

Audit and Compliance Committee

February 16, 2022



Action Items

01

Minutes: Consideration of Approval – December 1, 2021

-Trustee Reed

02

**Update BOT Policy 2020-01:
Fraud Prevention and Detection**

- Joseph Maleszewski

03

Performance Based Funding Certification Document

-Joseph Maleszewski

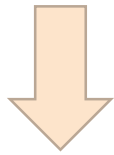


AACC Meeting Minutes

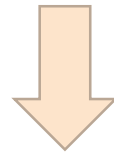
December 2, 2021



Review



Discussion



Approval

Florida Agricultural and Mechanical University Board of Trustees



Audit & Compliance Committee Meeting
Trustee Craig Reed, Chair
Grand Ball Room
Wednesday, December 01, 2021 – 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.

The first action item – Chair Reed requested the approval of Audit and Compliance Committee, September 15, 2021, meeting minutes. Trustee Perry motioned to accept the minutes and Trustee Cavazos, seconded the motion. Chair Reed called for a vote and the minutes were approved.

The second action item – Chair Reed acknowledged VP Maleszewski to present the Audit and Compliance Committee Charter for consideration of approval. VP Maleszewski conveyed that the Audit and Compliance Committee Charter was updated to add the committee's responsibility for oversight of the Enterprise Risk Management (ERM). VP Maleszewski indicated that the changes were in keeping with the Board's action to adopt the Committee on Sponsoring Organizations of the Treadway Commission's (COSO's) Internal Controls and ERM frameworks. The language additions speak to the Committee's oversight of the ERM the program to ensure it is designed so that risks are appropriately identified, assessed, managed, and considered in institutional decision making. VP Maleszewski offered to respond to any questions.

Chair Reed recognized Trustee Cavazos who discussed her perspective on the topic of where the ERM function should report – expressing that having a separate ERM function from the audit function would provide for clearer delineation of roles and responsibilities. Trustee Cavazos expressed that this separation would provide for basic checks and balances between the two functions and ensure the continued independence and objectivity of the internal audit regardless of who held that position. Trustee Cavazos referenced her review of peer institutions and related literature supporting the benefits of having a separate organizational structure for the two functions.

Chair Reed then asked VP Maleszewski to speak to the organizational structure currently used for the ERM function. VP Maleszewski first clarified that the action time under consideration relates to the Audit and Compliance Committee Charter which is associated with the Committee's responsibilities and that Trustee Cavazos' remarks relate to the organizational structure which is more closely aligned with the second charter document – the Division of Audit Charter.

Update BOT Policy 2020-01: Fraud Prevention and Detection

Change 1: Added Section IV. E. Significant and Credible Allegations of Waste, Fraud, Mismanagement, Misconduct, and other Abuses made against the Chief Audit Executive or the Chief Compliance Officer



Review Matter

- AACC Chair, President determines if further investigation is warranted



Report

- Subject Response (20 days)
- Investigator Rebuttal (5 days)
- Final Report: President, AACC Chair, BOT, BOG



Disciplinary Action

- President determines disciplinary action



Law Enforcement

- President confers with law enforcement for criminal violations

Update BOT Policy 2020-01: Fraud Prevention and Detection

Change 2: Added Section IV. F. Significant and Credible Allegations of Waste, Fraud, Mismanagement, Misconduct, and other Abuses Made Against the President or a Board Member



BOG Notification

- Vice President for Audit timely notifies BOG



Review/Inquiry

- Conducted by BOT Chair (or AACC Chair) and BOG Chair



Investigation

- BOT hire independent outside firm with OIGC guidance and monitoring, or
- OIGC performs investigation



Report

- Subject Response (20 days)
- Final Report: FAMU BOT or AACC Chair , BOG AACC

Data Integrity Certification

Performance Based Funding

Data Integrity Certification
March 2022

University Name: _____

INSTRUCTIONS: Please respond "Yes" or "No" for each representation below. Explain any "No" responses to ensure clarity of the representation you are making to the Board of Governors. Modify representations to reflect any noted **material or significant** audit findings.

Data Integrity Certification Representations			
Representations	Yes	No	Comment / Reference
1. I am responsible for establishing and maintaining, and have established and maintained, effective internal controls and monitoring over my university's collection and reporting of data submitted to the Board of Governors Office which will be used by the Board of Governors in Performance-based Funding decision-making and Preeminence or Emerging-preeminence Status.	<input type="checkbox"/>	<input type="checkbox"/>	
2. These internal controls and monitoring activities include, but are not limited to, reliable processes, controls, and procedures designed to ensure that data required in reports filed with my Board of Trustees and the Board of Governors are recorded, processed, summarized, and reported in a manner which ensures its accuracy and completeness.	<input type="checkbox"/>	<input type="checkbox"/>	
3. In accordance with Board of Governors Regulation 1.001(3)(f), my Board of Trustees has required that I maintain an effective information system to provide accurate, timely, and cost-effective information about the university, and shall require that all data and reporting requirements of the Board of Governors are met.	<input type="checkbox"/>	<input type="checkbox"/>	
4. In accordance with Board of Governors Regulation 3.007, my university provided accurate data to the Board of Governors Office.	<input type="checkbox"/>	<input type="checkbox"/>	
5. In accordance with Board of Governors Regulation 3.007, I have appointed a Data Administrator to certify and manage the submission of data to the Board of Governors Office.	<input type="checkbox"/>	<input type="checkbox"/>	

Data Integrity Certification Form (March 2022) Page 1

01

Certification Submission Deadline:

- March 1, 2022

02

Division of Audit PBF Audit Results:

- Adequate controls and processes for data submissions
- No material errors within data files

03

Division of Audit Recommendation:

- No modifications of representations for the Data Integrity Certification

Performance Based Funding Data Integrity Audit

- 0 Reportable Findings

Data Administrator Process and Procedures

Process, controls and procedures established to provide assurance accuracy and completeness of data files

Metric Data Testing

No material errors found in data files supporting metrics 4, 6, 8, 9a, 9b



Data File Submission and Validation

- Data files met BOG requirements
- Critical error resolved related to Full-Time First Time in College Students

Review of Internal Controls

Degree certification and course substitution process controls strengthened since prior audit

Informational Items

01

FAMU Fundamentals 2022

02

Investigations

03

Conflict of Interest

04

Foreign Influence

05

What's Next



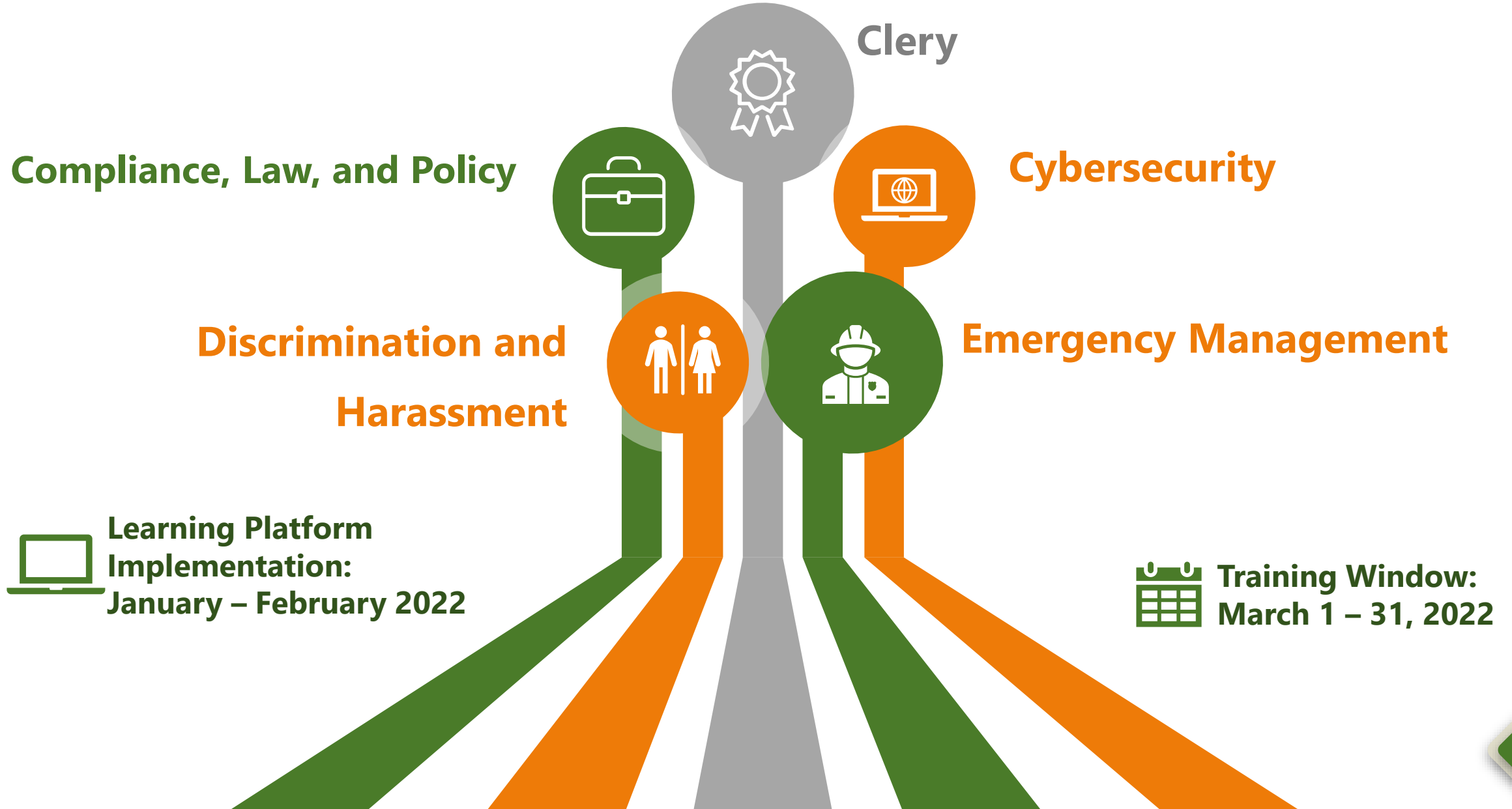
Presented By:

Rica Calhoun

Chief Compliance & Ethics Officer

FAMU Fundamentals 2022

"Knowing is not enough, we must apply. Willing is not enough, we must do." - Goethe



Investigations



40 Complaints Logged Since July 1, 2021

7 Employee Misconduct

3 Fraud

3 Waste, Abuse or Misuse of Institution Resources

3 Workplace Relation or Retribution

2 Conflict of Interest

2 Discrimination

2 General Concern

2 Workplace Harassment

1 Academic Misconduct

1 Discrimination or Harassment

1 Environmental and Safety Matters

1 Sexual Harassment

1 Theft

1 Violence or Threat

10 Other

Conflict of Interest Disclosure

“Conflicts of interest may exist, but we cannot allow them to be hidden conflicts of interest.”



Employee Disclosure

Must disclose any situation that may be, or that gives the appearance of, a conflict of interest

University Disclosure

Required to disclose any potential conflict of interest to appropriate offices and external agencies

Process Automation

Moving the conflict of interest process from manual to automated. Anticipated completion: March 2022

Foreign Influence



HB 7017

Research Working Group developed processes that align with the screening and reporting requirements



BOG Reporting

Foreign gifts BOG reporting submitted January 28, 2022



Foreign Influence Survey

- 65 Researchers Screened
- 27 Additional Screenings
- 04 Due Diligence Screenings



Policy Updates

OCE is assisting University Offices in creating or updating related policies and regulations

What's Next

Implementation of External Review

Recommendations

- Increased Resources
- Enhanced Monitoring



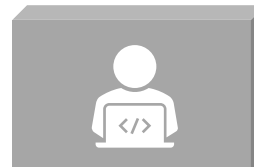
Implementation of FAMU Fundamentals 2022

- Communications
- Rollout Training Modules



Conflict of Interest Disclosure Automation

- Provide Continued Education
- Rollout Streamlined Process



01

Performance Based Funding Audit

02

QAIP: Internal Quality Assessment Review

03

Risk Assessment Follow-Up

04

Audit and Investigative Follow-Up

05

External Audit Updates

06

Division of Audit Update



Presented By:

Joseph Maleszewski
Vice President for Audit/CAE

Deidre Melton
Associate Vice President for Audit/CRO

QAIP: Internal Quality Assessment Review

- Generally Conforms



Attribute Standards

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Performance Standards

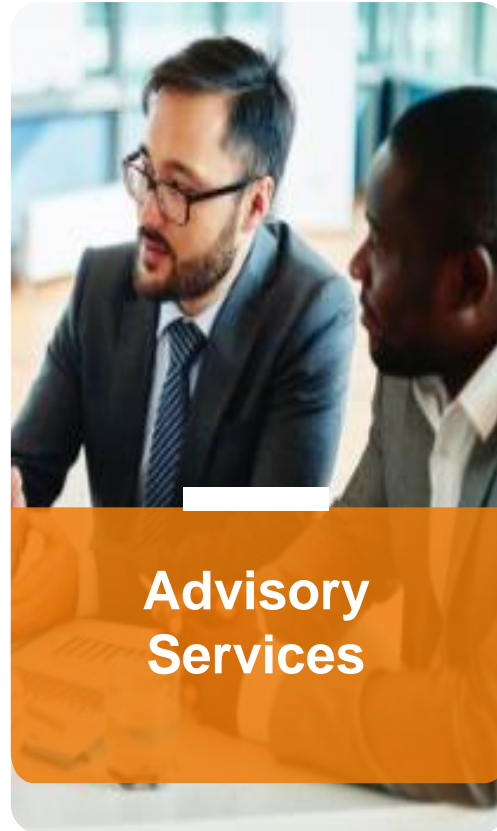
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Code of Ethics

QAIP: Division of Audit Strengths

- 4 Key Strength Areas



QAIP: Division of Audit Improvement Opportunity

- 2 Areas of Focus for Enhancement



Polices & Procedures

- Review and Update Policy and Procedure Manual
- Complete – 1/2022



QAIP Program

- Expand Frequency of Documented/Formal Internal Assessment
- CAP: Annual Assessment using HighBond IPPF Compliance Map



QAIP: 2017 External Quality Assessment Review

- 6 Recommendations & 4 Process Improvements Implemented



FAMU Management

- ✓ Implement an enterprise-wide risk management function
- ✓ Keep internal audit activity as the “second line of defense”
- ✓ Ensure the prompt resolution of findings
- ✓ Position specification career ladder for DoA
- ✓ Recognition program for accomplishments of DoA staff



Internal Audit

- ✓ Establish goals for more technology use
- ✓ Implement a time management system
- ✓ Implement strategies for monitoring and achieving desired audit duration times
- ✓ Incorporate risk assessment and work plan changes throughout the year
- ✓ Enhance operational policy and procedure manual

Risk Assessment Follow-Up Process

2021 Risk Assessment

June 2021 – Risk Assessment with Risk Themes, Heat Map, and Recommendations Issued

Mitigation Plans

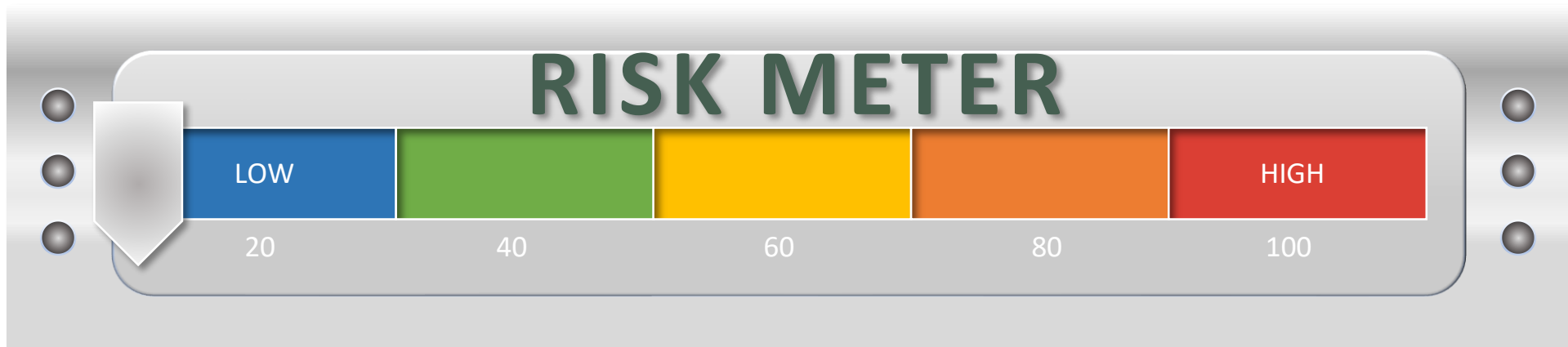
July 2021 – January 2022 – Management developed and began implementation of mitigation plans

Risk Monitoring & Inputs

February 2022 – May 2022
Division of Audit will continue to monitor progress of mitigation plans and meet with management to identify new and emerging risks






2022 Risk Assessment

June 2022 – Updated Risk Profile Presented to the Board of Trustees



Audit Follow-Up

- 1 Closed Finding / 4 Open Findings

-  **01** **CLOSED – Medium Risk**
AG Prior-Audit Finding Follow-Up:
Finding Resolved
-  **02** **OPEN – Medium Risk**
Phase 1 Complete, Phase 2 In-Process,
Future Scope Items Identified, Monitoring
for Resolution of ADA and Safety Issues
-  **03** **OPEN – High Risk**
Reviewing Campus Facilities for Hardening,
Updating Emergency Management Plan,
Budget Under Development
-  **04** **OPEN – Medium Risk**
2018-2021 reportable payments disclosures
were not made as of January 27, 2022
-  **05** **OPEN – Medium Risk**
Policies and Regulations continue to be
updated; Progress made on creation of new
policies to close compliance gaps



Investigative Internal Controls Recommendations Follow-Up

- 11 Open Internal Control Recommendations

01

Determine if Grants Position Payments Require Repayment to Grantor

Owner: Dr. Robert Taylor, Dean CAFS
Anticipated Completion Date: 5/31/2022

02

Ensure Appropriate Funding Sources for CAFS Administrative Positions

Owner: Dr. Robert Taylor, CAFS
Anticipated Completion Date: 5/31/2022

03

Automate the Conflict of Interest Disclosure Process

Owner: Rica Calhoun, OCE
Anticipated Completion Date: 5/31/2022

04

Consider HR Liaison Function in the Office of the Provost

Owner: Sandi Smith-Anderson, HR
Anticipated Completion Date: 5/31/2022

05

CAFS should notify the involved parties of the violations.

Owner: Dr. Robert Taylor, CAFS
Anticipated Completion Date: 5/31/2022



Investigative Internal Controls Recommendations Follow-Up

- 11 Open Internal Control Recommendations

06

Determine if Portion of the Employee's Salary Require Repayment to the University For Time Worked on Unapproved Tasks

Owner: Dr. Robert Taylor, Dean CAFS

Anticipated Completion Date: 5/31/2022

07

HR should coordinate with Complainant to Determine Course of Action for Personnel File Documents

Owner: Sandi Smith-Anderson, HR

Anticipated Completion Date: TBD

08

HR Should Consider the Feasibility of Centralizing Maintenance of All Personnel Records

Owner: Sandi Smith-Anderson, HR

Anticipated Completion Date: TBD

09

University Should Assess FAMU PD's Salary Structure and Staffing Levels

Owner: Dr. William Hudson, Jr., Student Affairs

Anticipated Completion Date: 5/31/2022



Investigative Internal Controls Recommendations Follow-Up

- 11 Open Internal Control Recommendations

10

Athletics Should Develop and Maintain an Inventory Control System that Addresses Concerns in Memorandum

Owner: Kortne Gosha, Athletics
Anticipated Completion Date: TBD

11

Athletics should develop and implement a method for tracking apparel and implement appropriate controls related to apparel tax reporting

Owner: Kortne Gosha, Athletics
Anticipated Completion Date: TBD




External Audit Updates: AG Operational Audit Findings

- Increased focus on Compliance, Internal Controls, & Accountability Showing Results

1
Report # 2017-197


10



President

2
Report # 2019-063


5



President

3
Report # 2022-093

1



President

Special Investments with State Treasury Account (SPIA)
-University could not demonstrate basis for recording SPIA balances

External Audit Updates: In –Progress



FAMU Financial Statement Audit (FYE 2021)

Florida Auditor General: March 2022 Tentative Completion

Athletics Financial Statement Audit (FYE 2021)

James Moore, CPA: February 2022 Tentative Completion

Athletics Agreed Upon Procedures (FYE 2021)

James Moore, CPA: February 2022 Tentative Completion

DSO Internal Control Reviews

Crowe: March 2022 Tentative Completion

Division of Audit Updates



- 1 Internal Controls Assessment Process
- 2 Hiring: Senior Auditor Vacancy
- 3 Professional Development
- 4 External Quality Assessment Review
- 5 Enterprise Risk Management



Mission Statement

To provide meaningful, actionable, and timely strategic and performance risk intelligence to our stakeholders to enhance decision making and resource alignment while appropriately balancing risk and opportunity.



Vision Statement

The FAMU ERM program strives to become a thought leader in enterprise risk management practices through development of innovative and cost-effective methodologies that integrates enterprise risk management practices into the culture and strategic decision-making processes of academic, student, and administrative functions within educational institutions.

Spotlight on the DoA Work Plan



Complete

- Performance Based Funding Audit
- 2020 Knight Foundation Expenditure Review
- Federal Stimulus Funding (Internal Reviews)
- FAMU-FSU Joint College of Engineering Audit

Reporting

- 2021 Knight Foundation Expenditure Review
- Athletics Auxiliary Transfer Review
- IT – Remote Working

In-Progress

- CAFS Advisory (Planning)
- Title IX (Planning)
- Intern Controls Assurance Statement (Planning)
- Procurement Services Advisory (Planning)
- Continuous Monitoring Services Projects

Deferred

- FAMU Foundation – Endowment Operations
- Athletics Budget Process
- Controller's Office Advisory



Closing

