Audit and Compliance Committee Meeting

PRESENTED BY

Joseph Maleszewski and Rica Calhoun

June 5, 2019

Florida Agricultural and Mechanical University
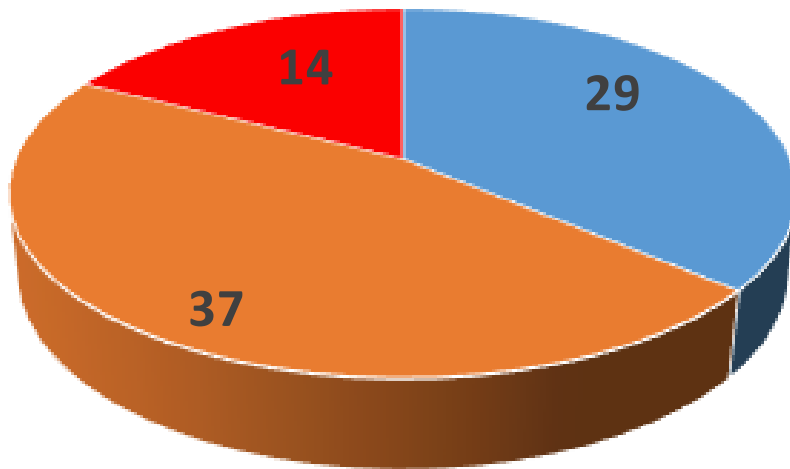
Risk Assessment/Audit Work Plan

- Board of Governor Regulation
- Professional Auditing Standards
- BOT-approved Charter Document
- Periodic Risk Assessments
- Risk-based Audit Work Plan
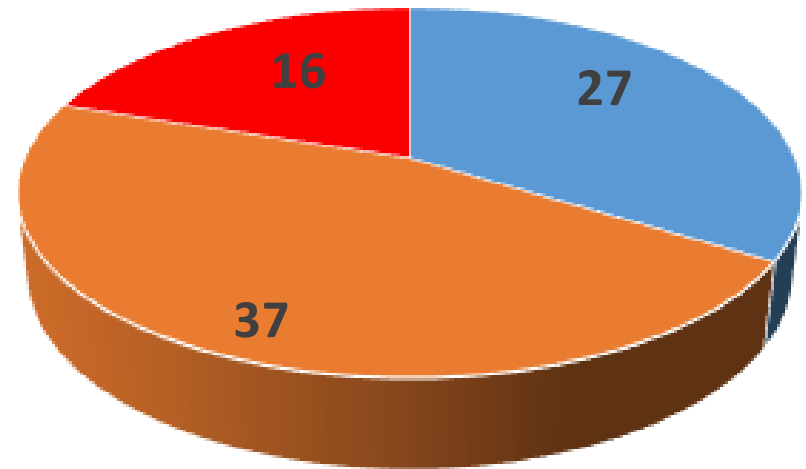- Dynamic and Flexible
- Board Approval

Risk Assessment

FY 2017-2018

29 (Low)
37 (Medium)
14 (High)

- Low
- Medium
- High
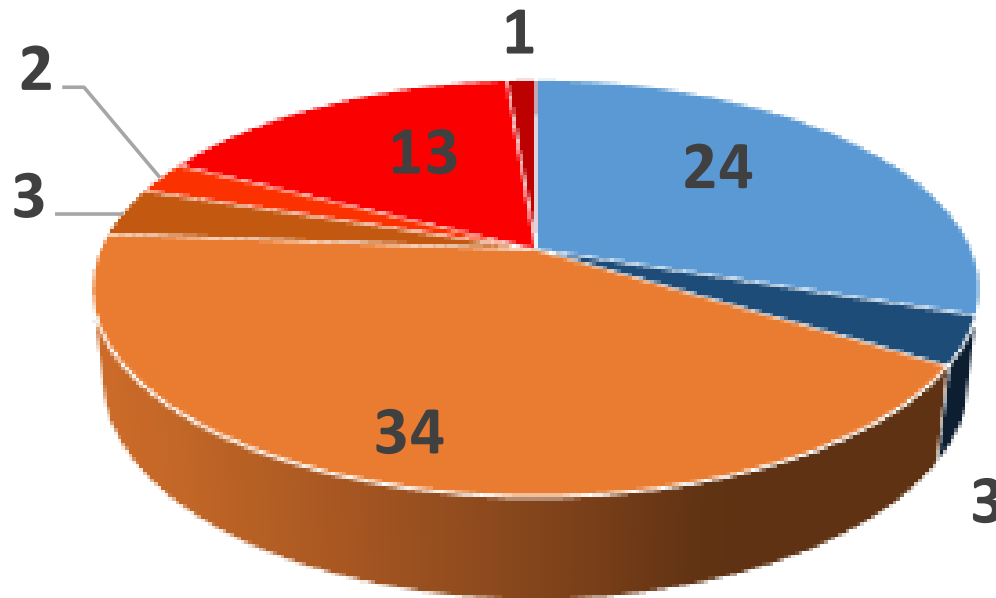
FY 2018-2019

27 (Low)
37 (Medium)
16 (High)

- Low
- Medium
- High

Risk Assessment

FY 2018-2019

- Low
- Low & Rising
- Medium
- Medium & Rising
- High & Falling
- High
- High & Rising

Risk Assessment

Increasing Risk

1. Emergency Preparedness
2. Environmental Health & Safety
3. Athletics
4. Cash Handling
5. Academic Administration
6. Academic Records Management
7. International Affairs
8. Governance
9. Internal Audit
10. Legal
11. Export Controls
12. Health Services
13. Stakeholder Relations

Decreasing Risk

1. Institutional Compliance
2. Purchasing
3. Research Compliance
4. Financial Aid

Work Plan Topics FY 2019-2020

Governance:
- PBF Metrics (BOG Request)
- Process for Adopting and Changing Policies
- Culture & Ethics (IIA Standard 2110.A1)

Financial:
- Athletics – Purchases & AR (BOT Policy 2005-16 - Section 2)
- Athletics – Booster Financial Activities and Donor Accounting (BOT Policy 2005-18 – Section 5)
- Decentralized Cash Collections
- Knight Foundations Grant – Quarterly Expenses

Compliance:
- Export Controls

Work Plan Topics FY 2019-2020

Operational:
- Registrar Office
- FAMU/FSU College of Engineering
- IT – Active Directory
- IT Change Management
- Construction: Center for Access and Student Success (CASS)
- Construction: Source Funding (House Recommendations – Audit & Certification)

Continuous Monitoring Services:
- Athletics Operations & Financial Review (Task Force)
- Faculty & Staff Leave

Management Advisory Services:
- Textbook Affordability
- Medical Marijuana Program Development
- Enterprise Risk Management
- State of Cybersecurity
- Departmental Training Assistance
- Audit Liaison with External Auditors
- Management Requests (10% of Project Hours)

Work Plan Topics FY 2019-2020

Follow-ups, Risk Assessment, and Investigations:

- Follow-ups: Audits, Investigations, Advisory Services
- Audit Risk Assessment
- Investigations

Internal Audit Administration:

- Professional Development
- Division Administrative Projects
- Whistle-blower Training
- General & Leave

2018 FAMU Grape Harvest Festival Cash Collections Advisory Report

- **What We Did**
  - Cash Collections
  - Physical Safety Plans
  - Food Vendor Liability Insurance
  - Volunteer Authorization and Training
  - Outside Employment Approval

- **What We Found**
  - Cash Collections Process Satisfactory
  - Cash Collections Safeguarded, Deposited, and Reconciled
  - Controls over physical safety plans, food vendor liability insurance, volunteer authorization and training, and outside employment approvals were appropriate

- **Opportunities For Improvement**
  - Accepting credit cards
  - Implementing an alternate method for receipting cash
  - Assigning additional volunteers to assist with non-cash-collection gate duties
  - Obtaining a sufficient change fund

Enterprise Risk Management Advisory Report

- **What We Did**
  - Studied Value Proposition of ERM at FAMU
  - Reviewed Current Risk Management Practices
  - Recommendations: Program Implementation, Structure, Cost, and Timeline

- **What We Found**
  - FAMU Uses a Traditional Risk Management Approach
  - FAMU Would Benefit From Implementing an ERM Program Through a Phased Approach

- **Opportunities For Improvement**
  - Appointing an executive ERM sponsor – CRO with established reporting lines
  - Establishing an ERM framework
  - Establishing an ERM Advisory Committee
  - Implement an ERM software management system
  - Establishing a risk tolerance/appetite statement
  - Performing an enterprise-wide risk assessment fully aligned with the University's strategic plan and performance funding goals
  - Establishing risk treatment plans with periodic monitoring

STATUS OF PRIOR AUDIT FINDINGS

19 Open Audit Findings as of May 30, 2019

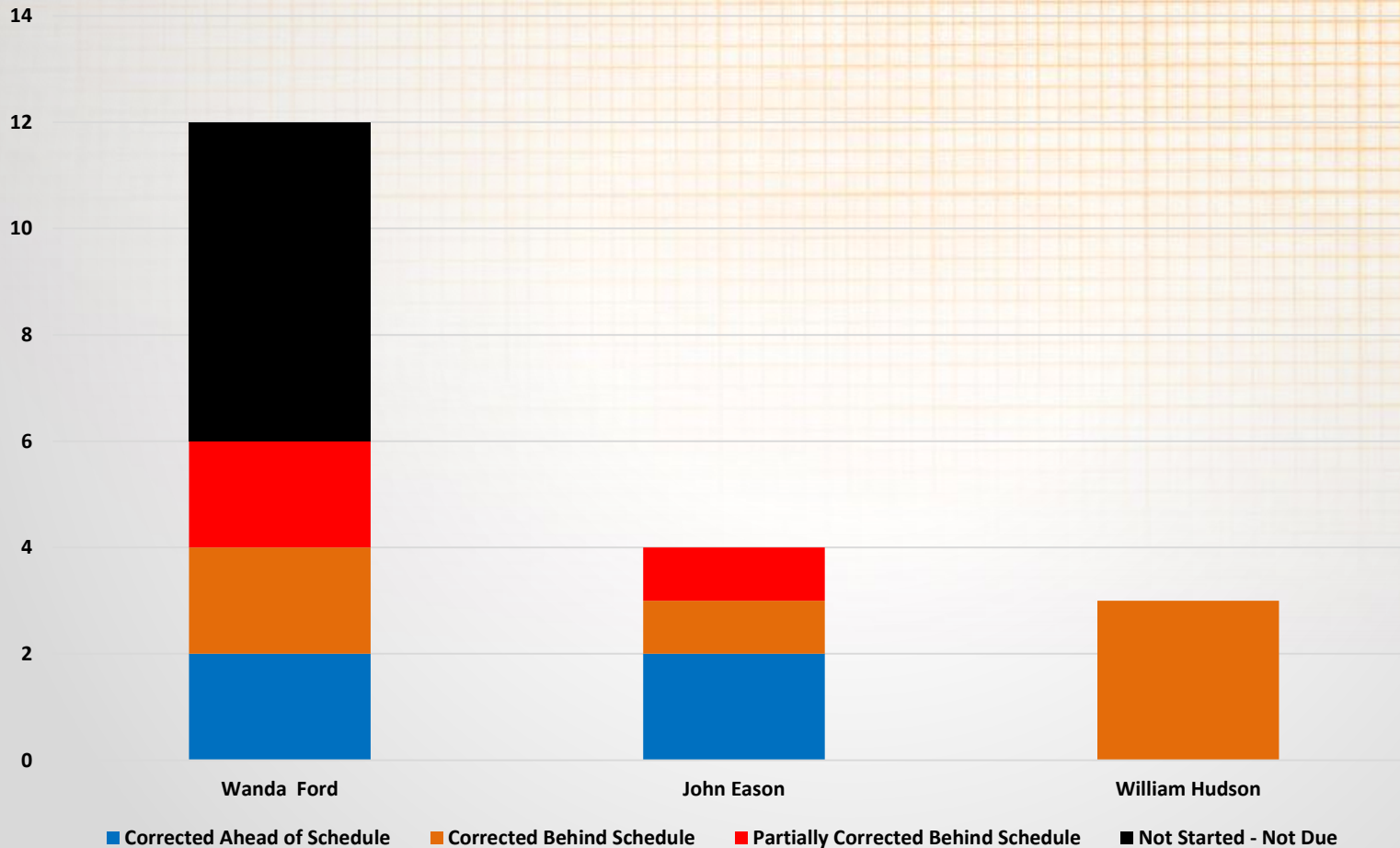| **4** Corrected **Ahead of Schedule** Require Validation	**6** Corrected **Behind Schedule** Require Validation	**3** Partially Corrected **Behind Schedule**	**6** Not Started **Not Due**
🟡 **2018 Operational Audit Findings:** Payroll Processing Time Cards	🔴 **2017-18 Performance Based Funding Data Integrity Audit:** User Access Privileges & Reviews (Repeat Finding)	🔴 **2016-17 BOG IT Compliance Audit:** Information Security Plan Development and Implementation	🔴 **2017-18 Cloud Security Governance Audit:** Disaster Recovery
🔴 **Athletics Cash Collection Controls Review:** Post reconciliation process not entirely completed	🟢 **2016 Accounts Payable Audit:** Access to PeopleSoft Accounts Payable and Purchasing Roles Part II	🔴 **2017 DSO Independent Audits:** FAMU Rattler Boosters Proper Accounting Records (Finding No. 2017-1)	🟢 **2017-18 Cloud Security Governance Audit:** Service Transition Planning
🔴 **NCAA Committee on Infractions – FAMU Case No. 00176:** Student Athlete Statements and Drug Testing Consent Forms	🟡 **2017-2018 SGA Follow-up Audit:** Budget Approval Document	🟡 **2017-18 Cloud Security Governance Audit:** Legal Compliance	🟡 **Athletics Cash Collection Controls Review:** Ticket Security
🔴 **NCAA Committee on Infractions – FAMU Case No. 00176:** Institutional Obligation to Timely Renew or Non-renew Student Athlete Financial Aid	🟡 **2017-2018 SGA Follow-up Audit:** Employee Time Reporting - SGA		🟡 **Athletics Cash Collection Controls Review:** Ticket void/reissue process
	🟡 **2017-2018 SGA Follow-up Audit:** Employee Time Reporting –OSA		🔴 **Athletics Cash Collection Controls Review:** Unsecured cash area
	🔴 **2018 Operational Audit Findings:** Intercollegiate Athletic Programs – Deficit Cash Balances		🟡 **Athletics Cash Collection Controls Review:** University processing timely deposit

Severity Risk Level: 🔴 High Risk   🟡 Medium Risk   🟢 Low Risk

STATUS OF PRIOR AUDIT FINDINGS

Open Findings by Executive Owner

Legend:
- ■ Corrected Ahead of Schedule
- ■ Corrected Behind Schedule
- ■ Partially Corrected Behind Schedule
- ■ Not Started - Not Due

Current Year Audit Plan Update

- Export Controls
- IT- Review Automation/Use PeopleSoft
- FAMU/FSU College of Engineering

Division of Audit Updates

- Budget Process
- Meetings with SLT
- Audit Liaison
- SUAC
- Compliance Coordination
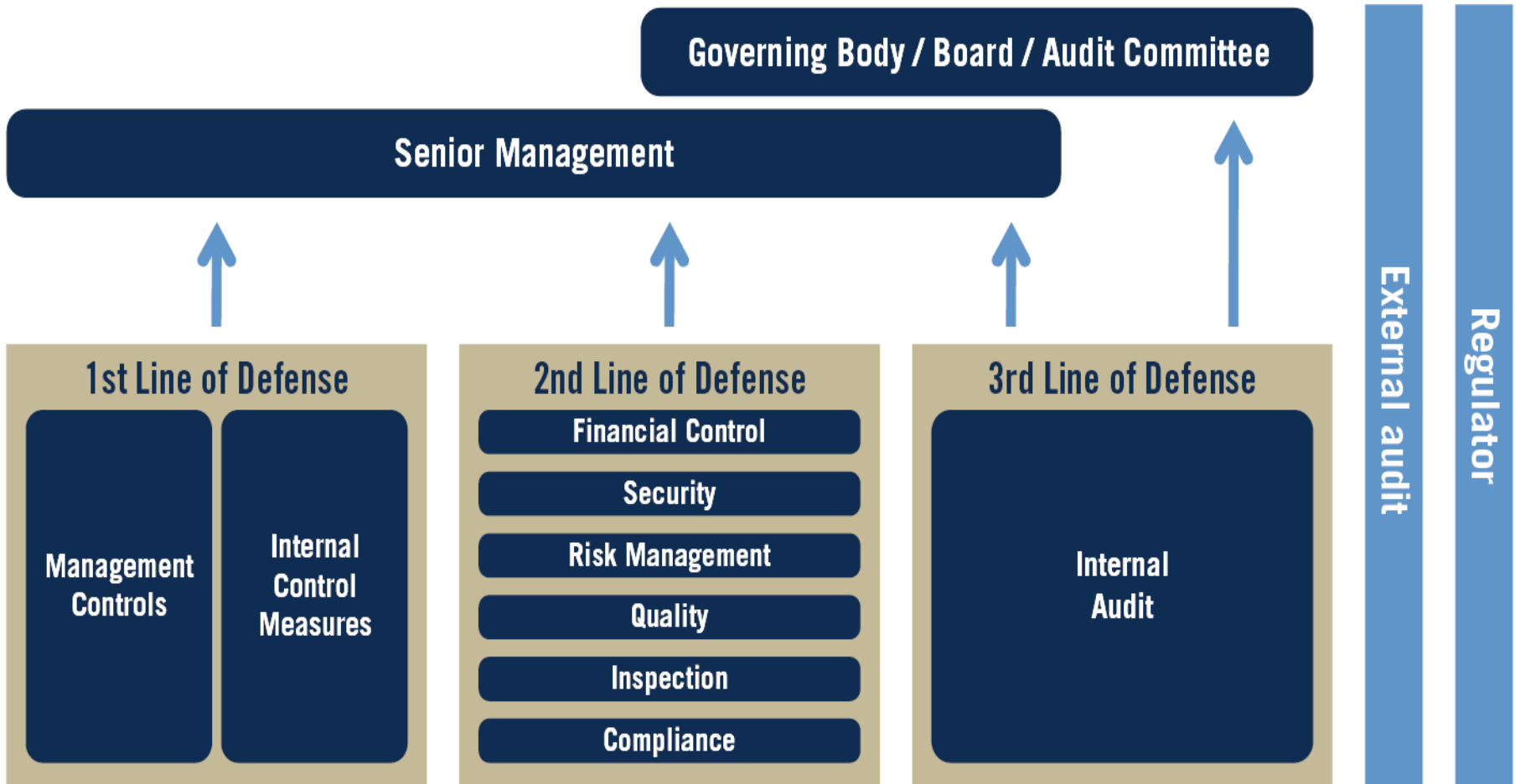- University Assessment – Notification
- PBF

External Audits

- FY 2018-19 Financial Statements
- FY 2018-19 Bright Futures Scholarship Program
- Monitor Action Plans – AG Operational Audit
- Federal Program Audit FYE 6/30/18

The Three Lines of Defense Model

Governing Body / Board / Audit Committee

Senior Management

1st Line of Defense	2nd Line of Defense	3rd Line of Defense
Management Controls · Internal Control Measures	Financial Control / Security / Risk Management / Quality / Inspection / Compliance	Internal Audit

External audit

Regulator

Compliance and Ethics

1. Oversight
2. Standards and Procedures
3. Education and Training
4. Monitoring and Auditing
5. Reporting
6. Incentives and Disciplinary Measures
7. Response and Prevention
   - Risk Assessment
   - Effectiveness Assessment
8. "Promote an organizational culture that encourages ethical conduct and a commitment to compliance with laws."

Compliance and Ethics

Program Updates

- **High Level Leadership**
- **Organizational Changes**
- **Athletics**
- **Enterprise Compliance Committee**
- **Compliance Reviews/Investigations**

- **Initiatives**
- **Training**
- **Communication-** Florida A&M University Office of Compliance and Ethics
- **Enforcement**

Athletics Update

"At FAMU, Great Things Are Happening Every Day."

established 1887