure and reporting of patents, licenses and inventions



Lack of or inadequate training for Principle Investigators and support staff on requirements of specific grant terms



Lack of a financial strategy to utilize research program surpluses for the repayment of debt, building a contingency fund for “lean” years, and incentivize research production

Purchasing



Inadequate staff to expand the University’s Purchasing Card program which could increase efficiencies across campus



Need to revise policies and forms to comply with statutory and regulatory requirements and align with industry best practices



Lack of a travel card program which could benefit University employees who do not make other purchases but travel routinely on FAMU business



Inadequate staffing levels to service university needs for contract procurement and management as well as to provide expanded training for procurement officials and contract managers



Lack of a central repository for contracts which would enhance the ability of management, procurement, and controller staff to confirm compliance with contractual terms and conditions

³ [Protecting Controlled Unclassified Information in Nonfederal Systems and Organizations](#)



University Relations and Alumni Affairs



Need for continued vigilance in further developing the FAMU brand to enhance giving



Low interest rates adversely impacting endowment earnings



Opportunity risk associated with the need to leverage the rise of corporate and social interest in giving to HBCUs and furthering Diversity, Equity, an Inclusion effort through partnership with FAMU

Student Services



Ability to retain students who are financially fragile and require additional financial support



Ability to convey value proposition of University education for out-of-state students



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



Continue efforts to develop access strategies that fulfill student success outcomes with Performance Based Funding metrics and meet the mission of the University









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 2019-2020 to 2021-2022.

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	2019-2020 Risk Level	2020-2021 Risk Level	2021-2022 Risk Level
ASSET AND RISK MANAGEMENT			
Emergency Preparedness	Moderate & Rising	Moderate & Rising	High
Endowment & Development	Moderate & Rising	Moderate	Moderate
Environmental Health & Safety	High	High	High
Insurance	2021 New Risk Area	Moderate	Moderate
AUXILIARY AND SERVICE DEPARTMENTS			
Athletics	High & Rising	High	High
Auxiliary Enterprise Administration	Low	Low & Rising	Low & Rising
Bookstore	Low & Rising	Moderate	Moderate
Child Development Center	2021 New Risk Area	Moderate	Moderate
Housing	Moderate	Moderate	Moderate
Police	High	High	High
Recreation & Athletic Centers	Moderate	Moderate	Moderate
Service Centers Auxiliary	Low	Low	Low
Special Events Center	Moderate	Moderate	Moderate
FINANCIAL MANAGEMENT			
Accounting	Low & Rising	Low & Rising	Low & Rising
Accounts Payable	Moderate & Rising	Moderate	Moderate
Accounts Receivable	Moderate	Moderate & Rising	Moderate & Rising
Budgetary / Decision Support	2021 New Risk Area	Moderate	Moderate
Capital Asset Depreciation	Low	Low	Low
Cash Handling	High	Moderate	Moderate
Cash Management	High	Low	Low
Closing Process	Low	Moderate	Moderate
Debt Service	2021 New Risk Area	Low	Low
Expenses	High	Moderate	Moderate
Financial Management Operations	Low	Moderate	Moderate
Financial Reporting	Moderate	Moderate	Moderate
General Finance	2021 New Risk Area	Moderate	Moderate
Grants and Contracts	2021 New Risk Area	Moderate	Moderate
Payroll	Moderate	Moderate	Moderate
Revenue	High	Moderate	Moderate
Travel and Entertainment	2021 New Risk Area	Low	Low



Risk Area	2019-2020 Risk Level	2020-2021 Risk Level	2021-2022 Risk Level
Tuition and Fees Management	2021 New Risk Area	Moderate	Moderate
HUMAN RESOURCES DEVELOPMENT			
Human Resources	Moderate & Rising	Moderate & Rising	Moderate & Rising
Benefits	2021 New Risk Area	Low	Moderate
Compensation	2021 New Risk Area	Moderate	High
Employee Records	2021 New Risk Area	Low	Low
Employee Relations	2021 New Risk Area	Low	Low
Employee Retention and Succession	2021 New Risk Area	Moderate	High
Recruiting	2021 New Risk Area	Moderate	Moderate
Training	2021 New Risk Area	Moderate	Moderate
INFORMATION TECHNOLOGY			
IT Compliance	Moderate	Moderate	Moderate
IT Daily Operations	High	High	High
IT Strategy Planning & Governance	Moderate	Moderate	Moderate
Information Security & Governance	2021 New Risk Area	Moderate	Moderate
IT Leadership & Governance	2021 New Risk Area	Moderate	Moderate
IT Customer Service	Moderate	Moderate	Moderate
IT Development & Research	Moderate	Moderate	Moderate
IT Infrastructure	2021 New Risk Area	High	High
IT Admin Support	High	High	High
INSTRUCTION AND ACADEMIC SUPPORT			
Academic Administration	Moderate	Moderate	Moderate
Management of Departments	2021 New Risk Area	Low	Low
Student Retention and Graduation	2021 New Risk Area	Low	Low
Student Records - Registrar	2021 New Risk Area	Low	Low
Academic IT	Moderate & Falling	Moderate & Falling	Moderate & Falling
Academic Personnel Administration	Moderate & Rising	Moderate & Rising	Moderate & Rising
Academic Records Management	Moderate & Rising	Moderate & Rising	Moderate & Rising
Academic Reporting	Moderate	Moderate	Moderate
Academic Support	Moderate	Moderate	Moderate
Course & Curriculum Development	High	High	High
Course Scheduling	2021 New Risk Area	Moderate	Moderate
Degree Program Development	2021 New Risk Area	Moderate	Moderate
Faculty	2021 New Risk Area	Low	Low
Grading Practices	2021 New Risk Area	Moderate	Moderate
Instruction	High	High	High
International Affairs	High	High	High
LEADERSHIP AND GOVERNANCE			



Risk Area	2019-2020 Risk Level	2020-2021 Risk Level	2021-2022 Risk Level
Governance	High & Falling	High & Falling	High & Falling
Ethics and Standard of Conduct	2021 New Risk Area	Low	Low
Business Continuity	2021 New Risk Area	Moderate	Moderate
Institutional Compliance	Moderate	Moderate	Moderate & Falling
Internal Audit	Low & Rising	Low & Rising	Low
Legal	Moderate	Moderate	Moderate
Contract Oversight	2021 New Risk Area	Low	Low
Open Records and Retention	2021 New Risk Area	Low	Low
Policy Management	2021 New Risk Area	High	High
Strategic Financial Management	High	High	High
PLANT OPERATIONS AND MAINTENANCE			
Building Maintenance	High	High	High
Construction	2021 New Risk Area	High	High
Custodial Services	Moderate	Moderate	Moderate
Fixed Asset / Capital Management	2021 New Risk Area	Moderate	Moderate
Landscape & Grounds	Low & Rising	Low & Rising	Low & Rising
Major Repair and Renovation	High	High	High
Motor Pool	Moderate	Moderate	Moderate
Planning and Design	2021 New Risk Area	Low	Low
Physical Plant and Administration	Low & Rising	Low & Rising	Low & Rising
Property Management	2021 New Risk Area	Moderate	Moderate
Utilities	Moderate	Moderate	Moderate
PURCHASING AND WAREHOUSING			
Purchasing	High & Falling	High & Falling	High & Falling
Agreements	2021 New Risk Area	Moderate	Moderate
Bidding	2021 New Risk Area	Moderate	Moderate
Contracting	2021 New Risk Area	High	High
Materials Management	2021 New Risk Area	Low	Low
Receiving & Warehouse	2021 New Risk Area	Low	Low
RESEARCH AND DEVELOPMENT			
Animal Research	Low	Low	Low
Research Compliance	Moderate	Moderate & Rising	Moderate
Conflict of Interest	Low	Low & Rising	Low
Export Controls	Moderate	Moderate	Moderate
Research Facilities & Equipment	Low	Moderate	Moderate
Financial Fraud (Research)	Low	Low	Low
Grants Accounting	Moderate	Moderate	Moderate
Human Subjects Research	Low	Low	Low
Intellectual Property/Tech Transfer	Low	Moderate	Moderate
Partnerships	2021 New Risk Area	Low	Low



Risk Area	2019-2020 Risk Level	2020-2021 Risk Level	2021-2022 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 & Rising	Low & Rising
STUDENT SERVICES			
Academic Advising	2021 New Risk Area	Low	Low
Admissions	Moderate	Moderate & Rising	Moderate
Recruitment	2021 New Risk Area	Low	Low
Career Centers	2021 New Risk Area	Low	Low
Counseling Services	Moderate	Moderate	Moderate & Rising
Dining	High	Moderate	Moderate
Disability and Counseling Services	2021 New Risk Area	Low	Low
Enrollment Management	Moderate	Moderate	Moderate
Financial Aid	Moderate	Moderate	Moderate
General Student Services	2021 New Risk Area	Low	Low
Health Services	Moderate	Moderate	Moderate
Recreational Activities	2021 New Risk Area	Low	Low
Registration	Moderate	Moderate	Moderate
Student Centers & Activities	Low	Low	Low
Student Judicial Affairs	Moderate	Moderate	Moderate
Student Organizations	2021 New Risk Area	Low	Low
Student Services Administration	Moderate & Falling	Moderate & Falling	Moderate & Falling
UNIVERSITY RELATIONS AND ALUMNI AFFAIRS			
Alumni Programs	2021 New Risk Area	Low	Low
Capital Campaign	2021 New Risk Area	Low	Low
External Services	Low	Low	Low
General University Relations	2021 New Risk Area	Low	Low
Gifts and Endowments	2021 New Risk Area	Low	Low
Government Affairs	2021 New Risk Area	Low	Low
Marketing and Communication	2021 New Risk Area	Moderate	Moderate
Public Affairs	2021 New Risk Area	Low	Low
Stakeholder Relations	Low	Low	Low
Stewardship Activities	2021 New Risk Area	Low	Low
University Development	2021 New Risk Area	Low	Low

APPENDICES



APPENDIX A – RISK ASSESSMENT SCOPE AND METHODOLOGY

The **scope** of the engagement included assessing changes in risk levels from June 2021 to May 2022.

Methodology

We performed this risk assessment by:

- **Interviews:** We interviewed the President, senior management team members, Board of Trustees members. (A list of interviews is provided in Appendix B)
- **Environmental Scan:** We participated in industry webinars and forums to gain insights on higher education related risks, as well as conducted extensive research into risks impacting the educational industry.
- **Internal Audit:** We reviewed the results of various Division of Audit audits, investigations, and advisory activities that disclosed risks or mitigating controls.
- **External Audit:** We reviewed the results of external audits and assessments for further insights into the risks impacting the University and any mitigating controls.

We developed a Risk Assessment Heat Map by defining the FAMU risk universe; evaluating the likelihood and impact of each risk, and assigning a risk ranking (low, moderate and high).

Risk Universe

The risk universe was compiled using a standard risk universe⁴ 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, when identified, increased the likelihood that a risk event could occur in that area.

Impact: We determined the impact of the control not being in place by information gathered through the leadership interview process; our review of audits, investigation and advisory work related to the department performed during FY 2021-2022; and knowledge obtained through information sharing with our staff from management, staff, faculty, and others.

⁴ Association of College and University Auditors Risk Dictionary: <https://acua.org/>



APPENDIX B – RISK ASSESSMENT INTERVIEWS & FOCUS GROUPS

Senior Leadership Team			
	Name	Title	Interview Date
1	Linda Barge-Miles	Chief of Staff/Board Liaison	April 29, 2022
2	Kelly McMurray	VP, Strategic Planning, Analysis and Institutional Effectiveness	May 11, 2022
3	Rica Calhoun	Chief Compliance and Ethics Officer	May 3, 2022
4	William Hudson	VP, Student Affairs	May 2, 2022
5	Erick Akins	Title III Director	April 28, 2022
6	Danielle McBeth	Government Relations Officer	May 2, 2022
7	Rebecca Brown	Interim VP, Finance and Administration/CFO	May 9, 2022
8	Larry Robinson	President	May 11, 2022
9	Denise Wallace	VP, Legal Affairs/General Counsel	April 25, 2022
10	Charles Weatherford	VP, Research	April 27, 2022
11	Michael Smith	VP of Athletics/AD	May 17, 2022
12	Robert Seniors	VP Information Technology Services/CIO	May 2, 2022
Board of Trustees			
	Name	Title	Interview Date
1	Ann Marie Cavazos	Faculty Senate President	May 5, 2022
Middle Management			
	Name	Title	Interview Date
1	Mattie Hood	Operational Effectiveness & Procurement Services Director	April 28, 2022
2	Sandi Smith-Anderson	Chief of Staff for Finance and Administration, AVP for Human Resources	April 27, 2022
3	Lisa Stewart	Financial Aid Director	May 11, 2022
4	Terrance Calloway	Chief of Police	April 28, 2022



DISTRIBUTION

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Larry Robinson, Ph.D., President

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 - Belvin Perry, Jr.
 - Craig Reed, FAMU Audit and Compliance Committee Chair
 - Kenward Stone
 - Nicole Washington
- FAMU Senior Leadership Team
 - Larry Robinson, Ph.D., President
 - Dr. Maurice Edington, Provost and Vice President, Academic Affairs
 - Linda F. Barge-Miles, Chief of Staff
 - Dr. Kelly McMurray, Associate Vice President, Strategic Planning, Analysis and Institutional Effectiveness
 - Rica Calhoun, Chief External Compliance & Ethics Officer
 - Dr. Kyle Eidahl, Faculty Senate Representative
 - Dr. Shawnta Friday-Stroud, Vice President, University Advancement/ Executive Director, FAMU Foundation
 - Cynthia Henry, Executive Assistant
 - Dr. William E. Hudson, Vice President, Student Affairs
 - Carmen Cummings Martin, Assistant VP, Alumni Affairs/University Advancement
 - Dr. Tiffany Ardley, Faculty Senate Representative
 - Robert Seniors, VP, Information Technology Services/CIO
 - Denise Wallace, Vice President, Legal Affairs and General Counsel
 - Charles Weatherford, Vice President, Research
 - Danielle McBeth, Director, Government Relations
 - Michael Smith, Interim Vice President/Director of Athletics
 - Keith Miles, Director, Communications, Marketing, and Media Relations
 - W. Rebecca Brown, Interim CFO/Vice President, Finance and Administration
 - Dr. Eric Akins, Director, Title III Programs

External Distribution:

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



PROJECT TEAM

Engagement was conducted by



Deidre Melton, MBA, CFE, CIA, CISA, CISM, CDPSE, CRISC, CRMA
Associate Vice President for Audit and Chief Risk Officer

Engagement was approved, and distributed by:



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CCA, CFE
Vice President for Audit and Chief Audit Executive

STATEMENT OF ACCORDANCE

The Division of Audit's mission is to enhance and protect the value of FAMU and its stakeholders by providing excellence in risk-based and objective assurance, advice, and insight through the promotion of accountability, integrity, and efficiency.

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.

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

<https://www.famu.edu/administration/audit/>



**Quality Assurance and
Improvement Program:
External Assessment**



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

**Report on Full External Assessment of the
Florida Agricultural and Mechanical
University Internal Audit Activity
April 27, 2022**



ACCOUNTABILITY • INTEGRITY • EFFICIENCY

**Full External Assessment by
Kaye Kendrick Enterprises, LLC
Tallahassee, Florida**

K | CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

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Executive Summary

The *International Standards for the Professional Practice of Internal Auditing* require an external quality assessment (QAR) of an internal audit activity at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The qualified assessor or assessment team must demonstrate competence in both the professional practice of internal auditing and the QAR process. The QAR can be a full external assessment or a self-assessment with independent validation. The IA (the internal audit department) chose a full external assessment and engaged Kaye Kendrick Enterprises, LLC (KKE) to provide this service.

Opinion as to Conformance with the *Standards* and Code of Ethics

It is our overall opinion that IA generally conforms with the *Standards* and the Code of Ethics. In addition, the IA has addressed the recommendations made in its previous external quality assurance review.

The IIA's *Quality Assessment Manual for the Internal Audit Activity* suggests a scale of three rankings when opining on the internal audit activity: "Generally Conforms," "Partially Conforms," and "Does Not Conform." The ranking of "Generally Conforms" means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the *Standards* and the Code of Ethics. "Partially Conforms" means that deficiencies in practice are noted and are judged to deviate from the *Standards* and the Code of Ethics; however, these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner. "Does Not Conform" means that deficiencies in practice are judged to deviate from the *Standards* and the Code of Ethics and are significant enough to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities. Attachment A is a detailed description of the conformance criteria.

Objectives, Scope, and Methodology

Objectives

- The principal objective of an external quality assurance review (QAR) is to assess an internal audit activity's conformance with the *Standards* and the *Code of Ethics*, promulgated by the Institute of Internal Auditors (an international professional association promoting, leading, and educating the audit profession).
- A QAR also evaluates the internal audit activity's effectiveness in its mission (as set forth in the internal audit charter and expressed in the expectations of management); identifies successful internal audit practices of the internal audit activity; and identifies opportunities for continuous improvement to enhance the efficiency and effectiveness of the infrastructure, processes, and the value to their stakeholders.

Scope

- The scope of the QAR was for the internal audit activity, as set forth in the internal audit charter and approved by the board, which defines the purpose, authority, and responsibility of the internal audit function.
- The QAR was concluded on the date of this report and provides senior management and the board with information about the internal audit activity as of that date.
- The *Standards* and the *Code of Ethics* in place and effective as of the date of the report, were the basis for the QAR.

Methodology

- KKE held a preliminary meeting with internal audit staff assigned to this project, to discuss the status of preparation of planning materials, interview of key stakeholders, and other coordination related to the QAR.
- At the request of the Vice President for Audit, internal audit staff compiled our requested information in advance of the QAR work. The requested information related to the internal audit activity governance, staff, management, and process.
- The IA sent surveys to key stakeholders (internal audit staff, senior management and the board, and the external auditors) to obtain their anonymous feedback on the governance,

management, staff, and process areas of the internal audit activity. KKE incorporated the responses received directly from stakeholders into the QAR analysis.

- To accomplish the objectives, we reviewed requested information provided by the internal audit staff; conducted interviews with selected key stakeholders, including the audit committee chair, senior executives of the University, external auditors, and internal audit management and staff; reviewed a sample of audit projects and associated workpapers and reports; reviewed survey data received from University stakeholders and internal audit management and staff; and completed evaluation tools provided in the Quality Assessment Manual published by the Institute of Internal Auditors.

Summary of Observations

There are no gaps to conformance with *Standards* or the Code of Ethics, which means the QAR assessment team has concluded that the IA has met the major objectives of the *Standards* and Code of Ethics. The IA function is well structured and progressive. The IA staff understands the *Standards* and Code of Ethics, and management endeavors to provide state of the art audit tools and implement best practices. Consequently, the observations reported intend to build on the foundation already in place for the internal audit activity. The QAR team made the following observations, divided into two categories:

- Successful Internal Audit Practices – Areas where internal audit is operating in a particularly effective or efficient manner compared to *Standards* in the internal auditing profession.
- Opportunities for Continuous Improvement – Observations of opportunities to enhance the efficiency or effectiveness of IA's infrastructure of processes. These items do not indicate a lack of conformance with the *Standards* or the Code of Ethics but offer suggestions on how to better align with criteria defined in the *Standards* or the Code of Ethics. They may also be operational ideas based on the experience of the external assessment team.

Successful Internal Audit Practices

The QAR team identified and summarized the more significant successful internal audit practices observed in the areas of governance, management, staff, and process:

Governance

The Florida A&M University has an established IA that can report independently and access the Board of Trustees to help the University ensure its accountability, integrity, and efficiency. The IA reports functionally to the Board of Trustees and administratively to the President. The IA Charter establishes the IA clearly as an independent function within the university. The Charter provides the Vice President of Audit unrestricted access to the board. In addition, the internal audit personnel sign an independence and confidentiality form each year. Our surveys indicated that senior management and audit staff perceive the IA function to be independent and a critical function to the University.

The IA has a Quality Assurance and Improvement Program (QAIP) to ensure use of best practices and conformance to the *Standards* of the profession. The IA stakeholders perceive the IA to be a process improver for the University.

To further support the University, the IA has assumed the responsibility for facilitating the University Enterprise Risk Management (ERM) function. ERM is an organization-wide strategy to identify hazards in finance, operations, and organizational objectives and establish a mutually agreed upon level of risk tolerance. This function with its robust risk assessment will take the University to the next level in focusing on continuous improvement in risk management strategies.

Management

The IA management focuses on an environment of accountability, transparency, and continual improvement to accomplish the mission of the IA function. The IA management initiatives have included training sessions for the University community regarding governance, internal controls, ERM and preparing for fraud awareness. The IA management developed an internal control self-assessment tool for use by divisions, colleges, and schools. The IA evaluated the University's overall internal control system based on the five components of the COSO

framework, a model to define the internal control of an organization. The IA management facilitated the completion of CARES Act consulting engagements to support the University during the COVID epidemic. The IA celebrated International Internal Audit Awareness Month in May 2021 by holding a series of events to increase awareness of the audit function and the potential for fraud.

Based upon the results of the QAR, we found the communication with the Board of Trustees and University senior management to be effective and the written reports to be clear and concise. In addition, the survey results indicated satisfaction with the focus and responsiveness of the internal audit management.

Staff

The feedback from surveys and interviews indicated the University IA to be a desirable and challenging place to work, with highly competent, capable, and objective staff. The IA follows best practices and IIA guidance to ensure focus on continual improvement of skills and knowledge. All staff have professional certifications in various areas of expert knowledge.

Process

The process and procedures of the IA activity include a written manual, an electronic work paper system, as well as an agile auditing process and a recently launched data analytics program. While the IA intends to make enhancements to its IA manual, the overall system meets required *Standards*.

Opportunities for Continuous Improvement

The QAR team identified and summarized opportunities of continued improvement in the areas of management, staff, and process:

Staff

During the COVID pandemic, the audit staff became more skilled at working remotely. Staff indicated that remote working is a desirable and productive fringe benefit to them, saving cost and time. There are resource guides for employers to successfully manage remote or hybrid work environments.

Process

As mentioned previously, the IA intends to enhance its written procedures (the IA audit manual). Some of the topics that we observed that could be clarified, are: (1) documentation required to ensure alignment of audit objectives, risks, and tasks, (2) documentation of sampling methodology, to include reason for sample size, sampling methodology, and assurance that sample has been selected from the entire population of data being audited or reviewed, (3) resource management, specifically how the sufficiency and skills necessary to achieve the audit plan will be determined, and (4) components needed in written audit findings, as defined in Generally Accepted Governmental Auditing Standards.

Attachment A – Evaluation Summary and Rating Definitions

	GC	PC	DNC
Overall Evaluation	X		

Attribute Standards (1000 through 1300)		GC	PC	DNC
1000	Purpose, Authority, and Responsibility	X		
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	X		
1100	Independence and Objectivity	X		
1110	Organizational Independence	X		
1111	Direct Interaction with the Board	X		
1112	Chief Audit Executive Roles Beyond Internal Auditing	X		
1120	Individual Objectivity	X		
1130	Impairment to Independence or Objectivity	X		
1200	Proficiency and Due Professional Care	X		
1210	Proficiency	X		
1220	Due Professional Care	X		
1230	Continuing Professional Development	X		
1300	Quality Assurance and Improvement Program	X		
1310	Requirements of the Quality Assurance and Improvement Program	X		

1311	Internal Assessments	X		
1312	External Assessments	X		
1320	Reporting on the Quality Assurance and Improvement Program	X		
1321	Use of "Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> "	X		
1322	Disclosure of Nonconformance	X		

Performance Standards (2000 through 2600)		GC	PC	DNC
2000	Managing the Internal Audit Activity	X		
2010	Planning	X		
2020	Communication and Approval	X		
2030	Resource Management	X		
2040	Policies and Procedures	X		
2050	Coordination and Reliance	X		
2060	Reporting to Senior Management and the Board	X		
2070	External Service Provider and Organizational Responsibility for Internal Auditing	X		
2100	Nature of Work	X		
2110	Governance	X		

2120	Risk Management	X		
2130	Control	X		
2200	Engagement Planning	X		
2201	Planning Considerations	X		
2210	Engagement Objectives	X		
2220	Engagement Scope	X		
2230	Engagement Resource Allocation	X		
2240	Engagement Work Program	X		
2300	Performing the Engagement	X		
2310	Identifying Information	X		
2320	Analysis and Evaluation	X		
2330	Documenting Information	X		
2340	Engagement Supervision	X		
2400	Communicating Results	X		
2410	Criteria for Communicating	X		
2420	Quality of Communications	X		
2421	Errors and Omissions	X		
2430	Use of "Conducted in Conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> "	X		

2431	Engagement Disclosure of Nonconformance	X		
2440	Disseminating Results	X		
2450	Overall Opinions	X		
2500	Monitoring Progress	X		
2600	Communicating the Acceptance of Risks	X		

Code of Ethics		GC	PC	DNC
	Code of Ethics	X		

Rating Definitions

GC – “Generally Conforms” means that the assessor or the assessment team has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual standard or elements of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformity to a majority of the individual Standard or element of the Code of Ethics and at least partial conformity to the others within the section/category. There may be significant opportunities for improvement, but these should not represent situations where the activity has not implemented the *Standards* or the Code of Ethics and has not applied them effectively or achieved their stated objectives. As indicated above, general conformance does not require complete or perfect conformance, the ideal situation, or successful practice.

PC – “Partially Conforms” means that the assessor or assessment team has concluded that the activity is making good-faith efforts to comply with the requirements of the individual standard or elements of the Code of Ethics or a section or major category but falls short of achieving major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or the Code of Ethics and/or achieving their objectives. The deficiencies may be beyond the control of the internal audit activity and may result in recommendations to senior management or the board of the organization.

DNC – “Does Not Conform” means that the assessor or assessment team has concluded that the internal audit activity is not aware of, is not making good-faith efforts to comply with or is failing to achieve many or all the objectives of the individual standard or element of the Code of Ethics or a section or major category. These deficiencies will usually have a significantly negative impact on the internal audit activity’s effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board.



**President Robinson's
Internal Controls Assurance
Statement**



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

Audit and Investigative Follow-up



Memorandum

To: Craig Reed, Chair, Board of Trustees, Audit and Compliance Committee

From: Joseph K. Maleszewski, Vice President, Division of Audit
Deidre Melton, Associate Vice President for Audit/CRO

CC: Larry Robinson, Ph.D., University President
Board of Trustees Members
Senior Leadership Team Members

Date: May 17, 2022

Re: Status of Open Audit Findings

The Division of Audit worked with management to understand and validate actions taken by management since our February 16, 2022, report to the Audit and Compliance Committee. After validating each action taken by management, the Division of Audit prepared the below summary table followed by detailed information from management regarding the status of corrective actions and the level of residual risk for each audit finding.

	Finding	Status	Original Risk Level	Current Risk Level
1	2018-19 Risk Assessment: Bragg Stadium Safety and Maintenance	OPEN	HIGH	MEDIUM
2	2018-19 Risk Assessment – Emergency Preparedness	OPEN	HIGH	HIGH
3	2021 Federal Contracts and Grants Disclosure Audit - Federal Contract Not Reported to USDOE	OPEN	HIGH	MEDIUM
4	2021 Federal Contracts and Grants Disclosure Audit - Update University Compliance and Research Disclosure Policies	OPEN	HIGH	MEDIUM
5	FY 2020-2021: Knight Foundation Expenditure Review Assurance Services Report – Approved Spending Plans	OPEN	MEDIUM	MEDIUM
6	FY 2020-2021: Knight Foundation Expenditure Review Assurance Services Report – Expenditure Requests Approved by the Dean and Knight Chair	CLOSED	MEDIUM	LOW
7	FY 2020-2021: Knight Foundation Expenditure Review Assurance Services Report – Expenditure Request Approved by Academic Affairs Without Proper Knight Chair Approval	CLOSED	MEDIUM	LOW
8	FY 2020-2021: Knight Foundation Expenditure Review Assurance Services Report – FAMU Foundation Processed Expenditure Requests Without Proper Knight Chair Approval	CLOSED	MEDIUM	LOW



Athletics

1. 2018-19 Risk Assessment: Bragg Stadium Safety and Maintenance

- a. **Status:** Athletics, working in conjunction with Finance and Administration, developed a schedule and timeline to address ADA, safety, and maintenance issues at Bragg Stadium. The plan is broken into the following two phases:
 - i. **Phase 1:** November 3, 2020 – September 30, 2021
 1. Metal pan and seat replacement, steel frame water blasting and repainting is essential to the safety of Bragg Stadium. This phase also included replacing all steel pans and seats. The design also included an assessment of Restrooms for Handicap/ ADA accessibility. Unaddressed ADA issues at the conclusion of phase 1 were moved to phase 2.
 2. **Actions Taken to Complete Phase 1:** The University entered into contract with Barkley Engineering for design services for Phase 1 of the Bragg Stadium Renovation Project. The University entered into contract with Southern Bleachers to expedite the design on the replacement bleacher system. As of September 7, 2021, Phase 1 is deemed 100% complete.
 - ii. **Phase 2:** January 11, 2021 – August 2022
 1. This phase includes the removal and replacement of the press box and cosmetic upgrades. Due to a material cost increase, this scope was reduced to the westside grandstands and skybox repairs and renovation.
 2. **Actions Taken to Complete Phase 2A:** Phase 2A work began on November 10, 2021. The bleacher system is presently being installed. The project remains on schedule and to-date there has not been any unusual or impactful labor delays and appears to be progressing as expected with an anticipated occupancy date of September 9, 2022.
 3. **ADA Compliance:** ADA compliance issues (i.e., handrails, access to the east and west stands, stadium seating, etc.) will be addressed during Phase 2A. DoA will continue to monitor resolution of all ADA safety and compliance issues and concerns throughout the Bragg Memorial Stadium Safety and Maintenance construction life cycle.

This item remains **OPEN** until construction is completed to resolve the safety and ADA issues.

- b. **Risk:** The original risk level of this item was assessed as **HIGH**. While the University is progressing toward completing the Bragg Stadium Safety and Maintenance project, the risk level remains **MEDIUM** until the project is deemed complete and ADA issues have been cleared.

Student Affairs

2. 2018-19 Risk Assessment – Emergency Preparedness

- a. **Status:** The original emergency preparedness findings centered around issues related to the University adequately preparing for hurricanes, or other weather-related events. This included identifying a dedicated funding source, establishing an evacuation plan, and hardening a building



on FAMU campus that meet state requirements as a hurricane shelter. The University has taken the following steps related to Emergency Preparedness to address these issues:

- i. **Identifying a Dedicated Funding Source.** The University created a cross-functional team to develop a three-year financial plan to address emergency preparedness needs. Emergency Management Director submitted a budget through the University process for FY 2022-23 to address critical emergency preparedness needs. In the interim, the University remains committed to using contingency funding to cover any gaps in funding should an emergency arise.
- ii. **Establishing an Evacuation Plan.** Emergency management plans are currently being revised and a final draft will be ready prior to the next hurricane season.
- iii. **Hardening a Building on FAMU Campus.** The University is requesting funds in the 2022-23 budget to upgrade buildings on campus that can be used for sheltering faculty, staff, and students.
- iv. **Emergency Management Preparedness Activities.** The University’s emergency preparedness leadership has completed the following activities from February 2022 to May 2022:
 1. Enhanced emergency mass notification system (Everbridge) which is scheduled to go live in June 2022. Everbridge is funded by the Legislature and is free to state universities.
 2. A tabletop exercise was held for the FAMU Senior Leadership Team on May 3, 2022. This exercise was coordinated with local and state partners to foster relations outside of FAMU and enhance internal policies for hurricane response and recovery.
 3. Continued development and/or enhancement of the University’s Comprehensive Emergency Management Plan.
 4. Continued development and/or enhancement of the University’s Continuity of Operations Plan (COOP).
 5. Coordinated a Department of Homeland Security (DHS) Cyber and Infrastructure Agency (CISA) visit with campus police department to explore areas to enhance safety and security on campus. CISA findings were provided to the University on May 5, 2022.
 6. Ensured that University’s disaster recovery contract was viable in preparation for the hurricane season.

The Division of Audit will continue to monitor the progress of the issues related to identifying a dedicated funding source, establishing an evacuation plan, and hardening a building on FAMU campus with the new Emergency Management Director to ensure the actions fully meet industry standards and best practices. The finding remains **OPEN** until these emergency management activities are resolved.

- b. **Risk:** The original risk level of this item was assessed as **HIGH**. The risk remains **HIGH** for this finding while the University works to develop comprehensive plans to address issues identified within the current budgetary constraints placed on the University.



Research

3. Federal Contracts and Disclosure Audit–Federal Contract Not Reported to USDOE

- a. Status: University officials must report the Saudi Arabia Cultural Mission (SACM) 3rd party tuition payments made to the University for the 2018 (\$406,403.20) and 2019 (\$730,498.14) calendar years.
 - i. The University’s Research Security Committee is reviewed SACM 3rd party payments for the 2020, 2021 and the 2022 calendar years to discover if these respective SACM payments also exceeded the \$250,000 reporting threshold to be included within the University’s 2022 report.
 - ii. The University anticipates submitting a report disclosing all 3rd party foreign payments that exceeded the \$250,000 reporting threshold to USDOE prior to June 30, 2022.
- b. **Risk:** The original risk level of this item was assessed as **HIGH**. The University has taken actions to identify reportable transactions and is currently working to develop a submission process. As a result of the actions take, the risk level was reduced to **MEDIUM**. The finding remains **OPEN** until the report is submitted to USDOE.

4. Federal Contracts and Disclosure Audit–Update University Compliance and Research Disclosure Policies

- a. **Status:** The FAMU Enterprise Compliance Committee Workgroup has reviewed the following university’s policies and made necessary revisions to include additional definitions for clarity, updated penalties, updated authorities, updated links and updated office names:

- BOT Policy Number 2005-08, Sponsored Contracts and Grants Policy;
- BOT Policy Number 2005-09, Principal Investigator Policy; and
- BOT Policy Number 2014-01, Export Control.

These policies will be presented for review and approval at the FAMU June Board meetings. Once approved by the board and implemented by the University this will resolve the Division of Audit Federal Contracts and Disclosure Audit – Update University Compliance and Research Disclosure process improvement recommendation.

- b. A working group led by Compliance and Ethics has also streamlined and automated the conflict of interest disclosure process. The requisite disclosures have been consolidated into one form accessible through iRattler and the workflow is being tested to ensure that the approval process is working properly and routed to the appropriate supervisors and compliance officers. The automated system anticipated implementation launch date is July 1, 2022.
- c. **Risk:** The original risk level of this item was assessed as **HIGH**. The University has made progress with reviewing and revising policies to comply with new regulations and best practices.



As a result of the actions take, the risk level was reduced to **MEDIUM**. The finding remains **OPEN** until the BOT Sponsored Contracts and Grants, Principal Investigator and Export policies are approved and the automated conflict of interest form is implemented.

Knights Foundation

5. **FY 2020-2021: Knight Foundation Expenditure Review Finding – The School of Journalism and Graphic Communication did not submit spending plans to the Knight Foundation prior to the start of the fiscal year.**
 - a. **Status:** The School of Journalism and Graphic Communication (SJGC) submitted a corrective action plan that indicates the spending plans will be submitted prior to June 15, for each year going forward. The Division of Audit will follow up with SJGC on June 15, 2022, to determine if the spending plans have been submitted as required. This item remains **OPEN** until submission of spending plans is confirmed.
 - b. **Risk:** The original risk level of this item was assessed as **MEDIUM**. The risk level will remain **MEDIUM** until the submission has been confirmed.

6. **FY 2020-2021: Knight Foundation Expenditure Review Finding – Knight Chair Fund expenditure requests were not approved by the Knight Chair.**
 - a. **Status:** The School of Journalism and Graphic Communication (SJGC) submitted a corrective action plan that indicates the Knight Chair will review for approval all Knight Chair Fund expenditure requests and if the Knight Chair is unavailable the Dean will contact the Knight Foundation for an alternative process and will communicate that process to Student Affairs and the FAMU Foundation. The Dean of the SJGC has come to an agreement with the Knight Foundation that FAMU will not expend Knight Chair funds until a new Knight Chair is appointed and in place at FAMU. The Division of Audit verified that Knight Chair Funds have not been used during the period of July 1, 2021 – May 11, 2022. As a result, this audit finding is deemed **CLOSED**.
 - b. **Risk:** The original risk level of this item was assessed as **MEDIUM**. After taking into consideration the actions by the University as of May 2022, the risk level was adjusted to **LOW**.

7. **FY 2020-2021: Knight Foundation Expenditure Review Finding – Knight Chair Fund expenditure requests were approved by Academic Affairs without prior approval of the Knight Chair.**
 - a. **Status:** The School of Journalism and Graphic Communication (SJGC), in consultation with Academic Affairs, submitted a corrective action plan that indicates Academic Affairs will review all Knight Chair Fund expenditure requests for proper approvals and alignment with the spending plans. The Dean of the SJGC has come to an agreement with the Knight Foundation that FAMU will not expend Knight Chair funds until a new Knight Chair is appointed and in place at FAMU. The Division of Audit verified that Knight Chair Funds have not been used during the period of July 1, 2021 – May 11, 2022. As a result, this audit finding is deemed **CLOSED**.



b. **Risk:** The original risk level of this item was assessed as **MEDIUM**. After taking into consideration the actions by the University as of May 2022, the risk level was adjusted to **LOW**.

8. 2020-2021: Knight Foundation Expenditure Review Finding – Knight Chair Fund expenditure requests were processed by the FAMU Foundation without prior approval of the Knight Chair.

a. **Status:** The School of Journalism and Graphic Communication (SJGC), in consultation with FAMU Foundation, submitted a corrective action plan that indicates FAMU Foundation will review all Knight Chair Fund expenditure requests for proper approvals. The Dean of the SJGC has come to an agreement with the Knight Foundation that FAMU will not expend Knight Chair funds until a new Knight Chair is appointed and in place at FAMU. The Division of Audit verified that Knight Chair Funds have not been used during the period of July 1, 2021 – May 11, 2022. As a result, this audit finding is deemed **CLOSED**.

b. **Risk:** The original risk level of this item was assessed as **MEDIUM**. After taking into consideration the actions by the University as of May 2022, the risk level was adjusted to **LOW**.



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

Audit and Investigative Follow-up



Memorandum

To: Craig Reed, Chair, Board of Trustees, Audit and Compliance Committee

From: Joseph K. Maleszewski, Vice President for Audit/CAE
Deidre Melton, Associate Vice President for Audit/CRO

CC: Larry Robinson, Ph.D., University President
Board of Trustees Members
Senior Leadership Team Members

Date: May 17, 2022

Re: Status of Open Investigation Recommendations

The Division of Audit (DoA) worked with management to obtain an understanding of the actions taken by management since our February 2022, report to the Audit and Compliance Committee. Accordingly, the DoA prepared the following summary table followed by detailed information from management regarding the status of implementation of recommendations issued as a result of DoA investigative reports and/or activities, and the level of risk for issues identified.

#	Report #	Issue Identified	DoA Recommendation	Status	Risk Level
1	2020-11-05	Direct charging of an administrative position to federal grants	The College of Agriculture and Food Sciences (CAFS) should work with the federal funder to determine if monies used for the position should be repaid.	OPEN	LOW
2	2020-11-05	Allocation of administrative salaries to funding sources	Ensure all other administrative positions in CAFS are funded by appropriate sources.	OPEN	LOW
3	2020-02-19	Outside employment and undisclosed conflict of interest	The University should consider automating the conflict of interest disclosure process.	OPEN	LOW
4	2020-02-19	Outside employment and undisclosed conflict of interest	Consider a Human Resources liaison function in the Office of the Provost	OPEN	LOW
5	2020-11-11	Unauthorized teaching assistance and remote work; Undisclosed conflict of interest regarding dual employment	CAFS should notify the involved parties of the violations.	OPEN	LOW
6	2020-11-11	Undisclosed conflict of interest regarding dual employment	CAFS should determine if a portion of the employee's salary needs to be repaid to the University for time worked on unapproved tasks.	OPEN	LOW



#	Report #	Issue Identified	DoA Recommendation	Status	Risk Level
7	2020-01-27	Concern regarding documents maintained in the employee's official personnel file	Human Resources should coordinate with the Complainant to determine next course of action.	OPEN	LOW
8	2020-01-27	Decentralized process for maintaining employee personnel records	Human Resources should consider the feasibility of centralizing maintenance of all personnel records including those currently retained by departments internally.	CLOSED	LOW
9	2020-01-27	Department of Campus Safety & Security staffing and pay parity concerns	The University should assess FAMU PD's salary structure and staffing levels to determine if parity with other law enforcement agencies may be achieved, and if staffing levels are adequate to meet University need.	CLOSED	MODERATE
10	01.17.2022 Memorandum on Athletics Inventory Management	Inadequate internal controls over equipment and apparel	The Department of Athletics should develop and maintain an inventory control system that addresses the concerns outlined in the memorandum.	OPEN	MODERATE
11	01.17.2022 Memorandum on Athletics Inventory Management	Inadequate tracking of apparel given to employees, which is necessary for individual tax reporting purposes	The Department of Athletics should develop and implement a method for tracking apparel that is given to University employees to aid individuals with proper reporting of apparel as additional income in accordance with IRS guidelines.	OPEN	MODERATE
12	04.20.2022 Memorandum Regarding the 04.07.2022 Track Meeting	Student Safety Concerns	President Robinson should work with Athletics, the FAMU Foundation, and appropriate Finance and Administration units to properly equip students for all future track and field competitions.	OPEN	MODERATE
13	04.20.2022 Memorandum Regarding the 04.07.2022 Track Meeting	Alleged Key in the Possession of Student	Athletics Administration should communicate and enforce University practices and expectations for safeguarding University equipment.	OPEN	LOW
14	04.20.2022 Memorandum Regarding the 04.07.2022 Track Meeting	Process for Issuing Student Per Diem	Athletics Administration should work with the applicable Finance and Administration units to develop a process to issue per diem directly to students.	OPEN	LOW

Detailed information regarding these recommendations is provided on the following pages.



Item #	Report # and Issue Date	College/ Area	Issue	COSO Risk Component	Risk Level	Control Weakness	Recommendation/ Policy Determination	Owner	Update on Implementation	Anticipated Completion Date
1	2020-11-05 Issued: 4/2/2021	College of Agriculture and Food Sciences	Direct charging of an administrative position to federal grants	Control Environment	Low	The salary for the Associate in Land Grants position was directly charged to two federal grants despite not meeting the criteria for direct charging of an administrative position's salary to federal grants.	Recommendation 1: Determine the percentage of time the Associate in Land Grants worked directly for Evans-Allen research projects and directly for 1890 Cooperative Extension projects based on a reasonable, replicable method supported by documentation for the period of March 2018 through September 2020; and calculate the corresponding total salary and benefits paid for that time. Follow-up with the U.S. Department of Agriculture (USDA) National Institute of Food and Agriculture (NIFA) to determine if any portion of the 1890 Cooperative Extension and Evans-Allen awards used to fund the Associate in Land Grants position salary should be returned to the USDA based on the amount of time not worked directly for research and extension.	Dr. Robert Taylor, Dean, CAFS	Status: Open On 02/28/2022, the Division of Audit (DoA) requested Dr. Maurice Edington, Provost, help facilitate status updates regarding this recommendation. On 04/11/2022, Dr. Edington provided DoA with updated information. DoA is in the process of reviewing this information.	08/31/2022
2	2020-11-05 Issued: 4/2/2021	College of Agriculture and Food Sciences	Allocation of administrative salaries to funding sources	Monitoring	Low	CAFS may be charging the salaries for several administrative positions to restricted funding sources, or sources which do not allow for the direct	Recommendation 2: Evaluate the sources currently used to fund all CAFS administrative positions and ensure the appropriate amounts are allocated to indirect costs when allowed, or to unrestricted sources	Dr. Robert Taylor, Dean, CAFS	Status: Open On 02/28/2022, the Division of Audit (DoA) requested Dr. Maurice Edington, Provost, help facilitate status updates	08/31/2022



						charging of administrative or indirect costs.	of funding when indirect or Facilities and Administration costs are not allowed. Determine a method to demonstrate that administrative staff are properly charged to the correct funding sources in compliance with applicable rules.		regarding this recommendation. On 04/11/2022, Dr. Edington provided DoA with updated information. DoA is in the process of reviewing this information.	
3	2021-02-19 Issued: 4/6/2021	College of Social Sciences, Arts and Humanities	Outside employment and undisclosed conflict of interest	Control Activities	Low	A faculty member worked for FAMU and another university simultaneously without properly disclosing the outside employment and conflict of interest.	Recommendation 1: HR should work with the Office of Compliance and Ethics to evaluate the feasibility of automating the conflict of interest disclosure process, ensuring appropriate levels of review, approval, and monitoring. Conflict of Interest disclosures and monitoring have the potential to exploit gaps in coordination between HR and the Office of the Provost, which assumes personnel functions. It may be helpful to consider an HR liaison function in the Office of the Provost that works closely with both offices to maintain continuity and consistency in personnel actions and record management.	Rica Calhoun, Chief Compliance and Ethics Officer	Status: Open The Office of Compliance and Ethics (OCE) has been working with the Office of Information Technology Services to consolidate the requisite disclosures (University and Research) into one form accessible through iRattler. As of 05/13/2022, there were no additional updates reported regarding this matter.	08/31/2022
4	2021-02-19 Issued: 4/6/2021	College of Social Sciences, Arts and Humanities	Outside employment and undisclosed conflict of interest	Control Activities	Low	A faculty member worked for FAMU and another university simultaneously without properly disclosing the outside employment and conflict of interest.	Recommendation 2: HR should work with the Office of Compliance and Ethics to evaluate the feasibility of automating the conflict of interest disclosure process, ensuring appropriate levels of	Sandi Anderson-Smith, Interim Associate Vice President for Human Resources	Status: Open HR has drafted an implementation timeline for the Human Resources/ Academic Affairs satellite office and is in the process of determining target	08/31/2022



							review, approval, and monitoring. Conflict of Interest disclosures and monitoring have the potential to exploit gaps in coordination between HR and the Office of the Provost, which assumes personnel functions. It may be helpful to consider an HR liaison function in the Office of the Provost that works closely with both offices to maintain continuity and consistency in personnel actions and record management.		completion dates for the implementation steps outlined. As of 05/12/2022, there were no additional updates reported regarding this matter.	
5	2020-11-11 Issued: 10/18/2021	College of Agriculture and Food Sciences	Unauthorized teaching assistance and remote work; Undisclosed conflict of interest regarding dual employment	Monitoring	Low	An employee, who was known to teach on behalf of a CAFS professor, had not been hired teach; and had not gone through the proper credential review process to facilitate classes in the professor's absence.	<p>Recommendation 1: We recommend the College of Agriculture and Food Sciences issue notice to Dr. Cassel Gardner regarding his use of unauthorized personnel to facilitate and/or assist him with his courses and require appropriate corrective action. CAFS should consider, in its determination of corrective action, that Dr. Andrine Stanhope was not authorized to work remotely during the period of 2008 to 2012 as the telecommuting policy was not in place at that time; therefore, Gardner did not have the authority to permit Stanhope to perform work remotely for the University.</p> <p>We also recommend the College issue</p>	Dr. Robert Taylor, Dean, CAFS	<p>Status: Open</p> <p>On 02/28/2022, the Division of Audit (DoA) requested Dr. Maurice Edington, Provost, help facilitate status updates regarding this recommendation.</p> <p>On 04/11/2022, Dr. Edington provided DoA with updated information. DoA is in the process of reviewing this information.</p>	08/31/2022



							notification to Stanhope regarding 1) her performance of unauthorized duties while employed in another position and 2) her failure to disclose the conflict of interest pertaining to working multiple positions with competing priorities.			
6	2020-11-11 Issued: 10/18/2021	College of Agriculture and Food Sciences	Unauthorized teaching assistance and remote work; Undisclosed conflict of interest regarding dual employment	Monitoring	Low	An employee worked remotely for the University for several years while also working a full-time position in another country. According to the employee, multiple CAFS employees knew of this arrangement.	Recommendation 2: Determine if funds must be repaid for 1) time Stanhope spent assisting Gardner rather than performing duties for the Associate in Land Grants position and 2) if Gardner must repay a portion of his salary for the time Stanhope performed any of his responsibilities.	Dr. Robert Taylor, Dean, CAFS	Status: Open On 02/28/2022, the Division of Audit (DoA) requested Dr. Maurice Edington, Provost, help facilitate status updates regarding this recommendation. On 04/11/2022, Dr. Edington provided DoA with updated information. DoA is in the process of reviewing this information.	08/31/2022
7	2020-01-27 Issued: 1/10/2022	Human Resources	Concern regarding documents maintained in official personnel file	Communication and Information	Low	A former employee reported that their official personnel file included documents that should not have been included in the file. HR has a process for the Complainant to request the document be sealed. The Complainant and HR should work to reach resolution.	Recommendation 1: Human Resources should coordinate with the Complainant to determine if written discipline documented in Complainant's personnel file should be marked invalid and/or sealed per the FAMU/Police Benevolent Association agreement.	Sandi Anderson-Smith, Interim Associate Vice President for Human Resources	Status: Open To date, no current or former FAMU Police Department employee has reached out to HR to request that a written discipline in their personnel file be marked invalid and/or sealed.	Status to be changed to Closed if no request is made to HR by 07/31/2022.



8	2020-01-27 Issued: 1/10/2022	Human Resources	Decentralized process for maintaining employee personnel records	Control Activities	Low	Departments are permitted to maintain personnel records for employees that are not maintained by Human Resources. HR is the custodian of the official personnel file.	Recommendation 2: Human Resources should consider the feasibility of centralizing maintenance of all personnel records including those currently retained by departments internally; or consider implementing a process for including soft discipline documents, such as written counseling, in the official personnel file to support subsequent formal disciplinary action.	Sandi Anderson-Smith, Interim Associate Vice President for Human Resources	Status: Closed HR agrees that centralizing maintenance of all personnel records be housed in Human Resources; however, HR will collaborate with the appropriate individuals in Academic Affairs. Currently, the HR Records Management area is in the process of converting all paper A&P and USPS employee files to electronic files.	Completed HR has considered the recommendation and is working to implement changes.
9	2020-01-27 Issued: 1/10/2022	Department of Campus Safety & Security	Staffing and pay parity concerns	Risk Assessment	Moderate	Parties interviewed expressed concern regarding turnover with FAMU PD and compensation shortfalls compared to other local law enforcement agencies. This may create limitations with officer availability.	Recommendation 3: The Division of Student Affairs, within which the Department of Campus Safety & Security is positioned, should assess FAMU PD's salary structure and staffing levels to determine 1) if parity with other local law enforcement agencies may be achieved; and 2) if staffing availability, in consideration with active Mutual Aid Agreements, is adequate to meet the enforcement needs of the University.	Dr. William E. Hudson, Jr., Vice President for Student Affairs	Status: Closed Department of Campus Safety & Security has reported making salary adjustments in compliance with the collective bargaining agreement with the PBA; The department is unionized which impacts the salary structure. DoA confirmed via iRattler that staff job data reflected salary equity adjustments.	Completed FAMU PD salaries have been adjusted as of September 2021



10	<p>Memorandum SUBJECT: Department of Athletics Inventory Management</p> <p>Issued: 1/17/2022</p>	Department of Athletics	Inadequate internal controls over equipment and apparel.	Control Environment	Moderate	<p>Past practice of giving out apparel without accounting for items, combined with the lack of proper processes for ordering, receiving, tracking, documenting, and dispositioning equipment and apparel results in missing or otherwise unaccounted for items.</p>	<p>Recommendation 1: The Department of Athletics should develop and maintain an inventory control system which:</p> <ul style="list-style-type: none"> a. Ensures all equipment and apparel purchases are authorized; b. Acknowledges receipt of inventory (in the correct quantities and of the appropriate quality); c. Timely, accurately, and completely records transactions in the University records; d. Maintains control over and secures equipment and apparel; e. Ensures proper authorization, acknowledgment, and documentation of equipment and apparel distributions and returns; f. Properly accounts for the disposition of obsolete equipment and apparel; and g. Separates the equipment and apparel processes associated with equipping student athletes, providing benefits to employees, and incentivizing (and recognizing) stakeholder support and giving. 	<p>Michael Smith, Interim VP/Athletics Director</p> <p>Status: Open</p> <p>Implementation status is To Be Determined (TBD). Former AD Gosha resigned on April 20, 2022. DoA will coordinate with the new Interim AD for Athletics regarding this recommendation.</p>	TBD
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11	<p>Memorandum SUBJECT: Department of Athletics Inventory Management</p> <p>Issued: 1/17/2022</p>	Department of Athletics	Inadequate tracking of apparel given to employees, which is necessary for individual tax reporting purposes.	Control Environment	Moderate	Poor tracking of apparel given to employees results in the employees' inability to report taxable income, in the form of apparel, to the IRS.	<p>Recommendation 2: The Department of Athletics should develop and implement a method for tracking apparel that is given to University employees, and work with the Division of Finance and Administration to ensure proper reporting of apparel as additional income in accordance with IRS guidelines.</p>	<p>Michael Smith, Interim VP/Athletics Director</p>	<p>Status: Open</p> <p>Implementation status is To Be Determined (TBD). Former AD Gosha resigned on April 20, 2022. DoA will coordinate with the new Interim AD for Athletics regarding this recommendation.</p>	TBD
12	<p>04.20.2022 Memorandum SUBJECT: Student Track Meeting (April 7, 2022)</p>	Department of Athletics	Student Safety Concerns	Risk Assessment	Moderate	The Athletics Department has not properly equipped student-athletes to compete in track and field competitions.	<p>Recommendation 5: President Robinson should work with Athletics, the FAMU Foundation, and appropriate Finance and Administration units to properly equip students for all future track and field competitions.</p>	<p>Michael Smith, Interim VP/Athletics Director</p>	<p>Status: Open</p> <p>Implementation status is To Be Determined (TBD). Former AD Gosha resigned on April 20, 2022. DoA will coordinate with the new Interim AD for Athletics regarding this recommendation.</p>	TBD
13	<p>04.20.2022 Memorandum SUBJECT: Student Track Meeting (April 7, 2022)</p>	Department of Athletics	Alleged Key in the Possession of Student	Control Activities	Low	The sharing of equipment room keys with students weakened the internal controls (unauthorized access to equipment) put in place to safeguard University assets (equipment).	<p>Recommendation 6: Athletics Administration should communicate and enforce University practices and expectations for safeguarding University equipment.</p>	<p>Michael Smith, Interim VP/Athletics Director</p>	<p>Status: Open</p> <p>Implementation status is To Be Determined (TBD). Former AD Gosha resigned on April 20, 2022. DoA will coordinate with the new Interim AD for Athletics regarding this recommendation.</p>	TBD



14	04.20.2022 Memorandum SUBJECT: Student Track Meeting (April 7, 2022)	Department of Athletics	Process for Issuing Student Per Diem	Control Activities	Low	<p>It was reported to DoA that per diem is issued through a cash advance process to each Coach. The money is deposited into the Coach's personal bank account. The Coach is then expected to withdraw the money and distribute the per diem to each student. This process presents several concerns regarding control over per diem funds.</p>	<p>Recommendation 7: Athletics Administration should work with the applicable Finance and Administration units to develop a process to issue per diem directly to students.</p>	<p>Michael Smith, Interim VP/Athletics Director</p>	<p>Status: Open</p> <p>Implementation status is To Be Determined (TBD). Former AD Gosha resigned on April 20, 2022. DoA will coordinate with the new Interim AD for Athletics regarding this recommendation.</p>	TBD
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FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

External Audit Updates



Memorandum

To: Craig Reed, Chair, Board of Trustees, Audit and Compliance Committee

From: Joseph K. Maleszewski, Vice President, Division of Audit
Deidre Melton, Associate Vice President for Audit/CRO

CC: Larry Robinson, Ph.D., University President
Board of Trustees Members
Senior Leadership Team Members

Date: May 11, 2022

Re: Status of External Audits

The Division of Audit functions as the University’s official liaison for external auditors to assist management with meeting the requests and understanding various audit requirements. The following is a status of external audits in-progress or concluded since our January 28, 2022, report to the Audit and Compliance Committee.

CONCLUDED FLORIDA AUDITOR GENERAL AUDITS:

Auditor General In-Progress Audits			
Audit	Audit Period	Start Date	Report Release Date
Financial Audit	<u>FYE</u> June 30, 2021	February 2022	March 30, 2022
State of Florida – Compliance and Internal Controls Over Financial Reporting and Federal Awards	<u>FYE</u> June 30, 2021	February 2022	March 30, 2022
Operational Audit	<u>FYE</u> June 30, 2020	May 2021	January 3, 2022

The Florida Auditor General FAMU Financial Statement Report No 2022-188 did not disclose any internal control issues or process improvement recommendations. Accordingly, we received a clean financial statement audit opinion indicating that our financial statements were fairly presented in all material respects. There were also no identified issues with compliance and the financial position of FAMU and its aggregate component units as of June 30, 2021.

The Florida Auditor General State of Florida-Compliance and Internal Controls Over Financial Reporting and Federal Awards Report No 2022-189 did not have any prior year audit issues disclosed within the report. Due to FAMU being deemed low risk and not having prior year audit issues, tests were not conducted at FAMU this past reporting cycle for FY 2021.

The Florida Auditor General FAMU Operational Report No 2022-093 disclosed that the University should establish procedures to ensure that Cash in Bank, Special Purpose Investment Account (SPIA), and SPIA



income are promptly and accurately recorded by fund consistent with the ICOFA Financial Statement Guide. Additionally, it was recommended that the University enhances procedures to ensure that reconciliations of SPIA account balances by fund to the general ledger account balances be performed at least monthly, with reconciling items promptly identified, thoroughly investigated, adequately documented and resolved.

IN-PROGRESS FLORIDA AUDITOR GENERAL AUDITS:

Auditor General In-Progress Audits			
Audit	Audit Period	Start Date	Anticipated Report Release Date
State Financial Aid – Bright Futures (Florida Public Student Financial Assistance Grant Program)	FYE June 30, 2019 and June 30, 2020	March 2021	July 2022

IN-PROGRESS DIRECT SUPPORT ORGANIZATION (DSO) INTERNAL CONTROLS REVIEW:

The Florida Board of Governors have contracted with Crowe to perform a review of internal controls at each of the twelve universities with the State University System of Florida. As of May 6, 2022, CROWE has completed internal control testing at each FAMU DSO and is expected to provide a final report to the Florida Board of Governors at their September 2022 meeting. FAMU DSOs are establishing corrective action plans to address Crowe’s preliminary observations which we anticipate will be summarized in their final report.

IN-PROGRESS INTERCOLLEGIATE ATHLETICS FINANCIAL STATEMENTS AND AGREED UPON PROCEDURES REPORT STATUS:

James Moore, CPAs			
Audit	Audit Period	Start Date	Anticipated Report Release Date
Financial Statement Audit	FYE June 30, 2021	November 2021	June 2022
Agreed Upon Procedures	FYE June 30, 2021	November 2021	June 2022

The James Moore, CPAs audit of the FY 2021 FAMU Athletics Financial Statement and the FY 2021 FAMU Athletics Agreed Upon Procedures were delayed until payment was received by them for their completed FY 2020 FAMU Athletics Financial Statement audit. Regulators are increasingly concerned about auditors who have unpaid professional fees and the potential impact of unpaid fees on auditor independence. James Moore, CPAs was paid during late April 2022, and they are actively working on both FY 2021 FAMU Athletics engagements and anticipate releasing these reports by June 30, 2022.



FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

Division of Audit Updates



Division of Audit Staffing Updates



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

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

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



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

Internal Audit Awareness Month – May 2022

During May of each year, the Division of Audit celebrates International Internal Audit Awareness Month by facilitating a host of activities. This year, we kicked off the month by distributing a flyer to the campus community, inviting the campus community to reach out to us for an operational checkup. We hosted an Open House on May 19, 2022 for the campus community to get to visit our new office space, learn more about our staff and what we do. Additionally, on May 26, 2022 we hosted the 1st HBCU Fraud, Risk, and Controls Virtual Town Hall.

Inside May is Internal Audit Awareness Month. IIA

DOES YOUR DEPARTMENT NEED A CHECKUP?

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

FAMU FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

1700 Lee Hall Drive Phone: (904) 412-5470
67 Focht-Hoyer Administration Center Email: DivisionofAudit@famu.edu
Tallahassee, Florida 32307

FAMU DIVISION OF AUDIT
INVITES YOU TO OUR
Open House

FOOD GAMES PRIZES

Date: May 19, 2022
Time: 1pm - 4pm
Where: 1700 Lee Hall Drive
67 Focht-Hoyer Admin Center

You'll get a chance to:

- Meet the DeA staff
- Tour our new location
- Ask questions
- Learn about the services we provide

Staff members listed include: Joseph Robinson, VP for Audit & Chief Audit Executive; Jackie Patton, IIA for Audit & Chief Risk Officer; Arthur Tucker, Lead Senior Auditor Investigation; Bill Wright, Enterprise Risk Management Coordinator; Lori Thomas, Senior Auditor; and Tanya Wright, Auditor.

Inside May is Internal Audit Awareness Month. IIA

FRAUD, RISK, AND CONTROLS

DATE: May 26, 2022
TIME: 4pm - 5pm

HBCU Virtual Town Hall Meeting

Opening Remarks: Larry Robinson, Ph.D., President, FAMU

Host: Stephanie Omah, AIA for Audit CMO, FAMU

Panel of Chief Audit Executives: Joe Malsam, FAMU; Chris Parker, Tennessee; Wendy Sanders; Chris Thomas; Rick Clark.

FAMU FLORIDA A&M UNIVERSITY
DIVISION OF AUDIT

REGISTER NOW



New Staff Leadership Positions in Professional Organizations



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

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

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

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



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

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



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

Professional Speaking Engagements

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



Audit and Inspector General Institute
Session 1: Internal Controls
Session 2: Audit Follow-Up and Use of Specialists
Session 3: How IGs Maximize Value Added
Speaker: Joseph Maleszewski



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



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



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



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



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