

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

Audit and Compliance Committee Meeting
Wednesday, December 1, 2021
11:00 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 – September 15, 2021 | Trustee Reed |
| IV. | Audit and Compliance Committee Charter | Joe Maleszewski |
| V. | Division of Audit Charter | Joe Maleszewski |

INFORMATIONAL ITEMS

- | | |
|--|-----------------|
| Office of Compliance and Ethics: | Rica Calhoun |
| VI. Office of Compliance and Ethics Update | |
| Division of Audit: | Joe Maleszewski |
| VII. Risk Assessment Follow-up | |
| VIII. Audit and Investigative Follow-up | |
| IX. External Audit Updates | |
| X. Enterprise Risk Management | |
| XI. Risk Appetite and Tolerance Statement | |
| XII. Division of Audit Update | |
| XIII. Adjournment | |

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



**Audit & Compliance Committee Meeting
Trustee Craig Reed, Chair
Grand Ball Room
Wednesday, September 15, 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. Chair Reed acknowledged three (3) Action Items:

- Minutes: Consideration of Approval – June 2, 2021 at 9:45 AM;
- Office of Compliance and Ethics Annual Report; and
- Office of Compliance and Ethics Program Plan.

The consideration for approval of the Wednesday, June 2, 2021, minutes was acknowledged. A motion was made by Trustee Belvin Perry, Jr., seconded by Trustee Ann Marie Cavazos. There were no opposes; the motion carried and the June 2, 2021, minutes were approved.

Chair Reed recognized Chief Compliance and Ethics Officer Rica Calhoun to present the additional "Action Items:" Office of Compliance and Ethics Annual Report, and Office of Compliance and Ethics Program Plan. Ms. Calhoun presented each action item and responded to related questions. Chair Reed requested a motion to approve the Office of Compliance and Ethics Annual Report. The motion was made by Trustee Belvin Perry, Jr. and seconded by Trustee Ann Marie Cavazos. The motion was approved. Ms. Calhoun presented the Office of Compliance and Ethics Program Plan. Chair Reed requested a motion. A motion was made by Trustee Belvin Perry, Jr. and seconded by Trustee Ann Marie Cavazos. The motion was approved.

Chair Reed acknowledged VP Maleszewski and Ms. Calhoun to present Audit and Compliance Committee Action Plan. Both elaborated on the Committee Action Plan. All questions were discussed and answered appropriately.

Chair Reed acknowledged that VP Maleszewski present the report on the following:

- Risk Assessment Follow-up
- Audit and Investigative Follow-up
- External Audit Updates
- Division of Audit Annual Report
- Division of Audit Update

Each of the “Informational Items” were reported successfully including questions and related discussion. VP Maleszewski and Audit Director, Deidre Melton addressed all questions and comments regarding the above Informational Items.

Chair Reed adjourned the meeting.

Florida Agricultural & Mechanical University
Board of Trustees

AUDIT AND COMPLIANCE COMMITTEE CHARTER

1. Purpose

The Board of Trustees has established the Audit and Compliance Committee (Committee), pursuant to Section 4.2.2 of the Board of Trustees Operating Procedures. The primary function of the Audit and Compliance Committee is to assist the Board of Trustees in discharging its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the University's process for monitoring compliance with laws and regulations. The Audit and Compliance Committee's principal activities will include:

- Oversight of the university's Enterprise Risk Management (ERM) program designed to ensure that risks are appropriately identified, assessed, managed, and considered in institutional decision making;
- Oversight of the University's internal control structure, to review the effectiveness and reliability of its business, financial and information system controls;
- Oversight of the quality and integrity of the University's financial reporting processes to ensure the balance, transparency, and integrity of published financial information;
- Review of the internal audit function and overall audit process;
- Review of the external audits performed by the State Office of Auditor General and other independent auditors;
- Review and approval of the annual audit plan;
- Review and approval of the annual compliance and ethics program plan;
- Review of the Division of Audit and Office of Compliance and Ethics annual reports; and
- Review of the University's processes for monitoring compliance with laws, regulations and policies.

The Audit and Compliance Committee's role is one of oversight, not preparation or operation. Its members rely on the representations of the University's senior management, the Division of Audit, the Office of Compliance and Ethics, the General Counsel, other committees of the Board of Trustees, and other professional consultants.

2. Authority

The Audit and Compliance Committee is authorized to:

- Perform activities within the scope of this Charter.

- Appoint, compensate, and oversee the work of any public accounting firm employed by the University.
- Resolve any disagreements between University management and the auditors regarding financial reporting.
- Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation, upon approval of the Board of Trustees.
- Seek any information it requires from faculty, staff, and students of the University.
- Meet with University management, external auditors, or outside counsel, as necessary.

3. Organization and Composition

The Audit and Compliance Committee shall be appointed and be comprised of members of the Board of Trustees as provided in the Board of Trustees Operating Procedures. The members will be free from any financial, family or other material personal relationship, including relationships with members of University management, University auditors, and other professional consultants that would interfere with the exercise of their independence from University management or the institution. A majority of the Audit and Compliance Committee members will be financially literate, with at least one member designated as a “financial expert.”

University staff liaisons are the Vice President for Audit, Chief Compliance and Ethics Officer, and the Vice President for Finance and Administration.

4. Meetings

The Audit and Compliance Committee will meet at least four times annually. Additional meetings may occur as circumstances dictate. The Audit and Compliance Committee will invite members of University management, auditors, or others to attend meetings and provide pertinent information as necessary. The meetings will be open to the public. Meeting agendas and appropriate briefing materials will be prepared and provided in advance to Committee members.

5. Responsibilities and Duties

The Audit and Compliance Committee believes its policies and procedures should remain flexible in order to best react to changing conditions and provide reasonable assurances to the Board of Trustees that the scope of audit activities and the adequacy of the system of internal controls ensure compliance with state and federal laws, regulations, and requirements. The Audit and Compliance Committee shall make reports to the Board of Trustees, as it deems necessary. In addition to the duties as provided in the Board of Trustees Operating Procedures, the Audit and Compliance Committee will fulfill their duties and responsibilities as follows:

A. General

1. Adopt a Charter that is approved by the Board of Trustees that specifies its scope of responsibility, process, etc. The Charter shall be reviewed as necessary, but at least annually, with recommended revisions being submitted to the Board of Trustees for approval.
2. Maintain minutes and/or other records of meetings and activities.
3. Report Committee actions to the Board of Trustees with such recommendations as the Committee may deem appropriate.
4. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain independent accountants, counsel or others to assist in the conduct of any investigation, upon approval of the Board of Trustees.
5. Review and monitor the implementation of University management's responses to audit recommendations.
6. Require the Vice President of Audit and the Chief Compliance and Ethics Officer to report in writing annually on the activities of their offices.
7. Confirm annually that all responsibilities outlined in this Charter have been carried out.
8. Review any reports issued by the University that relate to the Audit and Compliance Committee responsibilities.
9. Perform other governance oversight as assigned by the Board of Trustees.
10. The Vice President for Audit (as the Chief Audit Executive) and the Chief Compliance and Ethics Officer report functionally to the Chair of the Board of Trustees and to the Chair of the Audit and Compliance Committee of the Board of Trustees and reports administratively to the President.
11. Provide an open avenue of communication between the Vice President of Audit, the Chief Compliance and Ethics Officer, the Chief Risk Officer, external auditors, and the Board of Trustees.

B. Internal Audit

1. Review and approve the annual risk-based internal audit plan, ensuring that it addresses key areas of risk. Review the internal audit activity's performance relative to the plan.
2. Approve and periodically review the Charter, staffing, and activities of the internal audit activity function to ensure they comply with professional standards and address emerging audit issues.
3. Review a summary of significant findings and recommendations of completed internal and external audits, including University management's response and time frame for corrective action, to ensure appropriateness of actions taken.

4. Obtain a periodic progress report on the status of executing the internal audit plan and approve major changes or deviations from the approved audit plan.
5. Determine the degree of implementation of past audit recommendations and the sufficiency of corrective actions taken in addressing those recommendations.
6. Approve decisions regarding the appointment and removal of the Vice President of Audit. Ensure there are no unjustified restrictions or limitations, and concur in the appointment, replacement, or dismissal of the Vice President of Audit.
7. Review with the Vice President of Audit the internal audit activity budget, resource plan, activities, and organizational structure of the internal audit function.
8. Within 60 days after the end of each fiscal year, review the performance of the Vice President of Audit and concur with the annual compensation and salary adjustment.
9. Discuss with the Vice President of Audit any difficulties encountered in the course of audits and investigations, including restrictions on the scope of work or access to required information, and any lack of cooperation.
10. Review the effectiveness of the internal audit function, including the results of the quality assurance program.
11. Identify areas warranting improvements, if any, and make policy recommendations to the Board of Trustees.
12. The Chair of the Audit and Compliance Committee, or designee, should meet with the Vice President of Audit regularly to discuss confidential matters.
13. Propose adequate controls and guidelines for receiving complaints regarding accounting controls and reports of financial fraud.

C. Compliance with Laws, Regulations and Policies

1. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of University management's investigation and follow-up of any non-compliance or fraudulent activities.
2. Obtain regular updates from University management, the Chief Compliance and Ethics Officer, and legal counsel regarding compliance matters that may have a material impact on the University's operations, financial statements, programs, or compliance policies.
3. Review and approve procedures for the receipt, retention, and treatment of complaints regarding financial or operational matters.
4. Review the findings of any examinations by state and federal regulatory agencies.
5. Review the programs and policies of the University designed by its management to ensure compliance with applicable laws and regulations, and monitor the results of compliance efforts.
6. Review results of the University's monitoring and enforcement of compliance with university standards of ethical conduct and conflict of interest policies.

7. Review with the Chief Compliance and Ethics Officer the compliance function, budget, resource plan, activities, and organizational structure.
8. Discuss with the Chief Compliance and Ethics Officer any difficulties encountered in the course of investigations, including restrictions on the scope of work or access to required information, and any lack of cooperation.
9. Identify areas warranting improvements, if any, and make policy recommendations to the Board of Trustees.
10. The Chair of the Audit and Compliance Committee, or designee, should meet with the Chief Compliance and Ethics Officer regularly to discuss confidential matters.
11. Propose adequate controls and guidelines for receiving complaints regarding matter within the compliance function.

D. Internal Controls and Risk Management

Review with University senior management, the Division of Audit, and other relevant offices and committees:

1. The effectiveness of the University's process for identifying and responding to significant financial, operational, reputational, strategic and regulatory risks or exposures and University management's plans and efforts to monitor and control such risks.
2. The effectiveness of the University's internal controls, including the status and adequacy of information systems and security and other relevant matters.
3. Major risks identified and other significant risk management issues that may require action.
4. The University's insurance coverage and the process used to manage any uninsured risks.

E. Financial Statements and Reports

University management is responsible for the preparation, presentation, and integrity of the University's financial statements and for the appropriateness of the accounting principles and reporting policies used by the University. The following shall be the principal duties and responsibilities of the Audit and Compliance Committee regarding financial statements.

1. Review annual audited financial statements with University management and ensure that significant findings and recommendations made by auditors and University management's response are received, discussed and appropriately acted on.
2. Make inquiries and an assessment of University management and auditors concerning the adequacy and effectiveness of the University's systems of financial reporting and internal control system, including information technology security and internal control.
3. Discuss with the University's financial manager, State Auditor General and other outside consultants the appropriateness of accounting principles used by the University, University Direct Support Organizations, and Intercollegiate Athletics.

4. Review the audit report on Federal Awards as required by OMB Circular A133.
5. Review the annual audit reports of University Direct Support Organizations, including the University management's response and corrective action plans to address the resulting recommendations. As necessary, consult with the University Direct Support Organizations Committee regarding the audit reports.
6. Review annual financial statements and University management letters from audits of Intercollegiate Athletics, including the corrective action plan to address the resulting recommendations.
7. Review the adequacy and completeness of financial disclosures made by University management for reasonable portrayal of the University's financial condition.
8. Review significant accounting and reporting issues and recent professional and regulatory pronouncements, and understand their impact on the financial statements of the University.
9. Review compliance with federal and state guidelines for financial reporting.

F. Ethics and Business Conduct

1. Require University management to report on procedures that provide assurance that the University's mission and code of conduct are properly communicated to all employees on an annual basis.
2. Review the University's code of conduct annually and direct University management to establish a system reasonably designed to assure compliance with the code.
3. Ensure internal and external auditors have access to necessary University records, personnel, space and equipment.

G. Legal

Periodically, meet with the University's General Counsel to review any legal matters that may have a significant impact on the University's overall financials or operations and its compliance with regulatory agencies.

6. Rescission of Prior Board Actions

The Audit Committee Charter previously adopted by the Board of Trustees is hereby repealed or rescinded effective upon the adoption of this Audit and Compliance Committee Charter.



Audit Charter

Introduction

Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the University. It assists the University in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the University's governance, risk management, and internal control processes.

To accomplish its mission, the University must maintain the confidence of its Board of Trustees (BOT), faculty, staff, students, alumni, the public, elected officials, and various other stakeholders. The Division provides valuable support in maintaining the public's confidence by performing independent and objective reviews, risk management activities, and reporting to the Audit and Compliance Committee and responsible administrative and academic officers so that corrective actions, risk response plans, and enhancements can be initiated. The Division's objective is to assist the BOT, President, and University management in the effective discharge of their responsibilities.

Role

The Division of Audit (Division) provides insight on the mitigation of business risk to assist the BOT and University management in the effective discharge of their responsibilities as they relate to the University policies, processes, programs, information systems, internal controls, and management reporting. The Division of Audit is a point of coordination of and responsibility for activities that promote accountability, integrity, and efficiency in the operations of the university.

Mission

The Division of Audit's (Division) mission is to add value to FAMU and its stakeholders by promoting accountability, integrity, and efficiency through excellence in auditing, investigations, advisory services, risk management, management reviews, and technical assistance.

Standards and Professionalism

Audit activities will conform to the *International Professional Practices Framework* published by the Institute of Internal Auditors, Inc.; the *Government Auditing Standards* published by the United States Government Accountability Office; and/or the *Information Systems Auditing Standards* published by ISACA. Additionally, the Division will adhere to the University's regulations, the Division's standard operating procedures manual, and Florida Board of Governors regulations and standards guidance.



Investigation activities will conform to standards found in the *Principles and Standards for Offices of Inspector General* published by the Association of Inspector General, and professional standards issued for the State University System of Florida entitled *Standards for Complaint Handling and Investigations for the State University System of Florida*.

Authority

The Division provides audit, investigative, and risk management services to all entities of Florida A&M University, including schools, colleges, administrative departments, auxiliary enterprises, and direct support organizations. Accordingly, the Division is authorized to:

- Have timely, unlimited, and unrestricted access to all data, books, records, files, property, information systems, and personnel of Florida A&M University as necessary to carry out the Division’s duties and responsibilities;
- Allocate resources, establish schedules, select subjects, determine scopes of work, and apply the techniques required to accomplish objectives;
- Obtain the essential assistance and cooperation of personnel in areas of the University where audits and investigations are performed, as well as other specialized services from within or outside the University;
- Facilitate the university’s Enterprise Risk Management (ERM) by creating and maintaining the framework which ensures that risks are appropriately identified, assessed, managed, and considered in institutional decision making; and
- Have free and unrestricted access to the BOT.

The Vice President of the Division of Audit serves as the University’s Chief Audit Executive, as described in the *International Standards for the Professional Practice of Internal Auditing*. The Chief Audit Executive shall notify the chair of the BOT’s audit committee or the President, as appropriate, of any unresolved restriction or barrier imposed by any individual on the scope of an inquiry, or the failure to provide access to necessary information or people for the purposes of such inquiry. The Chief Audit Executive shall work with the BOT and university management to remedy scope or access limitations. If the university is not able to remedy such limitations, the Chief Audit Executive shall timely notify the Board of Governors, through the Office of Inspector General and Director of Compliance (OIGC), of any such restriction, barrier, or limitation.

Organization

The Chief Audit Executive reports functionally to the Chair of the BOT and to the Chair of the BOT’s Audit and Compliance Committee, and therefore communicates and interacts directly with the BOT, including at BOT meetings and between BOT meetings as appropriate. The Chief Audit Executive reports administratively to the President of the University. The BOT will:



- Approve the charter of the Division of Audit;
- Approve the risk-based internal audit plan;
- Receive communications from the Chief Audit Executive on the internal audit activity’s performance relative to its plan and other matters;
- Approve all decisions regarding the performance evaluation, appointment, removal, and annual compensation and salary adjustment of the Chief Audit Executive;
- Approve ERM annual reports, institutional risk portfolio, risk appetite guidance, and reports on the status of risk response efforts; and
- Make appropriate inquiries of management and the Chief Audit Executive to determine whether there is inappropriate scope or resource limitations.

The Chief Audit Executive shall report directly to the Chair of the BOT and Chair of the BOT’s Audit and Compliance Committee any allegations by, or about, the University President. Any allegations related to the Chief Audit Executive shall be reported to the University President and Chair of the BOT’s Audit and Compliance Committee. Any allegations against BOT members shall be reported to the Board of Governors. These allegations are not to be handled internally and are not to be investigated by the Division.

Independence and Objectivity

The Division will remain free from interference by any element in the University, including matters of audit and investigation selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Division staff must have no personal and external impairments to their independence, and have no direct responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment.

Division staff will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Division staff will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Chief Audit Executive will confirm to the BOT, at least annually, the organizational independence of the internal audit activity.

Responsibility

The scope of internal audit encompasses, but is not limited to, providing assurance to management by examining and evaluating of the adequacy and effectiveness of the university’s governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the University’s stated goals and objectives.

The Chief Audit Executive is responsible for fulfillment of the following activities:



- Provide direction for, supervise, and coordinate audits, investigations, and risk management activities which promote economy, efficiency, and effectiveness in the administration of university programs and operations including, but not limited to, auxiliary facilities and services, direct support organizations, and other component units;
- Conduct, supervise, or coordinate activities for the purpose of preventing and detecting fraud and abuse within university programs and operations including, but not limited to, auxiliary facilities and services, direct support organizations, and other component units;
- Maintaining a professional audit staff with sufficient knowledge, skills, abilities, experience, and professional certifications;
- Perform consulting and advisory services related to governance, risk management and control as appropriate for the University. Such services include management requests, and participation in institutional committees;
- Review statutory whistle-blower information and coordinate all activities of the university as required by the Florida Whistle-blower’s Act;
- Address significant and credible allegations relating to waste, fraud, or financial mismanagement as provided in Board of Governors Regulation 4.001;
- Keep the President and BOT informed concerning significant and credible allegations and known occurrences of waste, fraud, mismanagement, abuses, and deficiencies relating to university programs and operations; recommend corrective actions; and report on the progress made in implementing corrective actions;
- Promote, in collaboration with other appropriate university officials, effective coordination between the university and the Florida Auditor General, federal auditors, accrediting bodies, and other governmental or oversight bodies. Consider the scope of their work for the purpose of providing optimal audit coverage to the University at a reasonable overall cost;
- Review and make recommendations, as appropriate, concerning policies and regulations related to the university’s programs and operations including, but not limited to, auxiliary facilities and services, direct support organizations, and other component units;
- Evaluate the systems established to ensure compliance with policies, plans, procedures, laws and regulations which could have a significant impact on the University;
- Evaluate the reliability and integrity of information and the means used to identify, measure, classify, and report such information;
- Evaluate risk exposures relating to achievement of the university’s strategic objectives;
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- Communicate to the president and the board of trustees, at least annually, the office’s plans and resource requirements, including significant changes, and the impact of resource limitations;
- Provide training and outreach, to the extent practicable, designed to promote accountability and address topics such as fraud awareness, risk management, controls, and other related subject matter;



- Coordinate or request audit, financial- and fraud-related compliance, controls, and investigative information or assistance as may be necessary from any university, federal, state, or local government entity;
- Develop and maintain a quality assurance and improvement program for the office of Chief Audit Executive. This program must include an external assessment conducted at least once every five (5) years. The external assessment report and any related improvement plans shall be presented to the BOT, with a copy provided to the Board of Governors;
- Establish policies that articulate the steps for reporting and escalating matters of alleged misconduct, including criminal conduct, when there are reasonable grounds to believe such conduct has occurred;
- Inform the BOT when contracting for specific instances of audit or investigative assistance; and
- Report routinely to the BOT on matters including significant risk exposures, control issues, fraud risks, governance issues, and other matters requested by the President and the BOT.

VP of Audit (Chief Audit Executive)

Date

President

Date

Audit & Compliance Committee Chair

Date



FLORIDA A&M UNIVERSITY
OFFICE OF COMPLIANCE
AND ETHICS

Board of Trustees Report

December 2021



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 continues to work with compliance partners across the University on initiatives to assist in identifying and mitigating compliance risks across the institution. In the last quarter, we have continued our work, teaming up with University divisions and units to provide compliance and ethics education, investigate and report misconduct, conduct compliance risk assessment, and gather feedback regarding our efforts.

HIGHLIGHTS

- Compliance and Ethics Week 2021
- Investigations
- Mandatory Training
- Telecommuting
- Conflict of Interest



Compliance and Ethics Week

FAMU FLORIDA A&M UNIVERSITY
OFFICE OF COMPLIANCE AND ETHICS

COMPLIANCE Matters

NOVEMBER 1
OCE MEET AND GREET
COME VISIT US IN OUR NEW DIGS!
COFFEE AND TREATS!
FOOTE-HILYER 105
TIME: 10 AM-12 PM

2021 Compliance and Ethics Week Schedule of Events

NOVEMBER 2
ORANGE DAY

WEAR YOUR ORANGE AND POST PICTURES ON OUR FACEBOOK PAGE. "FLORIDA A&M OFFICE OF COMPLIANCE AND ETHICS" HOLDING A SIGN WITH THE PHRASE #SEESOMETHING SAYSOMETHING
WATCH OUT FOR GOLDEN TICKETS THROUGHOUT CAMPUS!

NOVEMBER 3
OUR WORK MATTERS (ZOOM): FEAT. DR. ROBINSON AND TRUSTEE REED

TIME: 10:30AM-11:30 AM
COMPLIANCE PARTNERS RECOGNITION.
"COMPLIANCE ON THE HILL"
HOW WELL DO YOU KNOW FAMU'S COMPLIANCE AND ETHICS PROGRAM? WE'LL FIND OUT IN THIS FUN GAME.

NOVEMBER 4
THE CODE: YOU KNOW IT?

LOOK OUT FOR THE OCE'S WELCOME PACKET. WHICH INCLUDES THE CODE OF CONDUCT.

NOVEMBER 5
THE "SET UP" (ZOOM)

TIME: 1 PM-2 PM
CAN YOU SPOT THE VIOLATION?
REMINDER: GET READY FOR FAMU FUNDAMENTALS (MARCH 2022)!

FAMU celebrated Compliance and Ethics Week 2021 with learning events, resources, and showing appreciation for members of the Enterprise Compliance Committee. The tone at the top was also evident, with participation from Dr. Robinson and Trustee Craig Reed!

Winners of the Week demonstrated knowledge of the Compliance and Ethics program and common compliance concerns:

- The Office of University Assessment
- Dr. Ira Bates
- Antonita Robinson
- Elicia Alston
- Dr. Dawn Brown-Cross
- Iris Young-Clark
- Antoneia Roe
- Debra Barrington
- Glory Brown
- Dr. Anika Fields

Members of the University community received a copy of the Office of Compliance and Ethics' Welcome Packet, including the University's Code of Conduct.



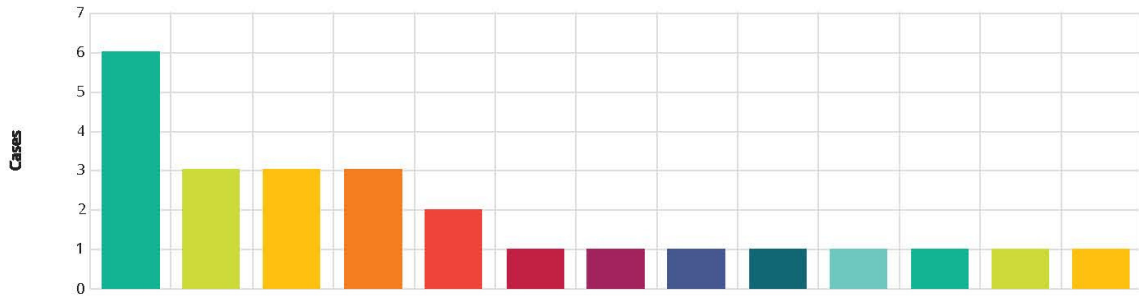
"Compliance Matters"



Investigations

Summary - Issue Type

Date Range 07/01/2021 - 11/12/2021



Issue	Count (%)
Other	6 (24%)
Employee Misconduct	3 (12%)
Waste, Abuse or Misuse of Institution Resources	3 (12%)
Workplace Retaliation or Retribution	3 (12%)
Fraud	2 (8%)
Academic Misconduct	1 (4%)
Conflict of Interest	1 (4%)
Discrimination	1 (4%)
Discrimination or Harassment	1 (4%)
General Concern	1 (4%)
Sexual Harassment	1 (4%)
Violence or Threat	1 (4%)
Workplace Harassment	1 (4%)
Total	25

The Office of Compliance and Ethics (OCE) manages the University's Compliance and Ethics Hotline (Hotline), intaking concerns of misconduct for referral to other University enforcement offices or for investigation by OCE. Since July 1, the Hotline has logged 25 complaints. Open investigations in OCE include allegations of misconduct due to conflicts of interest, retaliation, and employee misconduct. OCE is currently monitoring two closed investigations in the Division of Academic Affairs for management response.



Key Initiatives

Conflict of Interest Disclosure

In January 2020, OCE worked with the Office of Human Resources to revise the University's conflict of interest form and processes. Since OCE's recommendation of automation outlined in the process review for financial conflicts of interest on May 3, 2021, we have been working through the Enterprise Compliance Committee to consolidate conflict of interest disclosure forms across institutional and research expectations and create mutually agreeable pathways for automation. University ITS created a module in iRattler for conflict disclosure. The process is being tested in the last focus group, a sample of members of the President's Senior Leadership Team. The module is on schedule for completion in November 2021 with roll-out by February 2022.

Mandatory Training Timeline (On Track)

October 2021: Content holder meeting

November 2021: Communication plan kick-off

December 2021: Content Complete
(Clery, Governance, Cybersecurity, Discrimination and Harassment, and Emergency Management)

January-February 2022: Implementation on Qualtrics platform

March 1-31, 2022: Mandatory training window for all employees



Key Initiatives (Continued)

Telecommuting

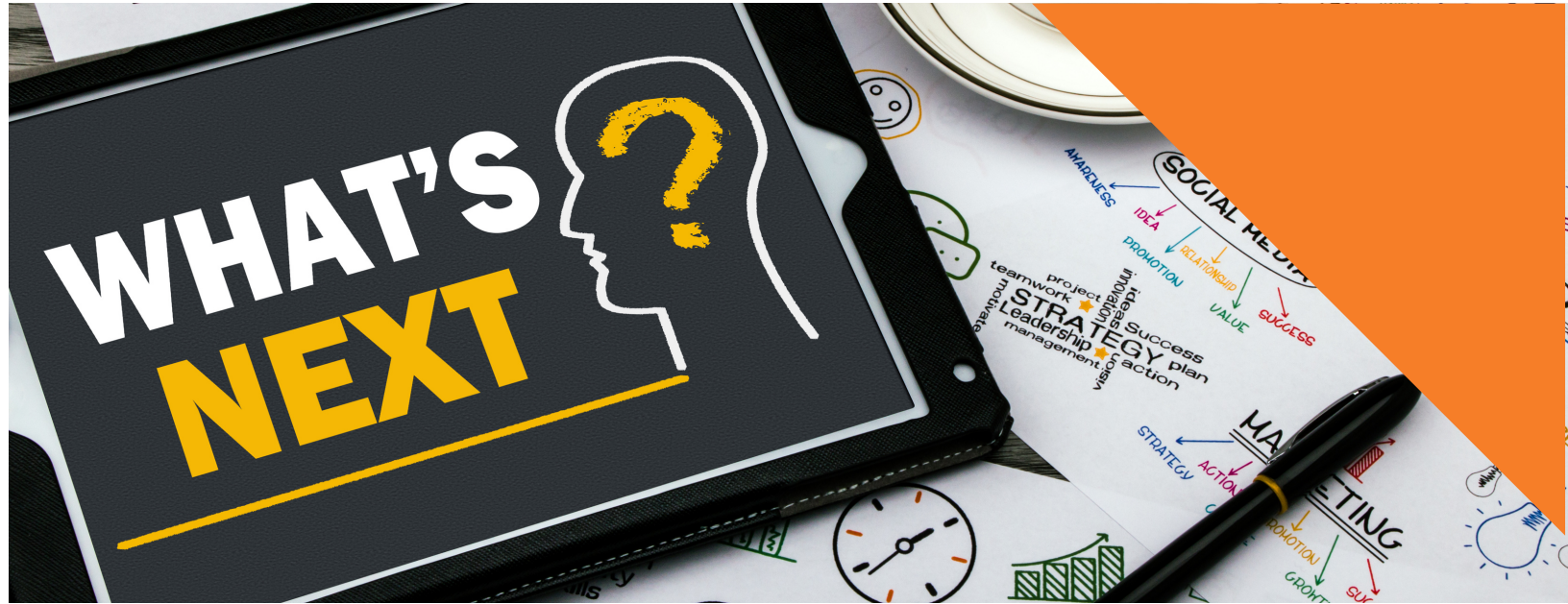
The University continues to search for ways to evolve as an employer of choice. The Office of Compliance and Ethics partnered with the Office of Human Resources and other campus partners to develop guidelines for the implementation of University Policy 03-01. The Telecommuting Program and guidelines relaunched on October 19, 2021. The Office of Compliance and Ethics continues to provide assistance as the University develops a broader framework around flexible work options.

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 screening has begun and University units have been identified with reporting responsibilities. Compliance updates include:

- 34 faculty members screened through Foreign Influence Initial Survey
 - Additional screening triggered for 7 individuals
- Met with Lexis Nexis and Steele Diligence to view/demo their due diligence products to assist in screening process for HB 7017.
- November 16th meeting with Regional FBI Agents to discuss implementation needs.





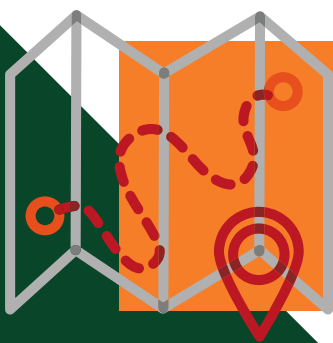
Implementation of External Review Recommendations

Focus areas include:

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

Compliance and Ethics Survey

Analyzing results of compliance and ethics survey administered to the University community.



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.



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: November 12, 2021

Re: Status of Open Audit Findings

The Division of Audit worked with management to obtain an understanding of the actions taken by management since our August 27, 2021, report to the Audit and Compliance Committee. After validating each action taken by management, the Division of Audit prepared the following 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 Operational Audit Findings: Intercollegiate Athletics Programs – Deficit Cash Balances	OPEN	HIGH	MEDIUM
2	2018-19 Risk Assessment: Bragg Stadium Safety and Maintenance	OPEN	HIGH	MEDIUM
3	2018-19 Risk Assessment – Emergency Preparedness	OPEN	HIGH	HIGH
4	2021 Federal Contracts and Grants Disclosure Audit - Federal Contract Not Reported to USDOE	OPEN	HIGH	MEDIUM
5	2021 Federal Contracts and Grants Disclosure Audit - Update University Compliance and Research Disclosure Policies	OPEN	HIGH	MEDIUM
6	2019-20 Knight Foundation Expenditure Review – Spending Plans	CLOSED	LOW	LOW
7	2019-20 Knight Foundation Expenditure Review – Academic Affairs Review	CLOSED	LOW	LOW
8	2019-20 Knight Foundation Expenditure Review – Travel Learning Summaries	CLOSED	LOW	LOW



Athletics

1. 2018 Operational Audit Findings: Intercollegiate Athletics Programs – Deficit Cash Balances

- a. **Status:** Athletics took actions to balance their 2018-2019, 2019-2020, and the 2020-21 budgets thereby avoiding deficit cash balances for those three fiscal years. The Athletics Department continues efforts to reduce expenses and increase fundraising to achieve a balanced budget for the 2021-2022 fiscal year. These efforts, if successful, will resolve the Board of Governors regulatory requirement that Athletics be a self-sustaining entity which was one issue related to this finding.

The Florida Auditor General (AG) will soon issue their Preliminary and Tentative Operational Audit report. Following the audit exit conference, AG staff provided verbal information that it is likely that the Intercollegiate Athletic Program – Deficit Cash Balances prior year audit issue will be deemed resolved/closed.

The Division of Audit will continue to monitor the Athletics Department to determine whether the budgets are balanced and the repayment plan is properly executed to address the deficit cash balances accrued in previous years.

Due to the remaining deficit balance, and the likelihood that this issue will remain in the University’s Athletics Department Financial Statement Audit, this item is considered **OPEN**.

- b. **Risk:** The original risk level of this item was assessed as **HIGH**. After taking into consideration the actions by the Athletics Department to-date, the risk level has been adjusted to **MEDIUM**. This risk level will be reassessed when the AG issued their final operational audit report.

2. 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 phases:
 - i. **Phase 1:** November 3, 2020 – September 30, 2021
 - 1. This phase includes metal pan and seat replacement, steel frame water blasting, steel repair, and repainting. The Phase 1 design work also included an assessment of ADA accessibility issues.
 - 2. **Actions Taken to Complete Phase I:** The University entered into contract with Barkley Engineering for design services for Phase I 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. Unaddressed ADA issues from Phase 1 were moved to Phase 2.
 - ii. **Phase 2:** January 11, 2021 – August 2022
 - 1. This phase includes the removal and replacement of the press box, modernization of existing concession stands and restrooms, upgrading the stadium lighting and



sound system, and renovating westside grandstands and skyboxes. ADA compliance issues (i.e., handrails, access to the east and west stands, stadium seating, etc..) will be addressed during Phase 2a.

2. **Actions Taken to Complete Phase 2A:** Clemons Rutherford and Associates was hired to perform the design work for Phase 2 and currently the design work is 95% complete. The scope has been expanded to include replacement of the skybox and adding a new elevator and shaft. Phase 2a work began on November 10, 2021. During November 2021, the University hired a new ADA Coordinator (Montel Holmes) who will also be monitoring Bragg Memorial Stadium ADA compliance along with the Division of Audit.
- iii. **Future Scope Items:** Future scope items are not deemed essential to the degree that it will cause a delay or prevent the University from playing in the Stadium if incomplete or discontinued. Funds must be secured by July 2022 in order for future scope construction and renovation related-items to be completed prior to the start of the 2023 football season. Future scope items under consideration include the following:
 1. New restrooms and plumbing infrastructure added to the east and west side;
 2. Upgrade fire sprinkler systems on both the east and west side;
 3. Upgrade fire alarm system on both the east and west side;
 4. Ticket booth maintenance; and
 5. Electrical service and gear replacement.

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**. After taking into consideration the actions by the University as of November 2021, the risk level was adjusted to **MEDIUM**.

Student Affairs

3. 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. **Emergency Management Director.** The University hired an Emergency Management Director (Ashley Davis) on October 15, 2021. Mr. Davis will be responsible for overseeing all emergency preparedness efforts and will report to the Vice President for Student Affairs.
 - ii. **Identifying a Dedicated Funding Source.** The University created a cross-functional team to develop a three-year financial plan to address emergency preparedness needs. FAMU budgets across divisions (i.e., Police Department, Environmental Health and Safety, Health Services, Plant Operations and Maintenance, etc.) were evaluated to assess if some of the emergency preparedness needs can be addressed by existing budgets. In the interim, the University remains committed to using contingency funding to cover any gaps in funding should an emergency arise.



- iii. **Establishing an Evacuation Plan.** General emergency evacuation plans are posted in multiple locations in each building. The Continuity of Operations Plan identifies a process for evacuation of students residing on campus prior to weather related emergencies such as hurricanes (page 25-26). The plan includes closely monitoring the weather to determine the likely path of impact, contacting possible alternate facilities and coordinating with the Red Cross regarding shelter locations. Considering the uncertainty of hurricane impacts, the University has relied on relationships with a variety of other institutions within the SUS or throughout the southeast to provide aid as needed. It was determined by the Housing Director, that approximately 5-10% of the students in on campus housing may need assistance evacuating. The vast majority of students do not need assistance evacuating and many return home.
- iv. **Hardening a Building on FAMU Campus.** The *MLD Architects* prepared a proposal to harden the Foster Tanner Building to serve as a hurricane shelter. Based on the cost to harden Foster Tanner, University management is considering alternative campus facilities (i.e., Lawson Center, Twin Towers, etc..) to determine the cost feasibility of hardening these locations to serve as a hurricane shelter. Additionally, the Florida Division of Emergency Management will tour the FAMU campus and explore potential grants available to harden buildings on campus.

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. 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

4. 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. During November 2021, the University’s Research Security Committee is reviewing SACM 3rd party payments for the 2020 and 2021 calendar years to discover if these respective SACM payments also exceeded the \$250,000 reporting threshold to be included within the University’s 2021 report.
 - ii. The University plans to report all 3rd party foreign payments that exceeded the \$250,000 reporting threshold to USDOE by the end of November 2021.
- b. **Risk:** The original risk level of this item was assessed as **HIGH**. While the University has taken considerable actions to address the issues related to this finding, the risk remains **MEDIUM** as a



result of the existing and relatively new legislation regarding Foreign Influence monitoring and disclosure requirements.

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

- a. **Status:** University management must update and revise conflict of interest, export control, and outside employment activities and other University policies and procedures to include best practices foreign influence activities language therein to enhance the awareness and comprehension of the evolving significant issues and threats regarding foreign influence disclosure reporting requirements to mitigate the resulting potential foreign threats to U.S. National Security.
 - i. BOT Policy No. 2005-14 – Financial and Other Conflicts of Interests and Commitments Governing Research was revised and approved at the June 2021 Board Meeting to include best practices foreign influence activities language, therein to enhance the awareness and comprehension of University employees regarding foreign influence disclosure requirements.
 - ii. A working group led by Compliance and Ethics is rewriting current policies and procedures and developing new policies to address a range of foreign influence and research security issues including foreign influence disclosure requirements as well as due diligence screening, conflict monitoring and intellectual property. These internal control measures and corrective action plans are deemed to be on track for implementation and resolution by the end of November 2021.
- b. **Risk:** The original risk level of this item was assessed as **HIGH**. While the University has developed an action plan to review and revise narrowly written policies and procedures to address the issues related to this finding, the risk remains **MEDIUM** as the University continues to strengthen institutional controls in this area.

Academic Affairs

6. 2019-20 Knight Foundation Expenditure Review: Spending Plans

- a. **Status:** The Knight Foundation Transaction Approval Process requires spending plans for each grant fund to annually be submitted for review and approval by the Knight Foundation. While the School of Journalism maintained draft spending plans for the two Knight Foundation funds, the spending plans were not submitted to the Knight Foundation for review and approval for the 2019-2020 fiscal year.

The University has taken the following step to address the issue: On November 12, 2020, the Interim Dean for the School of Journalism and Graphic Communication submitted spending plans for 2019-2020 and 2020-2021 for both Knight Foundation funds (Knight Chair and Faculty Development) to the Knight Foundation for review and approval.



As a result of the actions taken by management, this item is **CLOSED**.

- b. **Risk:** The original risk level of this item was assessed as **LOW**. The risk level remains **LOW**.

7. 2019-2020 Knight Foundation Expenditure Review – Academic Affairs Review

- a. **Status:** The Knight Foundation Transaction Approval Process requires the Office of Academic Affairs to review all Knight Foundation fund expenditures for alignment with approved spending plans prior to the transactions being submitted to the FAMU Foundation for payment. The Office of Academic Affairs did not review Knight Foundation funds for alignment with approved spending plans prior to transaction approval.

The University has taken the following step to address the issue: The Interim Dean of the SJGC submitted spending plans for 2019-2020 and 2020-2021 for both Knight Foundation Funds (Knight Chair and Faculty Development) to Academic Affairs to use in their review and approval of expenditures. The Interim Dean also developed and included in the approval process a Direct Disbursement Request (DDR) Justification Form to accompany all expenditure requests. The new form specifically asks the preparer if the expenditure aligns with the fund’s spending plan.

As a result of the actions taken by management, this item is **CLOSED**.

- b. **Risk:** The original risk level of this item was assessed as **LOW**. The risk level remains **LOW**.

8. 2019-2020 Knight Foundation Expenditure Review – Travel Learning Summaries

- a. **Status:** The Knight Foundation Transaction Approval Process requires a summary of learnings and/or collaborations to be submitted after each travel event. Only three of the five required summaries were submitted for the 2019-2020 fiscal year.

The University has taken the following step to address the issue: SJGC management worked with the travels to obtain the missing summaries and submitted them to the Division of Audit for review. For FY 2020 2021, the faculty were to provide feedback on the development of the process to request Knight Faculty Development Funds during the SJGC All School meeting held virtually on October 14, 2020. During SJGC All School Meeting on December 10, 2020, faculty viewed the Knight Faculty Endowment Fund Request form. The form was activated January 2021. It requires the faculty member’s signature and includes verbiage regarding the submission of reports. Once the request is reviewed, the faculty member is emailed and the division director, coordinator of administrative services, associate dean, and dean are copied. If the request is approved, the faculty member is informed of the steps to receive the funds for travel, membership, etc. It also provides deadlines for the faculty member to submit the reports.

As a result of the actions taken by management, this item is **CLOSED**.

- b. **Risk:** The original risk level of this item was assessed as **LOW**. The risk level remains **LOW**.

Investigation Internal Controls Recommendation Report

December Board of Trustees Meeting

Report #	Issue	College/ Area	Component and Risk Level	Control Weakness	Recommendation/Policy Determination	Owner	Status
2020-11-05 Issued 04/02/2021	Direct charging of an administrative position to federal grants	College of Agriculture and Food Sciences	COSO Component: Control Environment Risk Level: 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	Open The Division of Audit (DoA) met with Dean Taylor and his staff on 10/04/2021 to discuss the College's course of action to address the recommendation. On 11/03/2021, the Dean stated he contacted Dr Manoharan Muthusamy, Program Administrator of the USDA NIFA Evans-Allen and 1890 Extension Programs. DoA requested Taylor provide the email correspondence for review but had not received the documentation as on 11/05/2021. DoA will continue monitoring the College's compliance with the USDA's advisory. Anticipated Completion Date: 01/31/2022
2020-11-05 Issued 04/02/2021	Allocation of administrative salaries to funding sources	College of Agriculture and Food Sciences	COSO Component: Monitoring Risk Level: Low	CAFS may be charging the salaries for several administrative positions to restricted funding sources, or sources which do not allow for the direct charging of administrative or indirect costs.	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 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.	Dr. Robert Taylor, Dean, CAFS	Open The Division of Audit (DoA) met with Dean Taylor and his staff on 10/04/2021 to discuss the College's course of action to address the recommendation. The Dean stated his staff would revise the salary allocation information previously provided to DoA. In addition, DoA asked the Dean to provide documentation to demonstrate the proposed allocations reasonably align with the work actually being performed by each administrative position. Dean Taylor submitted revised information to the Division of Audit on 11/03/2021. The information is currently under review by DoA.

							Anticipated Completion Date: 12/03/2021
2020-11-05 Issued 04/02/2021	Telecommuting policy applicability	College of Agriculture and Food Sciences	COSO Component: Information and Communication	Non-teaching faculty members may assume the telecommuting policy and agreement terms do not apply to them based on the definition of "eligible employee" included in the policy.	Policy Concern 1: Management should consider revising the applicability and definition of "eligible employee" in University Policy Number UP-03-01, Telecommuting Policy and Agreement, to include non-teaching faculty.	Dr. Maurice Edington, Provost, Office of the Provost	CLOSED – 10/18/2021 Internal Operating Procedure (IOP) HR-3012 was put into effect 10/18/2021 to establish processes for the implementation, monitoring, and evaluation of eligible employees' participation in the employee telecommuting program under Telecommuting Policy UP-03-01. Item 4.2 of the IOP states, "Instructional Faculty are ineligible to participate in the Employee Telecommuting Program. However, non-Instructional Faculty are subject to the Employee Telecommuting Program," thereby addressing the recommendation.
			Risk Level: Low				
2021-02-19 Issued 04/06/2021	Outside employment and undisclosed conflict of interest	College of Social Sciences, Arts and Humanities	COSO Component: Control Activities	A faculty member worked for FAMU and another university simultaneously without properly disclosing the outside employment and conflict of interest.	Recommendation: 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.	Sandi Anderson-Smith, Interim Associate Vice President for Human Resources Rica Calhoun, Chief Compliance and Ethics Officer	Open The Office of Compliance and Ethics has been working with the Office of Information Technology Services to consolidated the requisite disclosures (University and Research) into one form accessible through iRattler. The disclosures have been tested in two environments with two groups of testers. The last group is a sample from senior leadership who was asked on November 08, 2021, to complete the test form and provide feedback. HR continues to meet with the Office of Provost as it relates to the launch of the HR Satellite, and most recently met with the Provost on September 29, 2021. Anticipated Completion Date: 02/28/2022
			Risk Level: Low				

<p>2020-11-11 Issued: 10/18/2021</p>	<p>Unauthorized teaching assistance and remote work; Undisclosed conflict of interest regarding dual employment</p>	<p>College of Agriculture and Food Sciences</p>	<p>COSO Component: Monitoring</p> <p>Risk Level: Low</p>	<p>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>	<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 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.</p>	<p>Dr. Robert Taylor, Dean, CAFS</p>	<p>Open</p> <p>Report 2020-11-11 was issued on October 18, 2021.</p> <p>On October 28, 2021, DoA requested Dr. Taylor provide a status update regarding implementation of the recommendation; however, due to time limitations, Dr. Taylor was unable to report that progress was made regarding the recommendation.</p> <p>DoA will continue monitoring for corrective actions taken by the College to address the issue.</p> <p>Anticipated Completion Date: 01/31/2022</p>
<p>2020-11-11 Issued: 10/18/2021</p>	<p>Unauthorized teaching assistance and remote work; Undisclosed conflict of interest regarding dual employment</p>	<p>College of Agriculture and Food Sciences</p>	<p>COSO Component: Monitoring</p> <p>Risk Level: Low</p>	<p>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.</p>	<p>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.</p>	<p>Dr. Robert Taylor, Dean, CAFS</p>	<p>Open</p> <p>Report 2020-11-11 was issued on October 18, 2021.</p> <p>On October 28, 2021, DoA requested Dr. Taylor provide a status update regarding implementation of the recommendation; however, due to time limitations, Dr. Taylor was unable to report that progress was made regarding the recommendation.</p> <p>DoA will continue monitoring for corrective actions taken by the College to address the issue.</p> <p>Anticipated Completion Date: 01/31/2022</p>



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: November 9, 2021

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 August 27, 2021, report to the Audit and Compliance Committee.

IN-PROGRESS FLORIDA AUDITOR GENERAL AUDITS:

Auditor General In-Progress Audits			
Audit	Audit Period	Start Date	Anticipated Report Release Date
Operational Audit	FYE June 30, 2020	May 2021	November 2021
Financial Statement	FYE June 30, 2021	June 2021	March 2022

On August 18, 2021, the Florida Auditor General Office held the FAMU Operational Audit Exit Conference meeting and communicated six possible issues¹ related to the Operational Audit that could be included within the anticipated November 2021 report. In response, University management submitted additional information to the Florida Auditor General Office to support our position on each of the six possible issues. As of November 5, 2021, the University has successfully resolved five of the six potential reportable issues.

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

The Florida Board of Governors directed a review of DSO financial internal controls at each of the twelve state universities. Crowe has been contracted to performed this review of 90 DSO’s across the SUS of Florida including the FAMU Foundation, National Alumni Association, and FAMU Rattler Boosters. The following excerpt, from the Crowe kick-off meeting held October 20, 2021, summarizes the scope and objectives:

¹ 1) Special Purpose Investment Account; 2) P-cards; 3) BOG Reporting of State University Student Fees; 4) Athletics Deficit; 5) Construction – General Condition Costs; and 6) Construction-Subcontractor selection and monitoring.



Scope and Objectives

Governance & Financial Controls

Confirm that Support Organizations have:

- Effective controls, policies and procedures to prevent or detect fraud, misuse, or waste of resources.
- Effective protections over access to sensitive information (e.g., system access controls, cybersecurity protocols).
- A culture which promotes accountability and ethics.
- Well-defined roles and responsibilities for organizational governance and accountability.







Functional Areas for 90 Support Orgs across the 12 Universities

- Accounts Payable
- Accounts/Pledges Receivable
- Capital Asset Management
- Capital Construction
- Cash Management
- Contract Management
- Culture, and Ethical Considerations
- Debt Service/Loans Payable
- Governance and Accountability
- Investment Management
- Journal Entries
- Payroll
- Procurement
- Related Party Transactions
- Revenue and Billing

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Crowe reported on November 5, 2021 that it had completed its control assessment and confirmed their testing approach for the FAMU Boosters Club and the FAMU Foundation, Inc. Crowe is working with the FAMU National Alumni Association to receive additional information in their Internal Controls Questionnaire (ICQ) which will inform Crowe’s test of financial controls and transactions.

CONCLUDED DIRECT SUPPORT ORGANIZATION (DSO) FINANCIAL AUDITS:

FAMU DSO Financial Statement Audits for FYE 2021					
Organization	Fiscal Year End (FYE) Report Date (RPT)	Financial Statement Opinion		Internal Control or Compliance Deficiencies	
FAMU Foundation	FYE: June 30, 2021 RPT: October 4, 2021		Unmodified		None Reported
FAMU National Alumni Association	FYE: June 30, 2021 RPT: October 8, 2021		Unmodified		None Reported
FAMU Rattler Boosters' Inc.	FYE: June 30, 2021 RPT: October 8, 2021		Unmodified		None Reported



The following provides a brief overview of the status of the financial standings of each of the three DSO:

FAMU Foundation Financial Statement Audit for FYE 2021	
Report Date	October 4, 2021
Audit Firm	Watson Rice, LLP
Financial Statement Opinion	Unmodified
Internal Control/Compliance Deficiencies Reported	None Reported
DSO Totals	Assets: \$164,120,066
(1) Assets	<u>Liabilities: \$ 3,769,680</u>
(2) Liabilities	Net Assets: \$160,350,386
Net Assets	
Change in Net Assets/Net Position from Prior Year	\$40,000,495
Direct Support Provided to FAMU in FYE 2020 and FYE 2021	FYE 2020: \$5,647,784 FYE 2021: \$4,514,892

FAMU National Alumni Association Financial Statement Audit FYE 2021	
Report Date	October 8, 2021
Audit Firm	Grayson Accounting and Consulting, P.A.
Financial Statement Opinion	Unmodified
Internal Control/Compliance Deficiencies Reported	None Reported
DSO Totals	Assets: \$2,655,732
(1) Assets	<u>Liabilities: \$ 188,498</u>
(2) Liabilities	Net Assets: \$2,467,234
Net Assets	
Change in Net Assets/Net Position from Prior Year	\$119,100
Direct Support Provided to FAMU in FYE 2020 and FYE 2021	FYE 2020: \$148,257 FYE 2021: \$56,582

FAMU Rattler Boosters' Inc. Financial Statement Audit FYE 2021	
Report Date	October 8, 2021
Audit Firm	Grayson Accounting and Consulting, P.A.
Financial Statement Opinion	Unmodified
Internal Control/Compliance Deficiencies Reported	None Reported
DSO Totals	Assets: \$190,541
(1) Assets	<u>Liabilities: \$ 0</u>
(2) Liabilities	Net Assets: \$190,541
Net Assets	
Change in Net Assets/Net Position from Prior Year	\$71,901
Direct Support Provided to FAMU in FYE 2020 and FYE 2021	FYE 2020: \$35,517 FYE 2021: \$46,456